

Statistical bulletin

# UK business; activity, size and location: 2019

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



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## Table of contents

1. [Main points](#)
2. [Things you need to know about this release](#)
3. [Economic context](#)
4. [Corporate businesses see an increase as sole proprietors and partnerships continue to fall](#)
5. [The largest growth in numbers is in the construction industry](#)
6. [Most regions in the UK saw increases in the number of businesses](#)
7. [Only 2.2% 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 2019, increased to 2.72 million, an increase of 1.8% from March 2018 and a slight recovery from the minimal increase seen between 2017 and 2018.
- The number of companies and public corporations has continued to rise and represents 72.5% 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 17.4% of all registered businesses in the UK.
- London remained the region with the largest number of businesses, representing 19.2% of the UK total.

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

UK business; activity, size and location, 2019 is produced from an extract taken from the Inter-Departmental Business Register (IDBR) recording the position of businesses as at 15 March 2019.

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](#) that 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 statistical bulletin 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.

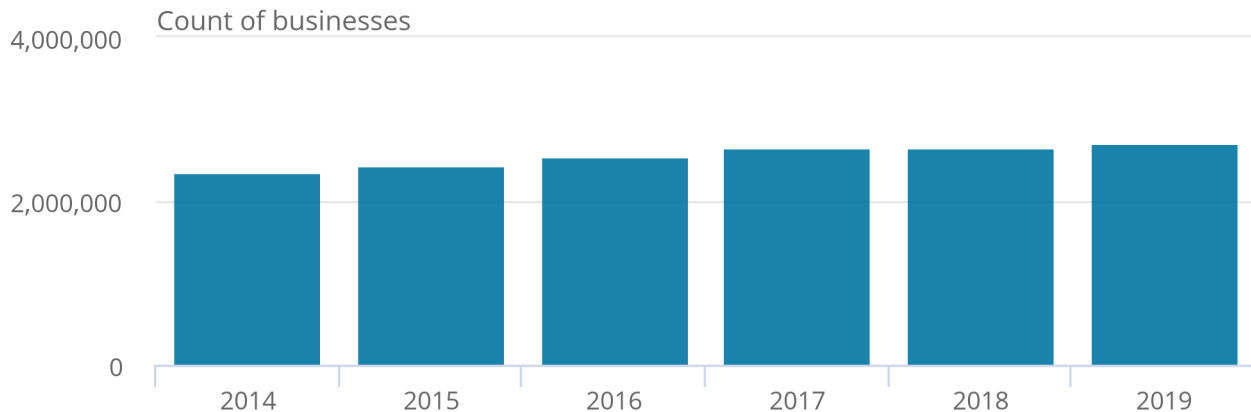
### 3 . Economic context

**Figure 1: The number of VAT and/or PAYE businesses in the UK increased by 1.8% from March 2018**

Number of VAT and/or PAYE based businesses, UK, 2014 to 2019

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Number of VAT and/or PAYE based businesses, UK, 2014 to 2019



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

**Notes:**

1. In 2015, the Office for National Statistics (ONS) extended the coverage of businesses in this bulletin to include a population of solely Pay As You Earn (PAYE) based businesses that were previously excluded because of a risk of duplication.

The number of VAT (Value Added Tax) and/or PAYE (Pay As You Earn) businesses in the UK as of March 2019 increased to 2.72 million, an increase of 1.8% from March 2018. This increase is despite the ease in the growth of gross domestic product (GDP) in recent years. The chained volume measure (CVM) of GDP increased by 1.4% in 2018, down from an increase of 1.8% in 2016 and 2017. This growth in the number of businesses was despite the heightened uncertainty surrounding the UK's exit from the European Union.

Brexit-related uncertainty has been cited by businesses, with the [Confederation of British Industry \(CBI\)](#), [Bank of England](#), and [The Institute of Chartered Accountants in England and Wales \(ICAEW\)](#) all reporting muted confidence as the political situation continues to be ambiguous. The Bank of England has kept the bank rate steady at 0.75% since August 2018. Despite these challenges business activity has increased in the past year, although the growth in activity has remained cautious.

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

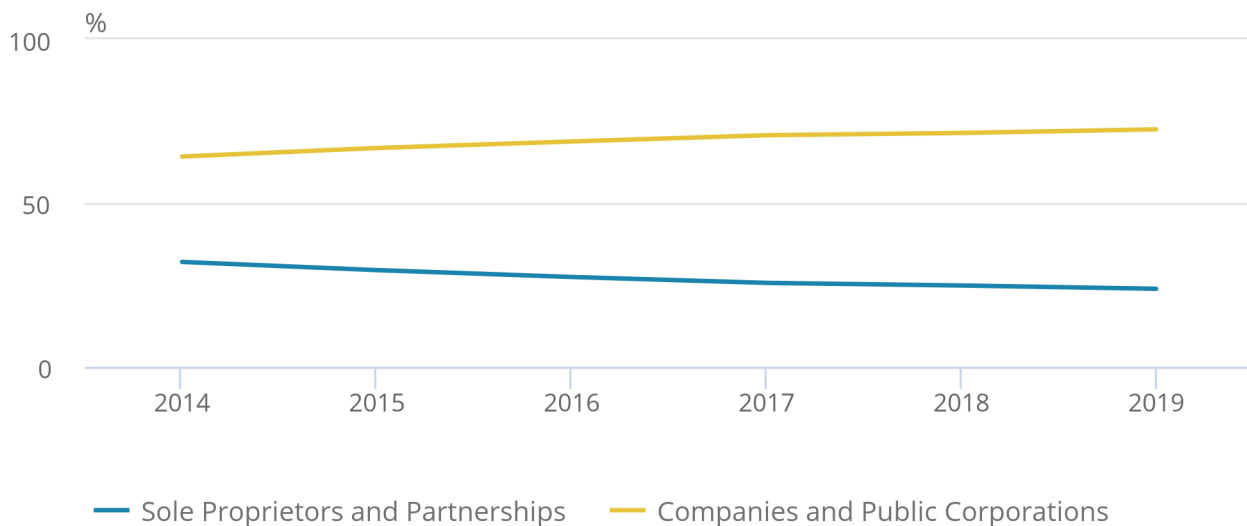
Between March 2018 and March 2019, there was an increase of 3.3% in corporate businesses (companies and public corporations). This coincides with continued increase in employment in recent years. The decrease in sole proprietors and partnerships has continued but has slowed down to 2.2% compared with 2.9% last year.

**Figure 2: Corporate businesses see an increase as sole proprietors and partnerships continue to fall**

Percentage of VAT and/or PAYE based businesses by year, UK, 2014 to 2019

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Percentage of VAT and/or PAYE based businesses by year, UK, 2014 to 2019



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

Corporate businesses represented 72.5% of total businesses, an increase of 1.1 percentage points from 71.4% in 2018. Sole proprietors represented 16.3% of total businesses, a slight decrease in percentage points down 0.6% from 16.9% in 2018. Partnerships represented 7.5% of total businesses and business counts were down 0.4 percentage points from 7.9% in 2018. General government and non-profit making bodies dropped by 0.1 percentage point to 3.7% of total businesses.

Of the 1.97 million corporate businesses, 45.7% are single employee limited companies. In 2019 the number of these businesses increased by 28,000. The largest number of these single employee companies are carrying out management consultancy activities (other than financial management).

Between 2018 and 2019 around 9,000 businesses moved from sole proprietors or partnerships to corporate businesses. The three largest industries in this group were food and beverage service activities, specialist construction, and retail trade, except of motor vehicles and motorcycles, making up 42.8% of the 9,000. This group accounted for 13.4% of the growth in corporate businesses between 2018 and 2019, so the majority of the 64,000 increase can be seen as new registrations, showing a trend in businesses going straight to limited status rather than moving through a sole proprietor or partnership status first. Digital registration, formation agents and virtual offices are making the process of setting up limited companies easier and more cost effective, contributing to this trend.

## **5 . The largest growth in numbers is in the construction industry**

The professional, scientific and technical industry accounted for the largest number of businesses with 17.4% of all registered businesses in the UK, and accounted for 7.5% of the UK economy. The largest number of businesses in this industry is management consultancy followed by computer consultancy.



Table 1: Number of Value Added Tax (VAT) and/or Pay As You Earn (PAYE) businesses by broad industry group UK, 2017 to 2019

	Count given to the nearest thousand					
	2017	%	2018	%	2019	%
Agriculture, forestry and fishing	148	5.5	149	5.6	150	5.5
Production	149	5.6	150	5.6	152	5.6
Mining, quarrying and utilities	14	0.5	14	0.5	15	0.5
Manufacturing	135	5.1	136	5.1	137	5.1
Construction	320	12.0	332	12.4	344	12.6
Wholesale and retail; repair of motor vehicles	375	14.1	380	14.2	389	14.3
Motor trades	75	2.8	76	2.8	77	2.8
Wholesale	103	3.9	103	3.8	103	3.8
Retail	197	7.4	202	7.6	209	7.7
Transport and storage (inc. postal)	109	4.1	109	4.1	111	4.1
Accommodation and food services	150	5.6	153	5.7	157	5.8
Information and communication	217	8.1	219	8.2	226	8.3
Finance and insurance	56	2.1	58	2.2	61	2.2
Property	93	3.5	96	3.6	100	3.7
Professional, scientific and technical	479	17.9	468	17.5	472	17.4
Business administration and support services	228	8.6	224	8.4	229	8.4
Public administration and defence	7	0.3	7	0.3	8	0.3
Education	48	1.8	44	1.6	44	1.6
Health	120	4.5	108	4.1	102	3.8
Arts, entertainment, recreation and other services	169	6.3	171	6.4	174	6.4
TOTAL	2,669	100	2,669	100	2,718	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. [Back to table](#)

The largest growth in numbers continues to be in construction, which has risen by 12,000 businesses between 2018 and 2019. The largest contributor to this industry is construction of domestic buildings.

The second largest growth in numbers was seen in the information and communication industry, which had an increase of 7,000 businesses.

Property, and finance and insurance had the strongest percentage growth of 4.1% and 3.8% respectively.

The education industry showed the biggest fluctuation in growth when compared with the previous period. There was an increase of 1.2% between 2018 and 2019 compared with a reduction of 9.0% between 2017 and 2018.

Apart from health, all industries that showed negative growth last year showed positive growth this year. Even though the health industry showed a negative growth of 5.9%, this was an improvement on last year's decrease of 9.7%.



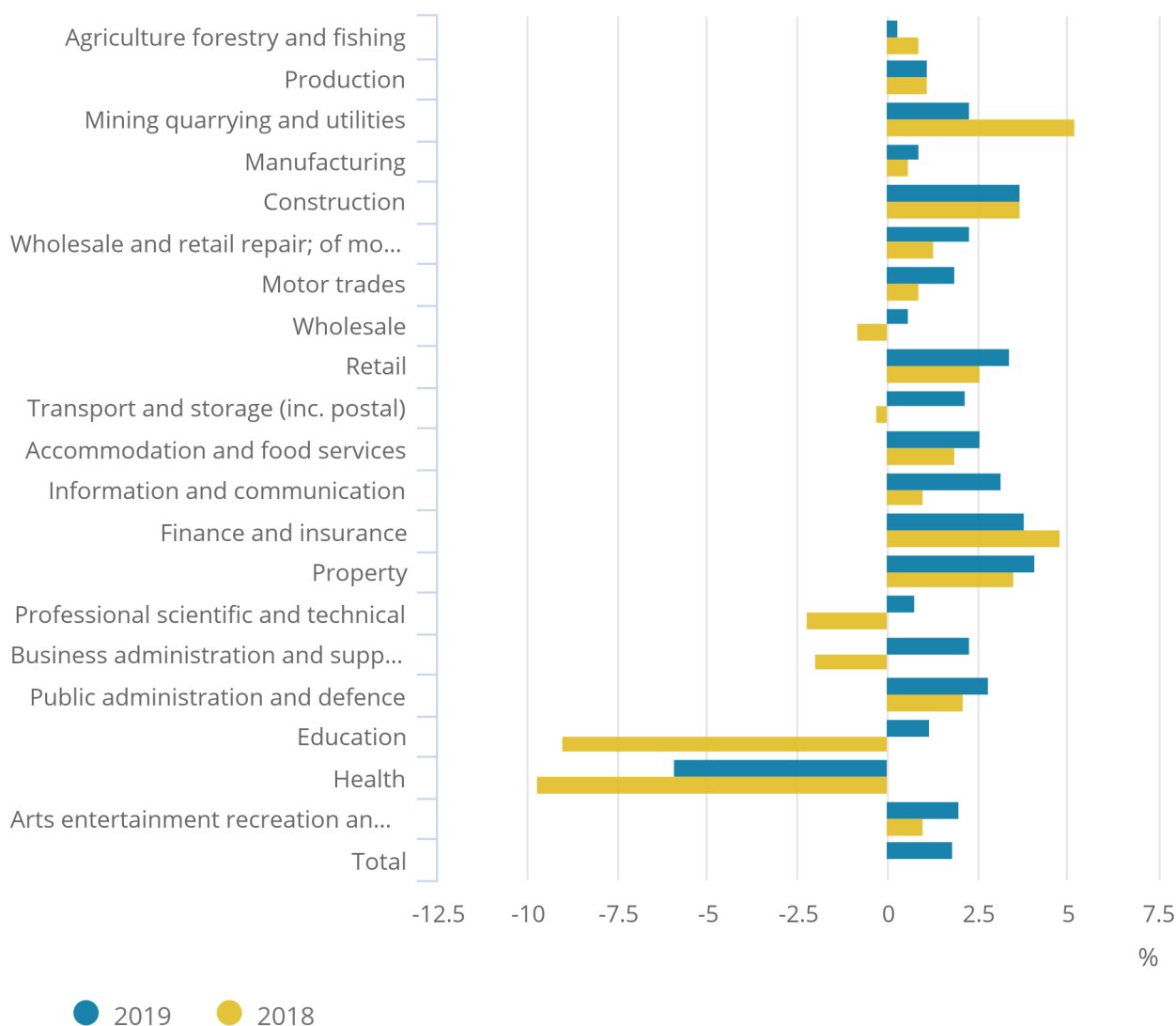
We observed that the decreases in health last year coincided with the [amendment made by HMRC to the Intermediaries Legislation \(IR35\)](#) concerning “off-payroll” working in the public sector. This year still sees a decline in one-person limited companies in the health industry.

**Figure 3: Apart from health, all industries that showed negative growth in 2018 showed positive growth in 2019**

Percentage growth by industry, UK, 2018 to 2019

Figure 3: Apart from health, all industries that showed negative growth in 2018 showed positive growth in 2019

Percentage growth by industry, UK, 2018 to 2019



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

## 6 . Most regions in the UK saw increases in the number of businesses

Between 2017 and 2019, the number of Value Added Tax (VAT) and/or Pay As You Earn (PAYE) businesses in London as a proportion of all regions increased by 0.3 percentage points, from 18.9% in 2017 to 19.2% in 2019. Whereas the proportion of VAT and/or PAYE businesses in both the East of England and the South West decreased by 0.2 percentage points.

London, which accounts for around 24% of gross value added (GVA) for the UK, made up the largest number of businesses in March 2019, with 19.2% of the UK total.

The South East, the region with the next largest share of GVA at around 15%, also had the second highest share of businesses at 15.3%.

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 (VAT) and/or Pay As You Earn (PAYE) based businesses by region UK, 2017 to 2019

	Count given to the nearest thousand					
	2017	%	2018	%	2019	%
North East	70	2.6	69	2.6	70	2.6
North West	260	9.7	268	10.0	267	9.8
Yorkshire and The Humber	185	6.9	183	6.9	186	6.8
East Midlands	177	6.6	179	6.7	180	6.6
West Midlands	213	8.0	213	8.0	214	7.9
East	271	10.2	264	9.9	272	10.0
London	506	18.9	506	19.0	522	19.2
South East	404	15.1	405	15.2	415	15.3
South West	234	8.8	232	8.7	234	8.6
Wales	103	3.8	104	3.9	106	3.9
Scotland	175	6.5	175	6.5	177	6.5
Northern Ireland	71	2.6	73	2.7	75	2.7
<b>TOTAL</b>	<b>2,669</b>	<b>100</b>	<b>2,669</b>	<b>100</b>	<b>2,718</b>	<b>100</b>

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

### Notes

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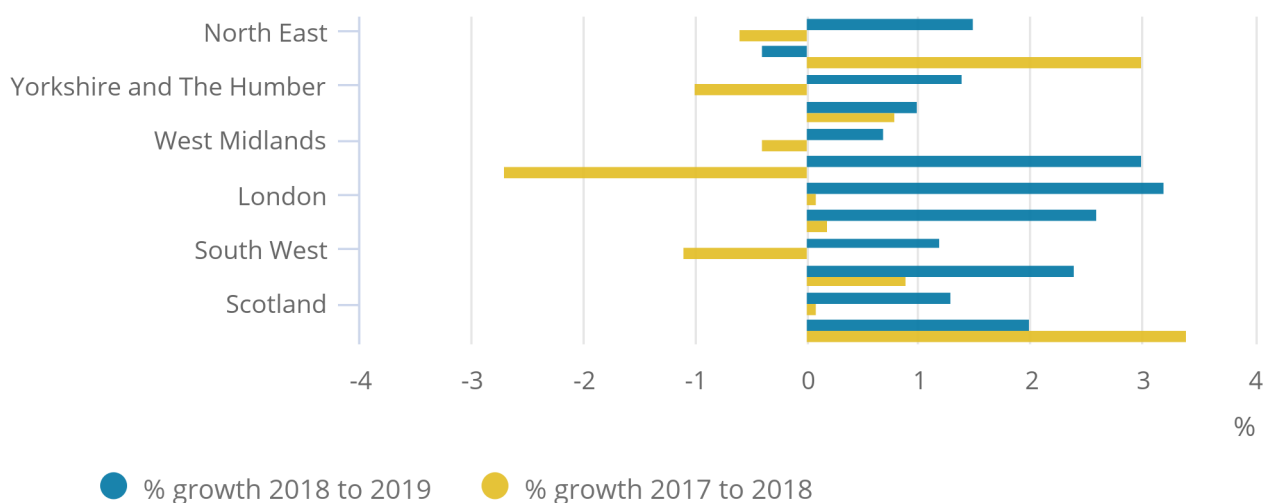
All regions showed an increase in the numbers of registered businesses apart from the North West. London experienced the greatest percentage increase of 3.2% between 2018 and 2019, representing around 16,000 businesses. In 2018 Northern Ireland represented the highest percentage increase of 3.4%. In 2019 the North West region saw the only regional decrease of 0.4%, around 1,000 businesses.

**Figure 4: Between 2018 and 2019 all regions showed an increase in the numbers of registered businesses apart from the North West**

Percentage growth by region, UK, 2018 to 2019

Figure 4: Between 2018 and 2019 all regions showed an increase in the numbers of registered businesses apart from the North West

Percentage growth by region, UK, 2018 to 2019



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

## 7 . Only 2.2% of businesses operate more than one site

Local units are individual sites that belong to a business. In March 2019, there were 3.18 million local units belonging to Value Added Tax (VAT) and/or Pay As You Earn (PAYE) based businesses, a rise of 1.5% in contrast to 2018, where local units showed an increase of just 0.1%.

Out of the 2.72 million VAT and/or PAYE businesses, only 60,000 (2.2%) operate from more than one site. These operated a total of 522,000 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 Value Added Tax (VAT) and/or Pay As You Earn (PAYE) businesses and their associated local units  
UK, 2019

	Number of local units					
	1	2 to 4	5 to 9	10 to 19	20 or more	Total
Business	2,658,550	47,280	6,995	2,855	2,755	2,718,435
Local units	2,658,550	112,930	44,240	37,950	326,935	3,180,605

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

## 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
- accessibility and characteristics