

Statistical bulletin

UK business; activity, size and location: 2021

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 2021 was 2.77 million, an increase of 0.6% from March 2020.
- The number of companies and public corporations has continued to rise and represents 74.3% of total UK businesses, while the proportion of sole proprietors and partnerships has fallen to 22.1%.
- The largest industry group is still professional, scientific, and technical, making up 16.4% of all registered businesses in the UK; this is down 0.6 percentage points from March last year.
- London remained the region with the largest number of businesses, representing 19.3% of the UK total; however, the year-on-year growth in London businesses is the lowest since 2018.

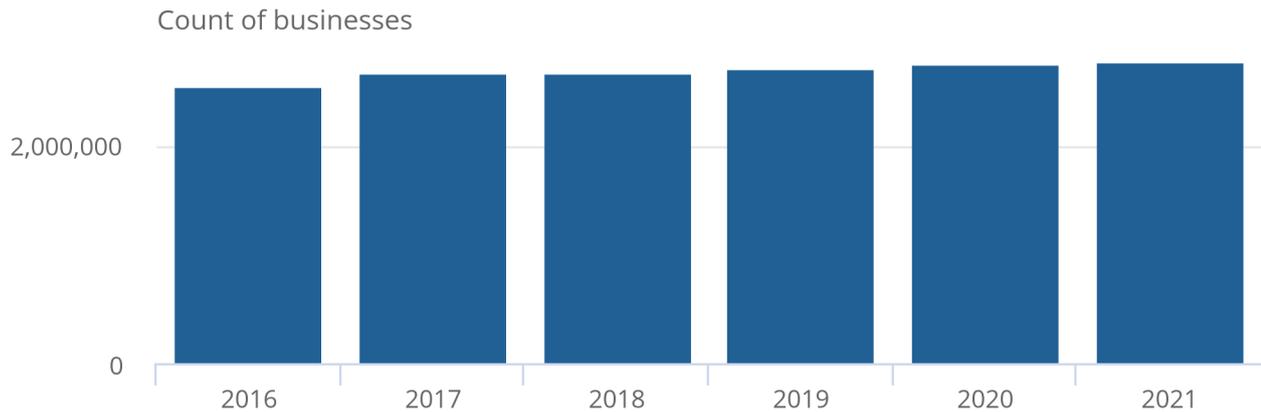
2 . Growth in the number of businesses continues

Figure 1: The number of VAT and/or PAYE businesses in the UK increased by 0.6% from March 2020

Number of VAT and/or PAYE based businesses, UK, 2016 to 2021

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Number of VAT and/or PAYE based businesses, UK, 2016 to 2021



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

The number of VAT and/or PAYE businesses in the UK as of March 2021 increased to 2.77 million, an increase of 0.6% from March 2020. This growth in the business population contrasts sharply with a fall of 5.8% of gross domestic product (GDP) over the same period, decoupling business growth and economic growth after many years in which they tracked each other quite closely. This divergence is likely because of business support schemes preventing business deaths.

Figure 2: Business growth and economic growth diverged in 2021

Growth in the number of businesses versus growth in GDP, UK, 1985 to 2021

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Growth in the number of businesses versus growth in GDP, UK, 1985 to 2021



Source: Office for National Statistics – Inter-Departmental Business Register (IDBR) and gross domestic product (GDP)

Notes:

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

3 . Corporate businesses continue to see an increase

Between March 2020 and March 2021, there was an increase of 1.5% in corporate businesses (companies and public corporations). The decrease in sole proprietors and partnerships has continued, down 2.3% compared with a fall of 3.4% last year.

Table 1: Percentage of businesses by status
UK, 2016 to 2021

	2016	2017	2018	2019	2020	2021
Sole proprietors	18.7	17.5	16.9	16.3	15.7	15.4
Partnerships	8.8	8.1	7.9	7.5	7.1	6.7
Sole proprietors and partnerships	27.4	25.6	24.8	23.8	22.8	22.1
Companies and public corporations	68.8	70.7	71.4	72.5	73.6	74.3
General government and non-profit making bodies	3.8	3.8	3.8	3.7	3.7	3.6

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

Of the 2.05 million corporate businesses, 46.0% are single-employee limited companies. The largest number of these are in the professional, scientific and technical industry, carrying out management consultancy activities. However, in 2021 the number of these management consultancy businesses decreased by 6.4%.

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 16.4% of all registered businesses in the UK. The number of businesses in this industry has decreased for two years running but it remains the largest broad industry group since 2013.

Table 2: Number of VAT and/or PAYE businesses by broad industry group
UK, 2019 to 2021

Count given to the nearest thousand

	2019	%	2020	%	2021	%
Agriculture, forestry and fishing	150	5.5	149	5.4	141	5.1
Production	152	5.6	153	5.6	155	5.6
Mining, quarrying and utilities	15	0.5	15	0.5	15	0.6
Manufacturing	137	5.1	138	5.0	140	5.1
Construction	344	12.6	351	12.8	360	13.0
Wholesale and retail; repair of motor vehicles	389	14.3	387	14.1	406	14.7
Motor trades	77	2.8	77	2.8	79	2.9
Wholesale	103	3.8	101	3.7	107	3.9
Retail	209	7.7	209	7.6	221	8.0
Transport and storage (inc. postal)	111	4.1	123	4.5	138	5.0
Accommodation and food services	157	5.8	162	5.9	167	6.0
Information and communication	226	8.3	226	8.2	213	7.7
Finance and insurance	61	2.2	62	2.3	61	2.2
Property	100	3.7	102	3.7	105	3.8
Professional, scientific and technical	472	17.4	468	17.0	453	16.4
Business administration and support services	229	8.4	236	8.6	230	8.3
Public administration and defence	8	0.3	8	0.3	8	0.3
Education	44	1.6	45	1.6	45	1.6
Health	102	3.8	103	3.8	105	3.8
Arts, entertainment, recreation and other services	174	6.4	176	6.4	177	6.4
Total	2,718	100	2,750	100	2,765	100

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

Notes

1. Please note that figures may not sum because of rounding.

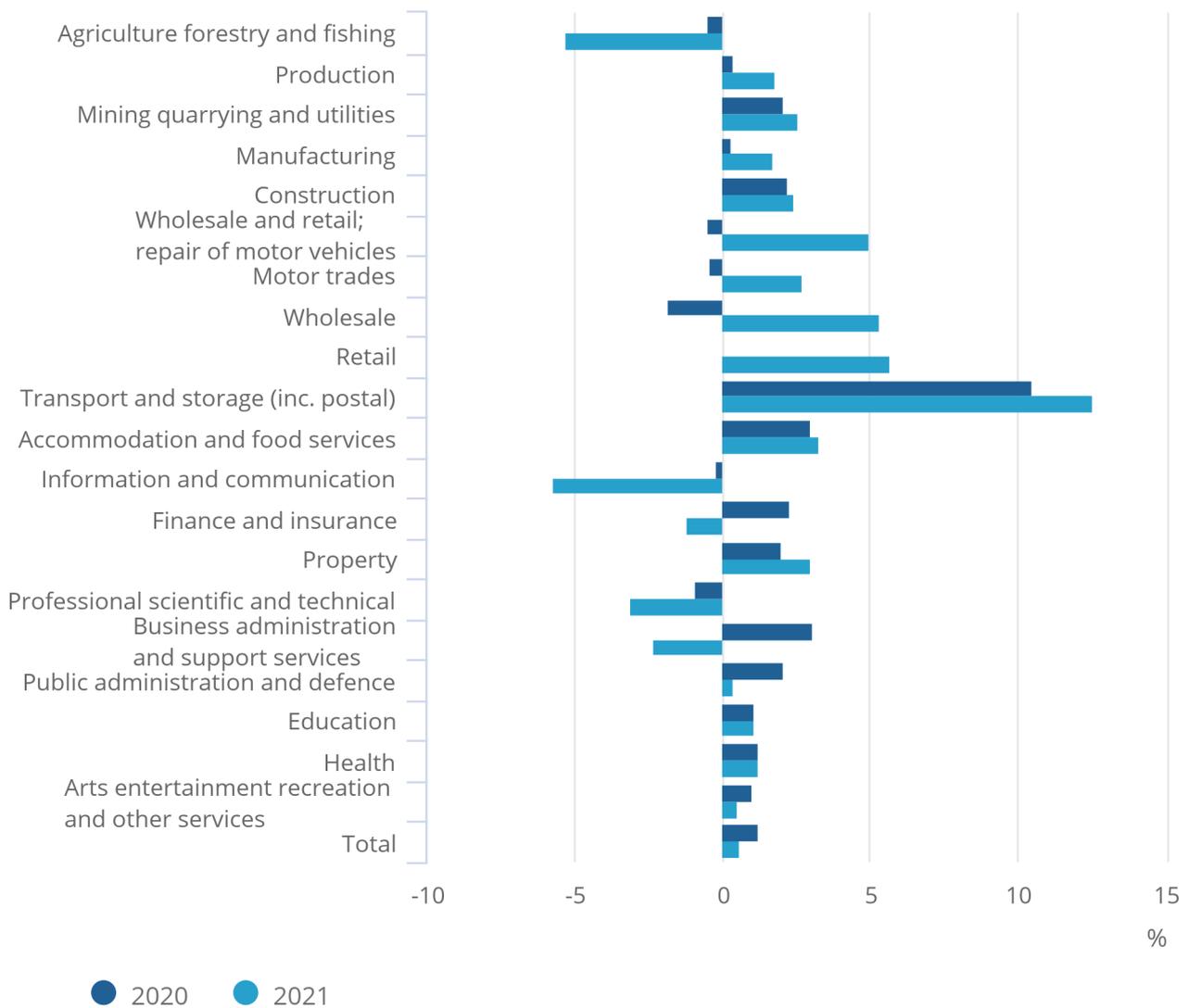
Transport and storage exhibited the highest growth rate for the second year running. Freight transport by road provided the largest contribution to this increase. This is likely at least in part to be because of the increased demand for online shopping and home delivery created by the coronavirus (COVID-19) pandemic.

Figure 3: The largest growth in business numbers is in transport and storage (including postal)

Percentage growth by industry, UK, 2020 to 2021

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Percentage growth by industry, UK, 2020 to 2021



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

Despite overall growth in businesses on the Inter-Departmental Business Register (IDBR) in 2021, the number in the information and communication industry fell by 5.7%. This decrease may have been in anticipation of the contractors "off payroll - working rules" changes ([IR35](#)) introduced by HM Revenue and Customs (HMRC). The drop of 5.3% in the agriculture industry is primarily because of an [improvement](#) in methodology whereby non-commercial holdings have been identified and excluded from the agriculture figures from 2021 onwards.

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

Between 2019 and 2021, most regions showed an increase in the numbers of registered businesses. East Midlands has shown the largest increase in share, with a rise of 0.2 percentage points. The two regions with the largest decrease were the East and Scotland, both down 0.2 percentage points.

Table 3: Number of VAT and/or PAYE based businesses by region
UK, 2019 to 2021

Count given to the nearest thousand

	2019	%	2020	%	2021	%
North East	70	2.6	71	2.6	73	2.6
North West	267	9.8	267	9.7	271	9.8
Yorkshire and The Humber	186	6.8	189	6.9	192	6.9
East Midlands	180	6.6	184	6.7	189	6.8
West Midlands	214	7.9	222	8.1	219	7.9
East	272	10.0	271	9.9	271	9.8
London	522	19.2	531	19.3	535	19.3
South East	415	15.3	418	15.2	420	15.2
South West	234	8.6	236	8.6	237	8.6
Wales	106	3.9	106	3.8	107	3.9
Scotland	177	6.5	178	6.5	175	6.3
Northern Ireland	75	2.7	75	2.7	77	2.8
Total	2,718	100	2,750	100	2,765	100

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

Notes

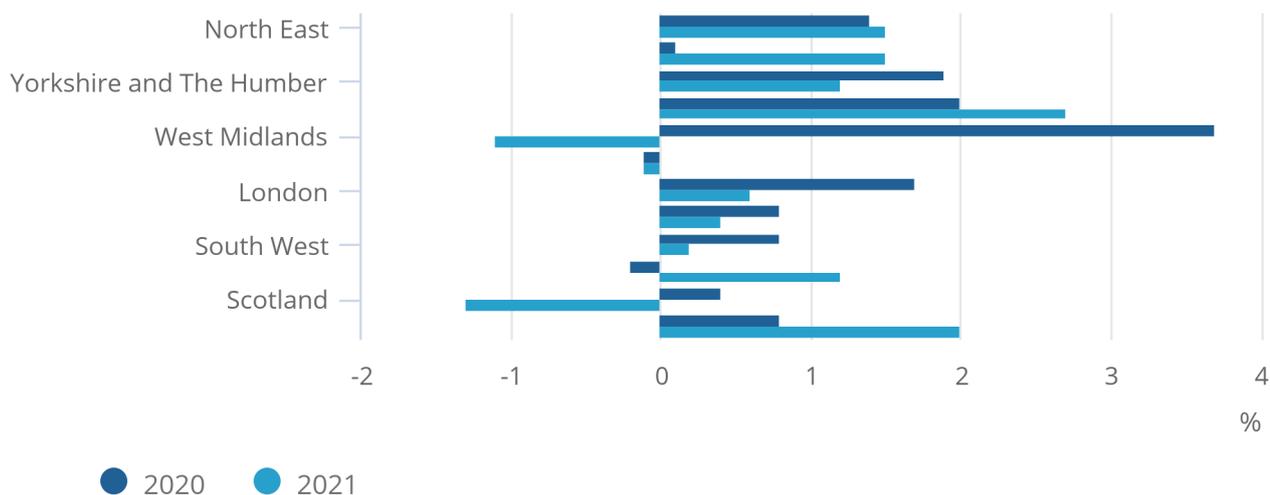
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Figure 4: The region with the largest growth in the number of VAT and/or PAYE based businesses is the East Midlands

Percentage growth by region, UK, 2020 to 2021

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Percentage growth by region, UK, 2020 to 2021



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

East Midlands experienced the largest growth (2.7%) in the number of businesses between 2020 and 2021, representing around 5,000 businesses. Scotland showed a 1.3% decrease in the number of businesses following a 0.4% increase in 2020.

Please note that, for various reasons, [multiple business registrations](#) can be recorded at a single address and this can distort data for smaller geographical areas.

6 . Only 2.1% of businesses operate more than one site

For the first time since 2016 the percentage of businesses that operate from more than one site has dropped, by 0.1 percentage points. Out of the 2.77 million VAT and/or PAYE businesses, only 59,000 operate from more than one site.

Of the businesses with one site, the largest number are within the professional, scientific and technical sector, while in the case of businesses with 20 or more sites the largest number are in the wholesale and retail sectors.

Table 4: Number of VAT and/or PAYE businesses and their associated local units
UK, 2021

	Number of local units					
	1	2 to 4	5 to 9	10 to 19	20 or more	Total
Business	2,706,255	46,290	7,025	2,815	2,765	2,765,150
Local units	2,706,255	110,455	44,670	37,550	323,185	3,222,115

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

7 . UK business data

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

Dataset | Released 4 October 2021

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 12 March 2021. 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 are 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.

Inter-Departmental Business Register

The Inter-Departmental Business Register (IDBR) is a comprehensive list of UK businesses used by government for statistical purposes. The IDBR provides the main sampling frame for surveys of businesses carried out by the Office for National Statistics (ONS) and other government departments. It is also an important data source for analyses of business activities.

The two main sources of input are Value Added Tax (VAT) and Pay As You Earn (PAYE) records from HM Revenue and Customs (HMRC). Additional information comes from Companies House, Dun and Bradstreet and the ONS business surveys.

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 figures for this release are produced from an extract taken from the Inter- Departmental Business Register (IDBR), recording the position of businesses on 12 March 2021, in line with the same timing of all previous releases of this publication.

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](#). These estimates 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). 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 demography, quarterly experimental statistics](#)

Bulletin | Released 09 August 2021

Experimental quarterly statistics on business births and deaths from the Inter-Departmental Business Register, with high-level breakdowns by industry and region.

[Business demography UK: 2019](#)

Bulletin | Released 17 November 2020

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

[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.

[Business Population Estimates](#)

Bulletin | Released 7 October 2021

Annual business population estimates for the UK and regions in 2021. The UK business data are available as a comparable time series back to 2010 on [NOMIS](#). This is an interactive data explorer tool that allows the user to filter the data by date, geography, legal status, SIC, employment and turnover size band.