

Statistical bulletin

Business demography, UK: 2019

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



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

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1 . Main points

- Between 2018 and 2019 the number of UK business births has increased, moving from 370,000 to 390,000, a birth rate of 13.0% in 2019 compared with 12.7% in 2018.
- The number of UK business deaths increased from 311,000 to 336,000 between 2018 and 2019, a death rate of 11.2% compared with 10.7% in 2018.
- London had both the highest business birth rate at 15.7%, and death rate at 13.1%.
- The transport and storage (including postal) industry had the highest business birth rate at 22.7% and business administration and support services had the highest business death rate at 14.9%.
- In 2019, there were 13,000 high growth businesses in the UK, measured by employment, compared with 14,000 in 2018.

2 . Business birth and death rates, 2014 to 2019

Figure 1 shows that both business birth and death rates grew in 2019. The growth in the business death rate is higher than the growth in the business birth rate.

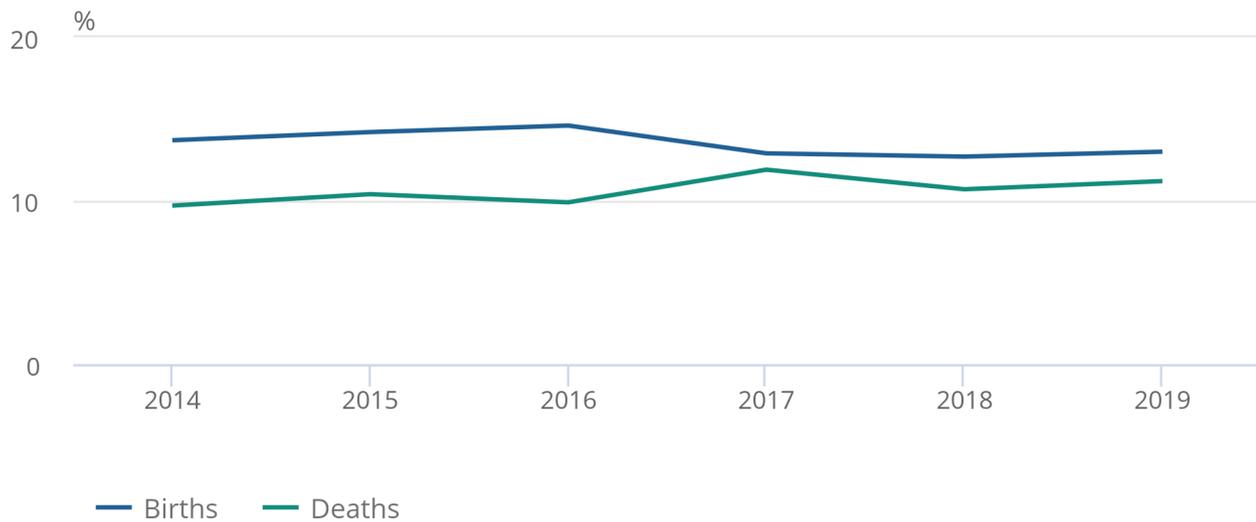
Business births and deaths have both grown relatively strongly over the last five years, with births outnumbering deaths each year. As a result, the number of businesses has grown steadily year-on-year, and this suggests that the productive size of the economy has too. We saw this in the [UK Business: Activity, size and location 2020 bulletin](#) as well.

Figure 1: Since 2014 the rate of business births has exceeded the rate of business deaths

Birth and death rates of businesses, UK: 2014 to 2019

Figure 1: Since 2014 the rate of business births has exceeded the rate of business deaths

Birth and death rates of businesses, UK: 2014 to 2019



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

There were approximately 2.99 million active businesses in the UK during 2019, an increase of 74,000 on 2018 (Table 1). Estimates for 2019 are available in [greater geographical and industrial detail from the datasets](#).

In 2019, business births increased from 370,000 to 390,000. Business deaths have seen an increase of 25,000 to 336,000 compared with 311,000 in 2018.

Table 1: Business birth and death rates
UK, 2014 to 2019

Counts to the nearest thousand

	Active Births		Deaths	
	Count	Count Rate (%)	Count	Count Rate (%)
2014	2,551	350 13.7	246	9.7
2015	2,699	383 14.3	282	10.4
2016	2,834	414 14.6	281	9.9
2017	2,917	376 12.9	346	11.9
2018	2,916	370 12.7	311	10.7
2019	2,990	390 13.0	336	11.2

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

Notes

1. Because of a [new tax law](#) being introduced by HMRC in September 2016, the figures for 2017 and 2018 have been revised. For more details, please refer to [Section 11](#).
2. The deaths count provided in this table for 2018 and 2019 are provisional. For more details, please refer to [Section 11](#).
3. For the purpose of this bulletin the active figure for 2015 has been recalculated using the new December to December reference period ([recent improvements](#)). This was to produce a revised death rate on the same basis.

3 . Which industries have the highest births and deaths?

The transport and storage (including postal) industry had the highest business birth rate at 22.7%. This continues the strong growth rate of business births in this industry. There has been a significant rise in small or single person courier companies, to meet the demand for home delivery resulting from the rise in online shopping. Some of the single employee limited companies tend to be registered for a short period of time, so the nature of these businesses can cause large numbers of business births and deaths. This has contributed to this industry having one of the higher death rates, at 14.1%. The highest death rate, however, was in business administration and support services, at 14.9%.

Table 2: Birth and death rates by broad industry group
UK, 2019

Counts to the nearest thousand

	Active Count	Births		Deaths	
		Count	Rate (%)	Count	Rate (%)
Production	174	17	9.7	17	9.7
Construction	402	51	12.8	42	10.4
Motor trades	85	8	8.9	8	9.5
Wholesale	116	10	8.8	11	9.4
Retail	240	33	13.7	27	11.1
Transport and storage (inc. postal)	145	33	22.7	20	14.1
Accommodation and food services	188	30	15.8	25	13.5
Information and communication	263	32	12.2	28	10.8
Finance and insurance	48	6	11.7	5	11.3
Property	129	16	12.0	16	12.4
Professional, scientific and technical	544	66	12.1	60	11.0
Business administration and support services	304	59	19.3	45	14.9
Education	46	5	10.9	5	10.0
Health	114	10	8.6	9	8.1
Arts, entertainment, recreation and other services	193	17	8.6	17	8.8
Total	2,990	390	13.0	336	11.2

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

Notes

1. The deaths counts provided in this table for 2019 are provisional. For more details, please refer to [Section 11](#) of this statistical bulletin.
2. Please note that figures are rounded individually, therefore, the sum of component items may be slightly different to the totals shown.

4 . Which regions have the highest business births and deaths?

At a regional level, London had the highest business birth rate at 15.7%. The main industry impacting the births in London is professional, scientific and technical at 19.2%, with the management consultancy activities industry contributing over a third of this increase.

London was also the region with the highest business death rate at 13.1%. Again, the biggest proportion of these deaths was in the professional, scientific and technical industry at 20.1% and within this figure, the management consultancy activities industry is the biggest contributor making up 40.2% of the business deaths. London having the highest proportion of business deaths corresponds with the fact that the region also has the lowest five-year business survival rates.

Northern Ireland had the lowest business birth and death rates at 10.4% and 9.0% respectively.

When using this release please use lower geography data with caution. Factors like management companies or virtual offices can cause large volatility to the data year-on-year. This affects mainly single employee limited companies. [Large numbers of businesses can be registered at a single address](#) and therefore distort the geographical location and industry of the businesses, as well as business demography changes. This is because the classification and the location of the individual businesses reflects the management company or virtual office rather than the individual business.

Table 3: Birth and death rates by region
UK, 2019

Counts to the nearest thousand

	Active Count	Births		Deaths	
		Count	Rate (%)	Count	Rate (%)
North East	77	10	12.7	9	11.4
North West	295	39	13.3	36	12.1
Yorkshire and The Humber	202	25	12.2	21	10.5
East Midlands	195	24	12.5	20	10.4
West Midlands	241	36	15.0	27	11.1
East	297	36	12.1	33	11.0
London	634	100	15.7	83	13.1
South East	462	55	11.9	48	10.5
South West	237	25	10.7	23	9.8
Wales	104	12	11.8	11	10.4
Scotland	183	22	11.8	19	10.6
Northern Ireland	64	7	10.4	6	9.0
Total	2,990	390	13.0	336	11.2

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

Notes

1. The deaths counts provided in this table for 2019 are provisional. For more details, please refer to [Section 11](#) of this statistical bulletin.
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5 . The South West continues to have the highest five-year survival rate

The region with the highest five-year survival rate was the South West at 45.9%. The survival rates show the percentage of businesses that survived into 2019. In recent years, comparisons of five-year survival rates have shown little change year-on-year. In fact, the South West has had the highest five-year business survival rate since 2012. The largest proportion of these surviving businesses, 22%, was in the professional, scientific and technical industry.

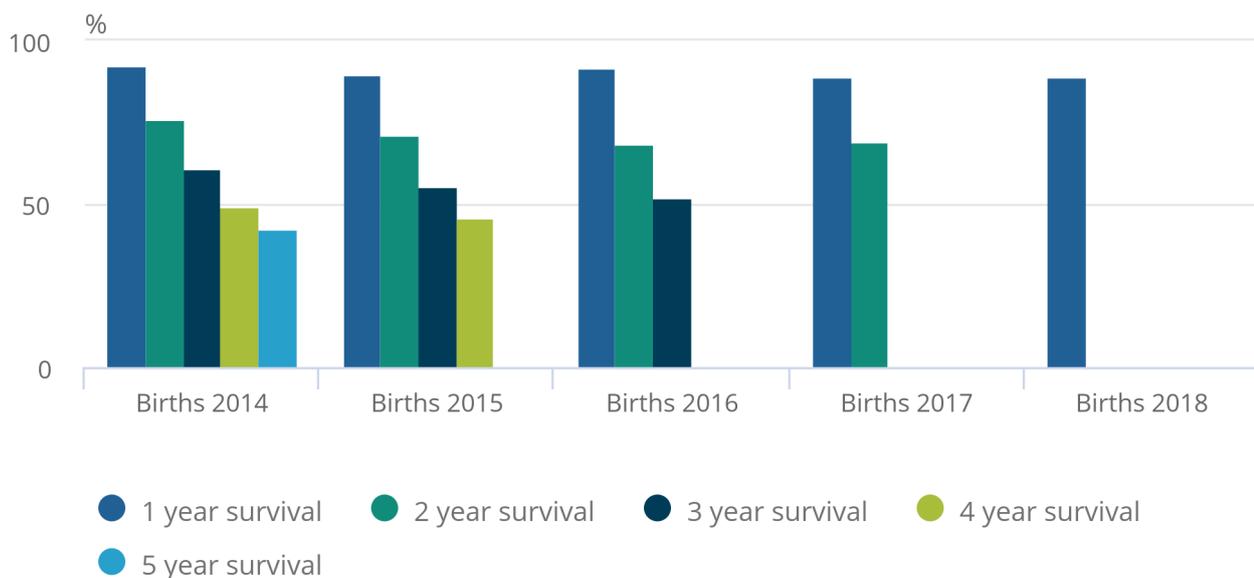
The lowest five-year survival rate was in London at 39.2%. London has had the lowest five-year survival rate since 2014.

Figure 2: The five-year survival rate for businesses born in 2014 is 42.5%

Survival rates of UK Businesses born between 2014 and 2018

Figure 2: The five-year survival rate for businesses born in 2014 is 42.5%

Survival rates of UK Businesses born between 2014 and 2018



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

Notes:

1. There was a change in the reference period for the 2016 data. This will have had an effect on the one-year survival rates for businesses born in 2015. They will have had to survive for an extra month as the reference period for 2016 moved from November to December.
2. Because of a [new tax law](#) being introduced by HMRC in September 2016, the figures for 2017 and 2018 have been revised. For more details, please refer to [Section 11](#).

6 . In 2019 there were 13,000 high growth businesses in the UK

At the UK level, out of 283,000 businesses in 2019, that have 10 or more employees, 13,000 or 4.6% have been classed as being high growth, a decrease of 0.4 percentage points compared with last year.

High growth (for the purpose of this publication) measures businesses, who had at least 10 employees in 2016, that had an average growth in employment of greater than 20% per year between 2016 to 2019. The high growth rates are calculated by showing these businesses as a share of the 2019 active businesses with 10 or more employees. (Businesses born in 2016 are not included.)

Breakdown by region

London was the region with the largest number of businesses showing high growth, a count of 2,670 or 5.4%. Northern Ireland had the smallest number of high growth businesses at 265 or 3.5%.

Table 4: High growth rates by region
UK: 2019

	High Growth Count	Actives (10+) Count	% Rate
	Count	Count	Rate (%)
North East	365	8,820	4.1
North West	1,325	30,055	4.4
Yorkshire and The Humber	910	21,750	4.2
East Midlands	845	19,575	4.3
West Midlands	960	23,185	4.1
East	1,115	26,110	4.3
London	2,670	49,580	5.4
South East	1,845	40,240	4.6
South West	1,035	24,665	4.2
Wales	460	11,085	4.1
Scotland	805	20,575	3.9
Northern Ireland	265	7,495	3.5
Total	12,600	283,135	4.5

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.

Breakdown by broad industry group

The industry with the highest percentage of businesses in high growth was information and communication, at 8.2%, followed by finance and insurance, at 7.2%. The industry with the smallest percentage of high growth businesses was property, at 2.9%.

Table 5: High growth rates by broad industry group
UK, 2019

	High Growth Count	Actives (10+) Count	% rate Rate (%)
Production	1,270	32,410	3.9
Construction	905	20,370	4.4
Motor trades	195	6,580	3.0
Wholesale	825	18,620	4.4
Retail	735	19,590	3.8
Transport and storage (inc. postal)	450	10,325	4.4
Accommodation and food services	1,285	40,280	3.2
Information and communication	1,070	13,100	8.2
Finance and insurance	350	4,885	7.2
Property	190	6,540	2.9
Professional, scientific and technical	1,485	28,350	5.2
Business administration and support services	1,480	24,300	6.1
Education	375	8,260	4.5
Health	1,305	31,450	4.1
Arts, entertainment, recreation and other services	680	18,075	3.8
Total	12,600	283,135	4.5

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.

7 . Focus on employer demography

The employer business demography is an alternative measure of business demography based on businesses with at least one employee. It was set up to enable the collection of internationally comparable statistics. It is regulated by law in the European Statistical System and forms the most important data source for the [entrepreneurial performance indicators](#).

Employer business births include new businesses with at least one employee as well as existing non-employer businesses that have become employer businesses. Deaths are businesses that died with at least one employee, as well as businesses that cease to employ staff. It is important to remember that these counts include single employee companies where the employee is also the owner-director.

The employer business birth rate, as a proportion of all active employer businesses, for 2019 was 13.3% and the employer business death rate for 2019 was 11.0%.

The highest employer birth rate was in the transport and storage (including postal) industry at 20.3%. This industry continues to see an increase in drivers setting up their own limited companies. The only employee in these businesses is also the owner or director.

Single employee limited companies make up 61% of the overall employer births figures. These types of businesses have traditionally made up a large proportion of certain industries, such as construction but we are now seeing an increase in single person limited companies in the retail industry and this coincides with the increase in online sellers. The accommodation and food services industry has the third highest employer business birth rate at 16.1%, however, if you look at business births with two or more employees you get a very different picture with accommodation and food services having the highest birth rate at 12.2%.

As shown, single employee limited companies can have a big effect on employer business births and deaths. In recent years, [the amendment made by HM Revenue and Customs \(HMRC\) to the Intermediaries Legislation \(IR35\)](#) in the public sector have coincided with large fluctuations in the numbers of business births and deaths in the health and education sector. Single employee limited companies in the private sector may see fluctuations in the future when these changes are also applied to the private sector in 2021.

The highest employer death rate was in the business, admin and support services. Again (to eliminate some of the effect of the single employee limited companies) if you look at business deaths with two or more employees then the largest employer death rate is in accommodation and food services. This industry also has historically one of the lowest five-year business survival rates.

Table 6: Comparison of business births by industry and employee size bands
UK, 2019

	Business demography	Employers demography	2+ employees
Production	16,880	16,075	5,280
Construction	51,335	45,420	13,245
Motor trades	7,575	6,630	2,205
Wholesale	10,205	9,715	2,175
Retail	32,800	30,215	9,210
Transport and storage (inc. postal)	32,800	23,865	7,415
Accommodation and food services	29,615	29,275	22,200
Information and communication	32,070	31,465	6,155
Finance and insurance (Excl 6420)	5,605	5,570	1,485
Property	15,555	14,935	3,395
Professional, scientific and technical	65,720	63,740	13,345
Business administration and support services	58,655	57,955	20,135
Education	5,030	4,885	1,685
Health	9,795	9,740	3,310
Arts, entertainment, recreation and other services	16,590	15,125	6,805
Total	390,230	364,610	118,045

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.

Table 7: Comparison of business deaths by industry and employee size bands
UK, 2019

	Business demography	Employers demography	2+ employees
Production	16,840	15,235	4,635
Construction	41,750	34,055	10,355
Motor trades	8,135	5,990	2,370
Wholesale	10,925	9,560	2,810
Retail	26,630	22,265	8,815
Transport and storage (inc. postal)	20,405	15,520	5,420
Accommodation and food services	25,245	24,510	18,100
Information and communication	28,265	27,000	5,115
Finance and insurance (Excl 6420)	5,380	5,300	1,335
Property	16,080	14,635	2,495
Professional, scientific and technical	59,925	55,290	10,835
Business administration and support services	45,445	43,665	10,675
Education	4,595	4,300	1,355
Health	9,250	9,165	3,140
Arts, entertainment, recreation and other services	17,070	14,105	5,655
Total	335,940	300,595	93,110

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.

Within the regions, London had the highest employer business birth and death rate at 15.8% and 12.9% respectively. In line with the UK trend, the largest contributing industry to the employer births and deaths in London was professional, scientific and technical. If we look at the businesses employing two or more people, we again see that the main contributor, by industry, to both employer business births and deaths was the accommodation and food services industry.

Table 8: Comparison of business births in regions of the UK by employee size bands, UK, 2019

	Business demography	Employers demography	2+ employees
North East	9,795	9,175	3,525
North West	39,205	36,810	11,865
Yorkshire and The Humber	24,570	22,725	8,195
East Midlands	24,370	22,260	7,850
West Midlands	36,005	34,125	15,390
East	36,040	33,480	11,105
London	99,545	93,780	24,125
South East	54,795	50,980	14,525
South West	25,350	23,240	7,970
Wales	12,265	11,150	4,110
Scotland	21,665	20,565	7,320
Northern Ireland	6,625	6,320	2,065
Total	390,230	364,610	118,045

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.

Table 9: Comparison of business deaths in regions of the UK by employee size bands
UK, 2019

	Business demography	Employers demography	2+ employees
North East	8,780	7,900	2,995
North West	35,875	32,685	11,230
Yorkshire and The Humber	21,085	18,515	6,440
East Midlands	20,190	17,415	5,550
West Midlands	26,805	23,940	8,445
East	32,670	28,940	9,965
London	82,800	76,770	18,200
South East	48,430	42,955	12,455
South West	23,295	19,840	6,445
Wales	10,825	9,365	3,720
Scotland	19,415	17,565	6,095
Northern Ireland	5,765	4,705	1,570
Total	335,935	300,595	93,110

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

Notes

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

8 . UK Demography data

[Business Demography, UK](#)

2020 | Released 17 November 2020

Annual data on births, deaths and survivals of businesses in the UK, by geographical area and Standard Industrial Classification 2007: SIC 2007 groups.

9 . Glossary

Active Business

The starting point for the calculation of business demography data is the concept of active businesses in a reference year. These are defined as businesses that had either turnover or employment at any time during the reference period.

Business

For the purpose of this release, “business” is used to represent an enterprise. An enterprise can be defined as the smallest combination of legal units (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. An enterprise carries out one or more activities at one or more locations. An enterprise may also be a sole legal unit.

Business Birth

New business registrations (identified through registration of the administrative units, that is, Value Added Tax (VAT) and Pay as You Earn (PAYE)) are referred to as business births. The birth rate is calculated using the number of births as a proportion of the active businesses.

Business Death

Businesses that have ceased to trade (identified through de-registration of the administrative units) are referred to as business deaths. The death rate is calculated using the number of deaths as a proportion of the active businesses.

Employers Demography

Employer business demography is an alternative measure of business demography based on businesses with at least one employee.

High Growth

High growth (for the purpose of this publication) measures businesses, who had at least 10 employees in 2016, that had an average growth in employment of greater than 20% per year between 2016 to 2019. The high growth rates are calculated by showing these businesses as a share of the 2019 active businesses with 10 or more employees. (Businesses born in 2016 are not included).

Survivals

A business is deemed to have survived if, having been a birth in year t or having survived to year t , it is active in terms of employment and/or turnover in any part of year $t+1$.

10 . Measuring the data

Data sources

Business demography is an annual publication produced from the Inter-Departmental Business Register (IDBR). The publication focuses on changes to the registered business population, that is, those businesses registered at HM Revenue and Customs (HMRC) for Value Added Tax (VAT) and/or Pay As You Earn (PAYE) and at Companies House.

Quality

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Business demography Quality and Methodology Information](#).

11 . Strengths and limitations

The starting point for the calculation of business demography data is the concept of active businesses in a reference year. These are defined as businesses that had either turnover or employment at any time during the [reference period](#). New business registrations (identified through registration of the administrative units, that is, Value Added Tax (VAT) and Pay as You Earn (PAYE)) are referred to as business births. The birth rate is calculated using the number of births as a proportion of the active businesses. Businesses that have ceased to trade (identified through de-registration of the administrative units) are referred to as business deaths. The death rate is calculated using the number of deaths as a proportion of the active businesses.

The [Eurostat and Organisation for Economic Co-operation and Development \(OECD\) manual on business demography](#) recommends waiting for two years after the reference period to allow for reactivations before deaths figures are calculated. In this release, we estimated the number of reactivations and adjusted the data accordingly. This adjustment has been applied to all industries, by removing units from the death data. This can lead to different percentage adjustments at the lowest level of aggregation. Since the level of reactivations is subject to some uncertainty, the latest two years in the publication are considered to be provisional and subject to revision. Table 9 of the [dataset](#) shows the adjustments made to the death data for reactivations.

In recent years the number of multiple business registrations at a single postcode observed on the [Inter-Departmental Business Register \(IDBR\)](#) have increased, impacting on numbers of births, deaths and survival rates. There are several reasons why these multiple registrations can occur, for example, the increase in use of management and personal service companies, virtual offices and foreign internet sellers. In order to help users assess the impact of these registrations, an [article on multiple registrations](#) has been published to explain this issue in more detail with a dataset giving rounded counts at district level for births of these businesses.

One of the main sources of data on the Inter-Departmental Business Register (IDBR) is the Value Added Tax (VAT) data received from HM Revenue and Customs (HMRC.) In September 2016 HMRC introduced a new tax law. This law instructs all overseas sellers, who sell to the UK, through the internet, to register for VAT. If the overseas seller does not have a UK tax representative, HMRC can register the company for VAT using the address of the Aberdeen VAT office. Following the introduction of this law there was a large increase in the births and deaths recorded at this VAT office and so in our 2018 publication we identified these and excluded them from our data. Identifying overseas sellers, when they are recorded at the address of an accountant or management company, is much more difficult. While working on this release we identified a number of businesses recorded at the addresses of accountants and management companies that, after investigation, have proven to be overseas online sellers. As part of our policy to continually improve the quality of our data for users, we have excluded such businesses from the 2017, 2018 and 2019 data so that users have a continuous time series.

It is worth noting some limitations of measures of business births and deaths (and the positive net birth rate shown in Figure 1) as signs of health of the economy. First, business demography only captures one dimension of change in the economy: incumbent firms that grow or shrink in size are not captured in these numbers. Neither do these statistics make a distinction on the size of the businesses involved, such that the birth or death of a sole trader and a company employing dozens of workers are treated equally. Third, the Inter Departmental Business Register (IDBR) is an administrative dataset, and the definition of an enterprise in it may not always correspond to the intuitive understanding of what a business is. For this reason, this publication also contains information on employer demography, and Office for National Statistics (ONS) also publishes other business demography breakdowns. Finally, for the process of “creative destruction” to take place, we want to know that closing businesses are replaced by more productive ones. The IDBR does not allow for productivity estimates, so it is important to look at the numbers in this publication in the context of other ONS publications that do.

To support the release, we have produced a set of [datasets](#) in greater geographical and industrial detail. We recommend treating the data with caution when it is broken down to a lower geographical level. In recent years, multiple registrations at a single postcode have caused large fluctuations in the data. An explainer, [Multiple business registrations at a single postcode](#) has been produced regarding this issue.

12 . Related links

[Multiple business registrations at a single postcode: 2019](#)

Article | Released 17 November 2020

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

[UK business: activity, size and location: 2020](#)

Bulletin | Released 29 September 2020

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

[Business population estimates](#)

Bulletin | Released 8 October 2020

Annual business population estimates for the UK and regions in 2020.

[Business demography, quarterly experimental statistics](#)

Bulletin | Released 15 October 2020

Experimental quarterly statistics on business creations or births and closures or deaths from the Inter-Departmental Business Register (IDBR) with high-level breakdowns by industry and region.

[Business dynamism](#)

Bulletin | Released 15 October 2020

Experimental Statistics on business dynamism at a firm level using the Inter-Departmental Business Register (IDBR).