

Statistical bulletin

Business demography, UK: 2021

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



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1 . Main points

- Between 2020 and 2021, the number of UK business births increased from 333,000 to 364,000; this represents a birth rate of 12.4% in 2021, compared with 11.5% in 2020.
- The number of UK business deaths increased from 299,000 to 327,000 between 2020 and 2021; this represents a death rate of 11.1%, compared with 10.3% in 2020.
- The transport and storage (including postal) industry had the highest business birth rate, at 25.9%, and the highest death rate, at 21.8%.
- In 2021, there were 10,695 high-growth businesses in the UK, measured by employment, compared with 12,090 in 2020.

2 . Business birth and death rates, 2016 to 2021

Both business birth and death rates increased in 2021, and at a similar rate to one another.

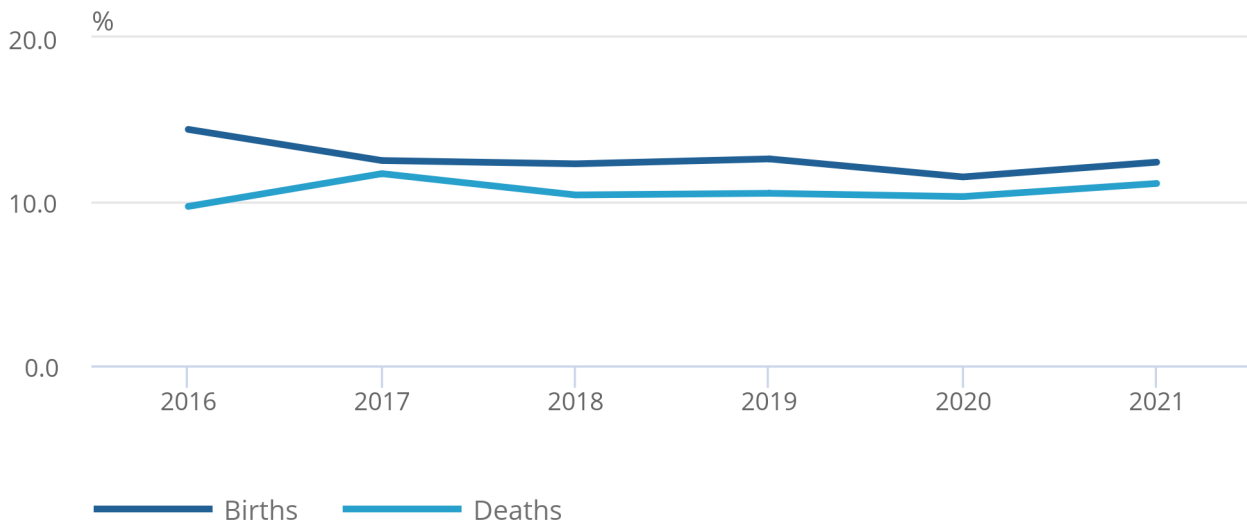
The business birth rate, although increasing from 11.5% to 12.4%, is still two percentage points lower in 2021 than the rate seen in 2016. However, most industries are showing higher birth rates in 2021 than in 2020. It is likely that the coronavirus (COVID-19) pandemic contributed towards lower business birth rates in 2020.

Figure 1: Birth and death rates of businesses

UK, 2016 to 2021

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UK, 2016 to 2021



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

There were approximately 2.9 million active businesses in the UK during 2021, an increase of 43,000 on 2020 (Table 1). Estimates for 2021 are available in greater geographical and industrial detail in [our Business demography. UK dataset](#).

Table 1: Business birth and death rates
UK, 2016 to 2021

Count to nearest thousand

	Active Births			Deaths	
	Count	Count	Rate (%)	Count	Rate (%)
2016	2,768	398	14.4	269	9.7
2017	2,845	357	12.5	331	11.7
2018	2,841	349	12.3	297	10.4
2019	2,889	364	12.6	303	10.5
2020	2,897	333	11.5	299	10.3
2021	2,940	364	12.4	327	11.1

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

Notes

1. The death counts provided in this table for 2020 and 2021 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 25.9%. This industry has had the highest business birth rate since 2017. The significant rise in small or single-person courier businesses to meet the demand for home delivery in 2020 continued into 2021. In a similar vein, the large death rate from this type of business also continued into 2021, with the death rate rising from 14.7% in 2020 to 21.8% in 2021. The second-largest birth rate in 2021 came from the accommodation and food industry, at 15.8%. This high birth rate may have resulted from an increase in demand for businesses in the accommodation and food services sector, following on from lower demand caused by the coronavirus (COVID-19) pandemic in 2020.

Table 2: Birth and death rates by broad industry group
UK, 2021

Counts given to the nearest thousand

	Active Births			Deaths	
	Count	Count	Rate (%)	Count	Rate (%)
Production	170	16	9.5	15	8.6
Construction	411	53	12.9	37	8.9
Motor trades	87	9	10.1	6	6.8
Wholesale	119	13	11.4	9	7.6
Retail	251	39	15.5	25	9.8
Transport and storage (inc. postal)	178	46	25.9	39	21.8
Accommodation and food services	196	31	15.8	21	10.5
Information and communication	237	22	9.4	37	15.6
Finance and insurance	41	3	8.1	4	8.6
Property	118	12	10.5	7	6.1
Professional, scientific and technical	503	48	9.5	64	12.7
Business administration and support services	270	36	13.2	39	14.6
Education	47	5	11.5	4	7.6
Health	114	10	9.0	8	6.9
Arts, entertainment, recreation and other services	197	19	9.9	15	7.4
Total	2,940	364	12.4	327	11.1

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

Notes

1. The death counts provided in this table for 2021 are provisional.
2. Please note that figures are rounded.

Births and deaths of businesses can also be measured by employer business demography. 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 have stopped 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. Almost half of business births and just over a third of business deaths in the transport and storage industry are sole-proprietor businesses.

An analysis of the businesses which have at least two employees shows a generally similar pattern to that seen with all businesses, but not for all industries. Accommodation and food industries include less than 10% of all births for businesses with less than two employees, but make up almost 20% of births where businesses have at least two employees. This reflects the need for multiple employees in these industries.

Table 3: Comparison of business births by industry and employee size bands
UK, 2021

Counts given to the nearest thousand

	Business Demography	Employers Demography	2 or more employees
Production	16,110	15,000	5,265
Construction	52,975	48,105	15,375
Motor trades	8,860	8,210	2,810
Wholesale	13,480	12,820	2,835
Retail	38,865	35,630	9,910
Transport and storage (inc. postal)	46,145	25,975	8,900
Accommodation and food services	30,965	30,515	21,885
Information and communication	22,350	21,655	5,945
Finance and insurance (Excl 6420)	3,325	3,300	1,260
Property	12,355	11,915	3,745
Professional, scientific and technical	47,725	45,820	11,585
Business administration and support services	35,745	34,610	11,595
Education	5,385	5,195	2,100
Health	10,265	10,195	4,000
Arts, entertainment, recreation and other services	19,445	17,650	7,040
Total	363,995	326,595	114,250

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, 2021

Counts given to the nearest thousand

	Business Demography	Employers Demography	2 or more employees
Production	14,575	13,255	3,940
Construction	36,615	29,550	8,055
Motor trades	5,965	4,685	1,440
Wholesale	9,005	7,865	1,960
Retail	24,680	20,930	5,765
Transport and storage (inc. postal)	38,910	24,310	8,410
Accommodation and food services	20,520	19,915	13,685
Information and communication	36,875	35,900	6,090
Finance and insurance (Excl 6420)	3,560	3,510	985
Property	7,155	5,660	1,695
Professional, scientific and technical	64,080	60,190	10,190
Business administration and support services	39,455	37,940	11,445
Education	3,570	3,330	1,105
Health	7,885	7,815	2,635
Arts, entertainment, recreation and other services	14,535	11,995	4,340
Total	327,385	286,850	81,740

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, the West Midlands had the highest business birth rate at 14.2%. The main industry impacting births in the West Midlands was transport and storage at 22.1%, with the freight transport by road industry contributing two-thirds of this increase.

The West Midlands was also the region with the highest business death rate at 13.0%. The biggest proportion of these deaths was in business administration and support services, at 23.8%. Other business support services contributed four-fifths of this increase.

Table 5: Birth and death rates by region
UK, 2021

Counts given to the nearest thousand

	Active Births			Deaths	
	Count	Count	Rate (%)	Count	Rate (%)
North East	78	10	13.0	9	11.0
North West	291	39	13.4	34	11.6
Yorkshire and The Humber	203	25	12.3	22	10.9
East Midlands	198	23	11.8	22	10.9
West Midlands	240	34	14.2	31	13.0
East	291	33	11.4	31	10.7
London	606	85	14.1	70	11.5
South East	449	48	10.8	49	10.8
South West	237	26	10.9	23	9.8
Wales	106	14	13.2	12	11.5
Scotland	176	19	10.7	20	11.2
Northern Ireland	65	7	10.3	5	8.0
Total	2,940	364	12.4	327	11.1

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

Notes

1. The death counts provided in this table for 2021 are provisional.
2. Please note that figures are rounded.

5 . Northern Ireland has the highest five-year survival rate

The region with the highest five-year survival rate was Northern Ireland at 47.3%. The survival rates show the percentage of businesses that survived into 2021. Northern Ireland replaces the South West, which had previously shown the longest five-year business survival rate since 2012. The largest proportion of these surviving businesses were in the construction industry.

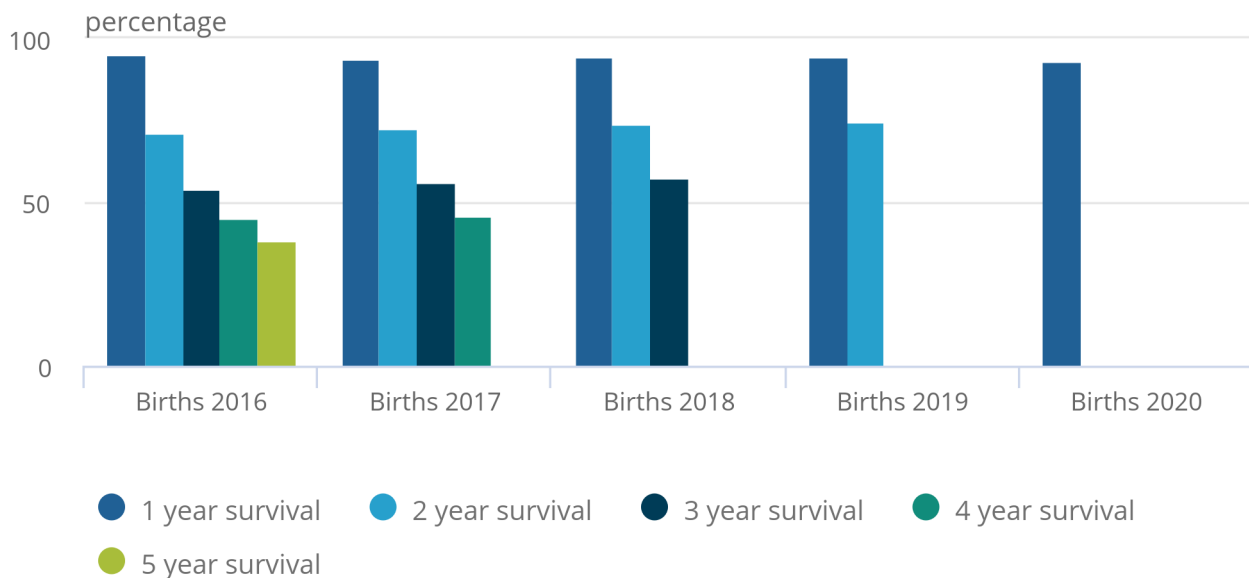
The region with the lowest five-year survival rate was the East of England at 33.9%.

Figure 2: The five-year survival rate for UK businesses born in 2016 is 38.4%

Survival rates of UK businesses born between 2016 and 2021

Figure 2: The five-year survival rate for UK businesses born in 2016 is 38.4%

Survival rates of UK businesses born between 2016 and 2021



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 the [Measuring the data section](#) for further information.

6 . In 2021, there were 10,695 high-growth businesses in the UK

At the UK level, out of 282,000 businesses in 2021 that had 10 or more employees, 10,695 businesses, or 3.8%, have been classed as being high growth. This was a decrease of 0.6 percentage points compared with last year.

Breakdown by region

London was the region with the largest number of businesses showing high growth, at 2,450 businesses, or 4.9%. Northern Ireland had the smallest high-growth rate, at 2.6%. All regions showed a fall in high-growth rate for 2021 compared with the previous year, other than the North East, which kept the same rate.

Table 6: High growth rates by region
UK, 2021

Counts given to the nearest thousand

	High Growth Actives (10 or more) % Rate		
	Count	Count	Rate (%)
North East	330	8,790	3.8
North West	1,165	29,960	3.9
Yorkshire and The Humber	775	21,745	3.6
East Midlands	670	19,440	3.4
West Midlands	775	23,385	3.3
East	945	26,015	3.6
London	2,450	49,605	4.9
South East	1,470	40,085	3.7
South West	925	24,430	3.8
Wales	395	10,920	3.6
Scotland	600	20,015	3.0
Northern Ireland	195	7,585	2.6
Total	10,695	281,975	3.8

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 7.7%, followed by finance and insurance at 5.5%. The industry with the smallest percentage of high-growth businesses was motor trades, at 2.5%. All industries showed a fall in high-growth rate in 2021 compared with 2020.

Table 7: High growth rates by broad industry group
UK, 2021

Counts given to the nearest thousand

	High Growth Actives (10 or more) % rate		
	Count	Count	Rate (%)
Production	960	31,755	3.0
Construction	720	20,755	3.5
Motor trades	160	6,480	2.5
Wholesale	605	18,015	3.4
Retail	640	20,030	3.2
Transport & storage (inc. postal)	380	10,890	3.5
Accommodation & food services	1,040	39,705	2.6
Information & communication	1,060	13,830	7.7
Finance & insurance	265	4,830	5.5
Property	170	6,555	2.6
Professional; scientific & technical	1,400	28,805	4.9
Business administration and support services	1,265	23,910	5.3
Education	320	8,135	3.9
Health	1,195	31,410	3.8
Arts; entertainment; recreation and other services	515	16,870	3.1
Total	10,695	281,975	3.8

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

Notes

1. Please note that figures are rounded.

7 . UK Demography data

[Business demography, UK](#)

Dataset | Released 17 November 2022

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

Employer business births include new businesses with at least one employee, as well as existing non-employer businesses that have become employer businesses.

Employer business death

Employer business deaths are businesses that ceased to trade with at least one employee, as well as businesses that ceased to employ staff.

Employers demography

Employer business demography is 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 2018 to 2021). The size threshold used to identify these businesses is that they have 10 or more employees.

Inter-Departmental Business Register (IDBR)

The IDBR is a database of all businesses in the UK registered for VAT and/or the PAYE income tax system. There are approximately 2.9 million businesses on the IDBR. The IDBR is the register of UK businesses used as a sampling frame for Office of National Statistics (ONS) business surveys.

Survivals

A business is deemed to have survived if it was born in year t or has survived to year t , and 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 (QMI) on strengths, limitations, appropriate uses, and how the data were created is available in the [QMI](#).

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](#) statistics 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 our business demography [dataset](#) shows the adjustments made to the death data for reactivations.

In recent years, the number of multiple business registrations at a single postcode on the [Inter-Departmental Business Register \(IDBR\)](#) have increased, affecting the number of births, deaths and survival rates. There are several reasons why these multiple registrations can occur, such as an increase in the use of management and personal service companies, virtual offices and foreign internet sellers. To help users assess the effect of these registrations, our article [Multiple business registrations at a single postcode](#) has been published to explain this issue in more detail, as its accompanying dataset gives rounded counts at district level for births of these businesses.

An improvement has been made to the data shown in this publication. For all of the years covered in this release (2016 to 2021), businesses that have neither VAT nor PAYE, but do have a live company number, have been removed from the figures. They have been removed because they can misrepresent business birth and death figures.

We create these enterprises on the IDBR in order to monitor them, usually because they help to give the full picture on the enterprise group. Often these businesses do not have employment or turnover figures, but have some role in the enterprise group, perhaps as the parent of the group. The vast majority of our business surveys exclude these cases, but they have been included in both annual and quarterly demography results until now.

These businesses will also be removed from the next set of quarterly business demography results, which are due to be released towards the end of January 2023. The next quarterly business demography release will also include commentary on the differences in business births and deaths between the annual figures and the quarterly figures.

Industrial classification of businesses on the IDBR often comes from imperfect sources. We have embarked on a programme of work to examine the quality of the industrial classification for businesses which come onto the IDBR. All aspects of classification will be examined. Previous examination of the quality of the SIC held for businesses has focused on single-site businesses, but this work will go further to include businesses of any size. ONS methodology experts will oversee this work, which is already underway, and which we expect to report on in 2023.

11 . Related links

[Multiple business registrations at a single postcode, UK: 2021](#)

Article | Released 17 November 2022

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

[Business demography, quarterly experimental statistics, UK](#)

Bulletin | Released 27 October 2022

Business births and deaths from the Inter-Departmental Business Register (IDBR) with high-level breakdowns by industry and region. Quarterly Experimental Statistics.

[UK business: activity, size and location: 2022](#)

Bulletin | Released 28 September 2022

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

[Business population estimates](#)

Bulletin | Updated 6 October 2022

Annual business population estimates for the UK and regions in 2022.

12 . Cite this statistical bulletin

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