

Statistics for Small and Medium-Sized Enterprises

Expert knowledge means success

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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

580 New Start-Ups Every Day

Figures published for 2007 show there was a net increase of 212,000 private enterprises operating in the UK at the start of 2007 compared to the previous year - equivalent to over 580 new businesses starting up every day.

In July 2008, the Department for Business, Enterprise and Regulatory Reform, released Small and Medium-sized Enterprise (SME) Statistics for the UK and Regions 2007, according to arrangements approved by the UK Statistics Authority.

A dataset containing detailed information for each UK industry, region and country is available on the BIS¹ website: <http://stats.bis.gov.uk/ed/sme²>

The statistics reveal:

- There were an estimated 4.71 million private sector enterprises³ in the UK at the start of 2007, an increase of 212,000⁴ (4.8%) on the start of 2006. These levels are the highest since the time series began in 1994.
- These enterprises employed an estimated 22.7 million people and had an estimated combined annual turnover of £2,800 billion.
- Small and medium-sized enterprises (SMEs) together accounted for 99.9% of all enterprises, 59.2% of private sector employment and 51.5% of private sector turnover.
- Employment in SMEs is estimated at 13.5 million, 0.3 million (2.0%) higher than in 2006.
- Turnover in SMEs is estimated at £1,440 billion, £83 billion (6.1%) higher than 2006.
- Almost a quarter (24%) of all UK private sector enterprises operate in the Business Services sector.
- All regions and countries experienced growth in the number of enterprises between 2005 and 2007.
- 32% of all UK enterprises are in London and the South East⁵. Both these regions have over 700,000 enterprises each.
- Where enterprises have more than one site in the UK, the data for the whole of that enterprise are reported for the region where the enterprise is registered.

The stock of enterprises, employment and turnover

At the start of 2007, the 4.7 million UK private sector enterprises employed an estimated 22.7 million people and had an estimated combined annual turnover of £2,800 billion.

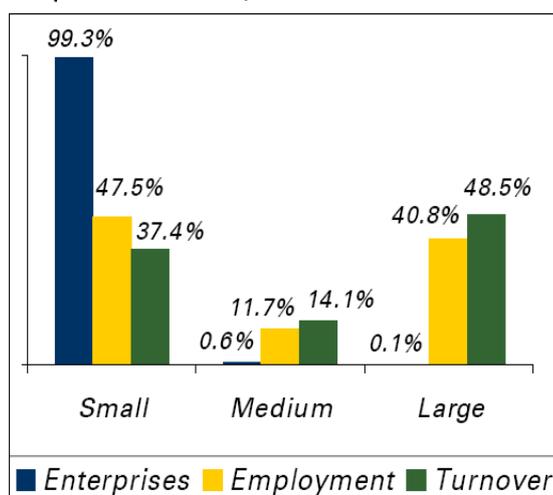
Number of enterprises, employment and turnover by number of employees, UK private sector, start of 2007:

Almost all of these enterprises (99.3%) were small (0 to 49 employees). Only 27,000 (0.6%) were medium-sized (50 to 249 employees) and 6,000 (0.1%) were large (250 or more employees).



	Enterprises	Employment (thousands)	Turnover (£ millions)
All enterprises	4,679,080	22,734	2,794,684
With no employees	3,460,360	3,774	222,382
All employers	1,218,720	18,961	2,572,303
1-9	1,019,295	3,764	413,211
10-49	166,815	3,265	409,991
50-249	26,690	2,653	394,707
250 or more	5,915	9,279	1,354,395

Share of enterprises, employment and turnover by size of enterprise UK private sector, start of 2007:



Small and medium-sized enterprises (SMEs) together accounted for more than half of the employment (59.2%) and turnover (51.5%) in the UK.

Small enterprises alone (0 to 49 employees) accounted for 47.5% of employment and 37.4% of turnover.

Changes in stock of enterprises, employment and turnover over time

The estimated number of private sector enterprises at the start of 2007 is 4,679,000, 212,000 (4.8%) more than at the start of 2006. These levels are the highest since the time series began in 1994.

UK private sector enterprises employed an estimated 22.7 million people at the start of 2007, an increase of 332 thousand (1.5%) since the start of 2006.

Estimated employment in SMEs has risen from 13.2 million at the start of 2006 to 13.5 million people at the start of 2007, or from 58.9 to 59.2% of all private sector employment.

At the start of 2007, UK enterprises had an estimated combined annual turnover of £2,800 billion, an increase of £181 billion (6.9%) since the start of 2006.

Turnover in SMEs is estimated at £1,440 billion, £83 billion (6.1%) higher than 2006. As a proportion of all private sector turnover, this has decreased slightly from 51.9% to 51.5%.

Legal status

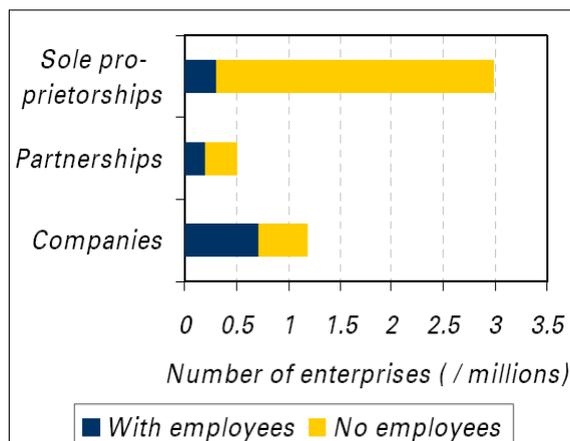
There were an estimated 3.0 million sole proprietors in the UK at the start of 2007, and 316 thousand (10.6%) of them had employees. There were an estimated 507 thousand partnerships and 186 thousand of them (36.8%) had employees.

There were 1.2 million companies and 716 thousand of them (60.3%) had employees.

The table below shows that the number of companies has gone up by 42,000 (3.7%) during 2006 to 1.2 million, with increases for both companies with and without employees. This is the tenth successive year that companies have increased in number.

The number of sole proprietorships has increased by 168,000, or 6.0%, taking it up to 3.0 million, the fifth successive annual increase. The number of partnerships has gone up by 2,000, or 0.4%, to 507,000.

Number of enterprises with employees, by legal status, UK private sector, start of 2007:



Changes in the number of enterprises between start-2006 and start-2007:

	Sole Proprietorships	Partnerships	Companies	Total
Registered enterprises	-24,000	-17,000	42,000	2,000
- with employees	-6,000	-2,000	23,000	15,000
- without employees	-17,000	-15,000	19,000	-13,000
Unregistered enterprises	191,000	19,000	n/a	210,000
All private sector enterprises	168,000	2,000	42,000	212,000

Registered enterprises (those enterprises registered for VAT and / or PAYE but excluding Composite Managed Service Companies) and unregistered enterprises (do not exclude Composite Managed Service Companies) have both increased.

Registered enterprises have increased by 0.1% and unregistered enterprises have increased by 8.9% since the start of 2006. Most of the change between 2006 and 2007 was due to an increase in the number of unregistered sole-proprietorships.

At the start of 2007, the number of enterprises with no employees was 3.5 million, equivalent to 74.0% of all enterprises. However, this proportion varies among different industries, from 91.3% for Education to 22.4% for Hotels and Restaurants.

Enterprises with no employees are either sole proprietorships and partnerships comprising only the self-employed owner-manager(s), or companies comprising only an employee director. They had an estimated combined turnover of £222 billion.

At the start of 2007, the number of enterprises with employees was 1.2 million, an increase of 15,000 (1.2%) on the start of 2006. They had an estimated combined turnover of £2,572 billion at the start of 2007.

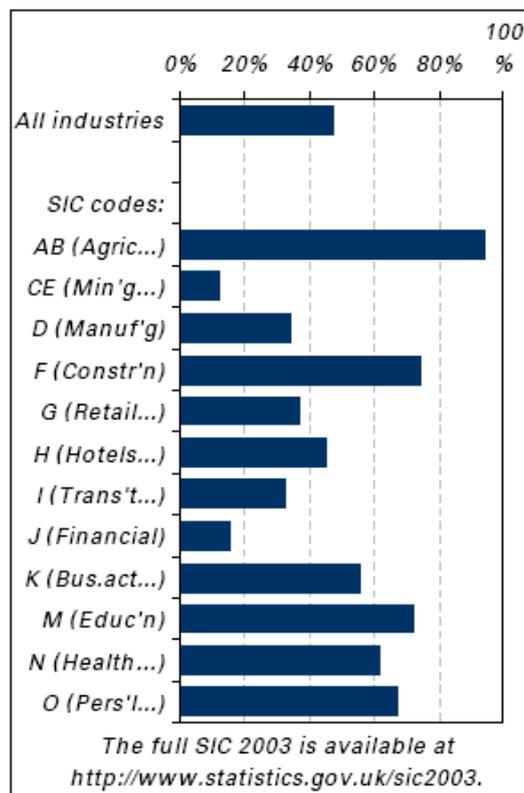
Industry patterns

At the start of 2007, 1,131,000 enterprises were operating in Business Services (SIC2003 Section K). This represents almost a quarter (24%) of all UK private sector enterprises.

These enterprises accounted for 4,301,000 in employment (19% of the UK private sector employment) and £421 billion (15% of the UK private sector turnover, excluding SIC2003 Section J).

Wholesale, Retail and Repairs (SIC2003 Section G) was the biggest employer in 2007. The 562,000 enterprises in SIC2003 Section G had a combined employment of 4,881,000, representing 21% of all UK private sector employment.

Small enterprise share of employment within each industry section based on SIC2003, for the UK private sector, start of 2007:



1: Small enterprises defined as those with 0 to 49 employees.

Small enterprise employment and turnover share

At the start of 2007, 47.5% of private sector enterprise employment was in small enterprises (0-49 employees).

But this varied between industries (see Figure 3, which uses the Standard Industrial Classification (SIC2003)).

In Agriculture, Fishing and Forestry (SIC2003 section AB), 94.3% of employment was in small enterprises.

But in Mining and Quarrying; Electricity, Gas and Water Supply (SIC2003 section CE) only 12.0% of employment was in small enterprises.

The share of turnover in small enterprises also varies between industries. Overall, 37.4% of turnover was in small enterprises. Again, there are variations by industry, ranging from 7.6% in Mining, Quarrying and Utilities (SIC2003

sections C and E) to 87.8% in Agriculture, Fishing and Forestry (SIC2003 section AB).

Wales and Northern Ireland, this figure exceeds 70%.

Enterprises in the English Regions, Scotland, Wales and Northern Ireland

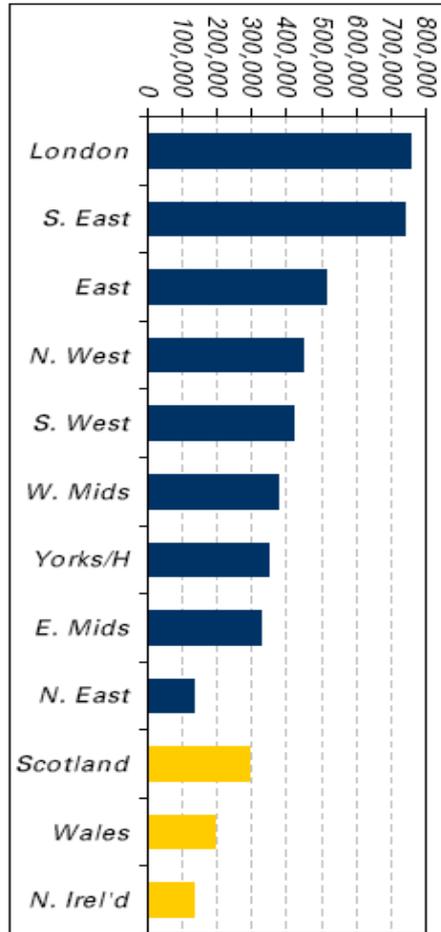
Of the estimated 4.7 million enterprises in the UK at the start of 2007, 4.1 million (86.8%) are in England. The number of enterprises in England increased by 0.3 million between 2005 and 2007 (a rise of 7.6%).

For the first time since regional records began in 1997 London, with 758,000 enterprises in 2007, had more enterprises than any other region or country in the UK. 32% of all UK enterprises are in London and the South East. Both these regions have over 700,000 enterprises each.

For each region and country in the UK, no more than 0.2% of enterprises are large (250 or more employees), and at least 99.2% of enterprises are small (0 to 49 employees).

The proportions of enterprises that are medium-sized (50 to 249 employees) range from 0.5% (in the East of England, London, South East and South West) to 0.7% (in the North East, North West, Yorkshire and the Humber, Scotland and Northern Ireland).

Enterprises in each region and country, UK private sector, start of 2007:

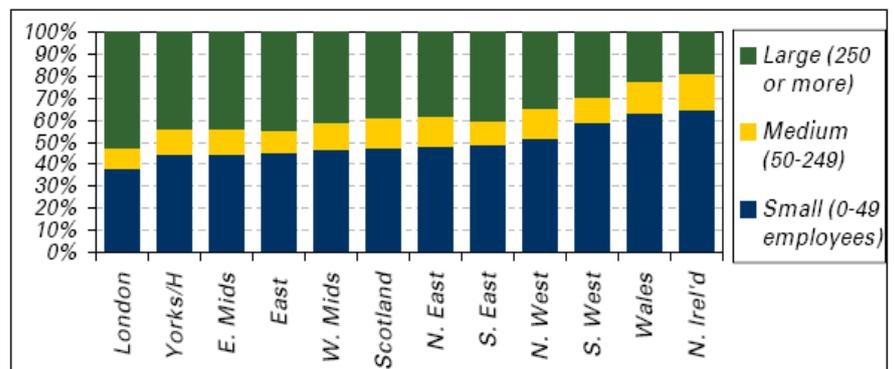


Employment in each size band, UK private sector, start of 2007

Regional employment in SMEs

Enterprises that have employees in more than one region or country are counted here only in the region 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.

In the UK as a whole, SMEs account for over half of employment (59.2%). Out of all the UK regions and countries London had the lowest share, where SMEs only account for 47.6% of employment. For the South West,



Regional industry patterns

The differences in employment patterns between regions can be explained partly by differing industry compositions. London has 34.2% of businesses in SIC2003 Sections J and K (Financial Intermediation and Business Services), the highest proportion of all regions, but less than one% of enterprises in SIC2003 Sections A and B (Agriculture, Hunting, Forestry and Fishing), the lowest of all regions. Northern Ireland conversely has the lowest proportion of enterprises in SIC2003 Sections J and K (14.6%) and the highest proportion of enterprises in SIC2003 Sections A and B (14.4%). On average SIC2003 Sections J and K have higher proportions of their employment in large enterprises than SIC 2003 Sections A and B.

Regional changes since 2005

The number of UK enterprises was 4.3 million at the start of 2005 and is 4.7 million at the start of 2007. All regions and countries saw growth in the number of enterprises over the period. England grew from 3.8 million enterprises at the start of 2005 to 4.1 million at the start of 2007, an increase of 7.6%.

Wales grew from 175,000 enterprises at the start of 2005 to 195,000 at the start of 2007, an increase of 10.9%. Scotland grew from 277,000 enterprises at the start of 2005 to 292,000 at the start of 2007, an increase of 5.7%. Northern Ireland grew from 115,000 enterprises at the start of 2005 to 132,000 at the start of 2007, an increase of 14.9%. In percentage terms the North East grew the most out of all regions and countries from 109,000 enterprises in 2005 to 134,000 enterprises in 2007, an increase of 22.9%. The South West grew the least out of all regions and countries, staying at around 418,000 enterprises in 2005 and 2007, an increase of 0.1%.

Employment in UK enterprises was 22.1 million at the start of 2005 and was 22.7 million at the start of 2007. Most regions saw increases or no change in employment over the period, but two regions (North West and Yorkshire and the Humber) saw small decreases. The North East had the largest increase in employment from 612,000 to 675,000, an increase of 10.3%.

Further Information

For more information on SME statistics contact the BIS Enterprise Directorate

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This guide is for general interest - it is always essential to take advice on specific issues.

We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

References and Acknowledgement

¹ The Department for Business, Innovation & Skills (BIS) was formerly known as the Department for Business, Enterprise and Regulatory Reform (BERR) and before that was called the Department for Trade & Industry (DTI).

² All figures in this publication can also be found in the accompanying Excel tables published at <http://stats.bis.gov.uk/ed/sme>. 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.

There is no single source of estimates of the number of enterprises 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. This publication also includes estimates of very small enterprises that do not appear on the IDBR. These are estimated by BERR from the ONS Labour Force Survey and HM Revenue & Customs Survey of Personal Incomes. Since the estimates use survey data, the reliability of the SME statistics is lower for the smallest size class. A document on methodology and accuracy accompanies this press notice at <http://stats.bis.gov.uk/ed/sme>.

³ The definition of private sector used in this publication excludes the non-profit sector but includes nationalised bodies which are not in the private sector.

⁴ An estimated 50,000 of this change is due to improvements in methodology and accuracy resulting from LFS re-weighting.

⁵ Where enterprises have more than one site in the UK, the data for the whole of that enterprise are reported for the region where the enterprise is registered.

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