



## BUSINESS POPULATION ESTIMATES FOR THE UK AND REGIONS 2015

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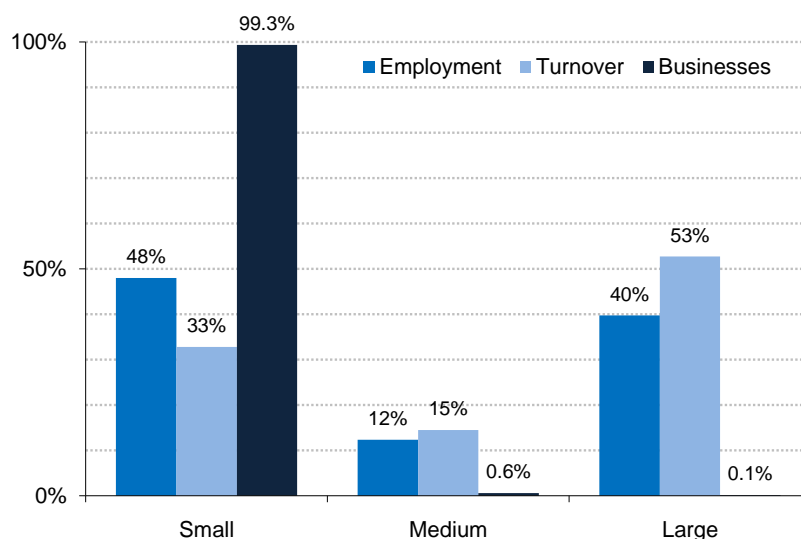
### Summary

- There were a record 5.4 million private sector businesses at the start of 2015.
- This is an increase of 146,000 since 2014 and 1.9 million more since 2000.
- The number of employing businesses increased by 35,000 and the number of non-employing businesses by 112,000, with the annual growth for both groups being around +3%.

### SMEs and the Economy

- Small businesses accounted for 99.3% of all private sector businesses at the start of 2015 and 99.9% were small or medium-sized (SMEs).
- Total employment in SMEs was 15.6 million; 60% of all private sector employment in the UK.
- The combined annual turnover of SMEs was £1.8 trillion, 47% of all private sector turnover in the UK.

Figure 1: Contribution of different sized businesses to total population, employment and turnover, at start of 2015





## Composition of the business population

- In 2015, there were 1.3 million employing businesses and 4.1 million non-employing businesses. Therefore, 76% of businesses did not employ anyone aside from the owner.
- The overall business population includes three main legal forms: there were 3.3 million sole proprietorships (62% of the total), 1.6 million companies (30%), and 436,000 ordinary partnerships (8%).
- There were 2.4 million businesses registered for VAT or PAYE, 44% of the total population. A further 3.0 million are not registered for either VAT or PAYE.

## Trends in the business population

- There has been sustained growth in the total business population, with increases of +55% since 2000 and +3% since 2014.
- The majority of population growth since 2000 has been due to non-employing businesses, which accounted for 90% of the 1.9m increase.
- The growth in numbers of businesses last year reflected the composition of the business population in 2014, with non-employing businesses accounting for three quarters of the overall 146,000 increase.
- The number of companies has increased in recent years and increased again in the last year by 117,000 (+8%). In contrast, the number of ordinary partnerships continued to fall, with a 21,000 (-5%) reduction from 2014. The number of sole proprietorships increased by 50,000 (+2%).

## Locations and industries

- The business population in southern England is larger relative to resident population than elsewhere in the UK.
- SMEs account for at least 99% of the businesses in every main industry sector.
- Just under a fifth of all SMEs operate in Construction, compared to just 1% in the Mining, Quarrying and Utilities sector.

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## Introduction

1. The *Business Population Estimates (BPE) for the UK and Regions 2015* provides information on the number of private sector businesses in the UK at the start of 2015, broken down by number of employees, legal status, industry and geography. The publication:
  - measures the net change in the number of private sector businesses, but cannot be used to estimate numbers of business start-ups or closures
  - reports on businesses in the private sector – figures in this release exclude the government and not-for-profit sectors; an overview of the number of businesses in the whole economy is provided in Table 2 of the [detailed tables](#)
  - comprises this **statistical release**, a set of **detailed tables** and a **'methodology and quality' note**, which are all available on [gov.uk](http://gov.uk)

## Composition of the UK private sector business population in 2015

2. The UK private sector is dominated by non-employing businesses and small employers, and SMEs account for 99.9% of the business population. At the start of 2015:
  - there were an estimated 5.4 million UK private sector businesses
  - 4.1 million (76%) of these were businesses with no employees and 1.3 million had employees
  - there were 5.3 million small business (with 0 to 49 employees), which is 99.3% of the total business population
  - a further 33,000 (0.6%) were medium-sized businesses (with 50 to 249 employees), and this means there were 5.4 million SMEs in total

**Table A:** Estimated number of businesses in the UK private sector and their associated employment and turnover, by size of business, start of 2015

	Businesses	Employment <i>thousands</i>	Turnover <sup>1</sup> <i>£ millions</i>
All businesses	5,389,450	25,871	3,710,278
SMEs (0-249 employees)	5,382,485	15,611	1,753,870
Small businesses (0-49 employees)	5,349,930	12,428	1,215,873
With no employees <sup>2</sup>	4,077,590	4,451	237,190
All employers	1,311,860	21,420	3,473,088
of which:			
1-9 employees	1,068,815	4,010	435,624
10-49 employees	203,525	3,967	543,058
50-249 employees	32,555	3,183	537,997
250 or more employees	6,965	10,260	1,956,408

1. Total 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.

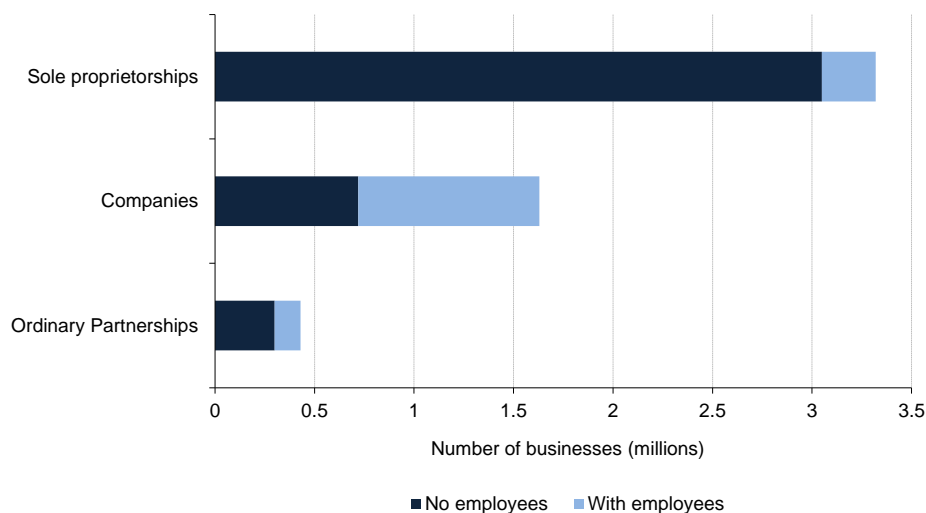


3. The 7,000 large businesses in the UK make a large contribution to employment and turnover<sup>i</sup>. Nonetheless, SMEs account for three fifths of the employment and almost half of turnover in the UK private sector. At the start of 2015:
- total employment in small businesses was 12.4 million (48% of the total), whilst turnover was estimated at £1.2 trillion (33%)
  - SME employment was 15.6 million (60%) and turnover £1.8 trillion (47%)
  - employment in large businesses was 10.3 million (40%) and turnover £2.0 trillion (53%)
  - further information on composition in Table A, and Table 1 in the detailed tables

### Legal form

4. There are three main legal forms of businesses in the private sector; sole proprietorships, ordinary partnerships and companies. Although sole proprietorships are still by far the most common legal form, companies now account for 3 out of 10 private sector businesses. At the start of 2015:
- the UK private sector business population comprised of 3.3 million sole proprietorships (62% of the total), 1.6 million actively trading companies<sup>ii</sup> (30%) and 436,000 ordinary partnerships (8%)
  - 906,000 companies were employers<sup>iii</sup>, as were 274,000 sole proprietorships and 132,000 ordinary partnerships
  - 723,000 companies did not employ anyone aside from the owner, as well as 3.1 million sole proprietorships and 304,000 ordinary partnerships
  - further information on legal form in Figure 2, and Table 3 of the detailed tables

**Figure 2:** Number of businesses in the UK private sector with and without employees, by legal status, start of 2015



<sup>i</sup> See ‘Notes on this Release’ and the accompanying Methodology and Quality Note for details of time lags associated with employment and turnover data.

<sup>ii</sup> Companies can take a range of legal forms, including Public Limited Companies, Private Limited Companies, Limited Liability Partnerships, and others. ONS’s Inter-Departmental Business Register only counts actively trading companies, rather than all those recorded on the Companies House register.

<sup>iii</sup> 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.



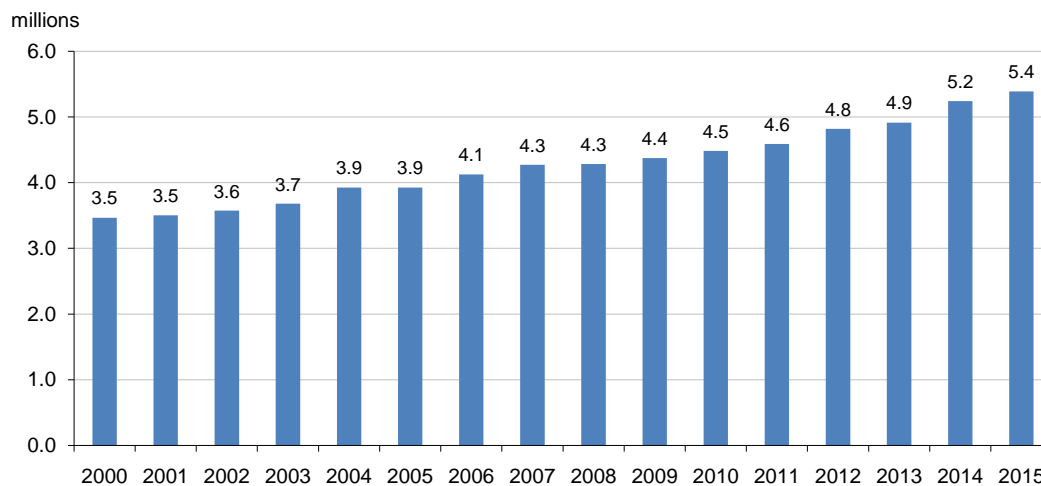
## Registration for VAT and PAYE

5. Most UK private sector businesses are very small in size, and the majority are not registered for either VAT or PAYE. At the start of 2015:
- the ONS statistical register recorded 2.4 million private sector businesses as registered for VAT or PAYE<sup>iv</sup>, 44% of the estimated total population
  - over 3 million businesses (56%) traded without being registered for VAT or PAYE and are classified here as ‘un-registered’
  - 15% of sole proprietorships and 54% of partnerships were registered for VAT or PAYE
  - further information on registration status in Table 3 in the detailed tables

## Trends in the business population

6. There has been sustained growth in the total business population since 2000, with an overall increase of more than half. Between 2000 and 2015:
- the business population increased by 1.9 million (+55%)
  - the average rate of annual growth in the business population was around +3%
  - the highest rate of increase was +7% between 2003 and 2004, and between 2013 and 2014
  - in contrast there was very little growth between 2004 and 2005
  - further information on trends in Figure 3 and Table B in this release

**Figure 3:** Growth in the UK private sector business population, 2000 to 2015

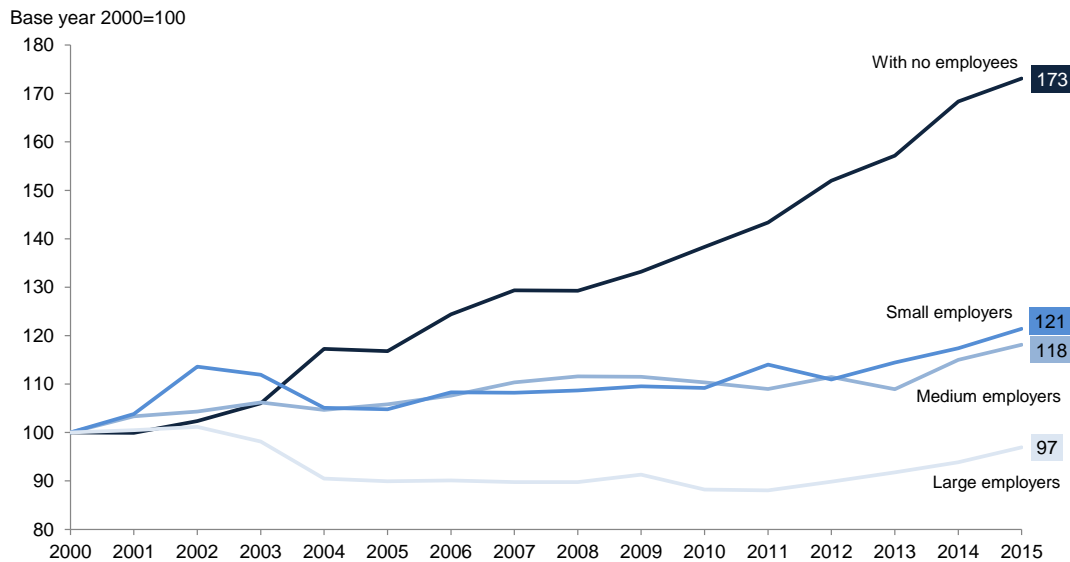


<sup>iv</sup> This total will differ slightly from ONS published statistics on registered businesses (e.g. *UK Business and Business Demography*) – refer to the link to the [User Guide](#) for more information.



7. In the last year the UK private sector business population increased by 146,000, or +3%, with similar rates of growth in the numbers of both employing and non-employing businesses. Between 2014 and 2015:
- this growth reflected the composition of the business population in 2014, with non-employing businesses accounting for 76% of the overall increase
  - there were 112,000 (+3%) more non-employing businesses in 2015 and the number of employing businesses increased by 35,000 (+3%)
  - the net change in the business population is determined by the balance of new business start-ups (inflows) against those businesses that closed, merged or were taken over by another business (outflows)
  - further information on detailed trends in Figure 5 and Table B

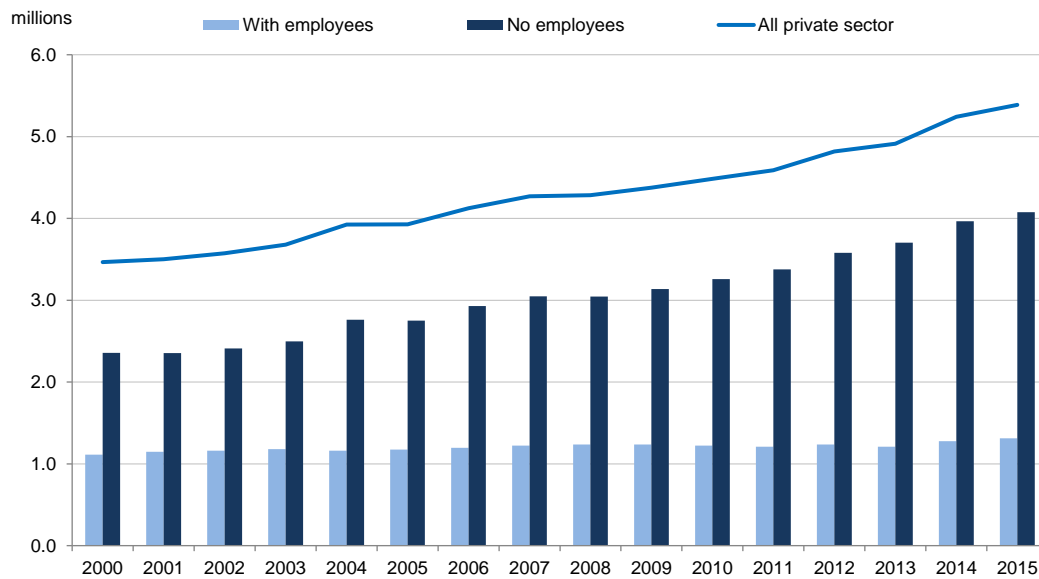
**Figure 4:** Growth in the number of UK private sector businesses by size band, 2000 to 2015 (index: base year=2000)



8. Growth in the UK private sector business population since 2000 has been mainly due to increasing numbers of non-employing businesses. Since 2000:
- the number of non-employing businesses has increased by 1.7 million (+73%)
  - the number of employing businesses has increased by 201,000 (+18%)
  - non-employing businesses accounted for 90% of total growth over the period
  - the increasing number of non-employing businesses was strongly related to changes in the headline self-employment rate, but also increasing numbers of non-employing companies (operating with just one employee director)



**Figure 5: Non-employing and employing businesses in the UK private sector, 2000 to 2015**



9. Overall the number of SMEs has increased by 1.9 million (+56%) since 2000 and the number of SME employers by 201,000 (+18%). Over this period:

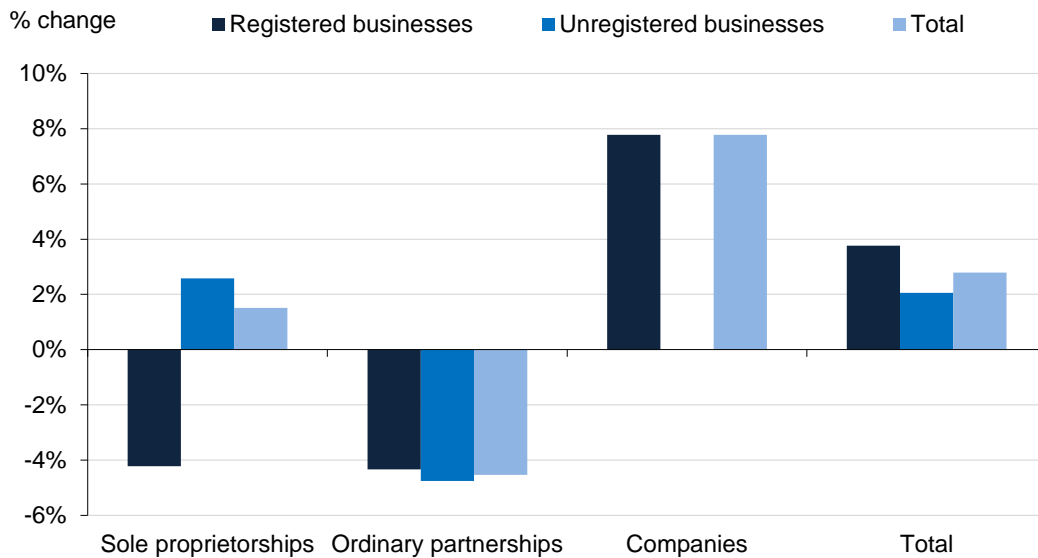
- the number of small employing businesses grew by +18%
- the number of medium-sized employers grew by +21%
- the number of large businesses fell slightly by 200 (-3%), which will be partly explained by mergers and takeover activity
- further information on detailed trends in Figure 4 and Table B

10. In 2015 the number of actively trading companies increased by more than other forms of business. This contrasts with the overall change since 2010, where the largest increase was in numbers of sole proprietorships (reflecting strong growth in self-employment in recent years). In 2015:

- the number of companies increased by 117,000 (+8%) and there were 50,000 (+2%) more sole proprietorships, but ordinary partnerships fell by 21,000 (-5%)
- the number of VAT/PAYE registered businesses grew by 85,000 (+4%) and the number of unregistered businesses by 61,000 (+2%)
- overall since 2010 the number of sole proprietorships increased by 568,000 (+21%) and companies by 358,000 (+28%), while the number of ordinary partnerships fell by 20,000 (-4%)
- further information on trends in Figure 6, and Table 28 in the detailed tables



**Figure 6:** Percentage change in the number of VAT/PAYE registered and un-registered businesses by legal form, 2014 to 2015



11. The SME share of total employment has remained relatively stable over time at around 60% of total private sector employment. Most recently:

- total employment in SMEs increased from 15.2 million at the start of 2014 to 15.6 million in 2015, with the majority of the increase being in employing businesses rather than businesses only employing the owner(s)<sup>v</sup>
- further information on employment trends in Table 28 of the detailed tables

### Regions and UK countries

12. Private sector businesses are not evenly distributed across the UK. Based on head office location, London and the South East of England have considerably more businesses than any other UK country or region of England. At the start of 2015:

- there were 4.7 million private sector businesses in England, 340,000 in Scotland, 213,000 in Wales, and 117,000 in Northern Ireland
- London (976,000) and the South East of England (878,000) had the most private sector businesses, accounting for a third of the UK business population
- the North East of England had 136,000 private sector businesses, the least of any English region
- this is head office location, rather than location of specific branches/sites
- further information on location in Table 9 of the detailed tables

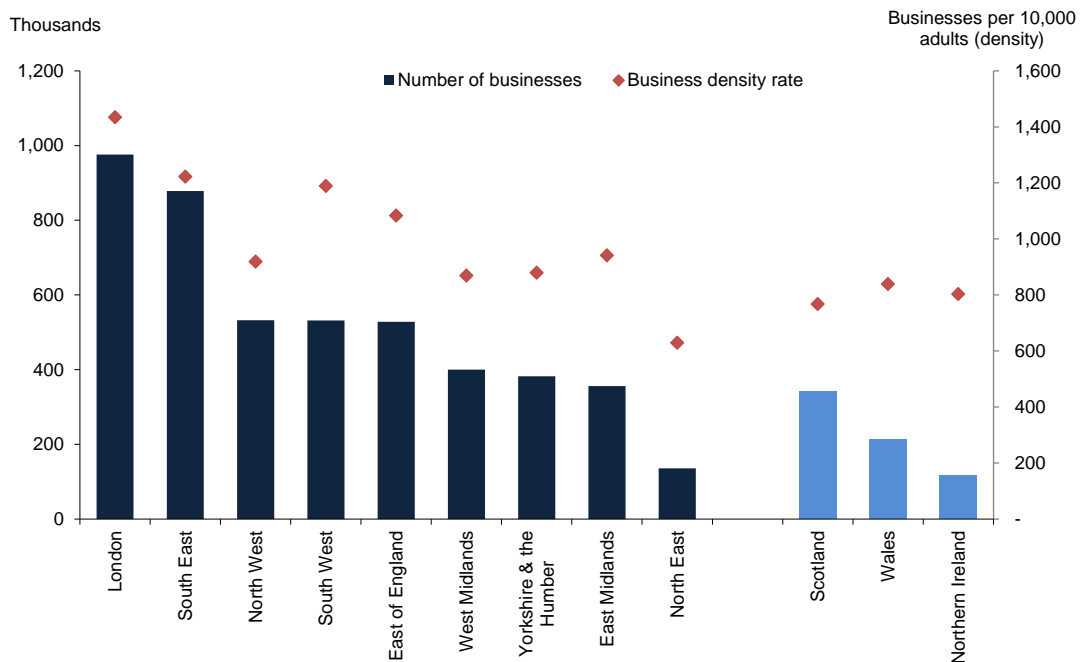
<sup>v</sup> See ONS's Labour Market Statistics for headline changes in overall private sector employment and ONS's Annual Business Survey for changes in business turnover. The BPE measures of employment are produced to understand SMEs and should not be used to monitor overall trends.





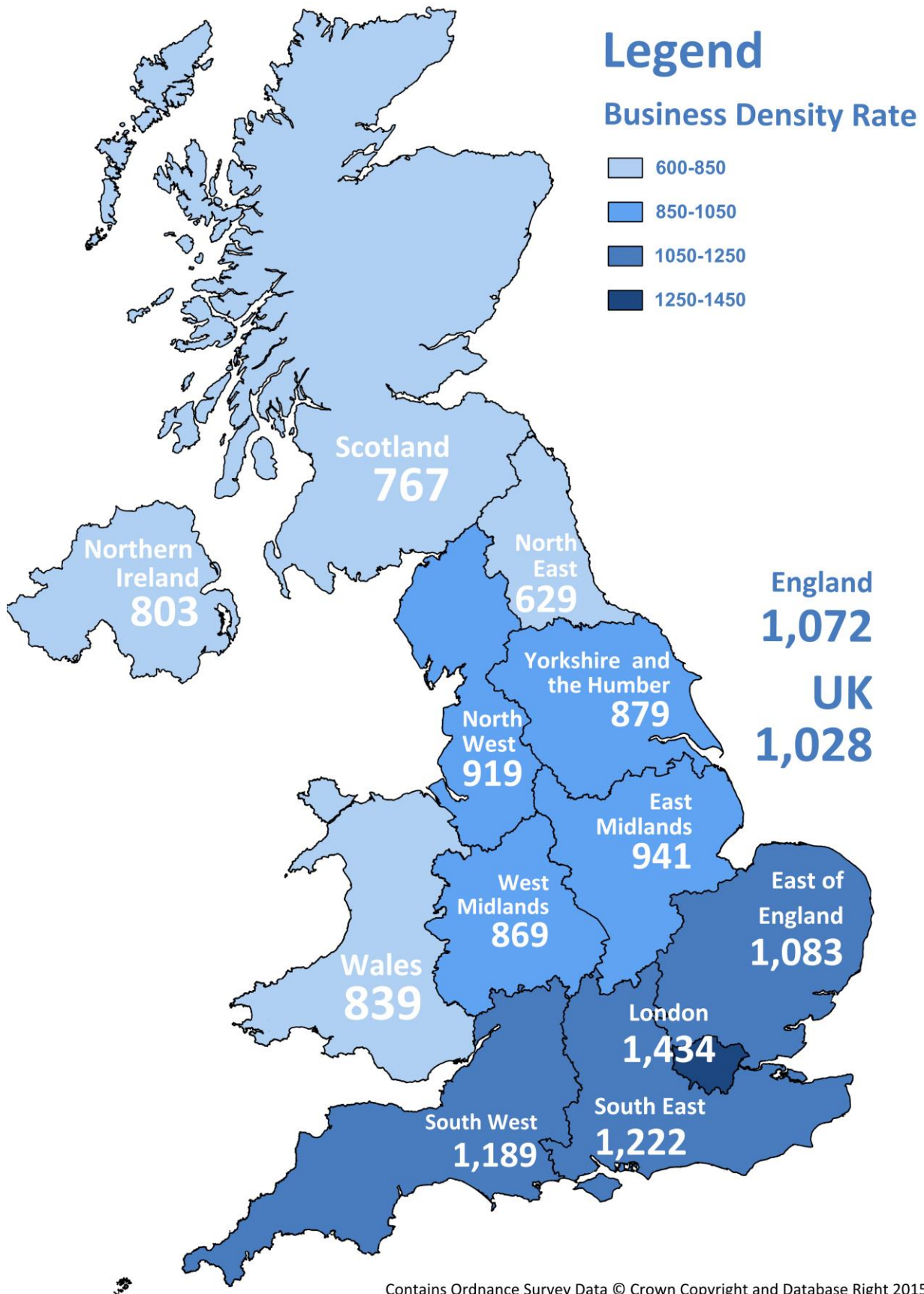
13. London and the South East of England also had the highest business density rates in the UK, based on the size of the resident adult population. At the start of 2015:
- London (1,434) had the highest number of businesses per 10,000 adults
  - there were also relatively high rates in the South East of England (1,222), the South West of England (1,189) and the East of England (1,083)
  - the North East of England had the lowest business density rate (629) of any English region or UK country
  - Scotland (767), Northern Ireland (803), Wales (839), West Midlands (869) and Yorkshire and the Humber (879) also had low business density rates
  - further information on business density in Figures 7 and 8, and Table 8 in the detailed tables

**Figure 7:** Number of businesses and business density rate in the private sector by English region and UK country, start of 2015



14. For regions and countries below UK level there is some volatility in estimates of year on year change. Looking in the longer term, across the 5 years of BPE data available, growth has tended to be strongest in those regions that already had proportionally more businesses relative to resident population. Below UK level:
- the biggest percentage increase in the number of businesses (head offices) since 2010 was +36% in London
  - the smallest increase in England since 2010 was +10% in the North East
  - the number of businesses in Northern Ireland fell by -2% since 2010
  - further information on regional trends in Table 26 of the detailed tables

**Figure 8:** Number of businesses in the UK private sector per 10,000 adults, UK region and country, start of 2015

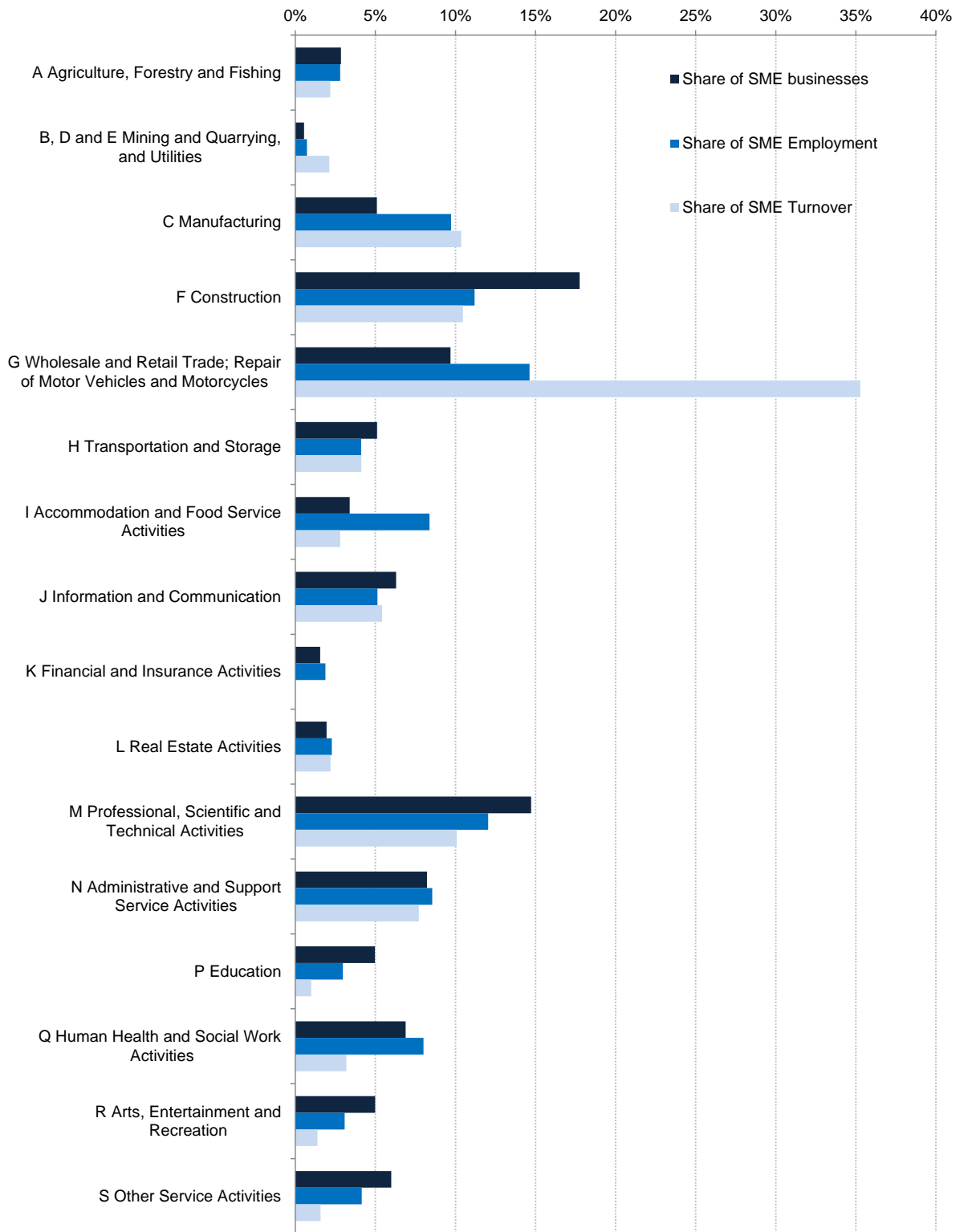


## Industries

15. SMEs account for over 99% of the overall population in each of the main industry sectors and are therefore distributed similarly to the business population overall. At the start of 2015:
  - just under a fifth of all SMEs were operating in Construction, compared to less than 1% in the Mining, Quarrying and Utilities sector
  - there were an estimated 956,000 SMEs operating in the Construction sector
  - there were also a considerable number of SMEs operating in the Professional, Scientific and Technical Activities (792,000 or 15%), Wholesale and Retail Trade and Repair sectors (522,000 or 10%)
  - the smallest number of SMEs was 29,000 (1%) in Mining and Quarrying and Utilities
  
16. Although it had the third highest share of SME numbers across all the industrial sectors, Wholesale and Retail Trade and Repair had the highest share of both SME employment and turnover. At the start of 2015:
  - Wholesale and Retail Trade and Repair accounted for 15% of all SME employment and over a third of SME turnover in the UK private sector
  - almost a third of SME turnover was spread across three more sectors: Construction (10%), Manufacturing (10%) and Professional, Scientific and Technical (10%)
  - further information for industries in Figure 9, and Table 5 in the detailed tables



**Figure 9:** Share of SME numbers, SME employment and SME turnover by industrial sector, start of 2015



**Table B:** Estimated number of businesses in the UK private sector, start of 2000 to start of 2015<sup>1,2</sup> (thousands)

Size	Start of															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
All private sector businesses	3,467	3,502	3,573	3,679	3,925	3,927	4,125	4,272	4,283	4,375	4,483	4,588	4,818	4,914	5,243	5,389
All SME (0-249)	3,460	3,495	3,566	3,672	3,919	3,920	4,119	4,265	4,277	4,368	4,477	4,582	4,811	4,907	5,236	5,382
All small (0-49)	3,433	3,467	3,535	3,642	3,891	3,892	4,090	4,236	4,248	4,339	4,447	4,552	4,782	4,876	5,205	5,350
All employers (1+)	1,111	1,149	1,162	1,181	1,162	1,175	1,195	1,224	1,238	1,237	1,224	1,211	1,237	1,211	1,277	1,312
Non-employers	2,356	2,354	2,411	2,498	2,763	2,752	2,931	3,047	3,046	3,138	3,259	3,377	3,581	3,703	3,966	4,078
Micro (1-9)	914	951	948	970	961	974	992	1,017	1,029	1,023	1,015	1,000	1,023	987	1,044	1,069
Small (10-49)	163	162	176	174	167	166	167	172	173	178	174	174	178	187	195	204
Medium (50-249)	27	28	30	30	28	28	29	29	29	29	29	31	30	31	31	33
Large (250+)	7	7	7	7	7	6	6	6	6	7	6	6	6	7	7	7

1. To enable a robust comparison over time, this time series has been produced on a consistent basis using the latest methodology and ONS's latest reweighted *Labour Force Survey* data. Where there were discontinuities or gaps in the data, a modelling approach was taken to estimate the business counts – see background notes 15 to 17. These estimates supersede those published in previous *SME* (2000-2009) and *BPE* (2010-2013) statistics.

2. Table 25 in the detailed tables for the release provides more information about the change in the business population between 2000 and 2015.

**Table C:** Changes in the number of businesses, by legal status, between the start of 2014 and the start of 2015<sup>1</sup>

Change in the number of businesses		Sole proprietorships	Partnerships	Companies	Total
Unregistered businesses <sup>1</sup>		71,000	-10,000	N/A <sup>3</sup>	61,000
Registered businesses <sup>34</sup>		-22,000	-11,000	117,000	85,000
	Of which				
	with employees	-5,000	-7,000	47,000	35,000
	without employees	-17,000	-3,000	71,000	51,000
<b>All private sector businesses</b>		<b>50,000</b>	<b>-21,000</b>	<b>117,000</b>	<b>146,000</b>

1. To enable a robust comparison over time, this time series has been produced on a consistent basis using the latest methodology and ONS's latest reweighted *Labour Force Survey* 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 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

## Notes for this release

- 1) *Business Population Estimates 2015* is the latest in a series of estimates of the total number of private sector businesses in the UK. 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. *BPE* estimates the total number of UK private sector businesses, including those that are registered for VAT or PAYE *and* those that are unregistered (see note 13 for more information). Related ONS publications report on only the VAT/PAYE registered businesses.
- 2) To aid the interpretation of these statistics, it is highly recommended that users refer to the [Methodology and Quality Note](#) that accompanies this release.
- 3) Information on the employment and turnover in these businesses is also provided. The function of the employment and turnover data here is primarily to (i) classify businesses by employee size band and (ii) calculate shares of employment and turnover across industrial sectors, regions and legal statuses. This edition includes an employment time-series in Table 26 of the [detailed tables](#) for the first time. However, users should note that these employment estimates are indicative and that ONS publishes other sources of employment data more suitable for monitoring total jobs and people in employment. See the Workforce Jobs series, the Business Registers Employment Survey (BRES), and the wider Labour Market Statistics (refer to the [Methodology and Quality Note](#) for more information).
- 4) 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.
- 5) All figures in this document can also be found in the accompanying Excel file of [detailed tables](#).
- 6) All statistics relating to 2015 released in this publication are new. Most of the statistics for years prior to 2014 were revised in the 2014 edition, where they were recalculated using a consistent methodology and the latest re-weighted ONS *Labour Force Survey* population data. For more detail, see note 16 and the **revisions policy** in the [Methodology and Quality Note](#).

## Definitions

- 7) In this release a small business is defined as a business with 0-49 employees, a medium-sized business is one with 50-249 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.
- 8) Within the scope of the *Business Population Estimates*, companies with a single employee director are counted as zero employee businesses.
- 9) The definition of the private sector used in this publication excludes the non-profit sector, but includes public corporations and nationalised bodies.
- 10) Turnover data throughout this release excludes both SIC2007 Section K (Financial and insurance activities) where turnover is not available on a comparable basis.



- 11) 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 people in one region will work for businesses that are registered in another region.
- 12) All figures and percentages in this document are rounded. Therefore totals may 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

- 13) 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 VAT/PAYE registered businesses in the UK. This publication also includes estimates of smaller non employing (unregistered) businesses which are calculated using a combination of information from the ONS *Labour Force Survey* and HMRC self-assessment tax return data. More detail of the estimation process is provided in the [Methodology and Quality Note](#).
- 14) This edition uses the same methodology as that used since the 2011 edition of this publication. However, the methodology is not directly comparable to that used for BPE 2010 or to the older [SME Statistics](#) series (1994-2009) and time series data presented here will be substantially different from estimates published in 2013 and earlier years due to the incorporation of updated *Labour Force Survey* data and new cases added to the *IDBR*.
- 15) To enable robust comparison over time, a time series is calculated using the latest methodology and data. This shows annual estimates of numbers of private sector businesses in the UK between 2000 and 2015. Estimates for UK countries/English regions and for different legal forms are provided for years since 2010 (the first year for which consistent estimates can be produced).
- 16) HMRC introduced a new Real Time PAYE reporting system (RTI) in 2014. HMRC found no evidence of behavioural changes in the timing of PAYE scheme registrations through the year and no clear impact on the *IDBR* has been identified.

### Data users and uses

- 17) The *Business Population Estimates* are used extensively by government, the public, public bodies and businesses to analyse the scale, structure and significance of the total business population in the UK and to monitor change over time. 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

18) More detailed information on the users and use made of this series is available in the [BPE User Engagement Strategy](#).

### **National Statistics publication**

19) 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.

20) 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.

21) 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.

22) 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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