

Statistical bulletin

UK business; activity, size and location: 2020

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



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1 . Main points

- The number of Value Added Tax (VAT) and/or Pay As You Earn (PAYE) businesses in the UK as of March 2020 increased to 2.75 million, an increase of 1.2% from March 2019.
- The number of companies and public corporations has continued to rise and represents 73.6% of total UK businesses, which has offset a gradual fall in sole proprietors and partnerships at 22.8%.
- The largest industry group is still professional, scientific and technical, making up 17.0% of all registered businesses in the UK; this percentage is down slightly from last year.
- London remained the region with the largest number of businesses, representing 19.3% of the UK total.

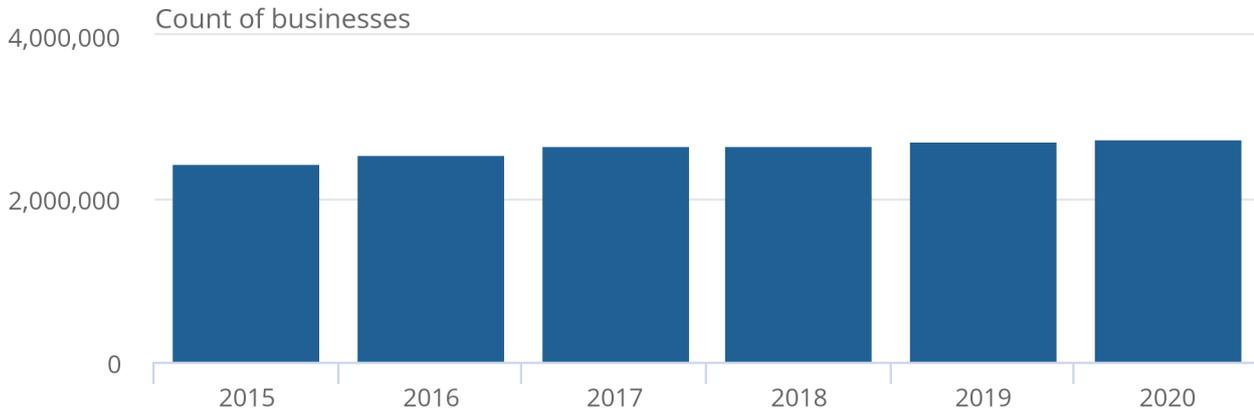
2 . Growth in the number of businesses continues

Figure 1: The number of VAT and/or PAYE businesses in the UK increased by 1.2% from March 2019

Number of VAT and/or PAYE based businesses, UK, 2015 to 2020

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Number of VAT and/or PAYE based businesses, UK, 2015 to 2020



Source: Office for National Statistics - Inter-Departmental Business Register

The data for this release is produced from an extract taken from the Inter Departmental Business Register (IDBR) which contains all businesses registered for Value Added Tax (VAT) and/or Pay As You Earn (PAYE). The number of VAT and/or PAYE businesses in the UK as of March 2020 increased to 2.75 million, an increase of 1.2% from March 2019. Over a comparable period, gross domestic product (GDP) grew by 0.5%. This continues a trend in recent years where the growth of the IDBR outstrips the growth of GDP, although the trends over time are similar.

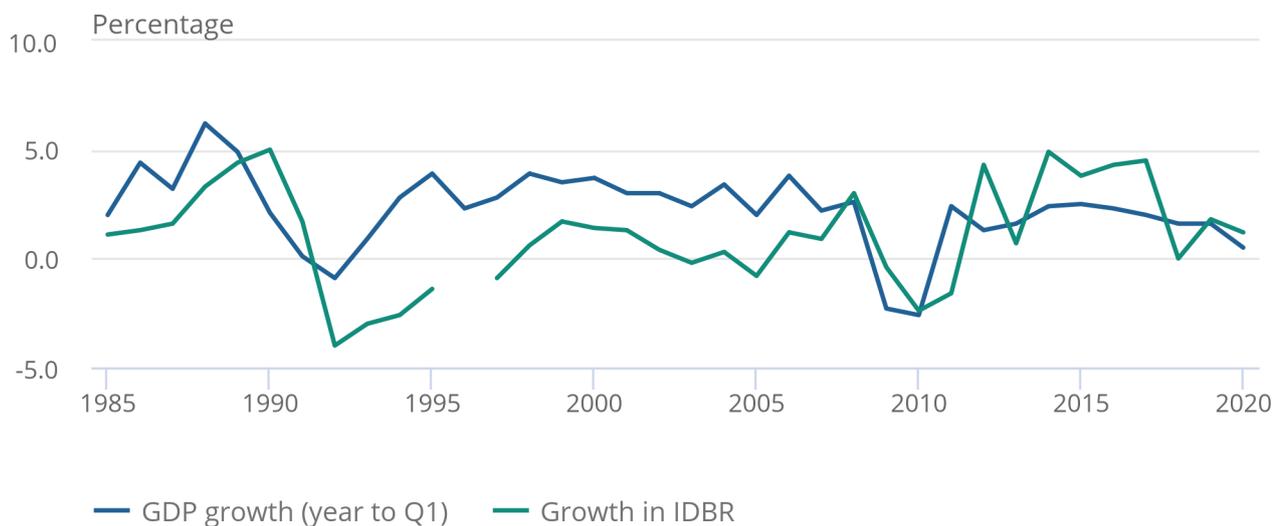
It is worth noting that the IDBR grew more slowly than GDP on average until 2008, while since then it has typically grown faster – this could be due to changes to methods in the compilation of the IDBR, or an increasing trend for small, and single-person businesses to set up. This trend means that the average business setting up in the past decade is smaller than the average business prior to that, hence adding less to GDP.

Figure 2: The growth in the number of businesses and in GDP follow similar trends over recent decades

Growth in the number of businesses and growth in GDP, UK, 1985 to 2020

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Growth in the number of businesses and growth in GDP, UK, 1985 to 2020



Source: Office for National Statistics – Inter-Departmental Business Register, Gross domestic product

Notes:

1. For background information relating to Figure 2 please see [Section 10](#).

We have included new historic data [in the dataset](#) alongside this release, detailing the number of businesses by industry, back to 1984.

3 . Corporate businesses see an increase as sole proprietors and partnerships continue to fall

Between March 2019 and March 2020, there was an increase of 2.7% in the number of corporate businesses (companies and public corporations). This coincides with continued increase in the employment of corporate businesses in recent years. The decrease in the number of sole proprietors and partnerships has continued, down 3.4% compared with 2.2% last year.

Figure 3: Corporate businesses see an increase as sole proprietors and partnerships continue to fall

Percentage of VAT and/or PAYE based businesses by year, UK, 2015 to 2020

Figure 3: Corporate businesses see an increase as sole proprietors and partnerships continue to fall

Percentage of VAT and/or PAYE based businesses by year, UK, 2015 to 2020



Source: Office for National Statistics - Inter-Departmental Business Register

Corporate businesses represented 73.6% of total businesses, an increase of 1.1 percentage points from 72.5% in 2019. Sole proprietors represented 15.7% of total businesses, a decrease of 0.6 percentage points from 16.3% in 2019. Partnerships represented 7.1% of total businesses, which is a fall of 0.4 percentage points from 7.5% in 2019. General government and non-profit making bodies both remain at 3.7% of total businesses.

Of the 2.02 million corporate businesses, 46.2% are single employee limited companies. In 2020 the number of these businesses increased by 35,000. The largest number of these single employee businesses are carrying out management consultancy activities (other than financial management).

Between 2019 and 2020 around 8,000 businesses moved from sole proprietors or partnerships to corporate businesses. The three largest industries in this group were specialised construction, food and beverage services and retail trade, making up 41.2% of the 8,000.

These 8,000 businesses accounted for 14.7% of the total growth of 54,000 in the number of corporate businesses between 2019 and 2020, so most of this increase can be seen as new registrations.

4 . Professional, scientific and technical industry accounts for the largest share of businesses

The professional, scientific and technical industry accounted for the largest number of businesses, with 17.0% of all registered businesses in the UK, and accounted for 7.9% of the UK economy. The largest number of businesses in this industry are in management consultancy activities and other engineering activities.

Table 1: Number of VAT and/or PAYE businesses by broad industry group
UK, 2018 to 2020

Count given to the nearest thousand

	2018	%	2019	%	2020	%
Agriculture, forestry and fishing	149	5.6	150	5.5	149	5.4
Production	150	5.6	152	5.6	153	5.6
Mining, quarrying and utilities	14	0.5	15	0.5	15	0.5
Manufacturing	136	5.1	137	5.1	138	5.0
Construction	332	12.4	344	12.6	351	12.8
Wholesale and retail; repair of motor vehicles	380	14.2	389	14.3	387	14.1
Motor trades	76	2.8	77	2.8	77	2.8
Wholesale	103	3.8	103	3.8	101	3.7
Retail	202	7.6	209	7.7	209	7.6
Transport and storage (including postal)	109	4.1	111	4.1	123	4.5
Accommodation and food services	153	5.7	157	5.8	162	5.9
Information and communication	219	8.2	226	8.3	226	8.2
Finance and insurance	58	2.2	61	2.2	62	2.3
Property	96	3.6	100	3.7	102	3.7
Professional, scientific and technical	468	17.5	472	17.4	468	17.0
Business administration and support services	224	8.4	229	8.4	236	8.6
Public administration and defence	7	0.3	8	0.3	8	0.3
Education	44	1.6	44	1.6	45	1.6
Health	108	4.1	102	3.8	103	3.8
Arts, entertainment, recreation and other services	171	6.4	174	6.4	176	6.4
Total	2,669	100	2,718	100	2,750	100

Notes

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

Transport and storage (including postal) showed the strongest growth, with the number of businesses in this area increasing by 12,000, or 10.5%. Freight transport by road and postal and courier industries providing the largest contributions to this increase. This continues a trend of strong growth in recent years.

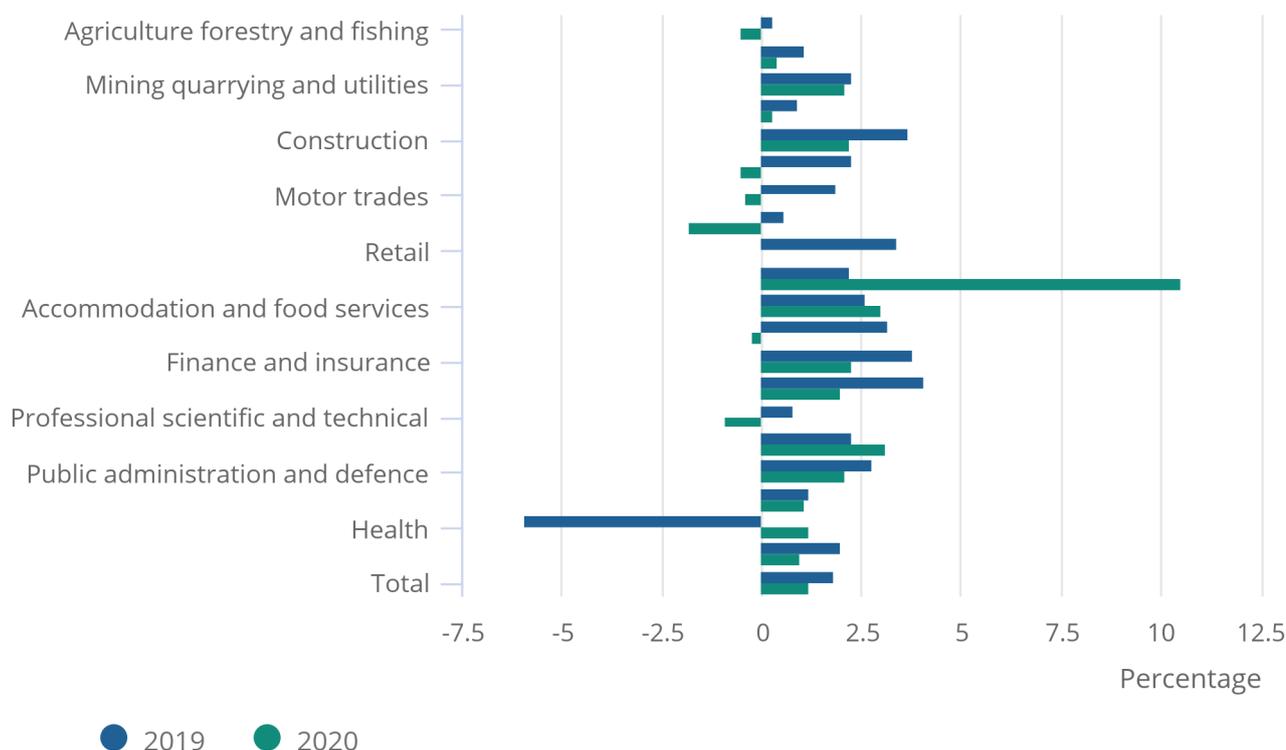
The trend in output growth for these industries follow a similar pattern to growth in the number of businesses, as does growth in employment of transport related occupations, especially lorry and van drivers. However, growth in the number of businesses is substantially higher than either output or employment growth, suggesting an increase in small, or single-person businesses. There has been a rise in lorry drivers incorporating their own business, and also a significant rise in the number of small or single-person courier companies, fueled by the rise of online shopping and home delivery.

Figure 4: The largest growth in numbers is transport and storage (including postal)

Percentage growth by industry, UK, 2019 to 2020

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Percentage growth by industry, UK, 2019 to 2020



Source: Office for National Statistics - Inter-Departmental Business Register

Despite overall growth in the number of businesses on the IDBR in 2020, the number in the wholesale industry fell by 1.8%. This continues a trend of weak or negative growth over recent years, such that the number of wholesale businesses has fallen around 3% in total since 2015 – the only major industry to have seen such a fall. Most parts of the wholesale industry, and most regions and countries of the UK, have seen similar trends in this industry.

This is in contrast to strong growth in the output of the industry. Gross domestic product (GDP) and the number of businesses is generally well-correlated over time (at least for the economy as a whole). The reason for this divergence for the wholesale industry is likely to be a changing market structure – in particular, an increase in concentration in larger businesses. There is [some evidence for high rates of mergers and acquisitions in the wholesale industry](#), and there have been notable examples of consolidation of wholesale companies in recent years.

To support this release, [datasets are available](#) and at [NOMIS](#) in greater industry detail.

5 . Most regions in the UK saw increases in the number of businesses

Between 2018 and 2020, most regions showed an increase in the numbers of registered businesses. London had the largest share of the businesses in 2020 at 19.3% (an increase of 0.3 percentage points compared with 2019), followed by the South East at 15.2%. This is unsurprising, since these regions are also the largest in the UK according to regional gross domestic product (GDP) and regional employment estimates.

London is largest by all three measures (number of businesses, GDP and employment) and has a far larger share of GDP compared with the number of businesses or employment – this indicates that London-based businesses are more productive than average.

Table 2: Number of VAT and/or PAYE based businesses by region
UK, 2018 to 2020

Count given to the nearest thousand

	2018	%	2019	%	2020	%
North East	69	2.6	70	2.6	71	2.6
North West	268	10.0	267	9.8	267	9.7
Yorkshire and The Humber	183	6.9	186	6.8	189	6.9
East Midlands	179	6.7	180	6.6	184	6.7
West Midlands	213	8.0	214	7.9	222	8.1
East	264	9.9	272	10.0	271	9.9
London	506	19.0	522	19.2	531	19.3
South East	405	15.2	415	15.3	418	15.2
South West	232	8.7	234	8.6	236	8.6
Wales	104	3.9	106	3.9	106	3.8
Scotland	175	6.5	177	6.5	178	6.5
Northern Ireland	73	2.7	75	2.7	75	2.7
Total	2,669	100	2,718	100	2,750	100

Source: Office for National Statistics - Inter-Departmental Business Register

Notes

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

Figure 5: Between 2019 and 2020 all regions showed an increase in the numbers of registered businesses apart from the East and Wales

Percentage growth by region, UK, 2019 to 2020

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Percentage growth by region, UK, 2019 to 2020



Source: Office for National Statistics- Inter-Departmental Business Register

West Midlands experienced the greatest percentage increase of 3.7% between 2019 and 2020, representing around 8,000 businesses. In the East of England and Wales we saw a small decrease of businesses, equating to a loss of 0.1%.

To support this release, [datasets are available](#) and at [NOMIS](#) in greater geographical 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.

6 . Only 2.2% of businesses operate more than one site

Local units are individual sites that belong to a business. In March 2020, there were 3.21 million local units belonging to VAT and/or PAYE based businesses, a rise of 1.0% – slightly lower than the rise of 1.5% in 2019.

Out of the 2.75 million VAT and/or PAYE businesses, only 60,000 (2.2%) operate from more than one site. These operated a total of 523,000 local units between them.

Of the businesses with one site, the largest number are within the professional, scientific and technical and construction sectors, compared with the businesses with 20 or more sites where the largest number are in the health and retail sectors.

Table 3: Number of VAT and/or PAYE businesses and their associated local units
UK, 2020

	Number of local units					Total
	1	2 to 4	5 to 9	10 to 19	20 or more	
Business	2,689,915	47,015	7,135	2,830	2,805	2,749,700
Local units	2,689,915	112,210	45,285	37,605	327,765	3,212,780

Source: Office for National Statistics - Inter-Departmental Business Register

7 . UK business data

[UK business: activity, size and location](#)

Dataset | Released 29 September 2020

The data contained in these tables are numbers of enterprises and local units produced from a snapshot of the Inter-Departmental Business Register (IDBR) taken on 13 March 2020. The publication contains tables on local units and enterprises by geography, industry, legal status and employment size band. Additional tables at enterprise level provide information by turnover size band.

8 . Glossary

Business

For the purpose of this release the term “business” is used to represent an enterprise.

Company

Companies are businesses that are legally separate entities from the owners. These owners have limited liability, meaning they’re not wholly responsible for losses and debts.

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.

Local Unit

A local unit is an individual site (for example a factory or shop) within an enterprise.

Partnerships

A business run by two or more self-employed people.

Public corporations

A public corporation is a market body which is controlled by central government, local government or other public corporations and which has substantial day to day operating independence so that it is seen as an institutional unit separate from its parent departments.

Sole proprietors

A business run by one self-employed person.

9 . Measuring the data

The [UK business: activity, size and location Quality and Methodology Information](#) document 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
- accessibility and characteristics

10 . Strengths and limitations

The data for this release is produced from an extract taken from the Inter Departmental Business Register (IDBR) recording the position of businesses as at 13 March 2020, in line with the same timing of all previous releases of this publication. As such, no effects of the coronavirus pandemic will be visible in these data. Any effects will be visible in the publication next year, which will compare the business population in March 2021 with the population from March 2020.

This publication represents the businesses registered with HM Revenue and Customs (HMRC) for VAT and/or 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.

Since IDBR snapshots for this release are taken in March, the appropriate gross domestic product (GDP) growth rate for Figure 2 is the year to Quarter 1 (Jan to Mar). So IDBR growth rate in 2020 is March 2020 compared with March 2019, and GDP growth rate is year to Quarter 1 2020 compared with year to Quarter 1 2019. However, the trends are similar with calendar year growth rates for GDP too. Numerous breaks in the [methodology](#) of the IDBR exist over time. It is not possible to calculate a growth rate in the IDBR for 1996 as the IDBR was created in 1995; previously it was the Business Statistics Office Register, which was similar but not exactly comparable.

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.

11 . Related links

[Business Population Estimates](#)

Bulletin | Released 10 November 2019

Annual business population estimates for the UK and regions in 2019.

[Business demography UK: 2018](#)

Bulletin | Released 19 November 2019

Annual change in the number of UK businesses broken down by sector of the economy.

[Multiple business registrations at a single postcode: 2018](#)

Article | Released 19 November 2019

Business demography explainer covering additional information on the impact of multiple registrations at a single postcode.