



BUSINESSES IN SUNDERLAND

2008

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KEY MESSAGES

Businesses (VAT/PAYE Registered Enterprises) in Sunderland

The new Business Demographics (BD) series, reported here, is more comprehensive than the old VAT series which it replaces; at District level, within Tyne and Wear, it records at least a fifth more enterprises than the VAT series.

During 2008 the UK entered recession (in Q3), and Sunderland appears particularly affected. Between 2007 and 2008, business numbers in Sunderland fell by 65 (-1.1%), underperforming the North East region (+2.2%) and the UK (+2.0%) (Figure 5). Four industries suffered net losses; “Manufacturing” (-60), “Property and Business Services” (-50), “Hotels and Catering” (-15) and “Construction” (-5) (Table 7.5).

Over the longer time period (2002 to 2008), however, business numbers in Sunderland rose by 12%, outperforming the UK (11%) but failing to match the North East (+16%).

In 2008, the number of enterprise deaths in Sunderland (645) was greater than the number of births (625).

Sunderland’s ‘New Business Registration Rate’ (National Indicator 171) was 27.1 per 10,000 adults in 2008 just half the (UK, 54.2). This was the lowest rate in Tyne and Wear. ([§ 5.1](#))

Sunderland’s percentage of small businesses showing employment growth (NI 172) was, however, high at 15.9% in 2007-08 (Great Britain, 14.4%). Sunderland consistently outperforms the national average on this measure.

Sunderland’s stock-based birth rate is usually higher (better) than the UK, 2008 was an exception. Its stock-based death rate is usually higher (worse) than the UK, 2002 and 2004 were exceptions. ([§ 6](#))

In 2008, the “Wholesale, Retail and Motor Trade” accounted for just over a fifth of active enterprises in Sunderland (UK 18.0%). The business share was also high for “Construction” (15.0%) and “Professional Scientific and Technical Activities” (12.8%). (Table 7.3)

Over the period 2003-2008:

- 36% of business births in Sunderland were in “Property and Business Services”; this industry accounted for 27% of business deaths.
- Three industries experienced a net loss in numbers; “Wholesale, retail and motor trades” (-50), “Other Services” (-30) and “Transport, Post and Telecommunications” (-20).

Businesses by Industry (2-digits from the Inter-Departmental Business Register, 2009)

The Retail Trade accounted for 13.9% of enterprises in Sunderland, closely followed by Specialised Construction Activities (9.9%). The national (England) rankings were the same, but the proportions were higher in Sunderland (Tables 8.1).

Whilst every effort has been taken to ensure the accuracy and reliability of the information presented in this report, TWRI does not accept responsibility for any errors in either the data or its analysis, howsoever they may have been caused.

INTRODUCTION

Businesses are crucial to the economic, and hence social, health of Tyne and Wear (TW). Businesses are now expected, by government, to provide the employment growth to offset the retrenchment in the public sector to 2015. The business base in TW is about two-fifths smaller than in the UK (compared with population); this is the weakest key economic indicator which TW has relative to the UK.

On the positive side, the business base has grown strongly in TW, faster than the UK each year from 2002 to 2007 (growing 15% from 2002-08). It is likely, however, that this performance was under-pinned by the public sector expansion in TW; this expanded employment faster than the UK at least up to 2003, and thus boosted consumer demand in the local economy. Indeed, at last, private sector employment growth contributed the majority of overall employment growth after 2003, at least up to 2007.

The size of the business base is partly a reflection of population – and the growth of the business base is partly a reflection of population growth. The vast majority of businesses are small, employing fewer than five people – and therefore largely serve local markets. Population growth helps small businesses; thus, for example, this has helped North Tyneside to achieve the fastest growth of its business base (20% over the years 2002-08). More broadly, TW's population growth in the 2000s has helped to underpin business growth.

This series of reports for 2008 seeks to outline the position in each District and the City Region (from 2003-08).

What is new?

The reports seek to show the initial impact of the recession (at least up to 2008); TW business numbers still grew by 1.3%.

For the first time, business numbers by industry (down to 2-digit SIC) are presented. This enables some insight into the composition of businesses, particularly in the crucial business services sector.

Use of the new wider BD dataset of businesses, which goes beyond the VAT series to include firms which are PAYE-only. This has expanded the coverage in TW by about a fifth to 25,800.

This report provides estimates of the number of business start-ups and closures in Sunderland and compares the Sunderland situation to Tyne and Wear (TW), the North East and the UK. The report uses data published by the Office for National Statistics (ONS) on business births, deaths and survivals. The report also includes more detailed breakdowns by industry; these were obtained from ONS by special request. The ONS business demography series has now replaced the Department for Business, Innovation and Skills (BIS) VAT registrations and de-registrations series. Additional technical details are included in Appendix 1 and a summary of the key methodological differences between the two series is included in Appendix 2.

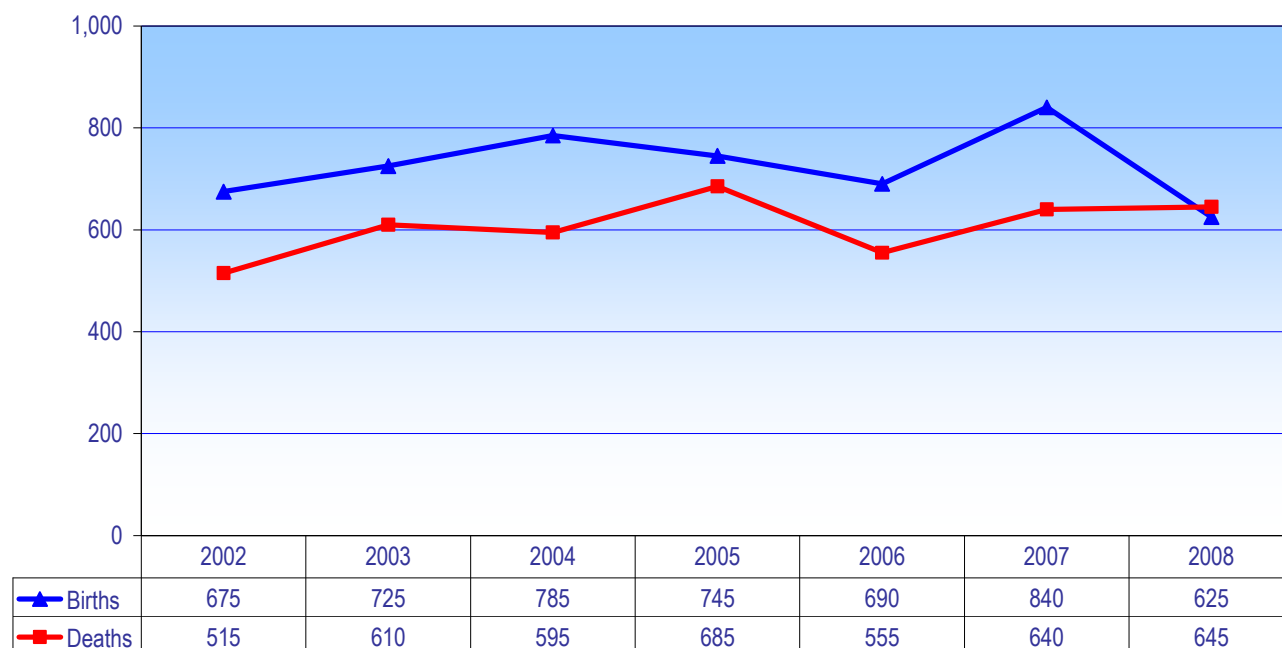
This report covers mainly stock of businesses, births and deaths in 2008 and changes in these over various timescales. The main focus of this paper is on levels in 2008, with levels in previous years being used as time-series comparators.

1 Enterprise Births and Deaths

1.1 Enterprise Births

The number of enterprise births peaked in 2007 (Fig 1). The low point was 2008 when, for the first time, births were exceeded by deaths.

Fig 1 Enterprise Births and Deaths in Sunderland



Source: ONS, Business Demographics

1.2 Enterprise Deaths

The number of enterprise deaths was at a low-point in 2002. Enterprise deaths peaked in 2005.

Note: Deaths data for 2007 and 2008 is provisional.

Caution: ONS rounds data to prevent disclosure. Differences may exist in totals across tables due to disclosure methods used. Percentage changes of low numbers should be interpreted with care e.g. a reported rise from 5 to 10 ('100%') could actually be from 7 to 8 (up 14%).

2 Annual Percentage Change in Enterprise Births

Compared to 2007, enterprise births in Sunderland fell very sharply (-25.6%); this was nearly seven times as fast as the UK percentage fall (Fig 2). Within Tyne & Wear, Sunderland had the fastest District fall. However, in the previous year (between 2006 and 2007), Sunderland had, in common with Tyne & Wear and the NE, performed strongly (up around 20%) and outperformed the UK by about 10pp.

Fig 2 Annual Percentage Change in Enterprise Births

Sunderland, TW, North East and UK



Source: ONS, Business Demographics

In 2008, Sunderland accounted for 19.6% of enterprise births in Tyne and Wear, 8.1% in the North East and 0.23% in the UK.

3 Annual Percentage Change in Enterprise Deaths

Compared to 2006, the percentage rise in enterprise deaths in Sunderland in 2007 was approximately twice that of the North East and of the UK (Fig 3). The latest provisional data (2008) suggest the situation was relatively stable in Sunderland and improving slightly in Tyne and Wear and in the UK. However, enterprise deaths rose in the North East.

Fig 3 Annual Percentage Change in Enterprise Deaths

Sunderland, TW, North East and UK



Source: ONS, Business Demographics

In 2008, Sunderland accounted for 24.8% of enterprise deaths in Tyne and Wear, 10.3% in the North East and 0.29% in the UK.

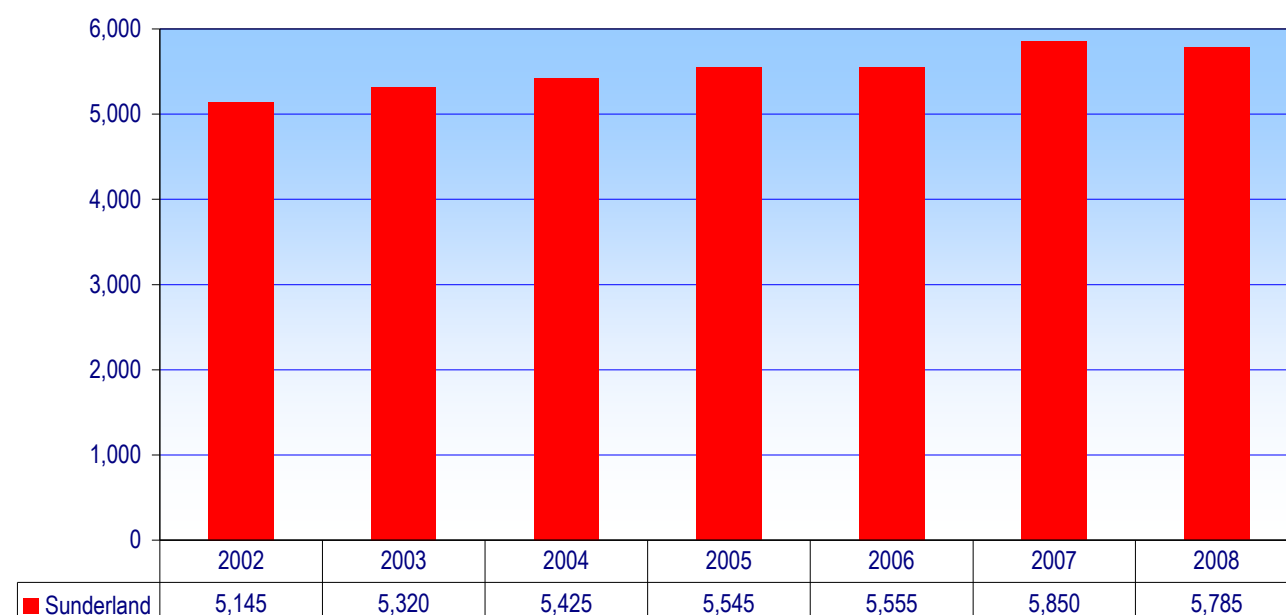
4 Active Enterprises (Business Stock) and Net Change

4.1 Active Enterprises

The number of active enterprises in Sunderland has typically grown by about 100pa; it became erratic in 2006 with almost no change, then jumping about 300 in 2007.

Fig 4 Active Enterprises in Sunderland

2002 - 2008



Source: ONS, Business Demographics

A business is considered part of the stock during a given year if it was active at any point in that year. Consequently changes in the numbers of active enterprises should be treated as indicative estimates rather than as a definite change between two points in time.

In 2008, Sunderland accounted for 22.4% of the active stock in Tyne and Wear, 9.1% in the North East and 0.25% in the UK.

4.2 Net Change 2002-2008

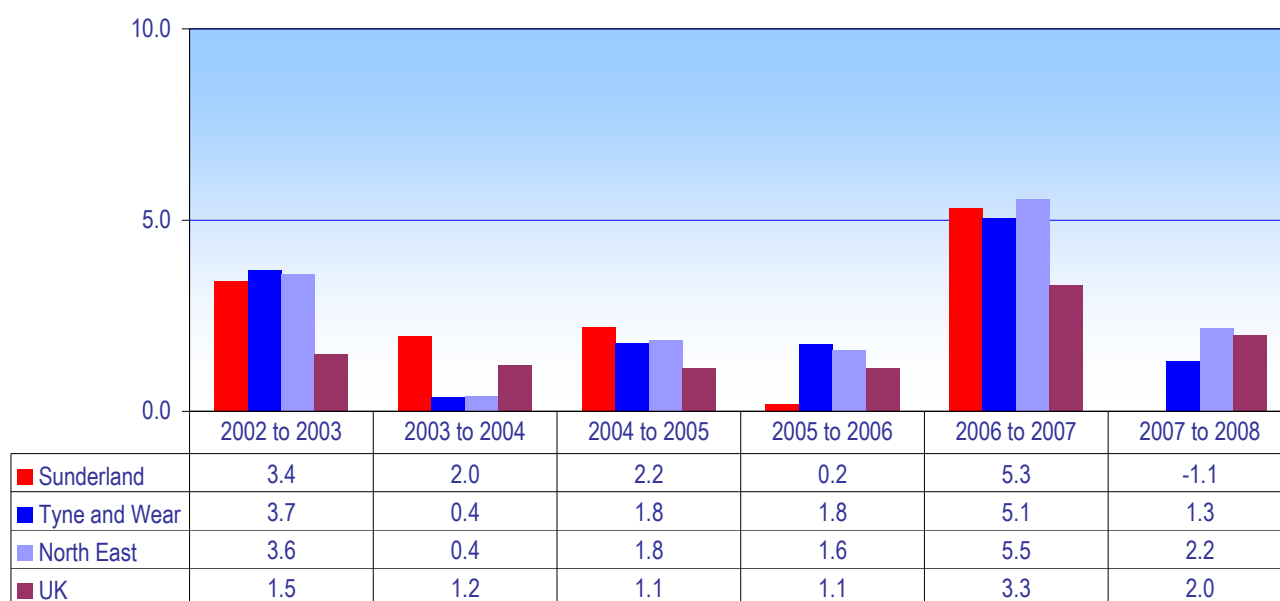
The number of active enterprises in Sunderland was only 12% higher in 2008, compared to 2002. Although this compares favourably to the change in the UK (+11%) it was below average for Tyne and Wear (+15%) and the North East (+16%). Within Tyne and Wear only Newcastle experienced slower growth (+11%). At 5,785 enterprises, Sunderland's active stock in 2008 was 640 higher than in 2002.

4.3 Net Change 2007-2008

The number of active enterprises in Sunderland fell by 65 between 2007 and 2008 (Fig 5). Sunderland was the only Tyne and Wear District to experience a fall.

Fig 5 Annual Percentage Change in Enterprise Stock

Sunderland, TW, North East and UK



Source: ONS, Business Demographics

5 NATIONAL INDICATORS

Two national indicators relate to Business Demographics:

- NI171 'New business registration rate' and
- NI172 'Percentage of small businesses in an area showing employment growth'.

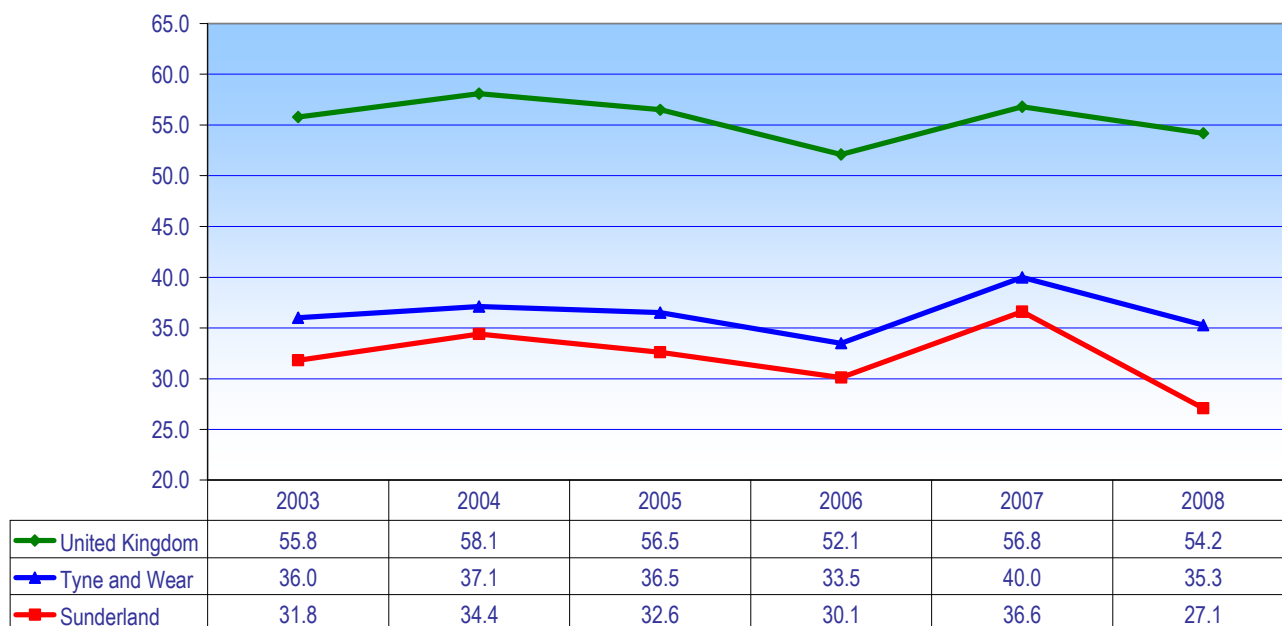
5.1 National Indicator 171 'New business registration rate'

In 2008, Sunderland's new business registration rate was 27.1 per 10,000 adults; this was half the UK rate. Sunderland had the lowest rate in Tyne and Wear. Newcastle had the highest rate (41.2).

Sunderland's rate peaked in 2007. Between 2007 and 2008, the rate fell by 9.5 points. This was a large fall compared to Tyne and Wear (-4.7 points), the North East (-5.2 points) and, especially, the UK (-2.6 points). This was the largest fall within Tyne and Wear.

Fig 6 New Business Registration Rate (NI 171)

(per 10,000 adults)



Source: Office for National Statistics

NI 171 is the ratio of (new) business registrations per 10,000 resident population aged 16 and above. New business registrations are a proxy measure for business start ups'. The BD stock figures cover just under half (around 2.1m) of the estimated 4.3m. It is not possible to produce local area estimates for this wider business population.²

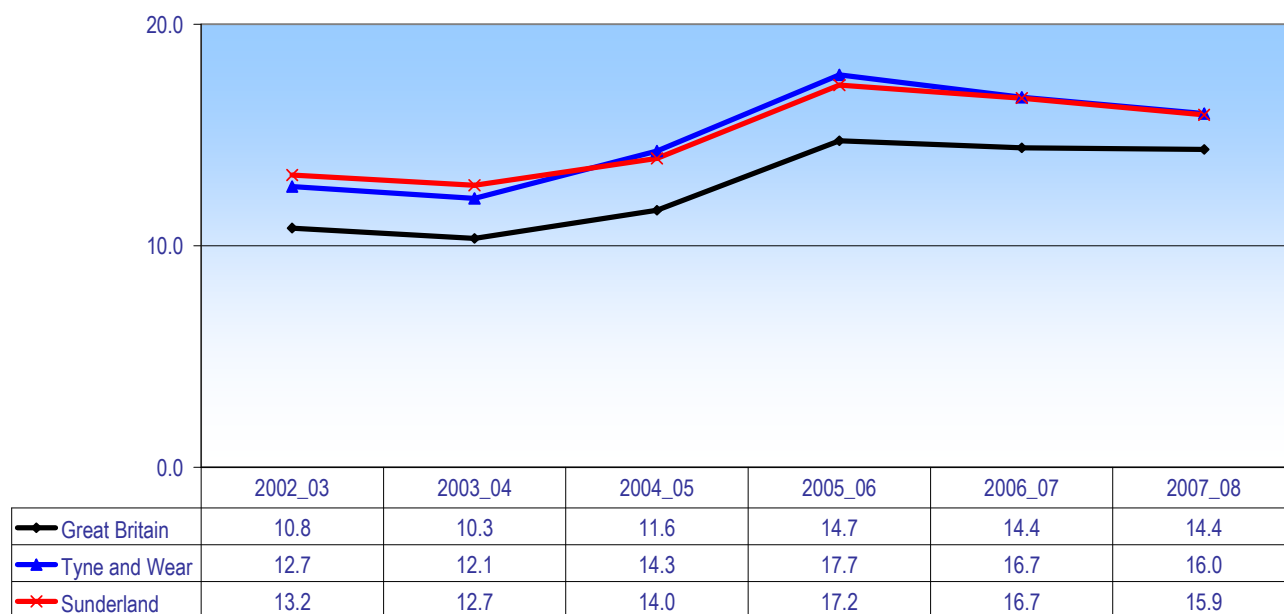
¹ The actual measure is new businesses registering for VAT and PAYE and some smaller businesses reaching the VAT threshold or running a PAYE scheme for the first time.

² <http://www.communities.gov.uk/documents/localgovernment/pdf/735143.pdf> (Communities and Local Government, National Indicators for Local Authorities and Local Authority Partnerships: Handbook of Definitions Annex 4: Local Economy and Environmental Sustainability, accessed 26th February 2010)

5.2 National Indicator 172 'Percentage of small businesses in an area showing employment growth'

The percentage of small businesses showing employment growth within Sunderland is consistently higher than the national (Great Britain) rate (Fig 7).

Fig 7 NI 172 - Percentage of Small Businesses in an Area Showing Employment Growth



Source: Office for National Statistics

NI 172 includes those businesses registered for VAT and/or PAYE with fewer than 50 employees (around 98% of all VAT registered enterprises). It measures the proportion of those businesses showing year on year employment growth, where employment is measured as the number of employees (full and part-time) plus the number of self-employed people that run the business.

6 Stock³-Based Birth and Death Rates

Sunderland's birth rate (Table 6a) is usually higher (better) than the UK (Table 6c); the exception was 2008 when Sunderland's rate was marginally lower. Sunderland's death rate is usually higher (worse) than the UK; recent exceptions were 2002 and 2004.

As an alternative to population-based rates, births and deaths can be divided by the number of active businesses to give stock-based rates. Stock-based rates have two advantages. They give an indication of the "churn" in businesses and they can be used to compare industrial sectors.

Table 6a Births, Deaths and Active Stock in Sunderland

Year	Active Stock	Births	Birth Rate %	Deaths	Death Rate %
2002	5,145	675	13.1	515	10.0
2003	5,320	725	13.6	610	11.5
2004	5,425	785	14.5	595	11.0
2005	5,545	745	13.4	685	12.4
2006	5,555	690	12.4	555	10.0
2007	5,850	840	14.4	640	10.9
2008	5,785	625	10.8	645	11.1

Source: ONS, Business Demographics.

Birth and death rates are the number of births or deaths in a year divided by the active stock throughout the year.

Table 6b Births, Deaths and Active Stock in the North East

Year	Active Stock	Births	Birth Rate %	Deaths	Death Rate %
2002	54,675	6,725	12.3	5,030	9.2
2003	56,640	7,395	13.1	6,495	11.5
2004	56,855	7,645	13.4	6,420	11.3
2005	57,905	7,655	13.2	6,130	10.6
2006	58,835	7,090	12.1	5,495	9.3
2007	62,100	8,795	14.2	5,910	9.5
2008	63,450	7,755	12.2	6,250	9.9

Source: ONS, Business Demographics.

³ A business is considered part of the stock if it was active at any point during the year. In the VAT series, stock was taken at a point in time.

Table 6c Births, Deaths and Active Stock in the UK

Year	Active Stock	Births	Birth Rate %	Deaths	Death Rate %
2002	2,101,510	242,540	11.5	212,965	10.1
2003	2,133,190	267,000	12.5	232,330	10.9
2004	2,158,555	280,080	13.0	243,615	11.3
2005	2,182,750	274,855	12.6	228,155	10.5
2006	2,207,290	255,530	11.6	207,125	9.4
2007	2,280,215	280,730	12.3	223,060	9.8
2008	2,325,770	270,215	11.6	219,105	9.4

Source: ONS, Business Demographics.

7 Enterprise Births, Deaths and Stock by Broad Industry Group.

This section uses data from the Inter-Departmental Business Register (IDBR) which was obtained by TWRI after the release of the Business Demographics data set. Figures in this section may be slightly different from previous sections due to small amendments and rounding occurring between the two releases.

The latest industrial breakdown, for 2008, is presented using SIC 2007. Time series data, including 2008, are presented using SIC 2003. In both cases the industrial breakdowns are given at the section level. There are 17 sections within SIC 2003 and 21 sections within SIC 2007. TWRI has excluded Agriculture and Public Administration from the data request because the business numbers were so low. The full list of exclusions is given in Appendix 3.⁴

7.1 Enterprise Births

Over the period 2003-2008, 36% of business births in Sunderland were in “Property and Business Services” (Table 7.1a) The next largest share was taken by “Wholesale, Retail and Motor Trades” (17%), followed by “Construction” (14%).

The “credit crunch” that began in 2007 may have had an impact on Sunderland’s enterprise births in 2008; the number of births fell in all industries except “Education”. The most noticeable fall was in “Property and Business Services” (down 90 to 250), however this industry had a record 350 births in 2007. No births were recorded for “Finance”, which usually shows a steady, but small, number of births (5 or 10pa).

⁴ On 1 January 2008 a new UK Standard Industrial Classification (SIC) of Economic Activities was introduced. Unfortunately easy overall comparison between the new version (SIC 2007) and its predecessor (SIC 2003) is not possible.

Table 7.1a: Enterprise Births in Sunderland by Industry, 2003-2008

SIC 2003	Industry	2003	2004	2005	2006	2007	2008	Total
C and E	Mining, quarrying, electricity, gas and water supply	0	0	0	0	0	0	0
D	Manufacturing	55	55	45	60	50	40	305
F	Construction	95	110	110	105	110	80	610
G	Wholesale, retail and motor trades	135	130	120	120	130	110	745
H	Hotels and catering	100	95	100	90	100	75	560
I	Transport, post and telecommunications	35	30	35	35	35	15	185
J	Finance	5	5	10	5	5	0	30
K	Property and business services	235	290	245	200	350	260	1,580
M	Education	5	5	5	10	5	5	35
N	Health	15	15	10	10	15	10	75
O	Other Services	45	50	65	55	40	30	285
	Total	725	785	745	690	840	625	4,410

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

Ten industries recorded their lowest birth rates in 2008. The exception was “Property and Business Services”.

Table 7.1b: Enterprise Birth Rates (%) in Sunderland, 2003-2008

SIC 2003	Industry	2003	2004	2005	2006	2007	2008
C and E	Mining, quarrying, electricity, gas and water supply	0.0	0.0	0.0	0.0	0.0	0.0
D	Manufacturing	11.1	10.6	8.3	10.9	9.0	8.1
F	Construction	16.1	16.7	15.2	14.0	14.0	10.3
G	Wholesale, retail and motor trades	10.3	10.1	9.3	9.6	10.4	8.7
H	Hotels and catering	17.1	16.1	16.8	15.4	16.4	12.6
I	Transport, post and telecommunications	13.2	12.8	15.2	15.2	14.6	6.1
J	Finance	10.0	10.0	22.2	9.1	12.5	0.0
K	Property and business services	19.9	21.9	17.6	14.2	21.5	16.5
M	Education	9.1	10.0	10.0	16.7	7.7	7.1
N	Health	6.4	6.7	4.3	4.4	6.5	4.3
O	Other Services	9.1	10.4	14.6	12.5	8.9	6.5
	Total	13.8	14.5	13.4	12.4	14.4	10.8

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

Birth rate is the number of births in a year divided by the active stock throughout the (same) year.

In 2008 the overall stock-based enterprise birth rate in Sunderland (Table 7.1b) was lower (worse) than that of the North East and slightly lower than that of the UK. Sunderland outperformed the UK in five of the fifteen industries shown in Table 7.1c. Note that this uses the new 2007 SIC unlike the time series of rates, above (in Table 7.1b).

Table 7.1c: Enterprise Birth Rates by Industry, Sunderland (Sd), Tyne and Wear (TW), North East (NE) and UK, 2008

SIC 2007	Industry	Active Stock Sunderland	TW	North East	UK	Birth Rate ¹ (%)			Difference	
						Sd	TW	NE	UK	Sd - UK
B, D and E	Mining, Quarrying and Utilities	10	65	265	8,060	0.0	7.7	13.2	13.8	-13.8
C	Manufacturing	465	1,860	4,425	147,475	7.5	8.1	7.5	7.3	0.2
F	Construction	870	3,615	9,455	337,885	9.8	12.0	12.5	11.7	-1.9
G	Wholesale, Retail and Motor	1,240	5,140	12,500	418,075	8.9	9.5	9.4	9.2	-0.3
H	Transportation and Storage	215	860	2,610	82,965	4.7	8.1	8.8	10.1	-5.4
I	Accommodation and Food Service Activities	600	2,575	6,270	165,750	11.7	14.2	13.2	13.0	-1.4
J	Information and Communication	230	1,290	2,670	169,940	17.4	17.4	15.7	14.6	2.8
K	Financial and Insurance Activities	50	280	630	29,930	0.0	5.4	7.9	12.1	-12.1
L	Real Estate	150	850	1,800	84,780	13.3	13.5	12.8	11.8	1.5
M	Professional, Scientific and Technical Activities	740	3,730	9,250	367,965	16.9	16.8	18.1	14.7	2.2
N	Administrative and Support Services	430	1,945	4,790	206,690	19.8	19.8	17.1	16.2	3.5
P	Education	80	365	905	32,440	6.3	13.7	12.2	9.4	-3.2
Q	Human Health and Social Work	230	1,095	2,665	84,480	4.3	6.4	7.5	7.9	-3.6
R	Arts, Entertainment and Recreation	130	645	1,640	66,660	7.7	7.8	8.5	7.9	-0.2
S	Other Services	345	1,490	3,585	122,675	5.8	8.7	9.3	7.6	-1.8
	Total	5,785	25,805	63,460	2,325,770	10.8	12.3	12.2	11.6	-0.8

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

¹ Birth rate is the number of births in a year divided by the active stock throughout the year.

The active stock is shown to highlight those Sunderland rates that are based on relatively low stock.

7.2 Enterprise Deaths

Over the period 2003-2008, 27% of business deaths in Sunderland were in “Property and Business Services” and 22% were in “Wholesale, Retail and Motor Trades”. This was very similar to the North East situation (Table 7.2a).

Table 7.2a: Enterprise Deaths in Sunderland by Industry, 2003-2008

SIC 2003	Industry	2003	2004	2005	2006	2007	2008	Total
C and E	Mining, quarrying, electricity, gas and water supply	0	0	0	0	0	0	0
D	Manufacturing	45	45	55	50	70	50	315
F	Construction	50	55	75	75	85	75	415
G	Wholesale, retail and motor trades	135	135	150	125	120	140	805
H	Hotels and catering	100	95	95	80	90	100	560
I	Transport, post and telecommunications	50	35	40	35	30	30	220
J	Finance	5	10	5	5	5	5	35
K	Property and business services	120	165	195	150	180	195	1,005
M	Education	5	5	0	0	5	10	25
N	Health	10	15	20	10	10	10	75
O	Other Services	35	40	50	25	45	30	225
	Total	555	600	685	555	640	645	3,680

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

Table 7.2b: Enterprise Death Rates (%) in Sunderland by Industry, 2003-2008

SIC 2003	Industry	2003	2004	2005	2006	2007	2008
C and E	Mining, quarrying, electricity, gas and water supply	0.0	0.0	0.0	0.0	0.0	0.0
D	Manufacturing	9.1	8.7	10.1	9.1	12.6	10.1
F	Construction	8.5	8.3	10.3	10.0	10.8	9.6
G	Wholesale, retail and motor trades	10.3	10.5	11.7	10.0	9.6	11.1
H	Hotels and catering	17.1	16.1	16.0	13.7	14.8	16.8
I	Transport, post and telecommunications	18.9	14.9	17.4	15.2	12.5	12.2
J	Finance	10.0	20.0	11.1	9.1	12.5	10.0
K	Property and business services	10.2	12.5	14.0	10.6	11.1	12.4
M	Education	9.1	10.0	0.0	0.0	7.7	14.3
N	Health	4.3	6.7	8.7	4.4	4.3	4.3
O	Other Services	7.1	8.3	11.2	5.7	10.0	6.5
	Total	10.6	11.1	12.4	10.0	10.9	11.2

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

Death rate is the number of deaths in a year divided by the active stock throughout the (same) year.

In 2008 the overall enterprise death rate in Sunderland was higher (worse) than that of the North East and that of the UK. Sunderland outperformed the UK in six of the fifteen industries shown in Table 7.2c.

Note that this uses the new 2007 SIC unlike the time series of rates, above (in Table 7.2b).

Table 7.2c: Enterprise Death Rates by Industry, Sunderland (Sd), Tyne and Wear (TW), North East (NE) and UK, 2008

SIC 2007	Industry	Active Stock Sunderland	Active Stock			Death Rate ¹ (%)				Difference Sd - UK
			TW	North East	UK	Sd	TW	NE	UK	
B, D and E	Mining, Quarrying and Utilities	10	65	265	8,060	0.0	7.7	5.7	8.0	-8.0
C	Manufacturing	465	1,860	4,425	147,475	9.7	8.1	7.0	7.8	1.9
F	Construction	870	3,615	9,455	337,885	10.3	10.7	10.8	9.7	0.7
G	Wholesale, Retail and Motor	1,240	5,140	12,500	418,075	11.3	10.5	10.0	9.1	2.2
H	Transportation and Storage	215	860	2,610	82,965	14.0	12.2	10.0	9.9	4.0
I	Accommodation and Food Service Activities	600	2,575	6,270	165,750	16.7	13.6	14.0	13.1	3.5
J	Information and Communication	230	1,290	2,670	169,940	13.0	11.6	10.5	10.0	3.1
K	Financial and Insurance Activities	50	280	630	29,930	0.0	8.9	11.1	11.0	-11.0
L	Real Estate	150	850	1,800	84,780	6.7	6.5	7.2	7.6	-0.9
M	Professional, Scientific and Technical Activities	740	3,730	9,250	367,965	12.8	9.7	8.9	8.7	4.1
N	Administrative and Support Services	430	1,945	4,790	206,690	10.5	10.3	10.8	10.8	-0.4
P	Education	80	365	905	32,440	12.5	9.6	7.7	8.1	4.4
Q	Human Health and Social Work	230	1,095	2,665	84,480	4.3	5.0	5.8	7.0	-2.6
R	Arts, Entertainment and Recreation	130	645	1,640	66,660	11.5	10.9	9.8	8.8	2.7
S	Other Services	345	1,490	3,585	122,675	7.2	7.7	8.8	8.6	-1.4
	Total	5,785	25,805	63,460	2,325,770	11.1	10.1	9.8	9.4	1.7

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

¹ Death rate is the number of deaths in a year divided by the active stock throughout the year.

The active stock is shown to highlight those Sunderland rates that are based on relatively low stock.

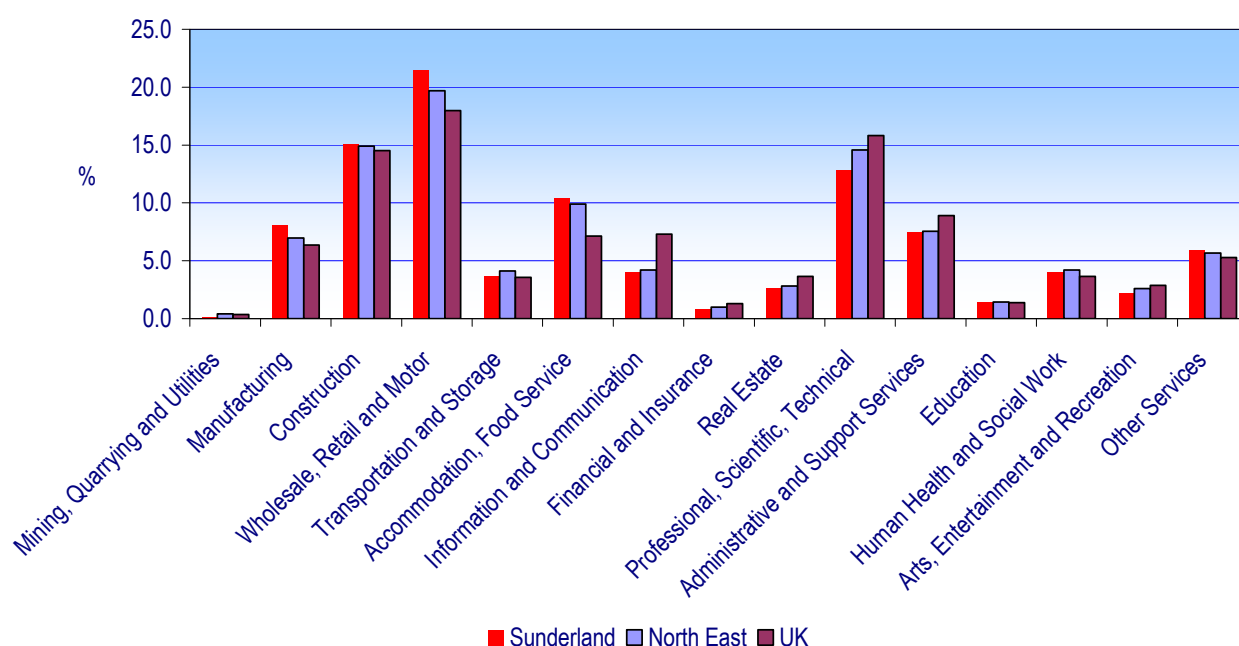
7.3 The Industrial Structure of the Business Base

The following bar chart (Fig.8) compares Sunderland's industrial structure in 2008 with the North East and the UK. These are also given numerically (Table 7.3). Note that this uses the new 2007 SIC.

Compared to the UK industrial structure Sunderland is relatively strong in "Wholesale, Retail and Motor", "Accommodation, Food Service" and "Manufacturing". It is relatively weak in "Information and Communication", "Professional, Scientific, Technical", "Administrative and Support Services" and "Real Estate". The other industries in Sunderland take up similar proportions to the UK average (within ± 1 percentage point).

Fig 8 The Industrial Structure of the Business Base

Sunderland, North East and UK



Source: ONS, IDBR

Table 7.3: Industrial Structure of the Business Base, Sunderland, Tyne and Wear, North East, UK, 2008

SIC 2007	Industry	Share of Total Active Businesses in 2008			
		Sunderland	TW	North East	UK
B, D and E	Mining, Quarrying and Utilities	0.2	0.3	0.4	0.3
C	Manufacturing	8.0	7.2	7.0	6.3
F	Construction	15.0	14.0	14.9	14.5
G	Wholesale, Retail and Motor	21.4	19.9	19.7	18.0
H	Transportation and Storage	3.7	3.3	4.1	3.6
I	Accommodation and Food Service Activities	10.4	10.0	9.9	7.1
J	Information and Communication	4.0	5.0	4.2	7.3
K	Financial and Insurance Activities	0.9	1.1	1.0	1.3
L	Real Estate	2.6	3.3	2.8	3.6
M	Professional, Scientific and Technical Activities	12.8	14.5	14.6	15.8
N	Administrative and Support Services	7.4	7.5	7.5	8.9
P	Education	1.4	1.4	1.4	1.4
Q	Human Health and Social Work	4.0	4.2	4.2	3.6
R	Arts, Entertainment and Recreation	2.2	2.5	2.6	2.9
S	Other Services	6.0	5.8	5.6	5.3
	Total	100.0	100.0	100.0	100.0

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

7.4 Net Change by Industry, 2003-2008

Note: Changes over this period give a better indication of the performance of particular industries than single year changes. As this is a long time series, this section uses SIC2003.

In Sunderland, three industries had a net loss of businesses over the period 2003-2008 (Table 7.4a). They were "Wholesale, Retail and Motor Trades", "Other Services" and "Transport, Post and Telecommunications".

There was no net change in four industries. These included "Manufacturing", where business numbers fell in the county, region and UK. It also included "Finance" and "Health", industries where business numbers rose in the county, region and UK.

Table 7.4a: Change in the Number of Enterprises, Sunderland, TW, North East, UK, 2003 to 2008

SIC 2003 Industry	Change Sunderland	Percentage Change			
		Sunderland	TW	North East	UK
C and E Mining, quarrying and utilities	0	0.0	-66.7	41.7	-8.3
D Manufacturing	0	0.0	-1.5	-4.2	-9.7
F Construction	190	32.2	32.5	31.7	19.9
G Wholesale, retail and motor trades	-50	-3.8	-4.6	-3.3	-3.2
H Hotels and catering	10	1.7	4.9	3.5	2.1
I Transport, post and telecommunications	-20	-7.5	-4.0	-1.5	0.3
J Finance	0	0.0	53.7	40.2	19.3
K Property and business services	395	33.5	33.8	40.5	28.3
M Education	15	27.3	25.0	19.1	11.2
N Health	0	0.0	9.9	16.2	17.3
O Other Services	-30	-6.1	-3.5	-6.5	-0.4
Total	510	9.7	12.0	13.0	10.6

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

Compared to the UK Sunderland underperformed in six industries, "Finance", "Health", "Transport, Post and Telecommunications", "Other Services", "Wholesale, Retail and Motor Trades" and "Hotels and Catering".

Sunderland outperformed the North East in four industries, "Education", "Manufacturing", "Other Services" and "Construction".

Table 7.4b: Active Enterprises in Sunderland, 2003-2008

SIC 2003	Industry	2003	2004	2005	2006	2007	2008
C and E	Mining, quarrying, electricity, gas and water supply	0	0	0	0	0	0
D	Manufacturing	495	520	545	550	555	495
F	Construction	590	660	725	750	785	780
G	Wholesale, retail and motor trades	1,310	1,290	1,285	1,250	1,250	1,260
H	Hotels and catering	585	590	595	585	610	595
I	Transport, post and telecommunications	265	235	230	230	240	245
J	Finance	50	50	45	55	40	50
K	Property and business services	1,180	1,325	1,395	1,410	1,625	1,575
M	Education	55	50	50	60	65	70
N	Health	235	225	230	225	230	235
O	Other Services	495	480	445	440	450	465
	Total	5,260	5,425	5,545	5,555	5,850	5,770

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

7.5 Changes in 2008 by Industry

Within Sunderland four industries had a net loss of businesses over the period 2007-2008 (Table 7.5). They were “Manufacturing”, “Property and Business Services”, “Hotels and Catering” and “Construction”.

Sunderland outperformed the UK in five industries: "Education", "Finance", "Other Services", "Wholesale, Retail and Motor Trades" and "Transport, Post and telecommunications".

In Sunderland a small rise in “Wholesale, Retail and Motor Trades” went against the county, regional and national falls. Conversely, Sunderland’s small falls in “Property and Business Services” and “Construction” were contrary to the county, regional and UK increases.

Table 7.5: Change in the Number of Enterprises, Sunderland, Tyne and Wear, North East, UK, 2007 to 2008

SIC 2003	Industry	Actives 2007 Sunderland	Actives 2008 Sunderland	Change Sunderland	Percentage Change			
					Sunderland	TW	North East	UK
C and E	Mining, quarrying, electricity, gas and water supply	0	0	0	0.0	0.0	6.3	5.4
D	Manufacturing	555	495	-60	-10.8	-2.9	-1.4	-2.2
F	Construction	785	780	-5	-0.6	2.7	3.9	4.5
G	Wholesale, retail and motor	1,250	1,260	10	0.8	-0.4	-0.9	-1.1
H	Hotels and catering	610	595	-15	-2.5	-0.6	-0.9	-1.7
I	Transport, post and telecommunications	240	245	5	2.1	-0.5	0.5	2.0
J	Finance	40	50	10	25.0	53.7	36.2	20.0
K	Property and business services	1,625	1,575	-50	-3.1	0.8	3.2	2.2
M	Education	65	70	5	7.7	6.6	1.3	-1.4
N	Health	230	235	5	2.2	1.8	4.0	4.6
O	Other Services	450	465	15	3.3	4.3	-0.1	0.3
	Total	5,850	5,770	-80	-1.4	1.1	1.6	1.3

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

8 2-digit Industries, Inter-Departmental Business Register (IDBR)

The IDBR is essentially the data set from which the Business Demographics series is compiled. Extracts from the IDBR, however, are for a particular point in time.

ONS released the IDBR data set to Local Authorities to help in the production of Local Economic Assessments. Data for March 2009, at 2-digit SIC level, was produced⁵ and released in March 2010.

TWRI focuses on the counts of businesses.⁶

At the 2-digit SIC level, Sunderland's top ten industries for enterprises omits (by a few places) two business services; HQs and management consultancy and also real estate (Table 8.1). The three industries which were different from the England top ten were; 'Other personal service activities' (SIC 96, 11th in England), 'Architectural and engineering activities..' (SIC 71, 12th in England) and 'Wholesale and retail trade..' (SIC 45, 13th in England).

⁵ By ONS Business Register Strategy and Outputs division.

⁶ Counts, Employment and Turnover were all provided on a consistent IDBR basis and can be used in combination e.g. Turnover per Enterprise. However, ONS recommends that, if employment is to be used in isolation then the Annual Business Inquiry (ABI) estimates should be used as the preferred source. Similarly, if turnover is to be used in isolation then the ABI is the preferred source.

**Table 8.1 Percentage Share of Enterprises By 2-Digit SIC Level, March 2009
Top Ten in Sunderland with North East and England Comparators**

SIC2007	Sunderland	North East	North East Rank	England	England Rank
47 Retail trade; except of motor vehicles and motorcycles	13.9	10.9	1	8.8	1
43 Specialised construction activities	9.9	8.6	2	8.1	2
56 Food and beverage service activities	9.4	7.9	3	5.4	5
71 Architectural and engineering activities; technical testing and analysis	4.4	5.2	5	3.2	12
41 Construction of buildings	4.2	3.9	7	4.1	8
46 Wholesale trade; except of motor vehicles and motorcycles	4.0	4.1	6	5.1	6
45 Wholesale and retail trade and repair of motor vehicles and motorcycles	3.8	3.8	8	3.1	13
96 Other personal service activities	3.3	3.0	11	3.4	11
62 Computer programming; consultancy and related activities	3.2	3.0	10	5.4	4
82 Office administrative; office support and other business support activities	2.9	2.7	14	3.6	10

Source: ONS, TWRI.

Note: based purely on the proportion of enterprises within an area by 2-digit SIC level. It is not based on turnover or employment.

Conversely, in the England top ten were 'Activities of head offices; management consultancy activities' (SIC 70, ranked 11th in Sunderland), Real estate activities (SIC 68, 12th in Sunderland) and 'Crop and animal production' (SIC 01, unsurprisingly, ranked only 23rd in Sunderland) (Table 8.2).

**Table 8.2 Percentage Share of Enterprises By 2-Digit SIC Level, March 2009
Top Ten in England with North East and Sunderland Comparators**

SIC2007

	England	North East	North East Rank	Sunderland	Sunderland Rank
47 Retail trade; except of motor vehicles and motorcycles	8.8	10.9	1	13.9	1
43 Specialised construction activities	8.1	8.6	2	9.9	2
70 Activities of head offices; management consultancy activities	5.9	3.6	9	2.8	11
62 Computer programming; consultancy and related activities	5.4	3.0	10	3.2	9
56 Food and beverage service activities	5.4	7.9	3	9.4	3
46 Wholesale trade; except of motor vehicles and motorcycles	5.1	4.1	6	4.0	6
01 Crop and animal production; hunting and related service activities	4.8	6.0	4	0.9	23
41 Construction of buildings	4.1	3.9	7	4.2	5
68 Real estate activities	3.6	2.8	12	2.8	12
82 Office administrative; office support and other business support activities	3.6	2.7	14	2.9	10

Source: ONS, TWRI.

Note: based purely on the proportion of enterprises within an area by 2-digit SIC level. It is not based on turnover or employment.

APPENDIX 1

TECHNICAL BACKGROUND

'Business Demography: Enterprise Births and Deaths' (i.e. the BD series), was published for the first time on 28th November 2008 and covered the period 2002-2007. On the same day the Department of Business Enterprise and Regulatory Reform (BERR) released the final update to the VAT series, 'Business startups and closures: VAT registrations and de-registrations in 2007'.

The BD series is more comprehensive than the VAT series. It is difficult to directly compare the two series. However, at District level, within Tyne and Wear, the Business Demographics series records at least a fifth more enterprises than the VAT series. An article by ONS explains the key methodological differences between the new series and the existing BERR series⁷. The key difference between the old VAT series and the new Business Demographics series is the inclusion of PAYE-registered units. The following concepts and definitions are also important.

ACTIVE BUSINESS

An active business is defined as a business that had either turnover or employment at any time during the reference period⁸. Note that the population of active businesses in year t will, by definition, include businesses that start trading in year t.

BUSINESS BIRTH

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.

BUSINESS DEATH

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. As part of the European regulations⁹ a check should be made against the two years following a death to identify and remove any 'reactivations'. In order to produce more timely statistics, the UK business demography publication contains a preliminary death indicator, which includes an adjustment for 'estimated reactivations'. This estimate is subject to revision. Deaths data exclude losses to the population as a result of mergers, break-ups, split-offs or other restructuring. Decline below the VAT threshold is not a reason for an 'enterprise death'.

SURVIVAL

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.

⁷ (Office for National Statistics, Introducing the new business demography statistics, Economic and Labour Market Review, Vol 2, No 12, December 2008)

⁸ Data is based on the IDBR as of November each year, which captures activity which has taken place during the previous 12 months. This is used as a proxy for the calendar year.

⁹ Eurostat-OECD Manual on Business Demography Statistics 2007 at: www.oecd.org/document/34/0,3343,en_2649_34233_39913698_1_1_1_1,00.html (accessed 4th February 2009).

DORMANT

A unit is said to be dormant if it is legally alive, but does not carry on any activity and has neither employment nor turnover.

REACTIVATION

If a unit re-commences activity after a period of temporary cessation of less than two years it is classed as a reactivation. Reactivations can occur due to lags in the administrative sources (VAT/PAYE), which mean it is possible that a business which is continuing to trade can appear to die on the Inter-departmental Business Register (IDBR).

INDUSTRY COVERAGE

The ONS dataset for 'Broad Industry Groups' gives no data for 'Agriculture' (SIC A)¹⁰ or 'Forestry and Fishing' (SIC B). Caution: Thus the 'Totals' in this report exclude these two industries.

STANDARD INDUSTRIAL CLASSIFICATION (SIC)

All business activities are given a SIC to provide a uniform framework for the collection and analysis of industrial activity. The classification system is periodically revised to take account of new products, new industries and shifts in emphasis within existing industries. The Office for National Statistics introduced a major revision to the Standard Industrial Classification of Economic Activities on 1 January 2008. The revised classification (SIC 2007) reflects the growing importance of service activities in the economy over the last 15 years, mainly due to developments in information and communication technologies (ICT). More details on the latest SIC and its predecessor, SIC 2003, can be found in "UK Standard Industrial Classification of Economic Activities 2007"

(<http://www.statistics.gov.uk/statbase/product.asp?vlnk=14012>)

¹⁰ The Business Demography dataset is designed to measure entrepreneurship. It excludes agriculture as this is not thought to be entrepreneurial.

APPENDIX 2

Key Methodological Differences between main business population publications			
	ONS Business Demography	BERR¹¹ Business Start-ups and Closures: VAT registrations and de-registrations	ONS UK Business: Activity, Size and Location
Coverage	VAT and/or PAYE registered businesses	VAT registered businesses only	VAT and/or PAYE registered businesses (from 2008 onwards) excluding unmatched non-corporate PAYE businesses
Stock	Recognises activity occurring at any point during the year	Live units at a point in time	Live units at a point in time
Timeliness	Annual publication. First publication with 2007 data to be published 28 Nov-08.	Annual publication. Final publication with 2007 data to be published 28 Nov-08	Annual publication. 2008 data published Sep-08
Geography	UK with country, region, unitary authority, county and district breakdowns.	UK-including regional, local authority and parliamentary constituency breakdowns	UK- including regional, local authority and parliamentary constituency breakdowns
Legal Status	Company, Sole Proprietor, Partnership, Public Corporation and Non-Profit organisations	All	All
Industry	SIC 2003, excluding Agriculture (Div 01, 02 & 05), holding companies (SIC class 7415) and public administration (Div 75)	SIC 2003 Divisions 01–93 (private households and extra-territorial activities excluded)	SIC 2003 Divisions 01–99
Exclusions	Excludes Managed Service Companies, although these are included in the data published by Eurostat	Excludes Managed Service Companies and Official Receivers	Excludes Managed Service Companies
Adjustments	Adjustments are made to the latest two years deaths to allow for re-activations. See section on deaths below for more detail.	Registrations and de-registrations are adjusted (back to 1996) to produce estimates of the final volume of start-ups and closures once late registrations and de-registrations have been received or re-activations have occurred.	None.

Source: Office for National Statistics.

http://www.statistics.gov.uk/downloads/theme_commerce/Intro-Bus-Demography.pdf

¹¹ Department for Business, Enterprise and Regulatory Reform.

APPENDIX 3

The five excluded sections in SIC 2003 are:

- A Agriculture, Hunting and Forestry
- B Fishing
- L Public Administration and defence; compulsory social security
- P Activities of private households as employers and undifferentiated production activities of private households
- Q Extraterritorial organizations and bodies

The four excluded sections in SIC 2007 are:

- A Agriculture, Forestry and Fishing
- O Public Administration and Defence; Compulsory Social Security
- T Activities of Households As Employers; Undifferentiated Goods- and Services-Producing Activities of Households for Own Use
- U Activities of Extraterritorial Organisations and Bodies