

DP 93/99-03

dti



dti

Department of Trade and Industry

## Statistical News Release

P/2000/600

4 September 2000

### Business start-ups and closures: VAT registrations and de-registrations in 1999

Estimates of the number of enterprises registering and de-registering for VAT in 1999, and the stock of registered businesses at the start of 2000, are published today (1 September) by the Department of Trade and Industry. They are the best official guide to the pattern of business start-ups and closures across the UK and in each industry.

A bulletin containing estimates for local areas and for each of the UK's 200 main industries will be available from mid-October, price £25.

#### Key results

There were 178,500 registrations in the UK in 1999. There were 172,000 de-registrations in 1999, or one in ten of the businesses registered at the start of the year. There was a net gain of 6,500 registered enterprises during the year, increasing the stock of VAT registered businesses to 1.66 million at the start of 2000.

In 1999 there were 38 registrations for every 10,000 people age 16 or over in the UK. There were 37 de-registrations for every 10,000 people age 16 or over.

UK, thousands and rate per 10,000 resident adults					
	Registrations		De-registrations		Stock at
	'000	Rate	'000	rate	End-year
1994	168.2	36	188.1	40	1,609.3
1995	164.0	35	173.2	37	1,600.1

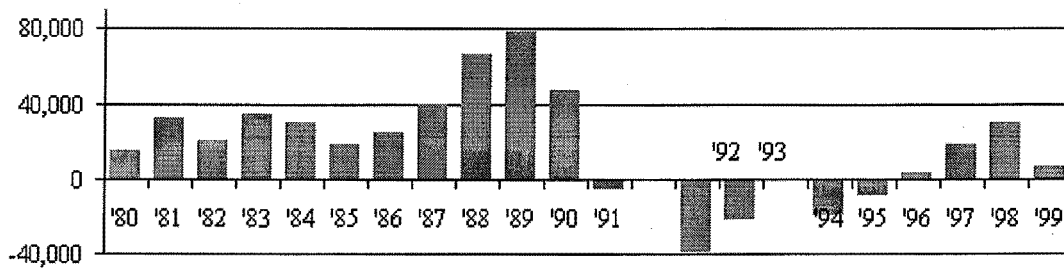
1996	168.2	36	165.1	35	1,603.2
1997	182.6	39	164.5	35	1,621.3
1998	186.3	40	155.9	33	1,651.6
1999	178.5	38	172.0	37	1,658.1
1998-99	-7.8	-2	16.0	3	6.5

Source: Small Business Service (Research Unit).

The number of registrations fell by 7,800 (or 4%) between 1998 and 1999. The number of de-registrations rose by 16,000 (or 10.3%). The net gain of 6,500 enterprises during 1999 shows a rise in the total business stock for the fourth consecutive year.

Figure 1  
Net change in the stock of VAT registered enterprises, 1980-99<sup>1</sup>

UK, number



Source: Small Business Service (Research Unit).

1. Increases in the VAT registration threshold in 1991 and 1993 mean the estimates are only broadly comparable over this period.

**Industries**

In 1999 the number of registrations fell compared with 1998 in the agriculture, manufacturing, construction, business services, and other services sectors. There were 60,800 registrations in business services, a fall of 6,100. There were 11,900 registrations in manufacturing, a fall of 700.

In contrast there were 38,300 registrations in wholesale, retail and repairs, a rise of 600 since 1998. There were 17,600 registrations in hotels and restaurants, a rise of 800.

In 1999 there were 44,000 de-registrations in wholesale, retail and repairs, a rise of 2,300 compared with 1998. There were 42,700 de-registrations in business services, a rise of 8,300 compared with 1998. There were also large increases in the number of de-registrations in the manufacturing and construction sectors.

	Registrations		De-registrations		Stock	
		Change		Change	Start of 2000	Change
	1999	on 1998	1999	on 1998		during 1999
All industries	178.5	-7.8	172.0	16.0	1,658.1	6.5
Agriculture, fishing (A,B)	3.5	-0.5	5.8	-0.1	152.0	-2.3
Mining, energy (C,E)	0.2	*	0.3	*	1.6	-0.1
Manufacturing (D)	11.9	-0.7	16.6	1.7	153.4	-4.6

Construction (F)	17.8	-0.6	19.3	1.9	171.9	-1.6
Wholesale, retail, repairs (G)	38.3	0.6	44.0	2.3	385.6	-5.7
Hotels, restaurants (H)	9.4	0.1	9.0	0.8	74.8	0.4
Transport (I)	1.8	*	1.9	0.2	15.6	*
Finance (J)	60.8	-6.1	42.7	8.3	426.9	18.1
Business services (K)	2.2	0.1	1.8	-0.1	20.6	0.4
Education, health (M,N)	15.1	-1.5	13.7	0.1	149.8	1.4
Other services (L,O)						

Source: Small Business Service (Research Unit).  
 \* Fewer than 50 businesses.  
 Coverage is poorest in areas exempt from VAT – mainly health and education.

During 1999 the largest net losses were in wholesale, retail and repairs where de-registrations exceeded registrations by 5,700, and in manufacturing, where there was a net loss of 4,600 businesses. The largest net gain was again in business services where the stock of VAT registered businesses rose by 18,100. This industry sector has grown by over 120,000 in the six years to 1999 to 426,900 or one in four VAT registered businesses in the UK.

**Regions**

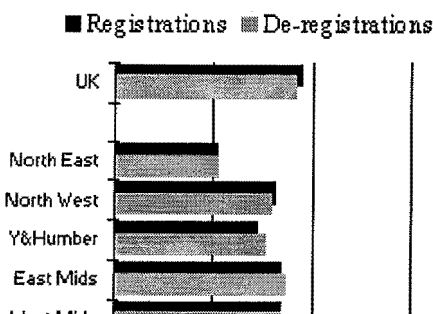
In 1999 there were 6,000 registrations in Wales, 11,400 in Scotland, and 3,600 in Northern Ireland. There were 37,300 registrations in London, the largest number of any English region, closely followed by the South East where there were 28,300 registrations. In London there were 66 registrations for every 10,000 residents age 16 or over, compared with just 21 in the North East. Most newly registered enterprises are small local businesses, so this high rate cannot be explained by the concentration of head offices in London. Registrations per 10,000 adults were higher in England (40) than in Wales (26) in Scotland (28) and in Northern Ireland (28). Within England there were high registration rates in the res of the South East (45), the East of England (40) and the South West (38).

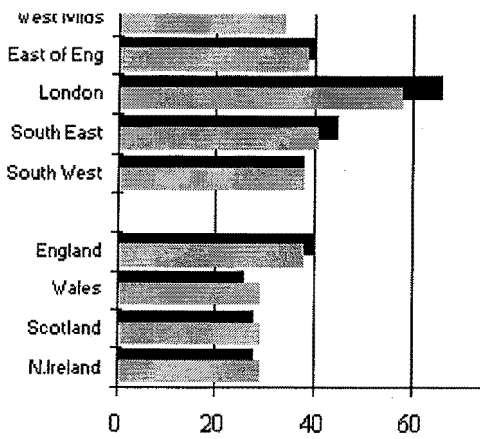
The number of registrations was lower than in 1998 in all English regions except the North East (up 0.4%). The largest percentage falls in registrations were in London, the South East and East Midlands.

Compared with 1998 the number of de-registrations increased in every country and region of the UK, with the largest increases in London (15.5%) and the South East (12.7%). Regions with a consistently high registration rate also tend to have a high de-registration rate. This reflects the short lifespan of many new enterprises.

In 1999 registrations outnumbered de-registrations in every region of England, except Yorkshire and the Humber, where there was a net loss of 700 businesses, the East Midlands with a net loss of 200, and the North East with a net loss of 100. There were also net losses in Wales (700), Scotland (500) and Northern Ireland (100). The largest net gains were in London (4,600) and in the South East (2,400). England as a whole had a net gain of 7,800 businesses.

Figure 2





Registration and de-registration rates (per 10,000 resident adults) by country and region, 1999  
 Source: Small Business Service (Research Unit).

## National Statistics

National Statistics are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. You can find a range of National Statistics on the Internet – [www.statistics.gov.uk](http://www.statistics.gov.uk)

Table 3  
 Enterprises registering and de-registering for VAT by country and region, 1999

	Registrations		De-registrations		Stock	
	1999	Change on 1998	1999	change on 1998	Start of 2000	Net change during 1999
United Kingdom	178.5	-7.8	172.0	16.0	1,658.1	6.5
North East	4.2	*	4.3	0.3	41.9	-0.1
North West	18.1	-0.5	17.2	1.1	160.9	0.9
Yorks and the Humber	11.6	-0.2	12.3	0.9	117.1	-0.7
East Midlands	11.3	-0.6	11.5	0.8	111.0	-0.2
West Midlands	14.4	-0.6	14.2	0.9	136.5	0.2
East of England	17.1	-0.8	16.5	1.3	163.3	0.6
London	37.3	-2.3	32.8	4.4	274.5	4.6
South East	28.3	-1.6	25.9	2.9	255.5	2.4
South West	15.1	-0.4	15.0	1.2	149.8	0.1
England	157.5	-7.1	149.7	13.8	1,410.4	7.8
Wales	6.0	-0.1	6.7	0.5	74.5	-0.7
Scotland	11.4	-0.4	11.9	1.0	118.7	-0.5
Northern Ireland	3.6	-0.1	3.6	0.8	54.6	-0.1

Source: Small Business Service (Research Unit)

\* Fewer than 50 businesses.

Number per 10,000 resident adults							
	Registrations		De-registrations		Stock		Change during 1999
	1999	change on 1998	1999	change on 1998	start of 2000		
United Kingdom	38	-2	37	3	354		1
North East	21	0	21	1	203		0
North West	33	-1	32	2	296		2
Yorks and the Humber	29	0	31	2	293		-2
East Midlands	34	-2	35	2	335		-1
West Midlands	34	-1	34	2	325		0
East of England	40	-2	39	3	384		1
London	66	-4	58	8	486		8
South East	45	-2	41	5	402		4
South West	38	-1	38	3	381		0
England	40	-2	38	4	360		2
Wales	26	-1	29	2	320		-3
Scotland	28	-1	29	2	289		-1
Northern Ireland	28	-2	29	6	432		0

Source: Small Business Service (Research Unit)

#### Notes to editors

- VAT registrations and de-registrations are the best official guide to the pattern of business start-ups and closures. They are an indicator of the level of entrepreneurship and of the health of the business population. As such they are used widely in regional and local economic planning.
- Coverage of the statistics is complete in all parts of the economy except a few VAT exempt sectors and the very smallest one person businesses operating below the threshold for VAT registration (from 1st April 1999 the VAT threshold was an annual turnover of £51,000).
- To make the figures as comparable as possible over time, a number of adjustments are made. The figures for recent years are increased slightly to allow for the small number of registrations and de-registrations that take more than a few months to be reported. The figures are also adjusted to allow for changes to the VAT system.
- Many factors influence the pattern of business start-ups. Among the most important are economic growth (encouraging new ventures and creating demand for business and personal services), the level of industrial restructuring and contracting out, and the stock of people with management or small business experience.
- The source of these figures is the Inter-Departmental Business Register (IDBR). It contains records of all businesses registered for VAT. The IDBR is administered by the Office for National Statistics (ONS), which publishes information on the stock of VAT registered businesses in *Size Analysis of UK Businesses (Ref: PA1003)*. The Small Business Service and ONS publications complement each other, although adjustments and minor differences in coverage mean that they contain slightly different estimates of the registered business population.
- A Statistical Bulletin, price £25, will be available from the SBS Research Unit **from the end of September**. It will contain;
  - industry by industry estimates for every country, region, county, unitary authority and local

authority district in the UK, 1994-99

- more detailed estimates for each of the UK's main 200 or so industries, 1994-99
- a disk containing historical data for the period 1980-93

7. For general enquiries about these statistics contact: 0114 2597538.

**Media Enquiries: 020 7215 2345**  
**Out of Hours: 020 7215 5110/5600**  
**Public Enquiries: 020 7215 5000**  
**Textphone (for people with hearing impairments): 020 7215 6740**  
**DTI website: [www.dti.gov.uk](http://www.dti.gov.uk)**  
**SBS website: [www.businessadviceonline.org](http://www.businessadviceonline.org)**



[Ordering publications](#)

[Return to Press Releases page](#)



---

[Home](#) - [Search](#) - [Guide](#) - [Contact Us](#)

[disclaimer](#) - [copyright](#) - [complaints procedure](#)