

Statistical bulletin

# UK business; activity, size and location: 2018

UK businesses broken down by legal status, industry, region, employment and turnover size bands.



Contact:  
Becky Shaw  
idbrdas@ons.gov.uk  
+44 (0)1633 456902

Release date:  
3 October 2018

Next release:  
To be announced

## Table of contents

1. [Main points](#)
2. [Things you need to know about this release](#)
3. [Economic context](#)
4. [Corporate businesses see a slight increase as sole proprietors and partnerships fall](#)
5. [Professional, scientific and technical businesses account for largest share of industry](#)
6. [UK regions see both increases and decreases in the number of businesses](#)
7. [Only 2% of businesses operate more than one site](#)
8. [Quality and methodology](#)

# 1 . Main points

- The number of Value Added Tax (VAT) and/or Pay As You Earn (PAYE) businesses in the UK as of March 2018, remained at 2.67 million, broadly unchanged from March 2017.
- The number of companies and public corporations has continued to rise and represents 71.4% of total UK businesses, which has offset a gradual fall in sole proprietors and partnerships.
- The largest industry group is professional, scientific and technical, making up 17.5% of all registered businesses in the UK.
- London remained the region with the largest number of businesses, representing 19% of the UK total.

## 2 . Things you need to know about this release

UK business; activity, size and location: 2018 is produced from an extract taken from the Inter-Departmental Business Register (IDBR) recording the position of businesses as at 10 March 2018.

This publication represents the businesses registered with HM Revenue and Customs (HMRC) for Value Added Tax (VAT) and/or Pay As You Earn (PAYE). The Department for Business, Energy and Industrial Strategy (BEIS) produces [Business population estimates](#), which seek to provide full coverage of all types of businesses in the UK including an estimate of the unregistered business population.

For the purpose of this release, the term “business” is used to represent an enterprise. An enterprise can be defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.

Please note the figures in the statistical bulletin tables use disclosure methods and are rounded individually. Therefore, the sum of component items may be slightly different to the totals shown.

To support this release, datasets are available in an [Excel Workbook](#) and at [NOMIS](#) in greater geographical and industrial detail. Please note for various reasons, [multiple business registrations](#) can be recorded at a single address and this can distort data for smaller geographical areas.

## 3 . Economic context

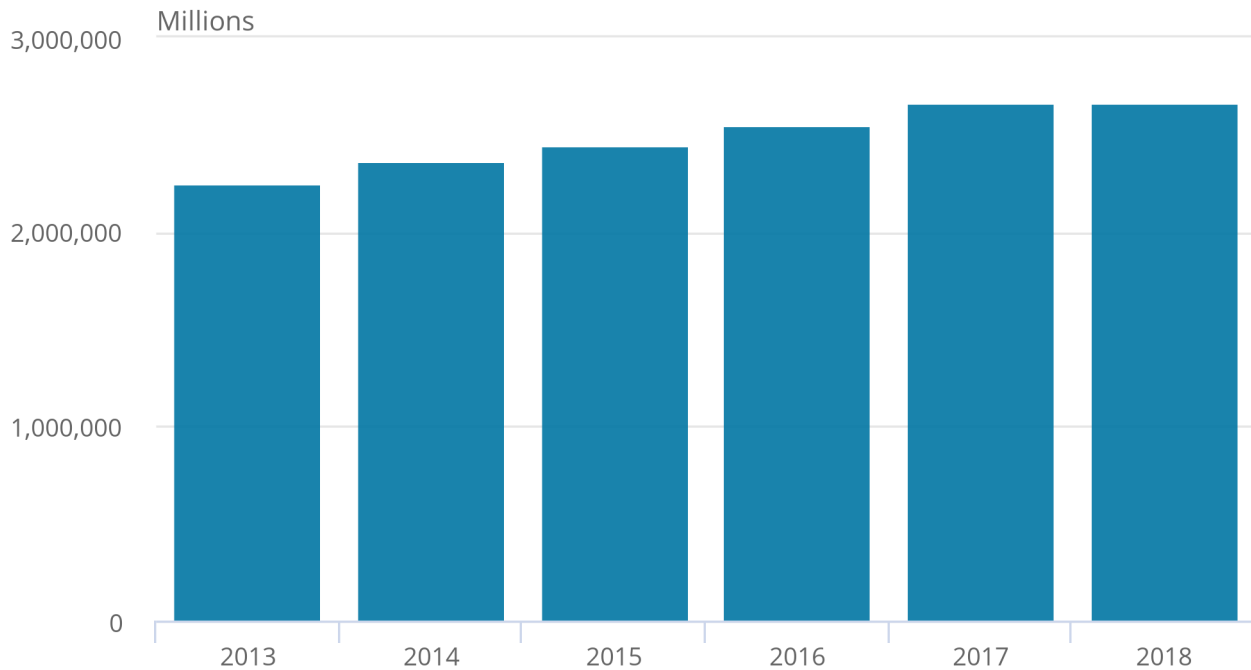
The number of Value Added Tax (VAT) and/or Pay As You Earn (PAYE) businesses, in the 12 months to March 2018, slightly increased overall. This is consistent with slowing growth in gross domestic product (GDP), which increased by 1.5% in the 2017 to 2018 fiscal year<sup>1</sup> compared with 1.7% in the 2016 to 2017 fiscal year.

## Figure 1: Number of Value Added Tax and/or Pay As You Earn based businesses

UK, 2013 to 2018

### Figure 1: Number of Value Added Tax and/or Pay As You Earn based businesses

UK, 2013 to 2018



Source: Office for National Statistics

#### Notes:

1. Between 2013 and 2014, HM Revenue and Customs (HMRC) introduced a Real Time Information system for PAYE.
2. In 2015, we extended the coverage of businesses in this release to include a population of solely PAYE-based businesses that were previously excluded because of a risk of duplication.

This stagnation comes under the backdrop of heightened uncertainty about the future relationship of the UK's relationship with the EU. There is some evidence that businesses may have stayed cautious, with [Confederation of British Industry \(CBI\)](#), [Bank of England](#) and [The Institute of Chartered Accountants in England and Wales \(ICAEW\)](#) all reporting falling business optimism as the Brexit date draws closer.

This also coincides with the Bank of England increasing the bank rate by 0.25 percentage points from 0.25% to 0.5% in November 2017, and by another 0.25 percentage points to 0.75% in August 2018. While an increase in the bank rate can deter the creation of smaller businesses because of an increase in cost of borrowing, the bank rate remains historically low and a small increase in the cost of borrowing may not heavily change the decision of businesses to invest.

#### Notes for: Economic context

1. Here 2017 to 2018 fiscal year refers to the period Quarter 2 (Apr to June) 2017 to Quarter 1 (Jan to Mar) 2018 and similarly, 2016 to 2017 fiscal year refers to the period Quarter 2 2016 to Quarter 1 2017.

## 4 . Corporate businesses see a slight increase as sole proprietors and partnerships fall

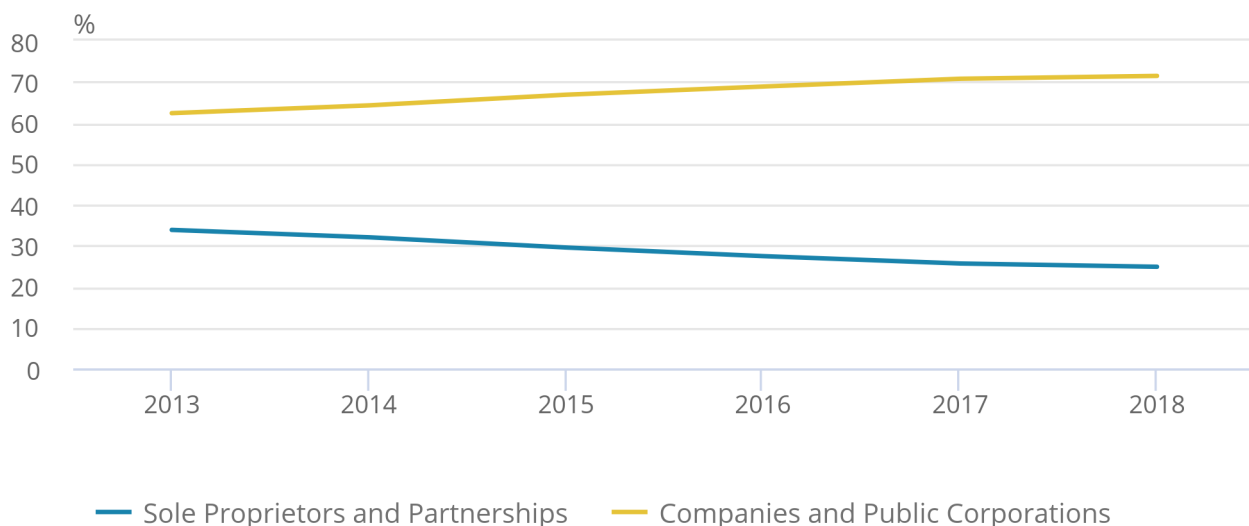
Between March 2017 and March 2018, there was an increase of 1.1% in corporate businesses (companies and public corporations), while there was a slightly larger percentage reduction of 2.9% in the number of sole proprietors and partnerships.

Figure 2: Percentage of Value Added Tax and/or Pay As You Earn based businesses by year

UK, 2013 to 2018

Figure 2: Percentage of Value Added Tax and/or Pay As You Earn based businesses by year

UK, 2013 to 2018



Source: Office for National Statistics

Corporate businesses represented 71.4% of total businesses. The rise observed is much lower than previously, at 0.7%, compared with a 1.9% increase in 2017. Of the corporate business figure in 2018, 45.8% was made up of single employee limited companies. In 2018, these types of businesses decreased by 15,425, the first decrease since 2010.

Sole proprietors represented 16.9% of total businesses, a slight decrease in percentage points, down 0.6% from 17.5% in 2017. Partnerships represented 7.9% of total businesses, and again business counts were down 0.2 percentage points from 8.1% in 2017.

General government and non-profit making bodies remained at 3.8% of total businesses.

## **5 . Professional, scientific and technical businesses account for largest share of industry**

The professional, scientific and technical industry accounted for the largest number of businesses, with 17.5% of all registered businesses in the UK, and accounted for 7.8% of the UK economy. In previous years, this industry also accounted for the largest growth in numbers. However, between 2017 and 2018, the numbers for this industry have decreased and the largest growth in numbers is now in construction, which has risen by 12,000 businesses. This was followed by the retail industry, which had an increase of 5,000 businesses.

**Table 1: Number of Value Added Tax and/or Pay As You Earn businesses by broad industry group, UK, 2016 to 2018**

UK, 2016 to 2018

Count given to the nearest thousand

	2016	%	2017	%	2018	%
Agriculture, forestry and fishing	148	5.8	148	5.5	149	5.6
Production	146	5.7	149	5.6	150	5.6
Mining, quarrying and utilities	13	0.5	14	0.5	14	0.5
Manufacturing	133	5.2	135	5.1	136	5.1
Construction	302	11.8	320	12.0	332	12.4
Wholesale and retail; repair of motor vehicles	370	14.5	375	14.1	380	14.2
Motor trades	73	2.9	75	2.8	76	2.8
Wholesale	104	4.1	103	3.9	103	3.8
Retail	192	7.5	197	7.4	202	7.6
Transport and storage (inc. postal)	93	3.6	109	4.1	109	4.1
Accommodation and food services	148	5.8	150	5.6	153	5.7
Information and communication	207	8.1	217	8.1	219	8.2
Finance and insurance	52	2.1	56	2.1	58	2.2
Property	91	3.6	93	3.5	96	3.6
Professional, scientific and technical	459	18.0	479	17.9	468	17.5
Business administration and support services	208	8.2	228	8.6	224	8.4
Public administration and defence	7	0.3	7	0.3	7	0.3
Education	42	1.6	48	1.8	44	1.6
Health	113	4.4	120	4.5	108	4.1
Arts, entertainment, recreation and other services	168	6.6	169	6.3	171	6.4
<b>TOTAL</b>	<b>2,555</b>	<b>100</b>	<b>2,669</b>	<b>100</b>	<b>2,669</b>	<b>100</b>

Source: Office for National Statistics

Notes:

1. Please note that figures are rounded individually therefore the sum of component items may be slightly different to the totals shown.

The broad flatlining of businesses between 2017 and 2018 is driven by a variety of increases, and decreases in two main industries.

As of March 2018, the health industry showed a reduction in growth of 9.7% compared with an increase of 5.8% between 2016 and 2017. Similarly, the education industry showed the biggest fluctuation in growth when compared with the previous period. There was a reduction of 9% between 2017 and 2018 in the education industry, compared with an increase of 15.4% between 2016 and 2017.

This fall in health and education follows on from a spike in growth in these industries last year, specifically in one-person limited companies. We observed that these decreases coincided with the [amendment made by HM Revenue and Customs to the Intermediaries Legislation \(IR35\)](#) concerning “off-payroll” working in the public sector.

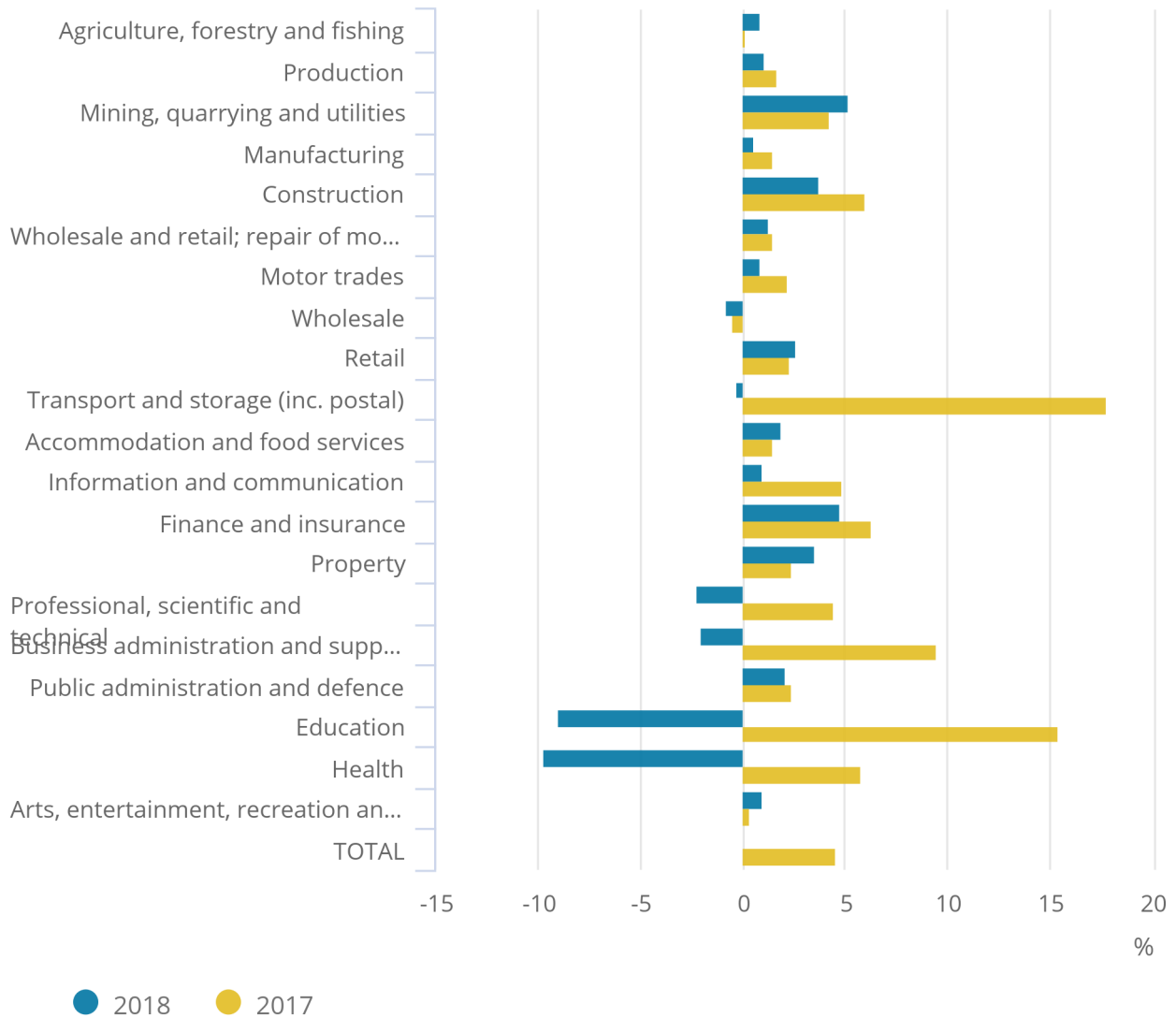
The mining, quarrying and utilities, and finance and insurance industries had the strongest growth of 5.2% and 4.8% respectively.

**Figure 3: Percentage growth by industry**

UK, 2017 to 2018

**Figure 3: Percentage growth by industry**

UK, 2017 to 2018



Source: Office for National Statistics



## 6 . UK regions see both increases and decreases in the number of businesses

Between 2016 and 2018, the number of Value Added Tax (VAT) and/or Pay As You Earn (PAYE) businesses in the North West as a proportion of all regions increased by 0.4 percentage points, from 9.6% in 2016 to 10% in 2018. Whereas the number of VAT and/or PAYE businesses in both the South West and Scotland decreased by 0.2 percentage points.

London accounted for the largest number of businesses in March 2018, with 19% of the UK total.

The region with the next largest share of businesses was the South East, at 15.2%.

Table 2 provides the number of businesses in every region and the percentage contribution of each region to the UK total.

**Table 2: Number of Value Added Tax and/or Pay As You Earn based businesses by region**

UK, 2016 to 2018

	Count given to the nearest thousand					
	2016	%	2017	%	2018	%
North East	68	2.7	70	2.6	69	2.6
North West	245	9.6	260	9.7	268	10.0
Yorkshire and The Humber	178	7.0	185	6.9	183	6.9
East Midlands	173	6.8	177	6.6	179	6.7
West Midlands	201	7.9	213	8.0	213	8.0
East	254	9.9	271	10.2	264	9.9
London	477	18.7	506	18.9	506	19.0
South East	392	15.3	404	15.1	405	15.2
South West	227	8.9	234	8.8	232	8.7
Wales	100	3.9	103	3.8	104	3.9
Scotland	172	6.7	175	6.5	175	6.5
Northern Ireland	69	2.7	71	2.6	73	2.7
<b>TOTAL</b>	<b>2,555</b>	<b>100</b>	<b>2,669</b>	<b>100</b>	<b>2,669</b>	<b>100</b>

Source: Office for National Statistics

Notes:

1. Please note that figures are rounded individually therefore the sum of component items may be slightly different to the totals shown.

Between March 2017 and 2018, the UK regions showed both increases and decreases in the number of registered businesses. Northern Ireland experienced the greatest percentage increase of 3.4%, representing around 2,000 businesses. Previously, in 2017 the East of England region represented the highest percentage increase of 6.8%. In the 2018 release, the East of England region represented a decrease of 2.7%.

## Figure 4: Percentage growth by region

UK, 2017 to 2018

## Figure 4: Percentage growth by region

UK, 2017 to 2018



Source: Office for National Statistics

## 7 . Only 2% of businesses operate more than one site

Local units are individual sites that belong to a business. In March 2018, there were 3.13 million local units belonging to Value Added Tax (VAT) and/or Pay As You Earn (PAYE)based businesses, a rise of 0.12% compared with 2017, where local units showed an increase of 3.9%.

Out of the 2.67 million VAT and/or PAYE businesses, only 59,000 (2.2%) operated from more than one site. These operated a total of 523,000 local units.

**Table 3: Number of Value Added Tax and/or Pay As You Earn businesses and their associated local units**

UK, 2018

	Number of local units					Total
	1	2 to 4	5 to 9	10 to 19	20 or more	
Business	2,609,880	47,185	6,895	2,695	2,785	2,669,440
Local units	2,609,880	112,690	43,595	35,745	331,350	3,133,260

Source: Office for National Statistics

## 8 . Quality and methodology

The [UK business: activity, size and location Quality and Methodology Information](#) report contains important information on:

- the strengths and limitations of the data and how it compares with related data
- quality characteristics
- users and uses of the data
- how the output was created including the accuracy of the data