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## STATISTICAL PRESS RELEASE

### Introduction

The Department for Business Innovation and Skills, today released '*Small and Medium-sized Enterprise (SME) Statistics for the UK and Regions 2009*', according to arrangements approved by the UK Statistics Authority.

This publication provides an estimate of the total number of private sector enterprises in the UK at the start of 2009, and their employment and turnover. Further information is provided by number of employees, legal status, industry and geography. The publication comprises this statistical press release, a methodology note and a detailed dataset which are all accessible on the BIS website, via the link: <http://stats.bis.gov.uk/ed/sme>.

### Summary

There were an estimated 4.8 million<sup>1</sup> private sector enterprises in the UK at the start of 2009, an increase of 51,000<sup>2</sup> (1.1 per cent) since the start of 2008.

These enterprises employed an estimated 22.8 million people, and had an estimated combined annual turnover of £3,200 billion<sup>3</sup>.

Small and medium-sized enterprises (SMEs) together accounted for 99.9 per cent of all enterprises, 59.8 per cent of private sector employment and 49.0 per cent of private sector turnover.

Turnover in SMEs is estimated at £1,589 billion, £88 billion (5.8 per cent) higher than 2008.

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<sup>1</sup> This figure is rounded to the nearest 100,000.

<sup>2</sup> Re-weighted ONS Labour Force Survey data reflecting mid-2009 population estimates have been used to compile the start-2009 statistics. If the start-2008 estimate of the number of enterprises had been produced on the same basis, it would have been 4,600 lower. Therefore the level of the increase described here slightly underestimates the actual change. For a full explanation see the accompanying methodology note.

<sup>3</sup> Turnover data throughout this release excludes SIC2003 Section J (Financial Intermediation), where turnover is not available on a comparable basis.

## The stock of enterprises, employment and turnover

At the start of 2009, the 4.8 million UK private sector enterprises employed an estimated 22.8 million people, and had an estimated combined annual turnover of £3,200 billion (see Table 1).

**Table 1**

*Number of enterprises, employment and turnover by number of employees, UK private sector, start of 2009.*

	Number		
	Enterprises	Employment ( / 1,000)	Turnover <sup>1</sup> ( / £ million)
All enterprises	4,834,045	22,819	3,240,329
SMEs (0-249 employees)	4,828,160	13,639	1,588,581
All employers	1,220,070	18,876	3,000,770
With no employees <sup>2</sup>	3,613,975	3,942	239,559
1-9	1,019,605	3,813	444,953
10-49	167,670	3,251	472,272
50-249	26,910	2,633	431,797
250 or more	5,885	9,179	1,651,748

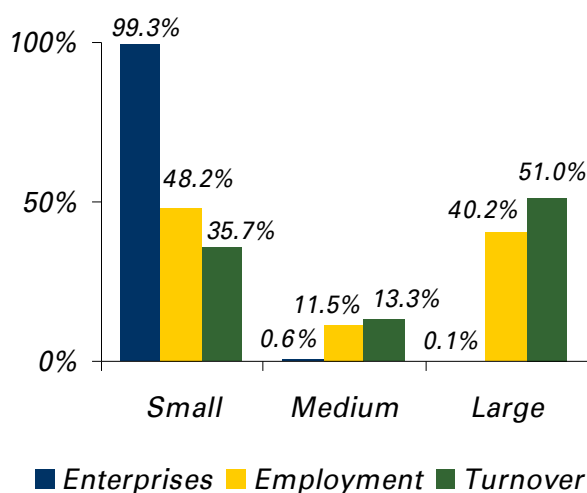
1: "All Industries" turnover figures exclude Section J (financial intermediation) where turnover is not available on a comparable basis.

2: "With no employees" comprises sole proprietorships and partnerships comprising only the self-employed owner-manager(s), and companies comprising only one employee director.

Almost all of these enterprises (99.3 per cent) were small (0 to 49 employees). Only 27,000 (0.6 per cent) were medium-sized (50 to 249 employees) and 6,000 (0.1 per cent) were large (250 or more employees)

**Figure 1**

Share of enterprises, employment and turnover by size of enterprise UK private sector, start of 2009.



Small and medium-sized enterprises (SMEs) together accounted for more than half of employment (59.8 per cent) and turnover (49.0 per cent) in the UK.

Small enterprises alone (0 to 49 employees) accounted for 48.2 per cent of employment and 35.7 per cent of turnover (see Figure 1).

## Changes in stock of enterprises, employment and turnover over time

There were an estimated 4.8 million private sector enterprises in the UK at the start of 2009, an increase of 51,000 (1.1 per cent) since the start of 2008. This is the highest number of enterprises since the time series began in 1994.

UK private sector enterprises employed an estimated 22.8 million people at the start of 2009, a fall of 309,000 (-1.3 per cent) since the start of 2008.

Estimated employment in SMEs has fallen by 102,000 (-0.7 per cent) to 13.6 million people at the start of 2009, though the SME share of private sector employment has increased from 59.4 to 59.8 per cent.

At the start of 2009, UK enterprises had an estimated combined annual turnover of £3,200 billion, an increase of almost £250 billion (8.2 per cent) since the start of 2008.

Turnover in SMEs is estimated at just under £1,600 billion, £88 billion (5.8 per cent) higher than 2008. As a proportion of all private sector turnover, this has decreased from 50.1 per cent to 49.0 per cent at the start of 2009.

### Legal status

There were an estimated 3.1 million sole proprietorships in the UK at the start of 2009, of which 302,000 (9.8 per cent) had employees (see Figure 2).

There were an estimated 444,000 partnerships, of which 170,000 (38.4 per cent) had employees.

There were 1.3 million companies, of which 747,000 (57.5 per cent) had employees<sup>4</sup>.

**Figure 2**

Number of enterprises with employees, by legal status, UK private sector, start of 2009.

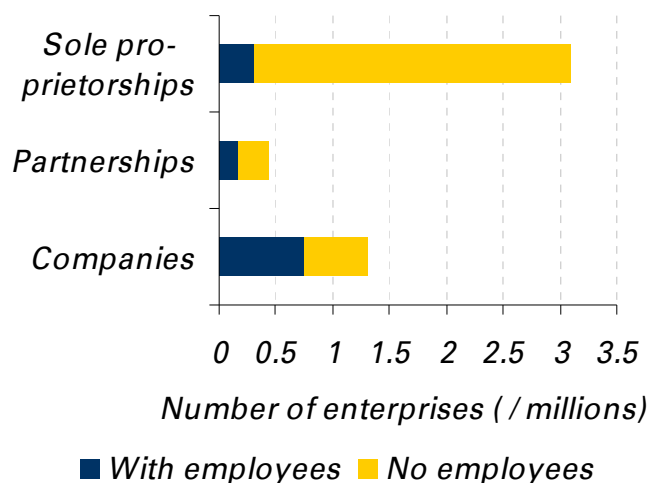


Table 2 shows that during 2008 the number of companies increased by 3,000 (0.3 per cent) to 1.3 million at the start of 2009, though this has only risen for those without employees. This is the eleventh successive year that companies have increased in number.

The number of sole proprietorships has increased by 65,000 (2.1 per cent), to 3.1 million, the seventh successive annual increase. The number of partnerships has decreased by 18,000 (-3.8 per cent), to 444,000.

<sup>4</sup> For legal reasons most companies are run by employees. However, in the SME statistics companies with a single employee are treated as having no employees.

Whilst the number of registered enterprises (those enterprises registered for VAT and / or PAYE) has fallen by 25,000 (-1.1 per cent), unregistered enterprises have increased by an estimated 76,000 (2.9 per cent) since the start of 2008. Most of the change in the number of enterprises between 2008 and 2009 was due to an increase in the estimated number of unregistered sole proprietorships.

**Table 2**

Changes in the number of enterprises between the start of 2008 and the start of 2009.

	Sole proprietorships	Partnerships	Companies	Total
Registered enterprises <sup>1</sup>	-15,000	-13,000	3,000	-25,000
Of which				
with employees	-4,000	-6,000	-7,000	-17,000
without employees	-12,000	-7,000	11,000	-7,000
Unregistered enterprises <sup>2</sup>	80,000	-5,000	N/A <sup>3</sup>	76,000
All private sector enterprises	65,000	-18,000	3,000	51,000

1. Registered enterprises are those enterprises registered for VAT and/or PAYE but exclude Composite Managed Service Companies. 2. Unregistered enterprises do not exclude Composite Managed Service Companies 3. Not applicable - the SME Statistics methodology assumes all companies are registered.

### The number of enterprises with and without employees

At the start of 2009, there were 1.2 million enterprises with employees, a fall of 17,000 (-1.4 per cent) since the start of 2008. They had an estimated combined turnover of £3,000 billion at the start of 2009.

At the start of 2009, there were 3.6 million enterprises with no employees<sup>5</sup>, an increase of 68,000 (1.9 per cent) since the start of 2008. Enterprises with no employees accounted for 74.8 per cent of all private sector enterprises at the start of 2009. However this proportion varies by industry, from 92.0 per cent for Mining and Quarrying; Electricity, Gas and Water Supply; and Education, to 26.2 per cent for Hotels and Restaurants. Enterprises with no employees had an estimated combined turnover of £240 billion at the start of 2009.

<sup>5</sup> Enterprises with no employees are either sole proprietorships and partnerships comprising only the self-employed owner-manager(s), or companies comprising only one employee director.

## **Industry patterns**

More industries experienced growth in the number of enterprises between the start of 2008 and the start of 2009, than experienced a fall. In percentage terms, the biggest increases in the number of enterprises were in the Financial Intermediation (13.1 per cent) and Agriculture and Fishing (12.1 per cent) sectors, whilst the biggest falls were in the Manufacturing (-6.5 per cent), Hotels and Restaurants (-4.7 per cent) and Wholesale, Retail and Repairs (-3.5 per cent) sectors.

At the start of 2009, 1,196,000 enterprises were in operating in Real Estate, Renting and Business Activities. This represents a quarter (24.7 per cent) of all UK private sector enterprises. These enterprises employed an estimated 4,482,000 people (19.6 per cent of the UK private sector employment) and had turnover of £478 billion (14.7 per cent of the UK private sector turnover, excluding Financial Intermediation).

Wholesale, Retail and Repairs was the biggest employer at the start of 2009. The 563,000 enterprises in this sector employed 4,853,000 people, representing 21.3 per cent of all UK private sector employment.

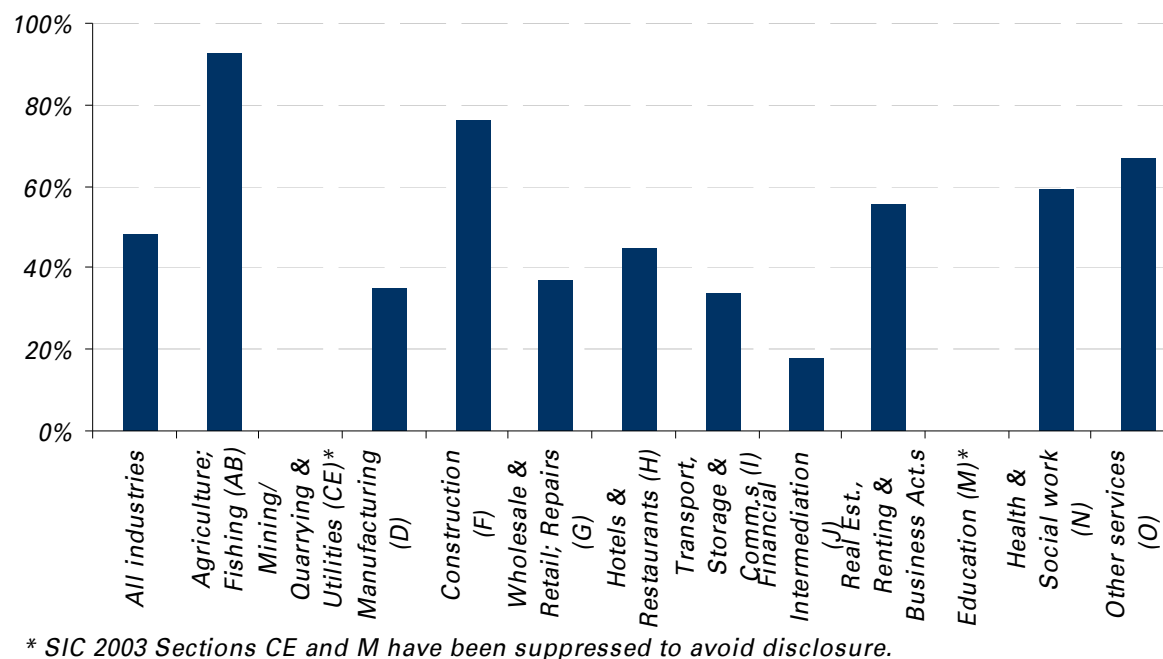
## **Small enterprise employment and turnover share**

At the start of 2009, 48.2 per cent of private sector enterprise employment was in small enterprises (0-49 employees), although this proportion varied by industry (see Figure 3). In Financial Intermediation only 18.0 per cent of employment was in small enterprises - in Agriculture, Fishing and Forestry, 92.6 per cent of employment was in small enterprises.

**Figure 3**

Small enterprise<sup>1</sup> share of employment within each industry section based on SIC2003, for the UK private sector, start of 2009.

1: Small enterprises defined as those with 0 to 49 employees.



The share of turnover in small enterprises also varies between industries.

Overall, 35.7 per cent of turnover was in small enterprises. Again, there were variations by industry, ranging from 5.8 per cent in Mining, Quarrying and Utilities to 84.0 per cent in Agriculture, Fishing and Forestry.

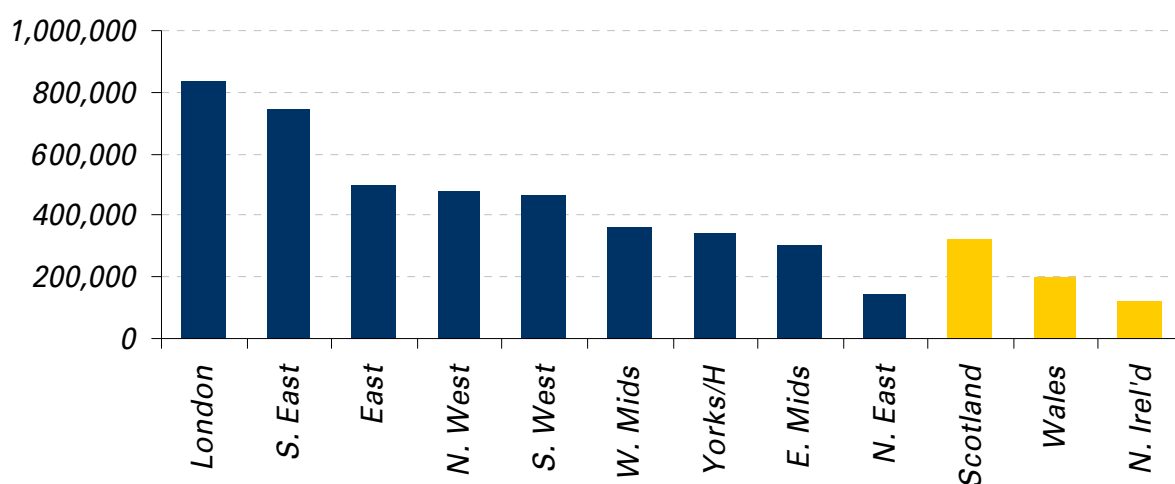
## Enterprises in the English Regions, Scotland, Wales and Northern Ireland

Of the estimated 4.8 million enterprises in the UK at the start of 2009, 4.2 million (86.6 per cent) were in England<sup>6</sup>. The number of enterprises in England increased by 53,000 (1.3 per cent) between 2008 and 2009.

With 840,000 private sector enterprises in 2009, London had more enterprises than any other region or country in the UK. The South East had the second largest number of enterprises with 740,000. Together these regions account for almost a third of all private sector enterprises in the UK (see Figure 4).

**Figure 4**

Number of private sector enterprises in each region and country in the UK, start of 2009.



For each region and country in the UK, no more than 0.1 per cent of enterprises are large (250 or more employees), and at least 99.2 per cent of enterprises are small (0 to 49 employees).

### Regional changes since the start of 2008

Half of the regions and countries in the UK experienced growth in the number of private sector enterprises between the start of 2008 and the start of 2009, and half experienced a decline. In percentage terms, the biggest increases were experienced by North West (6.3 per cent) and London (4.7 per cent), whilst the largest falls were in the East Midlands (-3.7 per cent) and South East (-3.3 per cent).

Most regions and countries saw falls in levels of employment over the period, with the exception of the South West, the East of England and Scotland. The South West had the largest increase in employment, rising by 13,000 (0.8 per cent) to 1,745,000.

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<sup>6</sup> Enterprises that have sites in more than one region or country are counted here only in the region or country where they are registered.

## Regional share of employment in SMEs

Out of all the UK regions and countries, London had the lowest share of private sector employment in SMEs (50.0 per cent) <sup>7</sup>. For Northern Ireland, Wales and the South West this figure exceeded 70 per cent.

## Regional variation by industry

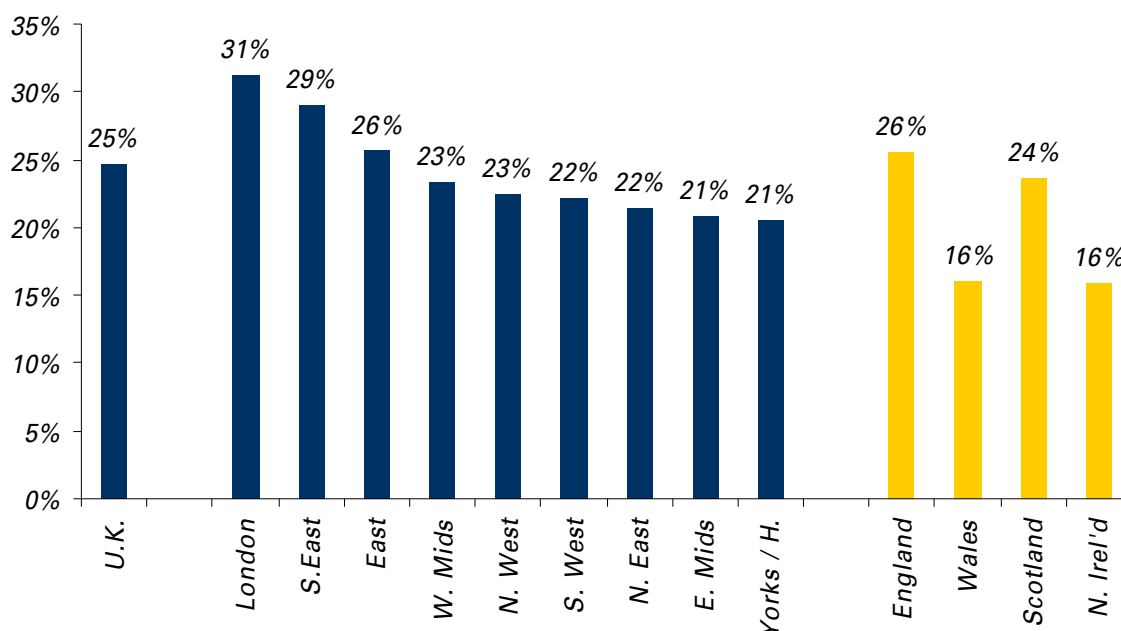
The differences in employment patterns between regions can be explained partly by differing industry compositions.

Almost a third (31.2 per cent) of businesses in London were in Real Estate, Renting and Business Activities, the highest proportion of all regions and countries (see Figure 5), but less than one per cent of enterprises in London are in Agriculture, Fishing and Forestry.

Northern Ireland (15.9 per cent) and Wales (16.0 per cent) had the lowest proportion of enterprises in the Real Estate, Renting and Business Activities sector, out of all regions and countries (see Figure 5).

**Figure 5**

Share of enterprises in the Real Estate, Renting and Business Activities sector (SIC2003 Section K), by region and country, start of 2009.



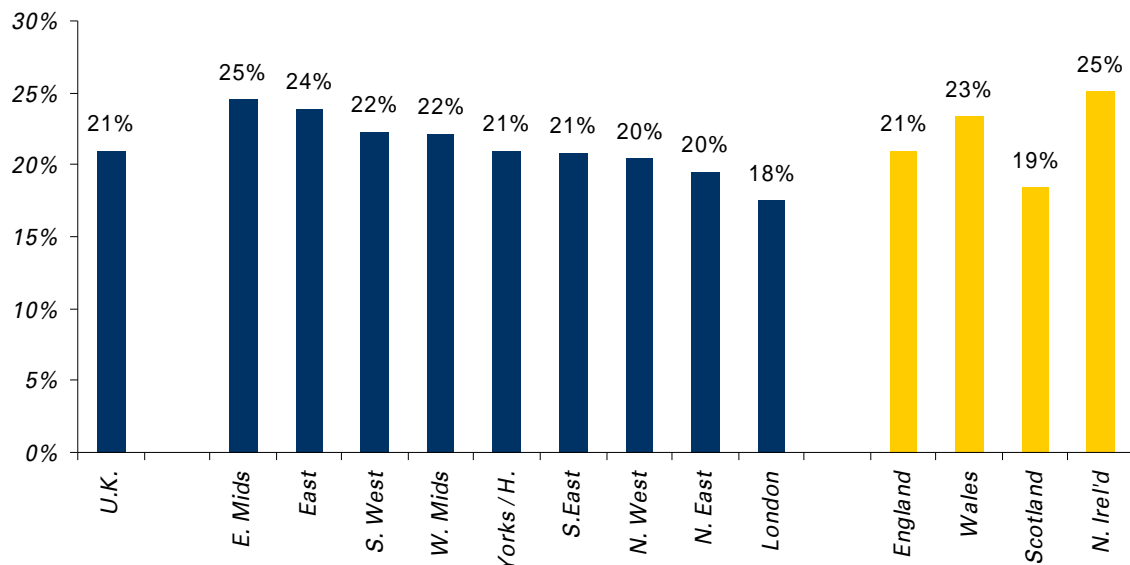
However, Northern Ireland (25.1 per cent) also had the highest proportion of enterprises in the Construction sector, followed by the East Midlands (24.5 per cent), whilst just 17.5 per cent of enterprises in London were in this sector (see Figure 6).

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<sup>7</sup> Enterprises that have employees in more than one region or country are counted here only in the region or country where they are registered.

**Figure 6**

Share of enterprises in the Construction sector (SIC2003 Section F), by region, start of 2009.



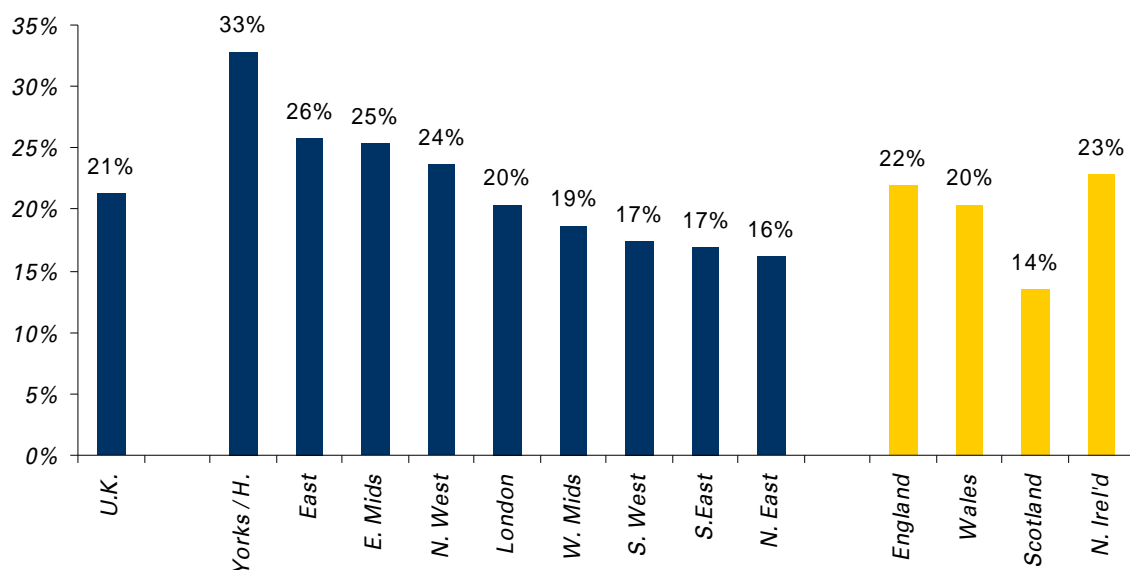
**Regional variation in employment by industry**

The share of employment in each industry also varied by region.

For example, the Wholesale, Retail and Repairs sector had the largest share (21.3 per cent) of UK private sector employment at the start of 2009, employing 4.9 million people. Yorkshire and the Humber (32.9 per cent) had the largest share of its employment in this sector, whilst Scotland (13.6 per cent) had the lowest (see Figure 7).

**Figure 7**

Share of employment in the Wholesale, Retail Trade; Repair sector (SIC2003 Section G), by region, start of 2009.



## Notes on this release

1. In this release, and in the tables accompanying it, a small enterprise is defined as an enterprise with 0 to 49 employees, a medium-sized enterprise is an enterprise with 50 to 249 employees, and a large enterprise is an enterprise with 250 or more employees.
2. Within the scope of the *SME Statistics* companies with a single employee director are counted as zero employee businesses.
3. The definition of private sector used in this publication excludes the non-profit sector, but includes nationalised bodies which are not in the private sector. This is different to the ONS definition which includes the non-profit sector.
4. Turnover data throughout this release excludes SIC2003 Section J (Financial Intermediation), where turnover is not available on a comparable basis.
5. Enterprises that have sites (and employees) in more than one region or country are counted here only in the region or country where they are registered. These estimates may therefore differ from actual employment in a region, since some employees in one region will work for enterprises that are registered in another region.
6. 1 billion = 1,000 million.
7. All figures in this document can also be found in the accompanying Excel tables published at <http://stats.bis.gov.uk/ed/sme> .
8. All figures and percentages in this document are rounded, usually to two significant figures and one decimal place respectively. Therefore totals might not exactly match the sum of their parts. Suppression and controlled rounding have been used to protect the data in this publication from disclosure. For further information about the confidentiality procedures applied, please refer to the Methodology Note.
9. These statistics are final and will not be revised.

## Timeliness

The 2009 edition of this publication was published over 20 months after the start of the reference year. This reflects lags in the recording of key information on the administrative system.

## Sources and accuracy

10. A document on methodology used to produce these estimates accompanies this press release at <http://stats.bis.gov.uk/ed/sme>. It is recommended that this document is read before interpreting these statistics.
11. There is no single source of estimates of the number of enterprises in the UK. The main source for this publication is the Inter-Departmental Business Register (IDBR), administered by the Office for National Statistics (ONS), which is used to provide the number of registered enterprises in the UK.

12. This publication also includes estimates of very small enterprises that do not appear on the IDBR. These are estimated by BIS from the ONS *Labour Force Survey* and HM Revenue & Customs *Survey of Personal Incomes*. Since the estimates use survey data, the reliability of the *SME Statistics* is lower for the smallest size class.

13. A number of methodological changes have been made to the series, which impact on the comparability of the estimates over time. Please refer to the Methodology Note for further information.

### Changes to this edition

14. The methodology used to produce this series is currently under review, following a public consultation last year. Some small (mainly presentational) changes have been incorporated into this publication and further improvements will be made in future editions. Further details are listed in the Methodology Note that accompanies this release. Links to the public consultation and the government response can be found via the following link:

<http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/page49415.html>

### Data users and uses

15. The *SME Statistics* are used extensively by the public, public bodies and businesses. For example they are used by:

- businesses in understanding their market share and planning marketing strategies
- by banks in developing an understanding of their customer base.
- by foreign firms in making UK location decisions
- by academics to inform research into businesses at local and national level
- by a range of public bodies in decision making and in evaluating the success of regeneration and enterprise related policies
- by public and private business support providers in targeting business support.

16. The *SME Statistics* provide information on the relative contribution by enterprises of different employment size bands to the economy in terms of numbers, employment and turnover, at a point in time. The publication also provides information on the location and industry of these enterprises. If the user is interested in employment in isolation (i.e. not employment in combination with enterprise), the ONS *Business Register and Employment Survey* is the preferred source (data for 2009 will be published in December 2010). If the user is interested in turnover in isolation (i.e. not turnover in combination with enterprise), the ONS *Annual Business Survey (formerly the Annual Business Inquiry)* is the preferred source. For analysis of year-on-year change in the number of jobs, it is recommended that the ONS *Workforce Jobs*

publication is used. Please refer to the Methodology Note for further information on alternative sources of enterprise information.

### **National Statistics publication**

17. National Statistics are produced to high professional standards set out in the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

### **Contact details**

18. For enquiries, or to give feedback on this publication, contact Karen Grierson, BIS Enterprise Directorate Analytical Unit:

Tel 0114 207 5104

E-mail [enterprise.statistics@bis.gsi.gov.uk](mailto:enterprise.statistics@bis.gsi.gov.uk)

Letters 2nd Floor, 2 St Paul's Place, 125 Norfolk Street, SHEFFIELD, S1 2FJ

For enquiries about National Statistics, contact the National Statistics Public Enquiry Service:

Tel 0845 601 3034

Fax 01633 652747

Minicom 01633 812399

E-mail [info@statistics.gov.uk](mailto:info@statistics.gov.uk)

Letters Customer Contact Centre, Room 1.015, Office for National Statistics, Cardiff Road, Newport, NP10 8XG

National Statistics are available on the internet - go to <http://www.statistics.gov.uk/hub/index.html>.