

## BUSINESS POPULATION ESTIMATES FOR THE UK AND REGIONS 2011



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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, methodological changes introduced for *Business Population Estimates 2010* and a further improvement introduced for this edition mean that estimates previously published are not directly comparable to this release<sup>1</sup>.

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 2011, an increase of 94,000 (2.1 per cent) since the start of 2010.
- These businesses employed an estimated 23.4 million people, and had an estimated combined annual turnover of £3,100 billion<sup>2</sup>.
- Almost two thirds (62.4 per cent) of private sector businesses were sole proprietorships, 27.7 per cent were companies and 9.8 per cent were partnerships.
- Small and medium-sized enterprises (SME)<sup>3</sup> accounted for 99.9 per cent of all enterprises, 58.8 per cent of private sector employment and 48.8 per cent of private sector turnover.

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<sup>1</sup> See 'Notes on this Release' and the accompanying Methodology Note for more details. For a fully comparable time series of numbers of businesses between 2000 and 2011 see Figure 2 and Table 24 of the detailed data tables.

<sup>2</sup> Turnover throughout this release excludes SIC2007 Section K (financial and insurance activities) and Division 78 (Employment activities) where data is not available on a comparable basis.

<sup>3</sup> 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 2011, an increase of 94,000 (2.1 per cent) since the start of 2010<sup>4</sup>.

At the start of 2011, the 4.5 million UK private sector enterprises employed an estimated 23.4 million people, and had an estimated combined annual turnover of £3,100 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 2011.

	Enterprises	Employment <i>thousands</i>	Turnover <sup>1</sup> <i>£ millions</i>
All enterprises	4,542,765	23,391	3,052,558
SMEs (0-249 employees)	4,536,445	13,760	1,489,255
All employers	1,178,745	19,707	2,850,127
With no employees <sup>2</sup>	3,364,020	3,684	202,431
1-9	968,545	3,651	403,871
10-49	173,405	3,469	460,500
50-249	30,475	2,957	422,454
250 or more	6,320	9,631	1,563,302

1: "All Industries" turnover figures exclude Section K (financial and insurance activities) and Division 78 (employment 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 30,000 (0.7 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 2011, the 4.5 million UK private sector SMEs employed an estimated 13.8 million people, and had an estimated combined annual turnover of £1,500 billion.

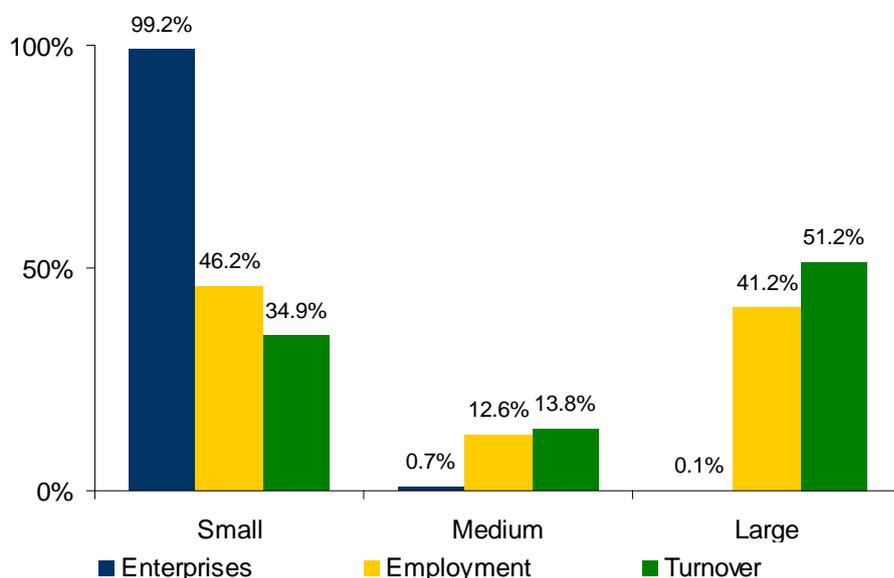
SMEs together accounted for more than half of employment (58.8 per cent) and almost half of turnover (48.8 per cent) in the UK private sector, at the start of 2011 (see Figure 1).

Small enterprises alone (0 to 49 employees) accounted for 46.2 per cent of private sector employment and 34.9 per cent of private sector turnover.

<sup>4</sup> This comparison is made using an estimate of the start-2010 stock calculated on a consistent basis, using the *BPE 2011* methodology. See Methodology Note 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 2011.



### Change in the stock of businesses over time

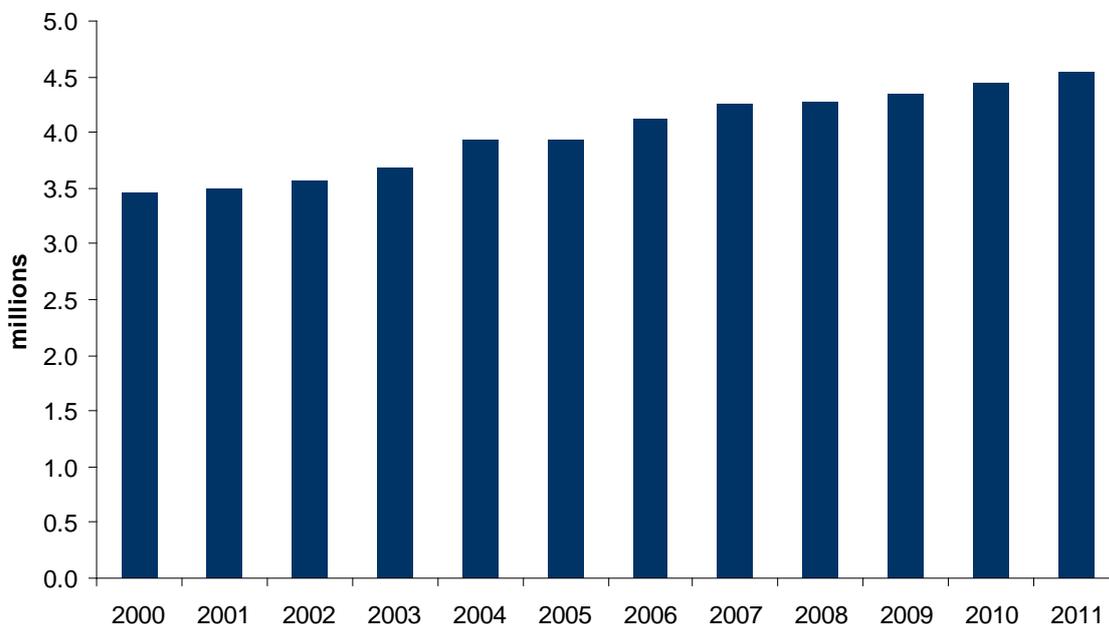
The estimated number of private sector businesses in the UK has increased in each of the last eleven years. At the start of 2011, there were an estimated 4.5 million private sector businesses, an increase of 1.07 million (31.0 per cent) since 2000 (see Figure 2). Over the last decade, the year-on-year increase in the number of private sector businesses varied between a minimum of 0.1 per cent between the start of 2004 and the start of 2005 and a maximum of 6.9 per cent between the start of 2003 and the start of 2004.

These changes were entirely driven by SMEs - their estimated number increased from 3.5 million to 4.5 million (31.1 per cent) between the start of 2000 and the start of 2011.

Meanwhile, the estimated number of large private sector businesses decreased from 7,200 to 6,300 (-12.0 per cent) over the same period.

**Figure 2**

Number of private sector enterprises in the UK, start of 2000 - start of 2011<sup>1</sup>.



1. To enable a robust comparison over time, this time series has been produced on a consistent basis using the latest *BPE 2011* methodology. Where there were discontinuities or gaps in the data, a modelling approach was taken to estimate the enterprise counts. These estimates supersede those published in previous *SME statistics* and *BPE* series.

### The number of businesses with and without employees

At the start of 2011, businesses with employees accounted for over a quarter of all private sector businesses in the UK (25.9 per cent, or 1.2 million enterprises). This represents a fall of 29,000 (-2.4 per cent) since the start of 2010. They employed 19.7 million people and had an estimated combined turnover of £2,900 billion (see Table 1).

At the start of 2011, businesses with no employees<sup>5</sup> accounted for 74.1 per cent of all private sector businesses in the UK (3.4 million enterprises), an increase of 123,000 (3.8 per cent) since the start of 2010. Enterprises with no employees had an estimated combined turnover of £202 billion at the start of 2011.

### Legal status of businesses

At the start of 2011, 62.4 per cent of private sector enterprises were sole proprietorships, 27.7 per cent were companies and 9.8 per cent were partnerships.

<sup>5</sup> 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.

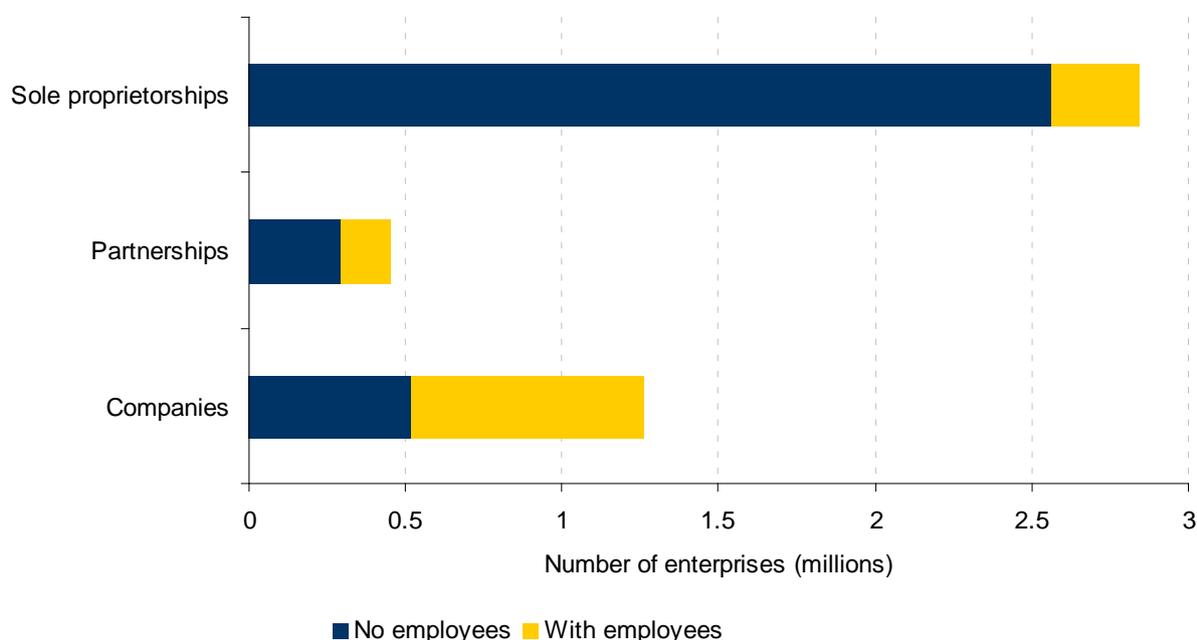
There were an estimated 2.8 million sole proprietorships in the UK at the start of 2011, of which 279,000 (9.8 per cent) had employees (see Figure 3).

There were an estimated 447,000 partnerships, of which 157,000 (35.2 per cent) had employees.

There were 1.3 million companies, of which 742,000 (59.0 per cent) had employees<sup>6</sup>.

**Figure 3**

Number of enterprises with and without employees, by legal status, UK private sector, start of 2011.



**Registered and unregistered businesses**

Table 2 shows that the majority of private sector enterprises were unregistered. There were 2,060,000 enterprises (45.3 per cent of all private sector enterprises) registered for VAT and/or PAYE at the start of 2011.

During 2010, the number of sole proprietorships increased by 87,000 (3.2 per cent), the number of partnerships increased by 1,000 (0.2 per cent) and the number of companies increased by 6,000 (0.5 per cent).

<sup>6</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 Methodology Note for more information.

**Table 2**

Changes in the number of enterprises between the start of 2010 and the start of 2011.

	Sole proprietorships	Partnerships	Companies	Total	Total
	Change				Number
Registered enterprises <sup>1</sup>	-25,000	-13,000	6,000	-33,000	2,060,000
<i>Of which with employees</i>	<i>-15,000</i>	<i>-9,000</i>	<i>-6,000</i>	<i>-29,000</i>	<i>1,179,000</i>
<i>without employees</i>	<i>-11,000</i>	<i>-4,000</i>	<i>11,000</i>	<i>-4,000</i>	<i>882,000</i>
Unregistered enterprises <sup>2</sup>	113,000	14,000	N/A <sup>3</sup>	127,000	2,482,000
All private sector enterprises	87,000	1,000	6,000	94,000	4,543,000

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.

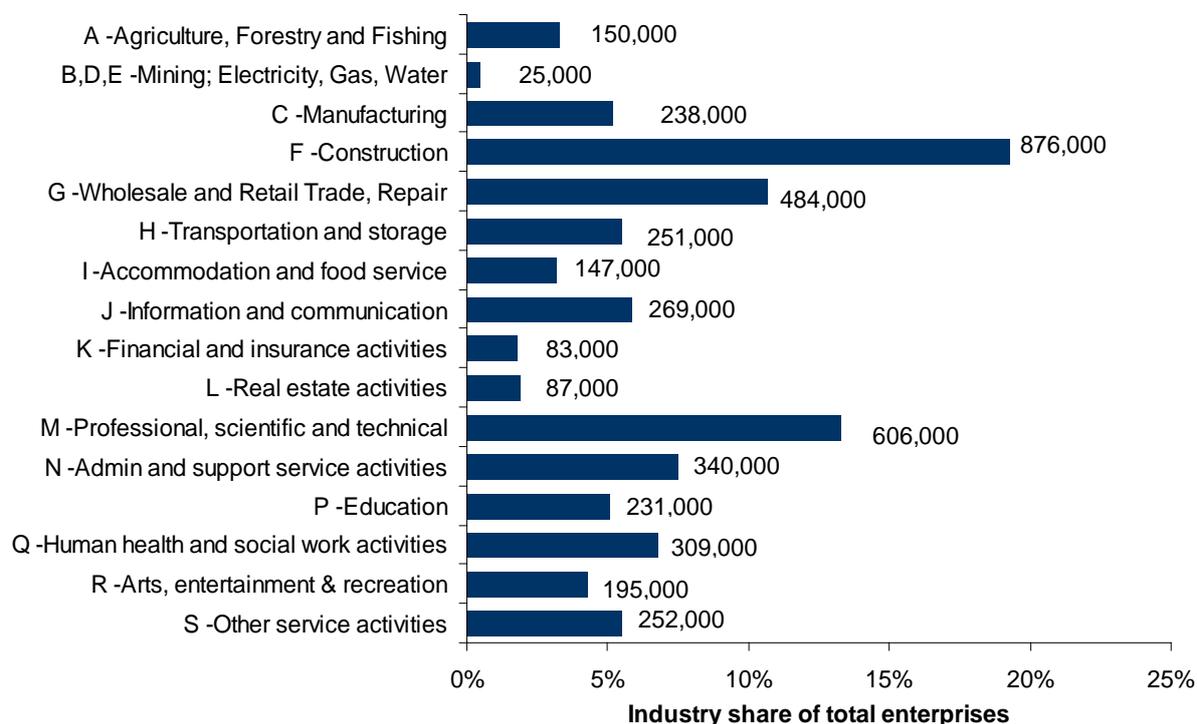
The number of registered enterprises fell by 33,000 (-1.6 per cent) during 2010, to 2,060,000 at the start of 2011. However, the number of unregistered businesses increased by an estimated 127,000 (5.4 per cent), to reach 2,482,000 at the start of 2011. Most of the change in the number of businesses between 2010 and 2011 was due to an increase in the estimated number of unregistered sole proprietorships (increasing by 113,000, or 5.1 per cent).

### Businesses by broad industry sector

At the start of 2011, there were 876,000 businesses operating in the Construction sector (see Figure 4). This represents a fifth (19.3 per cent) of all UK private sector enterprises. A further 606,000 businesses (13.3 per cent) were operating in the Professional, scientific and technical activities sector and 484,000 (10.7 per cent) in the Wholesale and retail trade and repair sector.

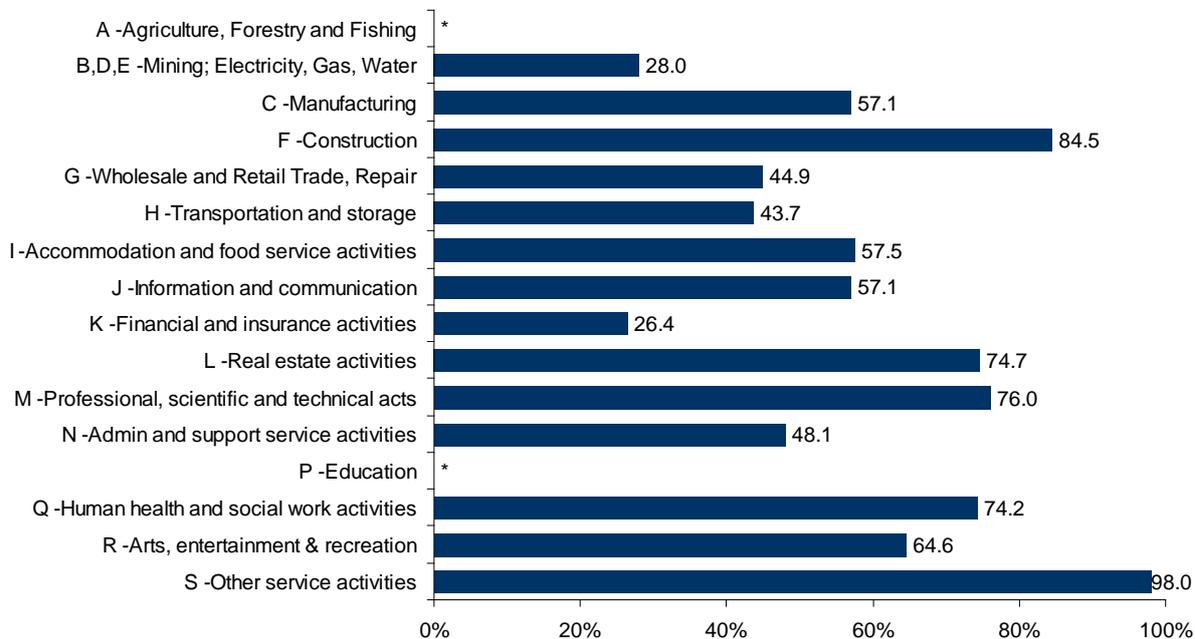
**Figure 4**

Share of private sector enterprises (and numbers) by industry, start of 2011.



At the start of 2011, 58.8 per cent of private sector enterprise employment was in SMEs (0-249 employees), although this proportion varied considerably by industry (see Figure 5). In the Financial and Insurance activities sector only 26.4 per cent of employment was in SMEs. However, in the Other service activities sector, virtually all employment (98.0 per cent) was in SMEs.

**Figure 5**  
SME share of employment within each industry, UK private sector, start of 2011.

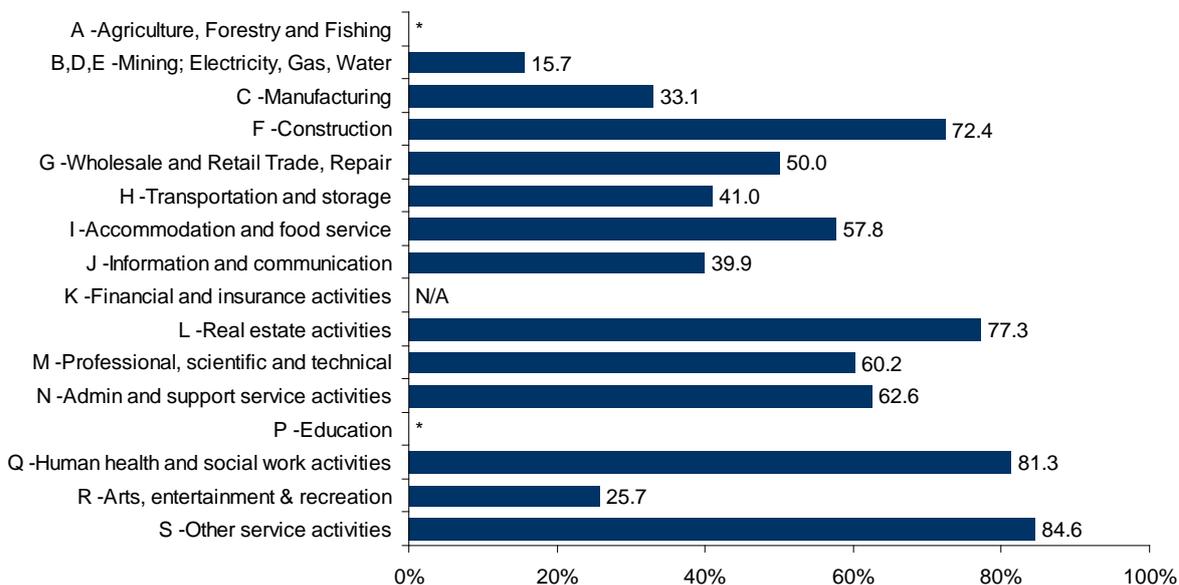


Note: A \* symbol replaces data that are deemed to be disclosive.

Share of employment in SMEs

Overall, 48.8 per cent of turnover was in SMEs. Again, there were variations by industry (see Figure 6), ranging from 15.7 per cent in the Mining and quarrying; electricity, gas and air conditioning supply; water sector to 84.6 per cent in the Other service activities sector.

**Figure 6**  
SME share of turnover within each industry, UK private sector, start of 2011.



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

Share of turnover in SMEs

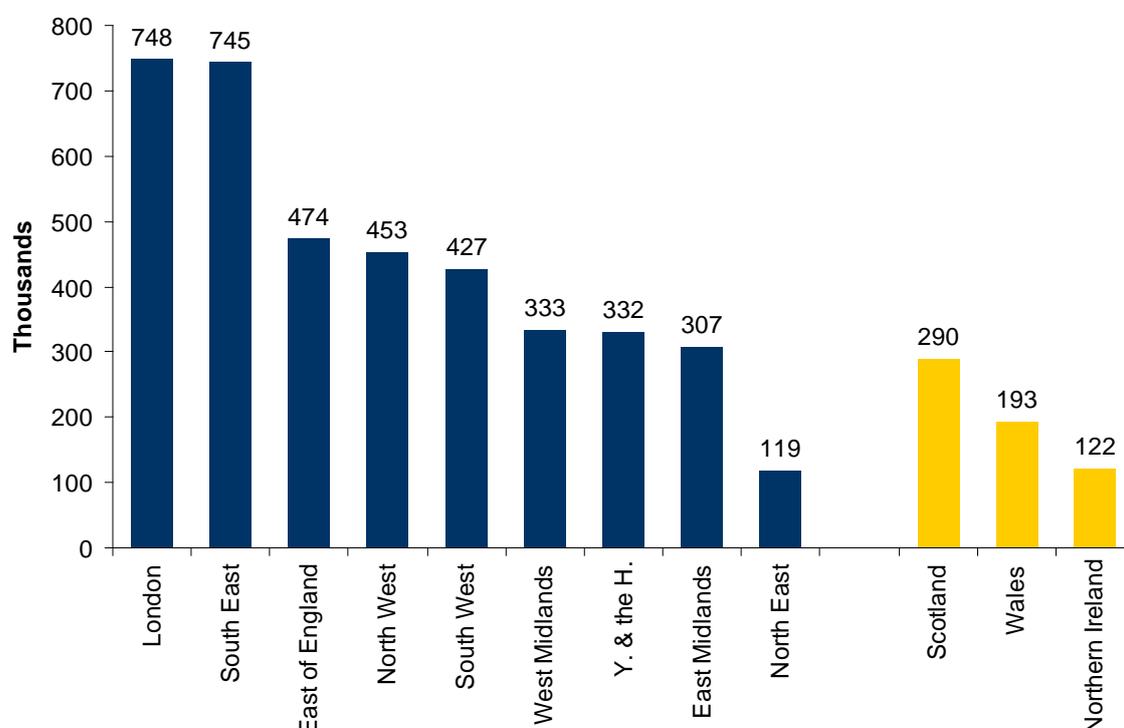
## Businesses in UK countries and regions

Of the estimated 4.5 million private sector businesses in the UK at the start of 2011, 3.9 million (86.7 per cent) were in England<sup>7</sup>.

With 748,000 private sector enterprises in 2011, London had more enterprises than any other region or country in the UK. The South East had the second largest number of enterprises with 745,000. Together these regions account for almost a third of all private sector enterprises in the UK (see Figure 7).

**Figure 7**

Number of private sector enterprises, by UK region and country (excluding England), start of 2011.



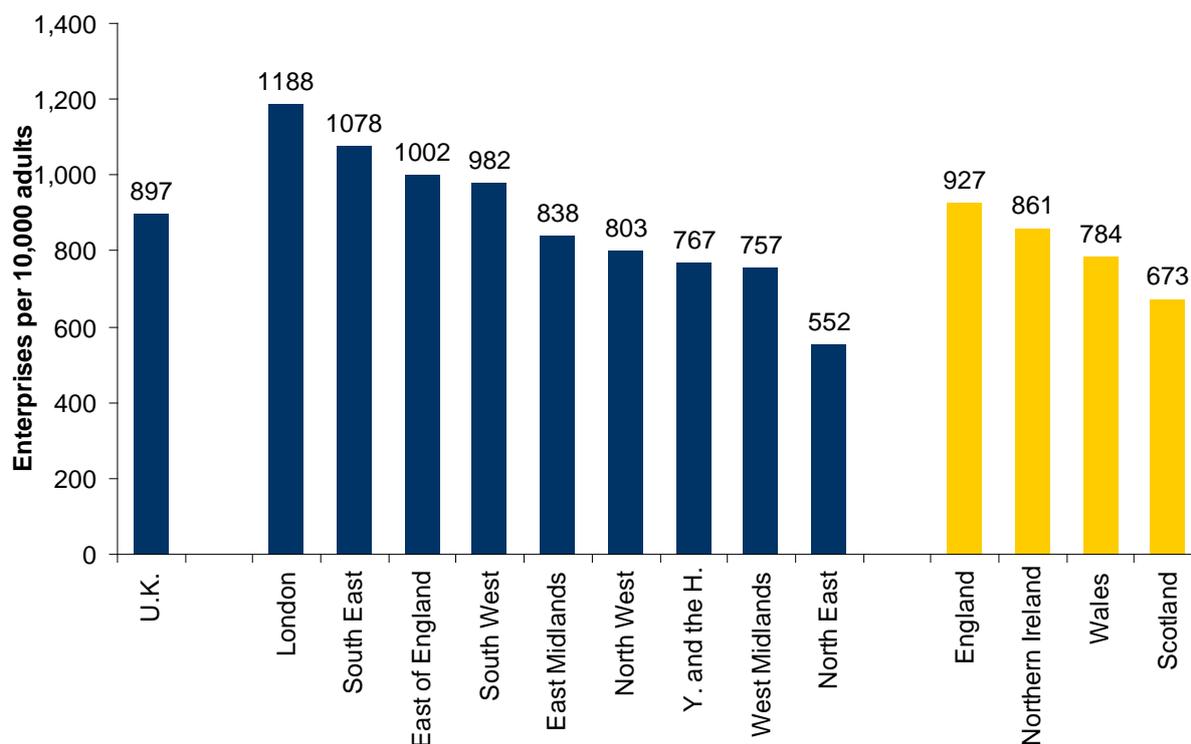
For some regions and countries, the pattern is the same when analysing the numbers of businesses relative to the adult population (see Figure 8). For example, London and the South East have both the highest number of enterprises and the highest enterprise density rates, whilst the North East has both the lowest number of enterprises, and the lowest enterprise density rate (552 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 the UK countries and regions (122,000), it was fifth in

<sup>7</sup> Enterprises that have sites in more than one region or country are counted here only in the region or country where they are registered.

terms of its enterprise density rate. And whilst the North West had the fourth highest number of enterprises (453,000) amongst the UK countries and regions, it was only seventh in terms of its enterprise density rate (803 enterprises per 10,000 adults).

**Figure 8**  
Number of private sector enterprises per 10,000 adults, by UK region and country, start of 2011.



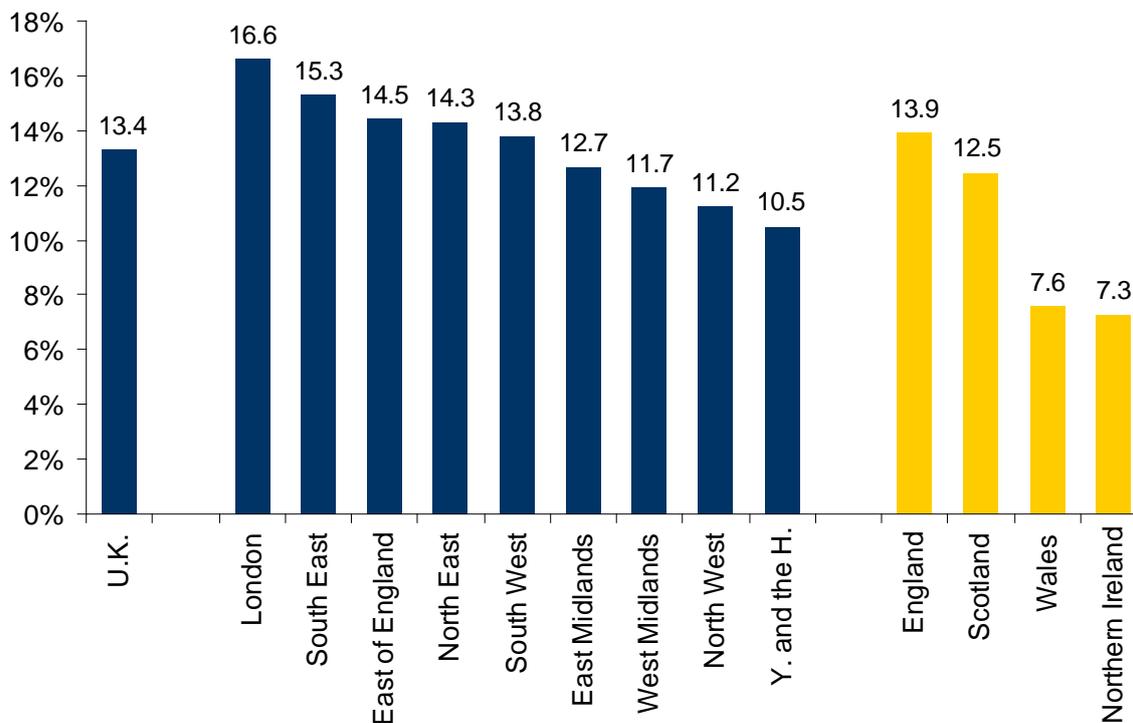
Source: BIS Business Population Estimates 2011 and ONS mid-year population estimates 2010

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

In London, 16.6 per cent of businesses were in Professional, scientific and technical activities sector, the highest proportion of all regions and countries (see Figure 9).

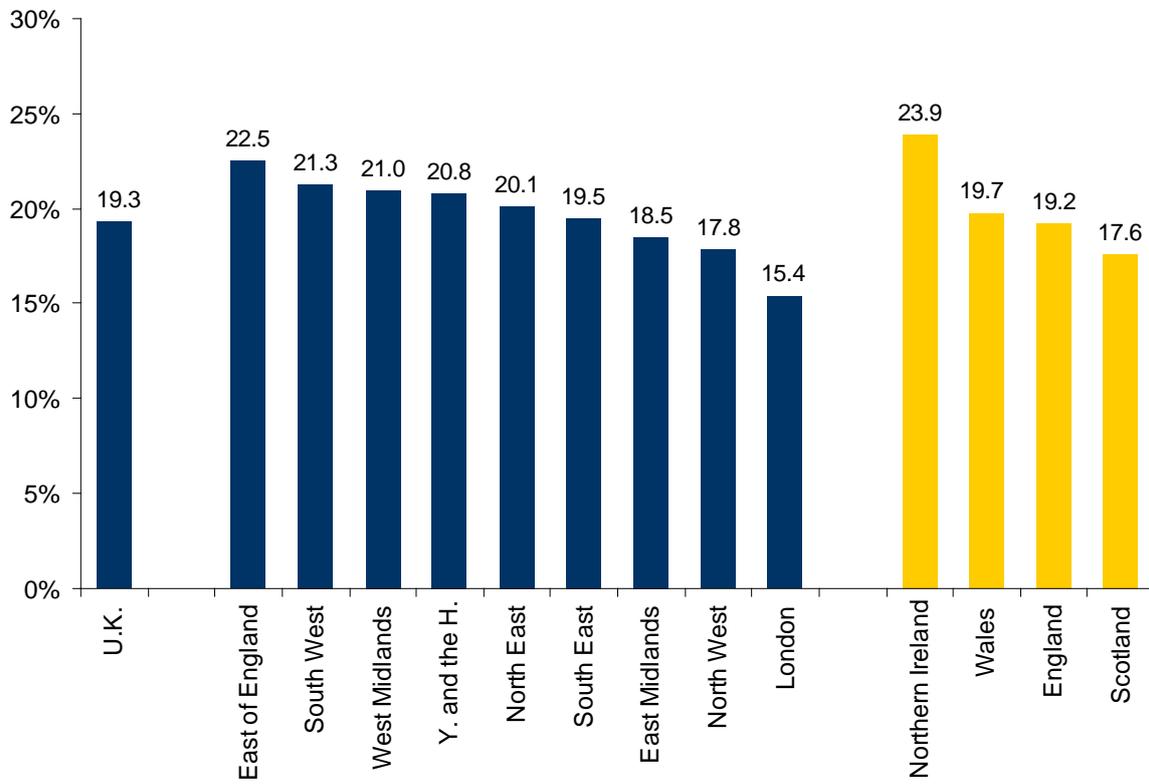
Northern Ireland (7.3 per cent) and Wales (7.6 per cent) had the lowest proportion out of all regions and countries of enterprises in the Professional, scientific and technical sector (see Figure 9).

**Figure 9**  
Share of enterprises in the Professional, scientific and technical activities sector,  
by region and country, start of 2011.



However, Northern Ireland (23.9 per cent) had the highest proportion of enterprises in the Construction sector, followed by East of England (22.5 per cent), whilst just 15.4 per cent of enterprises in London were in this sector (see Figure 10).

**Figure 10**  
Share of enterprises in the Construction sector by region, start of 2011.



## Notes on this release

1. *Business Population Estimates 2011* 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. To highlight to users that the methodology had changed and that these estimates were not directly comparable to previous year's data (released in *Small and Medium-sized Enterprise Statistics 1994-2009*), the series was re-named *Business Population Estimates*. *Business Population Estimates 2011* incorporates one further improvement by providing more accurate estimates of the number of unregistered businesses (those not registered for VAT and/or PAYE). For further information refer to the Methodology Note.
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 the 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 both SIC2007 Section K (Financial and insurance activities) and Division 78 (Employment 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 2011 released in this publication are new. Statistics relating to 2010 in this release are revisions to the estimates previously published in *Business Population Estimates 2010* and have been produced in a

consistent way using the latest methodology and the reweighted ONS *Labour Force Survey* data.

### Timeliness

11. *Business Population Estimates 2011* has been released on a more timely basis than previous editions of *SME Statistics* and *Business Population Estimates 2010*. Whilst *Business Population Estimates 2010* was produced on a slightly extended timescale due to additional preparatory methodological work, the *Business Population Estimates 2011* was released around 10 months after the reference point. Future editions of the publication are expected to be published every autumn with a similar 10 month lag.

### Sources and accuracy

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

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 registered enterprises in the UK.

14. 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

15. This edition incorporates a further methodological improvement which means that it is not directly comparable to the *Business Population Estimates 2010* publication (and due to more substantial improvements, neither *BPE* publication is comparable to the *SME Statistics 1994-2009* series). Therefore, to enable robust comparison over time, as part of the *Business Population Estimates 2011* a time series has been produced using a consistent methodology (in Table 24 of the detailed data sheet). This shows estimates of the number of businesses (by size band) in the UK private sector, between the years 2000 and 2011. It is not possible to produce similar information regarding their contribution to employment and turnover. Please refer to the Methodology Note for further information.

16. For estimates between 1994 and 1999 refer to the *SME Statistics* publication, though data 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 2011 highlighted above. Refer to the following link for further information: <http://stats.bis.gov.uk/ed/sme/>

## Data users and uses

17. 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.

18. The main purpose of the *BPE* publication is to provide an estimate of the number of enterprises in the UK at a point in time, together with information on their associated employment and turnover. 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 2009 was published in December 2010). 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

19. 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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