

BUSINESS FORMATION AND THE LEVEL OF ENTREPRENEURSHIP

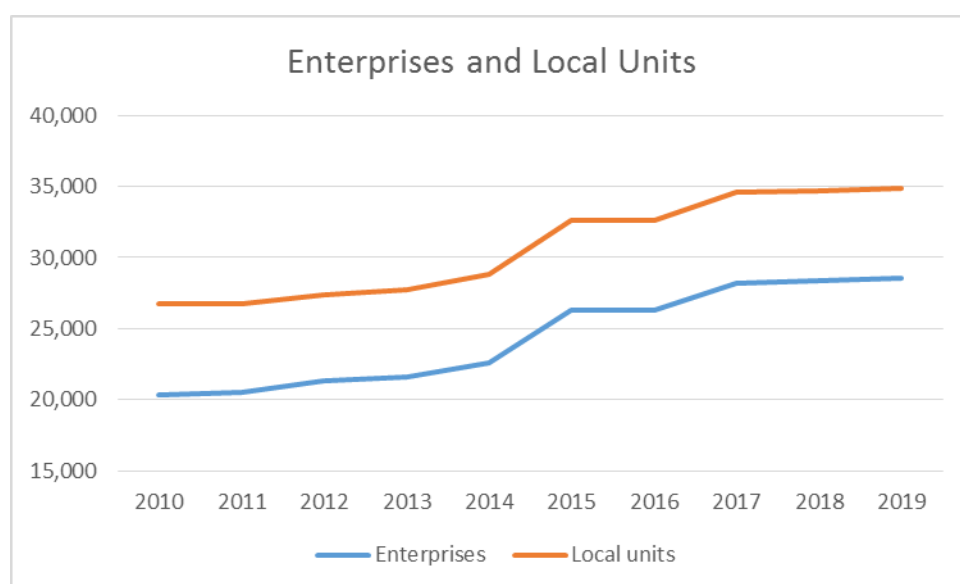
ONS provides two datasets on business formation from the IDBR:

- Enterprise Stock – Details by location, type of activity and size of business at March each year.
- Business Demography – Enterprises by activity, births, deaths and survival rates throughout the year. No industry breakdown is available.

ENTERPRISE STOCK – A SNAPSHOT

ONS provides a snapshot of enterprise stock from the IDBR each March. Data is available on Enterprises ('businesses') and Local Units ('branches').

LEEDS LOCAL ENTERPRISES AND LOCAL UNITS



The analysis below looks at Enterprises.

BY LOCATION

- Leeds was the 2nd largest enterprise centre after Birmingham, with 28,575 enterprises.
- For the 10 areas covered: Leeds had the 46th highest growth between 2014 and 2019.

Enterprise Stock: 2014 to 2019					
	2014	2018	2019	% change	
				2014-19	2018-19
GB	2.2m	2.6m	2.6m	20	2
Core Cities	141,860	181,715	184,695	30	2
Y&H	156,320	183,275	185,795	19	1
LCR	89,380	105,775	107,515	20	2
WY	63,100	75,835	77,200	22	2
Birmingham	26,690	34,565	36,710	38	6

ONS BUSINESS DEMOGRAPHY METHODOLOGY

The starting point for demography is the concept of a population 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. Births and deaths are then identified by comparing active populations for different years.

Births: A birth is defined as a business that was present in year t, but did not exist in year t-1 or t-2. Births do not include entry into the population as a result of mergers, break-ups, split offs or other restructuring. It is important to note that a business that is active in year t could also have been a birth in year t.

Deaths: A death is defined as a business that was on the active file in year t but was no longer present on the active file in year t+1 or t+2.

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. A business is considered to have survived if it is active in any part of the survival year under consideration.

COMPARISON WITH BERR STATISTICS

The main difference between ONS Business Demography and the BERR VAT – based publication is the inclusion of PAYE only records. The Business Demography methodology takes into account businesses that were active at any time during the reference year, whereas the BERR series is based on a snapshot taken from the Inter-Departmental Business Register at a point in time in March.

Overall, the ONS Business Demography series shows higher numbers of business births and deaths than the BERR VAT-based statistics. The ONS enterprise national birth rate (as a proportion of active enterprises) was 13.1% in 2007, compared to 10.1% in the BERR VAT-based series. The ONS enterprise death rate (as a proportion of active enterprises) was 9.9% in 2007, compared to 7.3% in the BERR VAT-based series.

The figures do not give a complete picture of business start-ups and closures. Once non-VAT registered and non-PAYE are added in, the actual number of businesses in Leeds is probably between 45,000 and 50,000. This compares with a BERR stock figure of 20,710 in 2007 and an ONS figure of 32,405 in 2016.

Data are not available at the ward level.

VAT DATA: STOCK, REGISTRATIONS AND DE-REGISTRATIONS

The table below shows the former BERR series and current ONS statistics. It covers the period 1997-2007 for the BERR series and 2004-2018 for the ONS series. It covers enterprises, not local units.

- The number of active businesses in Leeds has increased each year to 2017, reaching 33,335. In 2018 it decreased marginally to 32,890
- The number of business births in 2018 was 4,065 while deaths were 4,135 – a net loss of 70.

Enterprise registrations and de-registrations, Leeds MD					
BERR series : VAT only					
Year	Stock at start of year	Registrations	De-registrations	Net Change	Stock at end of year
1997	17,485	1,955	1,690	265	17,750
1998	17,750	1,915	1,700	215	17,965
1999	17,965	1,860	1,730	135	18,095
2000	18,095	1,935	1,755	180	18,280
2001	18,280	1,835	1,765	70	18,350
2002	18,350	1,970	1,855	115	18,465
2003	18,465	2,140	1,720	420	18,885
2004	18,885	2,080	1,750	325	19,210
2005	19,210	1,975	1,545	430	19,640
2006	19,640	2,025	1,625	395	20,040
2007	20,040	2,435	1,770	670	20,710
ONS Business Demography series : VAT/PAYE					
		Births	Deaths	B-D	Active
2004		2,860	2,595	265	22,660
2005		2,955	2,650	305	22,965
2006		2,740	2,330	410	23,020
2007		2,995	2,420	575	23,690
2008		2,770	2,480	290	24,190
2009		2,500	3,030	-530	24,315
2010		2,830	2,790	40	24,780
2011		2,910	2,540	370	24,700
2012		2,970	2,740	225	25,100
2013		3,895	2,715	1,180	26,155
2014		4,275	2,770	1,505	27,625
2015		4,315	3,085	1,230	28,905
2016		4,820	3,110	1,710	32,405
2017		3,815	4,555	-740	33,335
2018		4,065	4,135	-70	32,890
NB. The number of Active Businesses - Eurostat's definition - are those active at any time over the course of the calendar year, rather than a specific point in time. So the number of Active Businesses in 2018 will not equal those in 2017 + Births – Deaths.					

COMPARATIVE CHANGE IN STOCK FOR MAIN URBAN AREAS

For Britain's largest employment centres, Leeds with 32,890 active enterprises in 2018 - the 2nd largest after Birmingham with 46,675.

Between 2013 and 2018 growth in Leeds was 26%. This was less than the as Core Cities (33%), but greater than Great Britain (20%), Leeds City Region (18%) and Yorkshire and the Humber (16%).

Between 2017 and 2018, of the 12 areas covered Leeds had the lowest change.

Main employment centres: Active enterprises					
	2018	2017	2013	% change	
				2013-18	2017-18
Manchester	31,925	31,005	18,280	75	3
Liverpool	18,880	17,020	12,570	50	11
Birmingham	46,675	43,520	32,235	45	7
Leeds	32,890	33,335	26,155	26	-1
Nottingham	10,580	10,380	8,635	23	2
Glasgow	22,215	21,840	18,490	20	2
Bristol	20,495	20,535	17,255	19	-
Cardiff	12,885	12,875	10,800	19	0
Newcastle	9,460	9,365	7,950	19	1
Sheffield	18,230	18,180	15,815	15	-
Bradford	17,450	17,525	15,195	15	-
Kirklees	16,460	16,355	14,465	14	1
Great Britain	2,878,025	2,864,990	2,392,750	20	-
Inner London	325,870	323,425	245,615	33	1
Leeds City Region	116,955	116,855	99,325	18	-
West Yorkshire	86,710	86,585	72,535	20	-
Yorkshire & Humber	197,660	198,065	169,980	16	-
Core Cities	224,235	218,055	168,185	33	3

Source: ONS – Business Demography: VAT + PAYE

BIRTHS FOR MAIN URBAN AREAS

For Britain's largest employment centres, Leeds with 4,065 enterprise births in 2018 was the 4th largest after Birmingham with 9,410, Manchester with 7,285 and Liverpool with 4,2115.

Between 2013 and 2018 growth in Leeds was 4%. This was less than the Core Cities (40%) and Great Britain (10%), but higher than Leeds City Region (1%) and Yorkshire and the Humber (1%).

Between 2017 and 2018, of the 12 areas covered Leeds the 5th highest.

Main employment centres: Birth of enterprises					
	2018	2017	2013	% change	
				2013-18	2017-18
Manchester	7,385	8,460	3,385	118	-13
Liverpool	4,215	3,735	2,250	87	13
Birmingham	9,410	6,770	5,285	78	39
Nottingham	1,575	1,440	1,335	18	9
Glasgow	3,075	3,105	2,830	9	-1
Newcastle	1,260	1,280	1,195	5	-2
Leeds	4,065	3,815	3,895	4	7
Sheffield	2,165	2,200	2,145	1	-2
Bristol	2,535	2,565	2,570	-1	-1
Kirklees	1,960	1,800	2,010	-2	9
Bradford	2,155	2,150	2,250	-4	-
Cardiff	1,590	1,645	1,665	-5	-3
Great Britain	374,680	375,030	341,420	10	-
Inner London	53,840	50,800	44,950	20	6
Leeds City Region	13,950	13,350	13,810	1	4
West Yorkshire	10,685	10,000	10,460	2	7
Yorkshire & Humber	23,405	22,600	23,120	1	4
Core Cities	37,275	35,015	26,555	40	6

Source: ONS – Business Demography: VAT + PAYE

SURVIVAL RATES

The table below shows the survival rates in years 1, 3 and 5 for births in 2013.

- Leeds had the equal 3rd highest survival rate after 3 years and 5 years
- The 5th equal highest after 1 year
- It is on par with GB, Y&H and LCR, but is higher than the Core Cities

Survival rates of births in 2013			
Area	1 year	3 years	5 years
Bristol	92	62	44
Kirklees	95	62	44
Sheffield	94	59	43
Leeds	93	61	43
Bradford	95	61	42
Cardiff	93	61	42
Birmingham	93	57	39
Nottingham	93	56	38
Newcastle	92	56	38
Manchester	93	55	38
Glasgow	93	57	38
Liverpool	94	52	36
GB	94	61	42
Inner London	91	56	37
Leeds City Region	94	61	44
Yorkshire and Humber	94	61	43
Core Cities	93	58	40
West Yorkshire	94	61	43
Source: ONS – Business Demography			

The table below shows the 1-year survival rates for businesses started between 2013 and 2017

- Leeds has average 1-year survival rates for the 12 locations
- They also tend to be lower than the sub-regions

1-year survival rates for businesses started in:					
	2013	2014	2015	2016	2017
Kirklees	95	93	92	92	91
Sheffield	94	92	90	92	89
Bradford	95	93	92	90	89
Bristol	92	90	90	89	89
Manchester	93	92	89	91	88
Liverpool	94	93	90	90	88
Nottingham	93	93	88	90	87
Birmingham	93	90	90	92	87
Leeds	93	92	88	91	86
Cardiff	93	92	89	90	86
Newcastle	92	89	87	91	86
Glasgow	93	90	87	91	85
Leeds City Region	94	92	90	91	89
West Yorkshire	94	92	90	91	89
GB	94	92	90	92	89
Y & H	94	92	91	92	89
Core Cities	93	91	89	91	88
Inner London	91	89	83	88	86
Leeds Ranking	5 th	5 th	9 th	4 th	9 th