

Statistical bulletin

# Business demography, UK: 2020

Change in the number of UK businesses broken down by district and industry.



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# 1 . Main points

- Between 2019 and 2020 the number of UK business births decreased from 390,000 to 358,000, a birth rate of 11.9% in 2020 compared with 13.0% in 2019.
- The number of UK business deaths decreased from 324,000 to 316,000 between 2019 and 2020, a death rate of 10.5% compared with 10.8% in 2019.
- London had both the highest business birth rate at 14.0%, and death rate at 12.1%.
- The transport and storage (including postal) industry had both the highest business birth rate at 23.4% and death rate at 14.7%.
- In 2020, there were 12,000 high-growth businesses in the UK, measured by employment, compared with 13,000 in 2019.

## 2 . Business birth and death rates, 2015 to 2020

Figure 1 shows that both business birth and death rates fell in 2020. The decrease in the business birth rate is greater than the decrease in the business death rate.

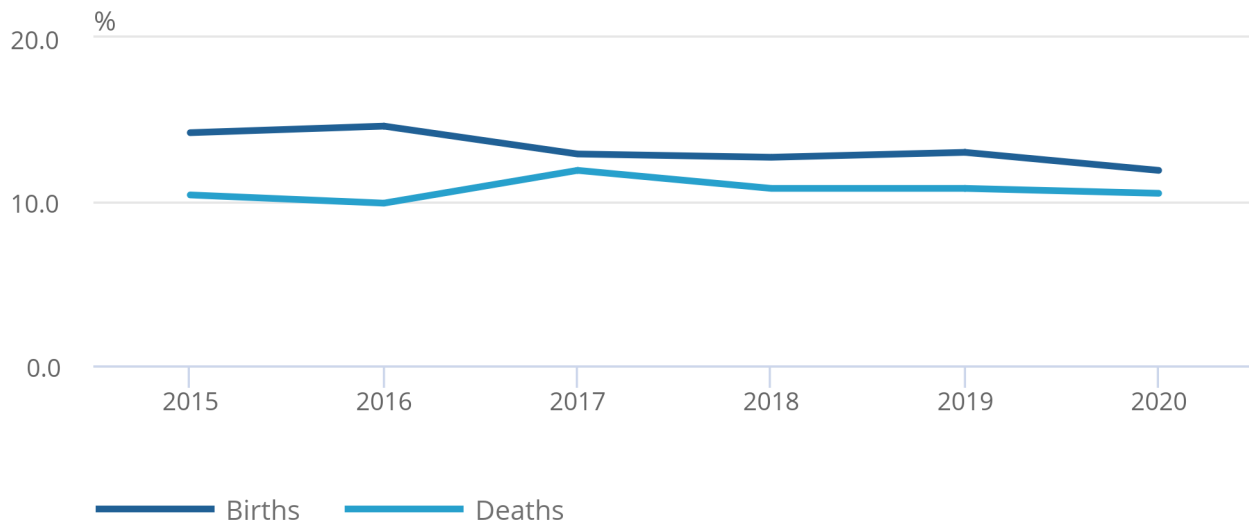
The business birth rate is the lowest it has been since 2012, with most industries showing lower birth rates in 2020 than in 2019. It is likely that the coronavirus (COVID-19) pandemic has contributed towards this. However, not all industries showed a lower birth rate in 2020. There was an increase of 80% in the number of new postal and courier businesses created because of the increased demand for online shopping.

### Figure 1: In recent years the rate of business births has exceeded the rate of business deaths

Birth and death rates of businesses, UK: 2015 to 2020

#### Figure 1: In recent years the rate of business births has exceeded the rate of business deaths

Birth and death rates of businesses, UK: 2015 to 2020



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

There were approximately 3.0 million active businesses in the UK during 2020, an increase of 13,000 on 2019 (Table 1). Estimates for 2020 are available in [greater geographical and industrial detail from the datasets](#).

Table 1: Business birth and death rates, UK: 2015 to 2020

**Count to nearest thousand**

	<b>Active Births</b>			<b>Deaths</b>	
	<b>Count</b>	<b>Count</b>	<b>Rate (%)</b>	<b>Count</b>	<b>Rate (%)</b>
<b>2015</b>	2,699	383	14.2	282	10.4
<b>2016</b>	2,834	414	14.6	281	9.9
<b>2017</b>	2,917	376	12.9	346	11.9
<b>2018</b>	2,916	370	12.7	314	10.8
<b>2019</b>	2,990	390	13.0	324	10.8
<b>2020</b>	3,003	358	11.9	316	10.5

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

Notes

1. The deaths count provided in this table for 2019 and 2020 are provisional.

### 3 . Industries with the highest business births and deaths rates

The transport and storage (including postal) industry had the highest business birth rate at 23.4%. This industry has had the highest business birth rate since 2017. There has been a significant rise in small courier businesses. This resulted from the rise in online shopping during 2020. Some of these single-employee limited companies tend to be registered for a short period of time, leading to large numbers of business births and deaths in the industry. This has contributed to the transport and storage (including postal) industry having the highest death rate, at 14.7%, as well as the highest birth rate.

Table 2: Birth and death rates by broad industry group, UK: 2020

Counts given to the nearest thousand

	Active Births			Deaths	
	Count	Count	Rate (%)	Count	Rate (%)
<b>Production</b>	174	16	9.3	14	8.3
<b>Construction</b>	405	45	11.1	36	9.0
<b>Motor trades</b>	85	8	9.1	6	7.0
<b>Wholesale</b>	119	14	12.0	9	8.0
<b>Retail</b>	243	36	14.7	24	9.9
<b>Transport and storage (inc. postal)</b>	161	38	23.4	24	14.7
<b>Accommodation and food services</b>	189	26	13.9	22	11.4
<b>Information and communication</b>	258	24	9.4	33	12.8
<b>Finance and insurance</b>	47	5	10.5	5	11.6
<b>Property</b>	134	15	11.3	12	9.0
<b>Professional; scientific and technical</b>	531	54	10.2	60	11.3
<b>Business administration and support services</b>	305	48	15.6	43	14.1
<b>Education</b>	46	5	9.8	4	8.4
<b>Health</b>	115	9	8.2	8	7.2
<b>Arts; entertainment; recreation and other services</b>	192	15	7.8	15	7.8
<b>Total</b>	3,003	358	11.9	316	10.5

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

#### Notes

1. The deaths counts provided in this table for 2020 are provisional.
2. Please note that figures are rounded.

[Employer business demography](#) can also measure births and deaths of businesses. This measure not only shows the number of new business births (with one or more employees), but also the existing businesses that have started to employ at least one person. Likewise, the deaths not only show the number of businesses with employees that cease to trade but also the number of businesses that stop employing staff.

Tables 3 and 4 show business births and deaths broken down by industry. They compare the total number of businesses, the businesses with at least one employee and those businesses with two or more employees. These tables show that the business births and deaths in the transport and storage industry are mainly single-person businesses. For businesses employing two or more staff, accommodation and food services showed the highest birth rate, at 12.5%, while business administration and support services had the highest death rate, at 9.3%.

Table 3: Comparison of business births by industry and employee size bands, UK: 2020

**Counts given to the nearest thousand**

	<b>Business demography</b>	<b>Employers demography</b>	<b>2 or more employees</b>
<b>Production</b>	16,270	15,205	4,680
<b>Construction</b>	45,055	40,920	10,685
<b>Motor trades</b>	7,770	7,115	2,090
<b>Wholesale</b>	14,305	13,660	2,935
<b>Retail</b>	35,670	32,720	7,970
<b>Transport and storage (inc. postal)</b>	37,655	20,295	5,230
<b>Accommodation and food services</b>	26,130	25,960	18,750
<b>Information and communication</b>	24,200	23,560	5,065
<b>Finance and insurance (Excl 6420)</b>	4,905	4,860	1,285
<b>Property</b>	15,140	14,670	3,040
<b>Professional, scientific and technical</b>	54,060	52,230	11,100
<b>Business administration and support services</b>	47,630	46,875	14,420
<b>Education</b>	4,540	4,375	1,545
<b>Health</b>	9,345	9,280	2,975
<b>Arts, entertainment, recreation and other services</b>	15,050	13,745	5,500
<b>Total</b>	<b>357,725</b>	<b>325,470</b>	<b>97,270</b>

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

Notes

1. Please note that figures are rounded.

Table 4: Comparison of business deaths by industry and employee size bands, UK: 2020

Counts given to the nearest thousand

	<b>Business demography</b>	<b>Employers demography</b>	<b>2 or more employees</b>
<b>Production</b>	14,380	13,130	3,890
<b>Construction</b>	36,405	30,215	7,875
<b>Motor trades</b>	5,920	4,755	1,580
<b>Wholesale</b>	9,465	8,375	2,335
<b>Retail</b>	24,170	20,580	6,790
<b>Transport and storage (inc. postal)</b>	23,630	15,320	4,600
<b>Accommodation and food services</b>	21,505	20,715	13,665
<b>Information and communication</b>	33,070	32,195	5,920
<b>Finance and insurance (Excl 6420)</b>	5,440	5,325	1,135
<b>Property</b>	12,060	10,770	1,955
<b>Professional, scientific and technical</b>	60,025	56,445	9,855
<b>Business administration and support services</b>	43,135	41,835	11,790
<b>Education</b>	3,915	3,655	1,135
<b>Health</b>	8,265	8,175	2,600
<b>Arts, entertainment, recreation and other services</b>	14,925	12,430	4,570
<b>Total</b>	<b>316,310</b>	<b>283,920</b>	<b>79,695</b>

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

Notes

1. Please note that figures are rounded.

## 4 . Regions with the highest business births and deaths

At a regional level, London had the highest business birth rate at 14.0%. The main industry impacting the births in London was professional, scientific and technical at 17.4%, 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 12.1%. Again, the biggest proportion of these deaths was in the professional, scientific and technical industry at 21.9%. Within this figure, the management consultancy activities industry was the biggest contributor making up 42.4% of the business deaths.

Table 5: Birth and death rates by region, UK: 2020

Counts given to the nearest thousand

	Active Births			Deaths	
	Count	Count	Rate (%)	Count	Rate (%)
<b>North East</b>	77	10	12.3	8	10.1
<b>North West</b>	294	38	12.9	31	10.6
<b>Yorkshire and The Humber</b>	204	24	11.7	20	9.7
<b>East Midlands</b>	199	24	12.1	20	10.0
<b>West Midlands</b>	243	30	12.2	29	11.9
<b>East</b>	296	32	10.8	30	10.2
<b>London</b>	637	89	14.0	77	12.1
<b>South East</b>	465	51	10.9	47	10.0
<b>South West</b>	238	25	10.4	22	9.1
<b>Wales</b>	104	12	11.4	10	9.8
<b>Scotland</b>	181	18	9.8	19	10.3
<b>Northern Ireland</b>	65	6	9.9	5	7.6
<b>Total</b>	3,003	358	11.9	316	10.5

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

### Notes

1. The deaths counts provided in this table for 2020 are provisional.
2. Please note that figures are rounded.



## 5 . The South West continued to have the highest five-year survival rate

The survival rates show the percentage of businesses that survived into 2020. 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.

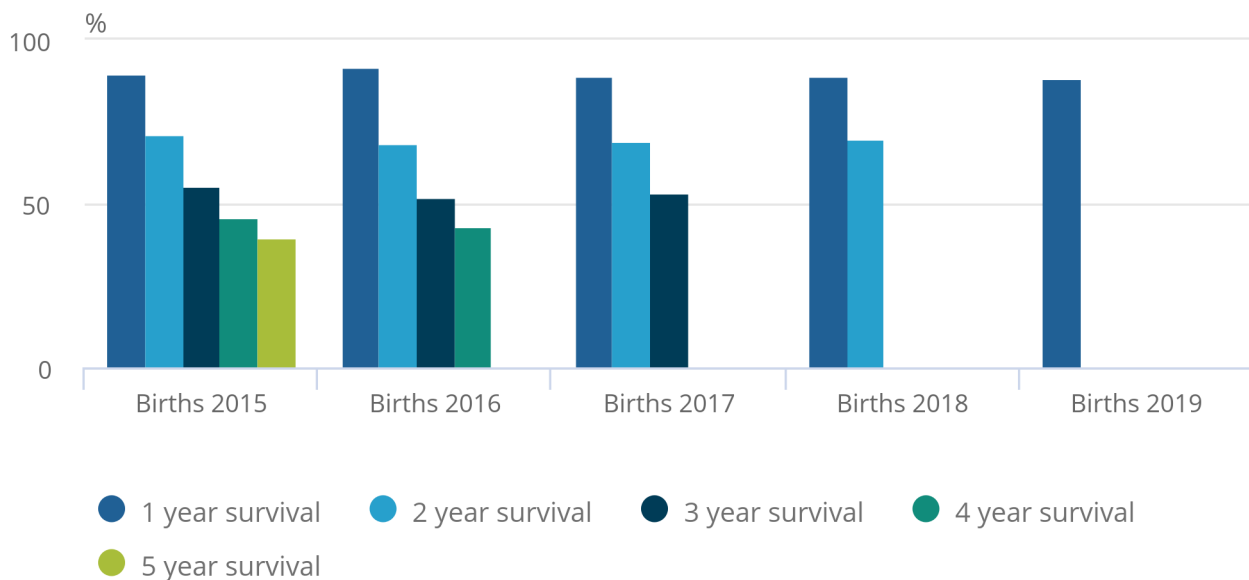
The lowest five-year survival rate was in London at 36.7%. London has had the lowest five-year survival rate since 2014.

**Figure 2: The five-year survival rate for businesses born in 2015 was 39.6%**

Survival rates of UK businesses born between 2015 and 2019

Figure 2: The five-year survival rate for businesses born in 2015 was 39.6%

Survival rates of UK businesses born between 2015 and 2019



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

Notes:

1. There was a change in the reference period for the 2016 data. Please refer to measuring the data section for further information.

## 6 . In 2020 there were 12,000 high-growth businesses in the UK

At the UK level, out of 278,000 businesses in 2020 that had 10 or more employees, 12,000, or 4.3%, were classed as being high growth, a decrease of 0.2 percentage points compared with last year.

## Breakdown by region

London was the region with the largest number of businesses showing high growth, a count of 2,690 or 5.5%. Scotland had the smallest high-growth rate, at 3.7%.

Table 6: High growth rates by region, UK: 2020

### Counts given to the nearest thousand

	High Growth Actives (10 or more) % Rate		
	Count	Count	Rate (%)
North East	330	8,635	3.8
North West	1,300	29,520	4.4
Yorkshire and The Humber	890	21,450	4.1
East Midlands	770	19,370	4.0
West Midlands	865	22,530	3.8
East	1,070	25,665	4.2
London	2,690	49,165	5.5
South East	1,715	39,670	4.3
South West	990	24,100	4.1
Wales	440	10,750	4.1
Scotland	745	20,065	3.7
Northern Ireland	285	7,530	3.8
<b>Total</b>	<b>12,090</b>	<b>278,450</b>	<b>4.3</b>

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

### Notes

1. Please note that figures are rounded.

## Breakdown by broad industry group

The industry with the highest percentage of businesses in high growth was information and communication, at 8.4%, followed by finance and insurance, at 7.7%. The industry with the smallest percentage of high-growth businesses was accommodation and food services, at 2.9%.

Table 7: High growth rates by broad industry group, UK: 2020

Counts given to the nearest thousand

	High Growth Count	Actives (10 or more) Count	% rate Rate (%)
<b>Production</b>	1,140	32,030	3.6
<b>Construction</b>	855	20,055	4.3
<b>Motor trades</b>	190	6,440	3.0
<b>Wholesale</b>	730	18,275	4.0
<b>Retail</b>	700	19,460	3.6
<b>Transport and storage (inc. postal)</b>	415	10,085	4.1
<b>Accommodation and food services</b>	1,140	38,700	2.9
<b>Information and communication</b>	1,120	13,290	8.4
<b>Finance and insurance</b>	380	4,915	7.7
<b>Property</b>	195	6,530	3.0
<b>Professional; scientific and technical</b>	1,415	28,275	5.0
<b>Business administration and support services</b>	1,400	23,535	5.9
<b>Education</b>	360	8,160	4.4
<b>Health</b>	1,395	31,285	4.5
<b>Arts; entertainment; recreation and other services</b>	655	17,415	3.8
<b>Total</b>	12,090	278,450	4.3

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

### Notes

1. Please note that figures are rounded.

## 7 . UK Demography data

[Business Demography, UK](#)

2020 | Released 18 November 2021

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

## 8 . 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 Value Added Tax (VAT) and/or Pay As You Earn (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, VAT and 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.

### Employer business birth

New businesses with at least one employee as well as existing non-employer businesses that have become employer businesses.

### Employer business death

Businesses that ceased to trade with at least one employee, as well as businesses that cease to employ staff.

### Employer business demography

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 all businesses with an average growth in employment of greater than 20%, per annum, over a three-year period (between 2017 to 2020). The size threshold used to identify these businesses is that they have ten or more employees.

### Inter-Departmental Business Register

The Inter-Departmental Business Register (IDBR) is a database of all businesses in the UK registered for VAT and/or the PAYE Income Tax system. There are approximately 2.8 million businesses on the IDBR. The IDBR is the register of UK businesses used as a sampling frame for the business surveys run by the Office for National Statistics (ONS).

### 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  $t+1$ .

## 9 . 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](#).

## 10 . 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. To help users assess the impact of these registrations, we have published [an article on multiple registrations](#) to explain this issue in more detail with a dataset giving rounded counts at district level for births of these businesses.

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 the 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.

## 11 . Related links

[Multiple business registrations at a single postcode: 2020](#)

Article | Released 18 November 2021

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

[Business demography, quarterly experimental statistics](#)

Bulletin | Released 28 October 2021

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

[UK business: activity, size and location: 2021](#)

Bulletin | Released 4 October 2021

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

[Business Population Estimates](#)

Bulletin | Released 7 October 2021

Annual business population estimates for the UK and regions in 2021.