BUSINESSES IN NORTH TYNESIDE 2009

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KEY MESSAGES

Businesses (VAT/PAYE Registered Enterprises) in North Tyneside

The Business Demographics (BD) series, reported here, is more comprehensive than the old VAT series which it replaces; in North Tyneside, it records at least a fifth more enterprises than the VAT series.

The impact of the recession on North Tyneside's businesses is shown by the falling number of enterprise births, which is at a seven year low, and the rising number of enterprise deaths, which peaked in 2009. Between 2008 and 2009, business numbers in North Tyneside rose, outperforming the very modest growth in the North East and UK. North Tyneside's growth rate, however, was much lower than in the previous two years (Figure 5). Five industries suffered a net loss; the largest was in "Accommodation and Food Service Activities", (-15) followed by "Manufacturing" (-10), "Information and Communication" (-5), "Transportation and Storage" (-5) and "Other Services" (-5) (Table 7.5).

Over the longer time period (2002 to 2009), business numbers in North Tyneside rose by 21%, outperforming the North East (+16%) and almost double the UK (11%). (§ 4.2)

In 2009, the number of enterprise births was at a seven-year low (505 births) while enterprise deaths peaked (550 deaths); births were lower than deaths for the first time.

In 2009, North Tyneside's new business registration rate was 31.1 per 10,000 adults; this was a third lower than the UK rate (Fig 6). (§ 5.1)

North Tyneside's birth rate was higher (better) than the UK between 2002 and 2009. North Tyneside's death rate is usually higher (worse) than the UK.

In 2009, North Tyneside's stock-based birth rate was at a record low (11.0%) and its death rate was at a five-year high (12.0%) (Table 6a). (§ 6)

In 2009, the "Wholesale, Retail and Motor Trade" accounted for just under a fifth of active enterprises in North Tyneside (UK 17.8%). The business share was also high for "Construction" (15.5%) and "Professional Scientific and Technical Activities" (15.2%) (Table 7.3)

Over the period 2003-2008:

- 35% of business births in North Tyneside were in "Property and Business Services"; this industry accounted for 27% of business deaths.

Businesses by Industry (2-digit SIC Level)

The "Retail Trade" accounted for 11.0% of enterprises in North Tyneside, closely followed by "Specialised Construction Activities" (10.4%). The national (UK) rankings were the same, however the proportions were over 1.5 percentage points higher in North Tyneside (Tables 8.1 and 8.2).

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.

The business base has grown strongly in TW. Over the period 2002 to 2009 it grew by 3,450 (+15%), outpacing the UK growth (+11%); North Tyneside's contribution was a net gain of 805 businesses (+21%). 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.

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 (21% over the years 2002-09). More broadly, TW's population growth in the 2000s has helped to underpin business growth.

This series of reports for 2009 seeks to outline the position in each District and in Tyne and Wear (from 2002-09).

The reports seek to show the initial impact of the recession. Between 2008 and 2009, business numbers in Tyne and Wear grew by 0.5%, slightly weaker than UK growth (+0.7%). Business numbers in Gateshead and Sunderland fell in 2009 and there was no net growth in South Tyneside. On a more positive note, Newcastle and North Tyneside both outperformed the UK. However, even in these Districts, growth was subdued compared to the previous three years.

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

This report provides estimates of the number of business start-ups and closures in North Tyneside and compares the North Tyneside 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.

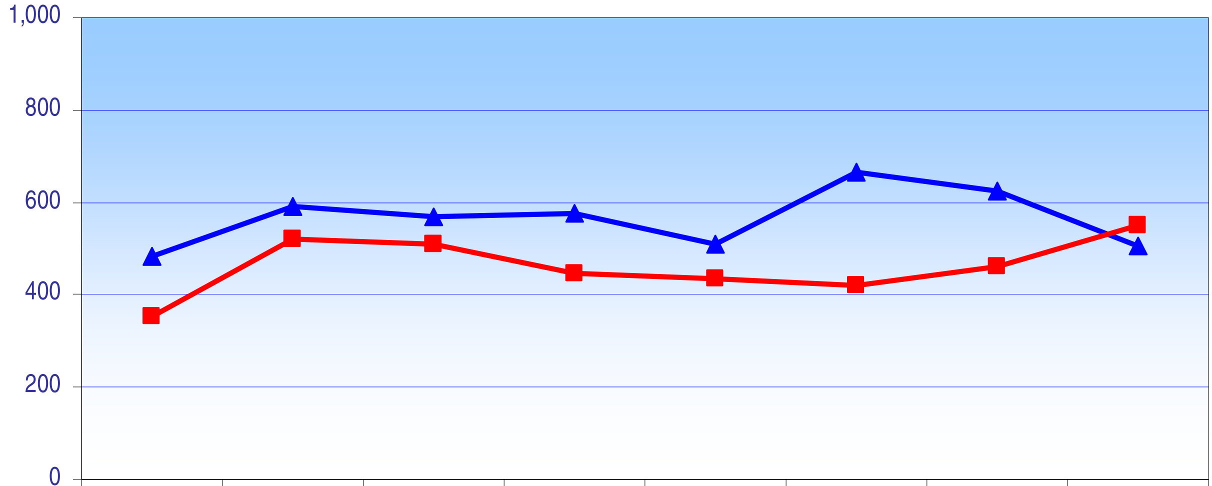
This report covers mainly stock of businesses, births and deaths in 2009 and changes in these over various timescales. The main focus of this paper is on levels in 2009, with levels in previous years being used as time-series comparators.

1 Enterprise Births and Deaths

1.1 Enterprise Births

In 2009, the number of enterprise births was at a seven-year low (505); births fell below deaths for the first time. The number of enterprise births peaked in 2007 (Fig 1).

Fig 1 Enterprise Births and Deaths in North Tyneside



	2002	2003	2004	2005	2006	2007	2008	2009
Births	485	590	570	575	510	665	625	505
Deaths	355	520	510	445	435	420	460	550

Source: ONS, Business Demographics.

1.2 Enterprise Deaths

Enterprise deaths peaked in 2009 (at 550). The number of enterprise deaths was at a low-point in 2002 (355).

Note: Deaths data for 2008 and 2009 are provisional.

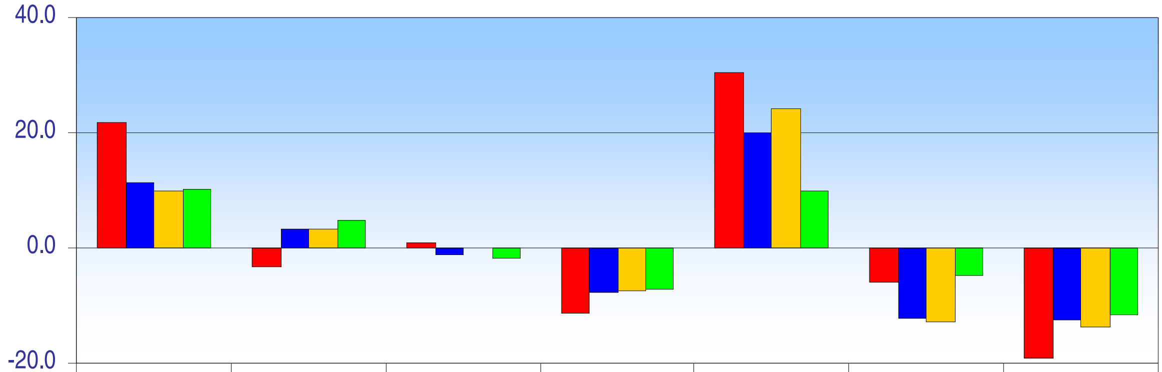
ONS rounds data to prevent disclosure. Differences may exist in totals across tables due to disclosure methods used. Percentage changes of low numbers should be interpreted with care e.g. a reported rise from 5 to 10 (up 100%) could actually be from 7 to 8 (up 14%).

2 Annual Percentage Change in Enterprise Births

In 2009, compared to 2008, the percentage fall in enterprise births was much larger in North Tyneside (19.2%) than in the UK (Fig 2). Between 2006 and 2007, the last growth year for enterprise births, North Tyneside performed strongly (+30.4%) compared to the county, the region and the UK; within Tyne and Wear only Gateshead had stronger growth (+36.0%).

Fig 2 Annual Percentage Change in Enterprise Births

North Tyneside, Tyne and Wear, North East and UK



	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008	2008 to 2009
North Tyneside	21.6	-3.4	0.9	-11.3	30.4	-6.0	-19.2
Tyne and Wear	11.4	3.3	-1.1	-7.9	19.9	-12.1	-12.5
North East	10.0	3.4	0.1	-7.4	24.0	-12.7	-13.7
UK	10.1	4.9	-1.9	-7.0	9.9	-4.7	-11.7

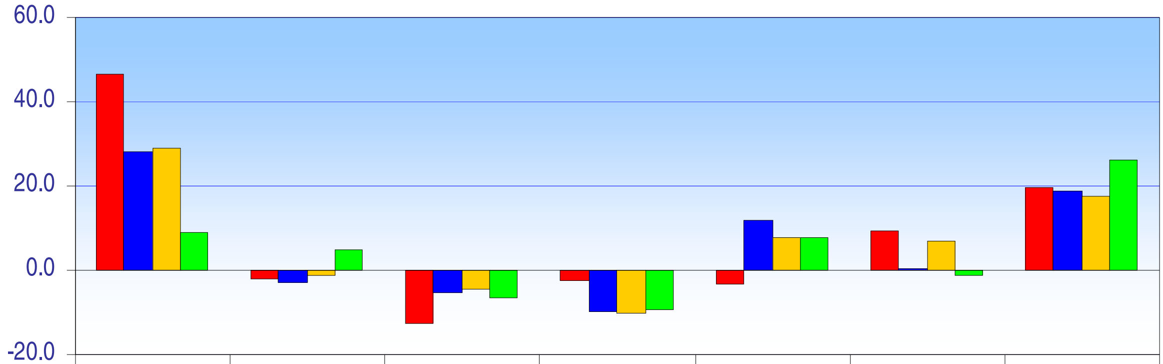
Source: ONS, Business Demographics.

In 2009, North Tyneside accounted for 18.3% of enterprise births in Tyne and Wear, 7.6% in the North East and 0.21% in the UK.

3 Annual Percentage Change in Enterprise Deaths

In North Tyneside, the first rise in enterprise deaths in five years occurred in 2008. Nationally, over the same period, there was a small fall. However, in the previous year, the number of enterprise deaths fell in North Tyneside against a rise nationally (Fig 3). The latest provisional data (2009) suggests that the situation deteriorated less in North Tyneside (deaths up 19.6%) than nationally.

Fig 3 Annual Percentage Change in Enterprise Deaths
North Tyneside, Tyne and Wear, North East and UK



	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008	2008 to 2009
North Tyneside	46.5	-1.9	-12.7	-2.2	-3.4	9.5	19.6
Tyne and Wear	28.3	-3.0	-5.1	-9.9	11.8	0.6	18.7
North East	29.1	-1.2	-4.5	-10.4	7.6	6.9	17.4
UK	9.1	4.9	-6.3	-9.2	8.0	-1.1	26.2

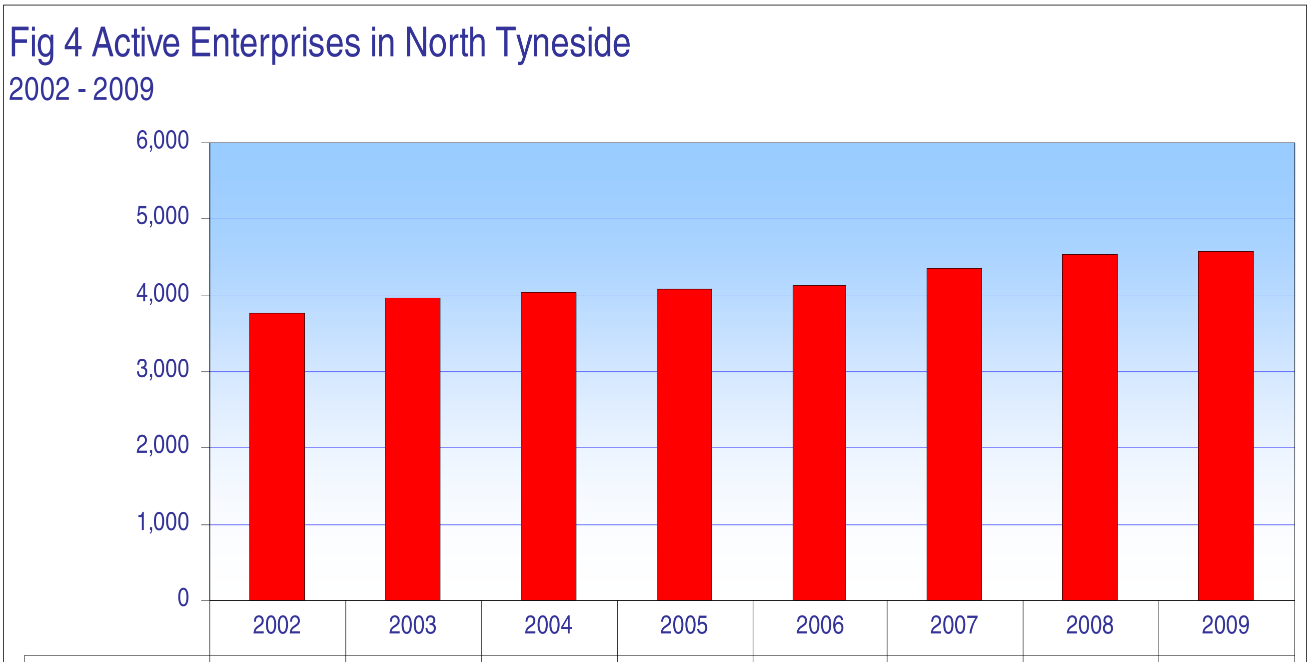
Source: ONS, Business Demographics.

In 2009, North Tyneside accounted for 17.7% of enterprise deaths in Tyne and Wear, 7.4% in the North East and 0.20% in the UK.

4 Active Enterprises (Business Stock) and Net Change

4.1 Active Enterprises

The number of active enterprises grew each year from 2003 to 2009, by 115pa on average (Fig 4). The largest net increase occurred in 2007 (+225). In the following year, which marked the start of the recession, this growth slowed to 175; the (provisional) 2009 count shows a much smaller rise (+50).



	2002	2003	2004	2005	2006	2007	2008	2009
North Tyneside	3,775	3,980	4,040	4,075	4,130	4,355	4,530	4,580

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 2009, North Tyneside accounted for 17.7% of the active stock in Tyne and Wear, 7.2% in the North East and 0.20% in the UK.

4.2 Net Change 2002-2009

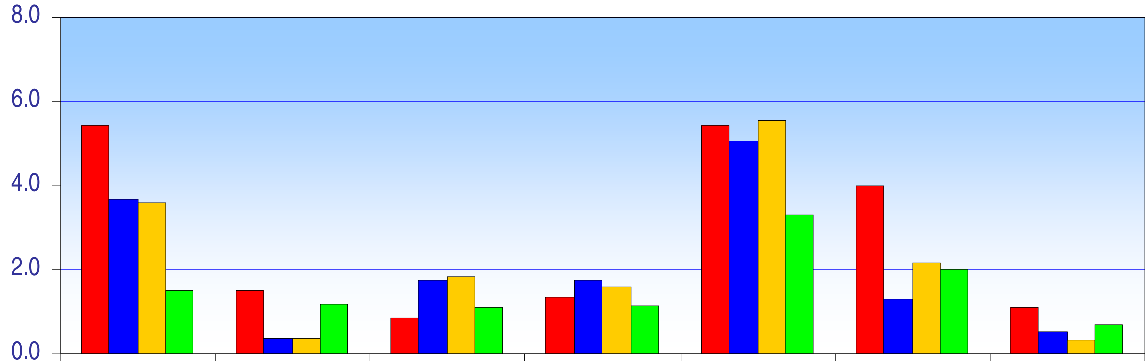
The number of active enterprises in North Tyneside was 21% higher in 2009, compared to 2002. This was the largest percentage rise within Tyne and Wear and compares favourably to the changes in the North East (+16%) and was nearly twice as fast as the UK (+11%). At 4,580 enterprises, North Tyneside's active stock in 2009 was 805 higher than in 2002; in absolute terms, within Tyne and Wear, this was exceeded only by Newcastle (+850).

4.3 Net Change 2008-2009

North Tyneside was one of only two Tyne and Wear Districts where the number of active enterprises rose between 2008 and 2009 (+1.1%), the other was Newcastle (+1.8%). Both Districts outperformed the North East and the UK (Fig 5).

Fig 5 Annual Percentage Change in Enterprise Stock

North Tyneside, TW, North East and UK



	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008	2008 to 2009
North Tyneside	5.4	1.5	0.9	1.3	5.4	4.0	1.1
Tyne and Wear	3.7	0.4	1.8	1.8	5.1	1.3	0.5
North East	3.6	0.4	1.8	1.6	5.5	2.2	0.3
UK	1.5	1.2	1.1	1.1	3.3	2.0	0.7

Source: ONS, Business Demographics.

5 NEW BUSINESS REGISTRATION RATE

In 2010, the Department for Business, Innovation and Skills (BIS) confirmed that the National Indicators are no longer government targets. TWRI has updated NI171 using 2009 data (see below). Unfortunately it is not possible to produce updates for NI172 ‘Percentage of small businesses in an area showing employment growth’.

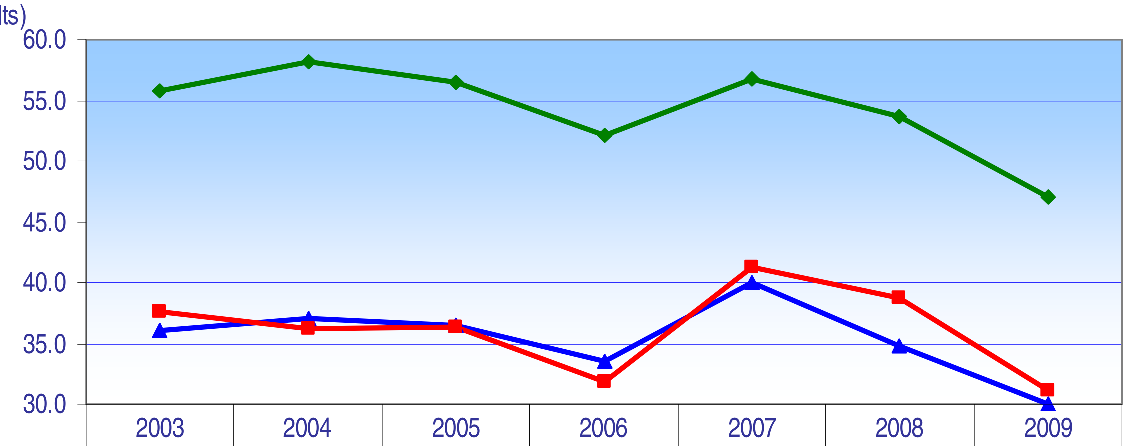
5.1 Former National Indicator 171 ‘New business registration rate’

In 2009, North Tyneside’s new business registration rate was 31.1 per 10,000 adults; this was a third lower than the UK rate (Fig 6). Gateshead had the highest rate in Tyne and Wear (36.3); Newcastle came second (32.0), then North Tyneside.

North Tyneside’s rate peaked strongly in 2007. Between 2007 and 2009, the rate fell by 10.2 points. This was slightly larger than the fall in Tyne and Wear (-9.9 points); the UK fall was 9.8 points.

Fig 6 New Business Registration Rate (NI 171)

(per 10,000 adults)



	2003	2004	2005	2006	2007	2008	2009
United Kingdom	55.8	58.1	56.5	52.1	56.8	53.6	47.0
Tyne and Wear	36.0	37.1	36.5	33.5	40.0	34.8	30.1
North Tyneside	37.6	36.2	36.3	31.9	41.3	38.7	31.1

Source: Office for National Statistics (2008 and 2009 rates calculated by TWRI).

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[1]. The BD stock figures cover just under half (around 2.1m) of the estimated 4.3m enterprises in the UK. 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)

6 Stock[3]-Based Birth and Death Rates

Nationally a total of 279,000 businesses closed in 2009, a record high and a national 'death rate' of 11.9% (Table 6c).[4]

North Tyneside's birth rate was higher (better) (Table 6a) than the UK (Table 6c) between 2002 and 2009.

North Tyneside's death rate is usually higher (worse) than the UK; recent exceptions were 2002 and 2007.

In 2009, North Tyneside's birth rate was at a record low (11.0%) and its death rate was at a five-year high (12.0%) (Table 6a).

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 North Tyneside

Year	Active Stock	Births	Birth Rate %	Deaths	Death Rate %
2002	3,775	485	12.8	355	9.4
2003	3,980	590	14.8	520	13.1
2004	4,040	570	14.1	510	12.6
2005	4,075	575	14.1	445	10.9
2006	4,130	510	12.3	435	10.5
2007	4,355	665	15.3	420	9.6
2008	4,530	625	13.8	460	10.2
2009	4,580	505	11.0	550	12.0

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.

[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.

[4] http://www.statistics.gov.uk/pdfdir/bdnr1210.pdf (Office for National Statistics, News Release: Record number of businesses close in 2009, 1st December 2010)

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	7,675	12.1	6,315	10.0
2009	63,660	6,625	10.4	7,415	11.6

Source: ONS, Business Demographics.

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	223,600	9.8
2008	2,325,770	267,445	11.5	221,185	9.5
2009	2,341,900	236,025	10.1	279,180	11.9

Source: ONS, Business Demographics.

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

The latest industrial breakdown, for 2009, is presented using SIC 2007. Time series data, including 2008, has to be 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.[5]

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. Caution: Figures in this section may be slightly different from previous sections due to small amendments and rounding occurring between the two releases.

[5] 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.

7.1 Enterprise Births

Over the period 2003-2008, 35% of business births in North Tyneside were in “Property and Business Services” (Table 7.1a). The next largest share was taken by “Wholesale, Retail and Motor Trades” (16%), closely followed by “Construction” (15%).

Despite the "credit crunch", which began in 2007, births in “Property and Business Services” were very strong in 2007 and 2008 (270 or more in each year). Recent years (2006-08) show births in "Construction” on a gentle downward trend (down 15%).

Table 7.1a: Enterprise Births in North Tyneside 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	40	35	20	30	25	35	185
F	Construction	80	90	85	100	95	85	535
G	Wholesale, retail and motor trades	110	90	110	90	100	80	580
H	Hotels and catering	85	85	75	65	80	65	455
I	Transport, post and telecommunications	25	20	20	25	10	25	125
J	Finance	0	0	10	5	5	0	20
K	Property and business services	180	175	185	150	295	270	1,255
M	Education	5	10	5	10	0	5	35
N	Health	20	5	15	10	20	20	90
O	Other Services	50	60	50	25	35	45	265
	Total	595	570	575	510	665	630	3,545

Source: ONS, IDBR.
Note: All figures are rounded to avoid disclosure.

The birth rate for “Property and Business Services” was exceptionally high in 2007, (at 23.5%), and followed a slight dip in the birth rate in 2006 (Table 7.1b).

Table 7.1b: Enterprise Birth Rates (%) in North Tyneside, 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	11.3	9.7	5.3	8.1	6.6	9.3
F	Construction	17.6	18.0	16.0	17.7	16.0	13.5
G	Wholesale, retail and motor trades	12.0	9.7	11.8	9.5	10.6	8.9
H	Hotels and catering	18.9	18.7	16.9	15.3	17.8	14.3
I	Transport, post and telecommunications	16.7	12.9	13.8	16.7	6.9	17.2
J	Finance	0.0	0.0	33.3	14.3	16.7	0.0
K	Property and business services	18.8	17.2	17.2	13.8	23.5	19.6
M	Education	16.7	25.0	12.5	20.0	0.0	11.1
N	Health	11.8	3.3	9.7	6.3	11.4	10.8
O	Other Services	12.7	14.8	14.7	7.2	10.4	12.3
	Total	15.2	14.1	14.1	12.3	15.3	13.9

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 2009, the overall stock-based enterprise birth rate in North Tyneside was higher (better) than that of both the UK and the North East (Table 7.1c). North Tyneside outperformed the UK in nine of the fifteen industries shown. Note that this table uses the new 2007 SIC unlike the time series of rates, above (in Table 7.1b).

Table 7.1c: Enterprise Birth Rates by Industry, North Tyneside (NT), Tyne and Wear (TW), North East (NE) and UK, 2009

SIC 2007	Industry	Active Stock NT	TW	North East	UK	Birth Rate[1] (%) NT	TW	NE	UK	Difference NT - UK
B, D and E	Mining, Quarrying and Utilities	15	100	310	8,915	33.3	15.0	17.7	14.2	19.1
C	Manufacturing	350	1,875	4,460	148,285	7.1	6.9	6.4	6.9	0.3
F	Construction	710	3,695	9,415	336,095	11.3	10.1	9.9	8.7	2.6
G	Wholesale, Retail and Motor	875	5,030	12,300	416,305	9.7	8.5	8.7	8.9	0.9
H	Transportation and Storage	135	850	2,610	81,995	7.4	7.6	8.0	8.5	-1.1
I	Accommodation and Food Service Activities	440	2,580	6,160	163,430	11.4	13.6	12.5	12.0	-0.7
J	Information and Communication	250	1,285	2,685	171,175	8.0	12.1	12.3	11.1	-3.1
K	Financial and Insurance Activities	50	345	785	34,600	10.0	7.2	7.0	9.5	0.5
L	Real Estate	105	875	1,845	86,840	4.8	9.1	9.5	9.1	-4.4
M	Professional, Scientific and Technical Activities	695	3,735	9,500	380,125	15.8	13.1	13.4	12.5	3.3
N	Administrative and Support Services	335	1,905	4,735	206,165	14.9	16.3	15.0	13.9	1.1
P	Education	60	390	965	34,395	16.7	10.3	11.4	10.1	6.5
Q	Human Health and Social Work	195	1,145	2,730	86,915	7.7	7.9	6.2	7.9	-0.2
R	Arts, Entertainment and Recreation	100	635	1,615	65,930	10.0	7.1	7.4	8.1	1.9
S	Other Services	270	1,505	3,545	120,730	9.3	10.3	10.0	7.9	1.3
	Total	4,585	25,950	63,660	2,341,900	11.0	10.6	10.4	10.1	0.9

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 North Tyneside rates that are based on relatively low stock.

7.2 Enterprise Deaths

Over the period 2003-2008, just over a quarter of business deaths in North Tyneside were in "Property and Business Services" and a fifth were in "Wholesale, Retail and Motor Trades".

Table 7.2a: Enterprise Deaths in North Tyneside 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	40	45	30	40	30	30	215
F	Construction	55	55	65	65	70	70	380
G	Wholesale, retail and motor trades	95	105	75	100	95	90	560
H	Hotels and catering	90	80	80	50	65	70	435
I	Transport, post and telecommunications	25	35	10	15	10	15	110
J	Finance	5	0	5	0	0	0	10
K	Property and business services	110	115	130	120	120	140	735
M	Education	5	5	5	5	5	5	30
N	Health	10	15	10	5	10	10	60
O	Other Services	25	60	35	35	20	20	195
	Total	460	515	445	435	425	450	2,730

Source: ONS, IDBR.
Note: All figures are rounded to avoid disclosure.

Table 7.2b: Enterprise Death Rates (%) in North Tyneside 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	11.3	12.5	7.9	10.8	7.9	8.0
F	Construction	12.1	11.0	12.3	11.5	11.8	11.1
G	Wholesale, retail and motor trades	10.3	11.4	8.0	10.6	10.1	10.0
H	Hotels and catering	20.0	17.6	18.0	11.8	14.4	15.4
I	Transport, post and telecommunications	16.7	22.6	6.9	10.0	6.9	10.3
J	Finance	20.0	0.0	16.7	0.0	0.0	0.0
K	Property and business services	11.5	11.3	12.1	11.1	9.6	10.1
M	Education	16.7	12.5	12.5	10.0	11.1	11.1
N	Health	5.9	10.0	6.5	3.1	5.7	5.4
O	Other Services	6.3	14.8	10.3	10.1	6.0	5.5
	Total	11.7	12.7	10.9	10.5	9.8	9.9

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 2009, the overall enterprise death rate in North Tyneside was slightly higher (worse) than that of the North East and that of the UK (Table 7.2c). North Tyneside outperformed the UK in six of the fifteen industries shown.
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, North Tyneside (NT), Tyne and Wear (TW), North East (NE) and UK, 2009

		Active Stock				Death Rate[1] (%)				Difference
SIC 2007	**Industry**	**NT**	**TW**	**North East**	**UK**	**NT**	**TW**	**NE**	**UK**	**NT - UK**
B, D and E	Mining, Quarrying and Utilities	15	100	310	8,915	33.3	5.0	11.3	10.9	22.5
C	Manufacturing	350	1,875	4,460	148,285	11.4	10.7	9.5	10.1	1.3
F	Construction	710	3,695	9,415	336,095	14.1	14.5	14.3	13.2	0.9
G	Wholesale, Retail and Motor	875	5,030	12,300	416,305	10.9	10.6	10.4	10.8	0.0
H	Transportation and Storage	135	850	2,610	81,995	11.1	13.5	12.8	13.2	-2.1
I	Accommodation and Food Service Activities	440	2,580	6,160	163,430	15.9	15.5	14.0	14.3	1.6
J	Information and Communication	250	1,285	2,685	171,175	10.0	12.8	12.8	13.3	-3.3
K	Financial and Insurance Activities	50	345	785	34,600	20.0	13.0	15.3	12.6	7.4
L	Real Estate	105	875	1,845	86,840	14.3	14.9	12.7	12.7	1.6
M	Professional, Scientific and Technical Activities	695	3,735	9,500	380,125	10.1	10.3	10.2	11.2	-1.1
N	Administrative and Support Services	335	1,905	4,735	206,165	14.9	14.2	14.1	14.8	0.1
P	Education	60	390	965	34,395	8.3	9.0	10.9	9.2	-0.9
Q	Human Health and Social Work	195	1,145	2,730	86,915	2.6	6.6	5.9	7.2	-4.7
R	Arts, Entertainment and Recreation	100	635	1,615	65,930	10.0	10.2	10.5	10.3	-0.3
S	Other Services	270	1,505	3,545	120,730	13.0	10.3	10.0	10.2	2.8
	Total	4,585	25,950	63,660	2,341,900	12.0	12.0	11.6	11.9	0.1

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 North Tyneside rates that are based on relatively low stock.

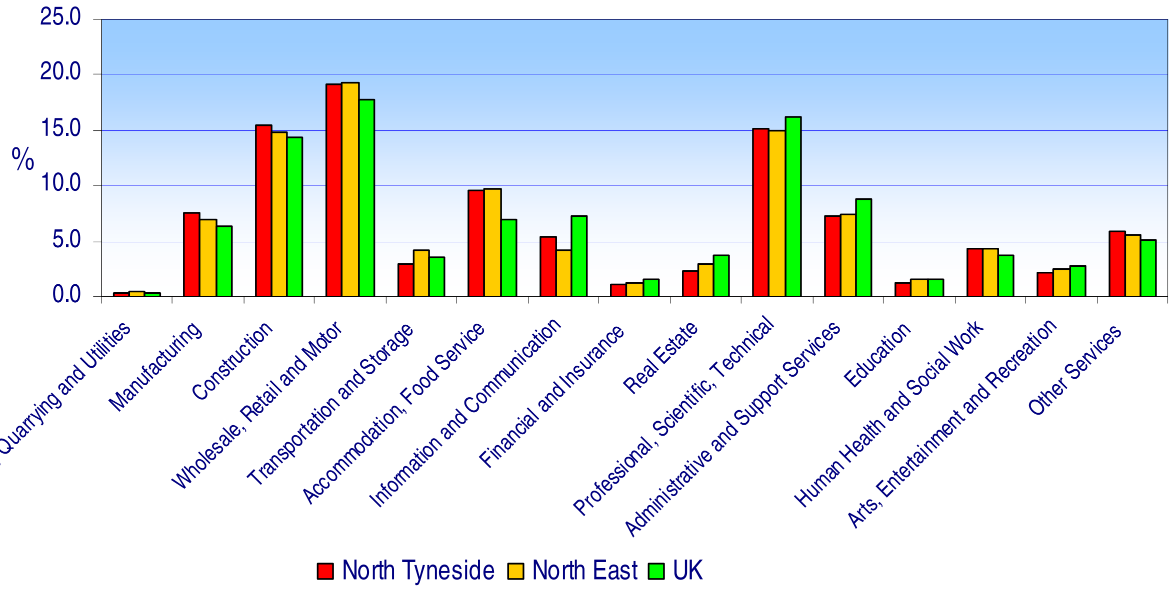
7.3 The Industrial Structure of the Business Base

The following bar chart (Fig.7) compares North Tyneside's industrial structure in 2009 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, North Tyneside is relatively strong in "Accommodation, Food Service", "Wholesale, Retail and Motor", "Manufacturing" and "Construction". It is relatively weak in "Information and Communication", "Administrative and Support Services", "Real Estate" and "Professional, Scientific, Technical". The other industries in North Tyneside take up similar proportions to the UK averages (within ±1 percentage point).

Fig 7 The Industrial Structure of the Business Base

North Tyneside, North East and UK



Source: Office for National Statistics, IDBR.

Table 7.3: Industrial Structure of the Business Base, North Tyneside, Tyne and Wear, North East, UK, 2009

		Share of Total Active Businesses in 2009			
SIC 2007	**Industry**	**North Tyneside**	**TW**	**North East**	**UK**
B, D and E	Mining, Quarrying and Utilities	0.3	0.4	0.5	0.4
C	Manufacturing	7.6	7.2	7.0	6.3
F	Construction	15.5	14.2	14.8	14.4
G	Wholesale, Retail and Motor	19.1	19.4	19.3	17.8
H	Transportation and Storage	2.9	3.3	4.1	3.5
I	Accommodation and Food Service Activities	9.6	9.9	9.7	7.0
J	Information and Communication	5.5	5.0	4.2	7.3
K	Financial and Insurance Activities	1.1	1.3	1.2	1.5
L	Real Estate	2.3	3.4	2.9	3.7
M	Professional, Scientific and Technical Activities	15.2	14.4	14.9	16.2
N	Administrative and Support Services	7.3	7.3	7.4	8.8
P	Education	1.3	1.5	1.5	1.5
Q	Human Health and Social Work	4.3	4.4	4.3	3.7
R	Arts, Entertainment and Recreation	2.2	2.4	2.5	2.8
S	Other Services	5.9	5.8	5.6	5.2
	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 has to use SIC2003.

In 2003-08, two industries in North Tyneside experienced very substantial net gains of businesses; “Property and Business Services” (+420) and “Construction” (+175) (Table 7.4a).

Table 7.4a: Change in the Number of Enterprises, North Tyneside, Tyne and Wear, North East, UK, 2003 to 2008

SIC 2003	Industry	Change	Percentage Change			
		North Tyneside	North Tyneside	TW	North East	UK
C and E	Mining, quarrying and utilities	-5	-100.0	-66.7	41.7	-8.3
D	Manufacturing	20	5.6	-1.5	-4.2	-9.7
F	Construction	175	38.5	32.5	31.7	19.9
G	Wholesale, retail and motor trades	-20	-2.2	-4.6	-3.3	-3.2
H	Hotels and catering	5	1.1	4.9	3.5	2.1
I	Transport, post and telecommunications	-5	-3.3	-4.0	-1.5	0.3
J	Finance	15	60.0	53.7	40.2	19.3
K	Property and business services	420	43.8	33.8	40.5	28.3
M	Education	15	50.0	25.0	19.1	11.2
N	Health	15	8.8	9.9	16.2	17.3
O	Other Services	-30	-7.6	-3.5	-6.5	-0.4
	Total	610	15.6	12.0	13.0	10.6

Source: ONS, IDBR.
Note: All figures are rounded to avoid disclosure.

Four industries had a net loss of businesses over the period 2003-08. They were "Other Services", "Wholesale, Retail and Motor Trades", "Mining, Quarrying and Utilities" and "Transport, Post and Telecommunications".

Compared to both the UK and the North East, North Tyneside underperformed in five industries. The industries were “Mining, Quarrying and Utilities”, “Health”, “Other Services”, “Transport, Post and Telecommunications” and “Hotels and Catering”.

Table 7.4b: Active Enterprises in North Tyneside, 2003-2008

SIC 2003	Industry	2003	2004	2005	2006	2007	2008
C and E	Mining, quarrying, electricity, gas and water supply	5	0	0	0	0	0
D	Manufacturing	355	360	380	370	380	375
F	Construction	455	500	530	565	595	630
G	Wholesale, retail and motor trades	920	925	935	945	945	900
H	Hotels and catering	450	455	445	425	450	455
I	Transport, post and telecommunications	150	155	145	150	145	145
J	Finance	25	30	30	35	30	40
K	Property and business services	960	1,020	1,075	1,085	1,255	1,380
M	Education	30	40	40	50	45	45
N	Health	170	150	155	160	175	185
O	Other Services	395	405	340	345	335	365
	Total	3,915	4,040	4,075	4,130	4,355	4,525

Source: ONS, IDBR.
Note: All figures are rounded to avoid disclosure.

7.5 Changes in 2009 by Industry

Within North Tyneside five industries had a net loss of businesses between the years 2008-2009 (Table 7.5). However, the net losses were relatively small; the largest was a fall of 15 in "Accommodation and Food Service Activities".

Net increases in North Tyneside were also relatively modest; the largest was a rise of 30 in "Professional, Scientific and Technical Activities". North Tyneside outperformed the UK in ten industries and outperformed the North East in the same ten.

North Tyneside underperformed the UK in five industries: "Manufacturing", "Information and Communication", "Transportation and Storage", "Accommodation and Food Service Activities" and "Other Services".

Table 7.5: Change in the Number of Enterprises, North Tyneside, Tyne and Wear, North East, UK, 2008 to 2009

SIC 2007	Industry	Actives 2008 North Tyneside	Actives 2009 North Tyneside	Change North Tyneside	Percentage Change North Tyneside	Percentage Change TW	Percentage Change North East	Percentage Change UK
B, D and E	Mining, Quarrying and Utilities	10	15	5	50.0	25.0	8.8	10.7
C	Manufacturing	360	350	-10	-2.8	-0.5	1.7	0.5
F	Construction	705	710	5	0.7	2.1	-0.5	-0.5
G	Wholesale, Retail and Motor	870	875	5	0.6	-1.9	-1.5	-0.4
H	Transportation and Storage	140	135	-5	-3.6	-1.2	0.0	-1.2
I	Accommodation and Food Service Activities	455	440	-15	-3.3	0.4	-1.7	-1.4
J	Information and Communication	255	250	-5	-2.0	0.4	0.8	0.7
K	Financial and Insurance Activities	40	50	10	25.0	19.0	23.6	15.6
L	Real Estate	100	105	5	5.0	2.9	2.2	2.4
M	Professional, Scientific and Technical Activities	665	695	30	4.5	0.3	2.7	3.3
N	Administrative and Support Services	330	335	5	1.5	-1.8	-1.3	-0.3
P	Education	50	60	10	20.0	6.8	7.8	6.0
Q	Human Health and Social Work	180	195	15	8.3	5.5	2.2	2.9
R	Arts, Entertainment and Recreation	95	100	5	5.3	0.0	-1.8	-1.1
S	Other Services	275	270	-5	-1.8	1.0	-1.4	-1.6
	Total	4,530	4,585	55	1.2	0.6	0.3	0.7

Source: ONS, Business Demographics.
Note: All figures are rounded to avoid disclosure.

8 Businesses by Industry (2-digit SIC Level)

At the 2-digit SIC level, based on enterprise numbers, two of North Tyneside's top ten industries were not in the UK top ten. North Tyneside has 'Architectural and engineering activities etc.' (SIC 71) and 'Wholesale and retail trade etc.' (SIC 45). Nationally they ranked 11th and 12th respectively (Table 8.1).

Table 8.1 Percentage Share of Enterprises By 2-Digit SIC Level, 2009
Top Ten in North Tyneside with North East and UK Comparators

SIC2007	North Tyneside	North East	North East Rank	UK	UK Rank
47 Retail trade, except of motor vehicles and motorcycles	11.0	11.4	1	9.4	1
43 Specialised construction activities	10.4	9.4	2	8.7	2
56 Food and beverage service activities	8.8	8.9	3	6.2	3
62 Computer programming, consultancy and related activities	4.5	3.1	11	5.2	5
71 Architectural and engineering activities; technical testing and analysis	4.5	5.2	4	3.3	11
96 Other personal service activities	4.3	4.2	6	3.9	9
41 Construction of buildings	4.1	4.3	5	4.6	8
70 Activities of head offices; management consultancy activities	4.1	3.7	9	5.7	4
46 Wholesale trade, except of motor vehicles and motorcycles	4.0	4.1	7	5.1	6
45 Wholesale and retail trade and repair of motor vehicles and motorcycles	4.0	3.8	8	3.2	12

Source: ONS, TWRI.

Note: based purely on the proportion of enterprises within an area by 2-digit SIC level (excluding SIC 01-03, 84 and 99). It is not based on turnover or employment.

Note on the exclusion of some industries from this section on Business by Industry:
This section does not include Agriculture (SIC 01-03), 'Public administration and defence; compulsory social security' (SIC 84) and 'Activities of extraterritorial organisations and bodies' (SIC 99). Numbers in most of these industries are small. However, readers should note that, if 'Crop and animal production; hunting and related service activities' (SIC 01) were included then it would fall within the UK top ten. At District-level, within Tyne and Wear, SIC 01 would fail to make the top ten. For Tyne and Wear City Region, primarily because of Tynedale[6], SIC 01 would make the top ten.

[6] Tynedale accounts for just under half of all SIC 01 enterprises in the City Region.

The two industries that appeared in the UK top ten but not in North Tyneside's were 'Office administrative; office support and other business support activities' (SIC 82, ranked 11th in North Tyneside) and 'Real estate activities' (SIC 68, ranked 14th in North Tyneside) (Table 8.2).

Table 8.2 Percentage Share of Enterprises By 2-Digit SIC Level, 2009
Top Ten in UK with North East and North Tyneside Comparators

SIC2007	UK	North East	North East Rank	North Tyneside	North Tyneside Rank
47 Retail trade, except of motor vehicles and motorcycles	8.8	11.4	1	11.0	1
43 Specialised construction activities	8.1	9.4	2	10.4	2
56 Food and beverage service activities	5.9	8.9	3	8.8	3
70 Activities of head offices; management consultancy activities	5.4	3.7	9	4.1	8
62 Computer programming, consultancy and related activities	5.4	3.1	11	4.5	4
46 Wholesale trade, except of motor vehicles and motorcycles	5.1	4.1	7	4.0	9
82 Office administrative, office support and other business support activities	4.8	3.7	10	3.9	11
41 Construction of buildings	4.1	4.3	5	4.1	7
96 Other personal service activities	3.6	4.2	6	4.3	6
68 Real estate activities	3.6	2.9	13	2.3	14

Source: ONS, TWRI.

Note: based purely on the proportion of enterprises within an area by 2-digit SIC level (excluding SIC 01-03, 84 and 99). 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 old VAT series. It is difficult to directly compare the two series. However, at District level, within Tyne and Wear, the Business Demographics series recorded 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 series[7]. 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 period[8]. 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 regulations[9] 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.

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[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	**BERR[ii] 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 published 28 November 2008.	Discontinued November 2008. The final annual update covered 2007 data.	Annual publication. March 2010 data published September 2010
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, as amended (Timeliness) by TWRI.
http://www.statistics.gov.uk/downloads/theme_commerce/Intro-Bus-Demography.pdf

[ii] Department for Business, Enterprise and Regulatory Reform.

APPENDIX 3

Excluded Sections

	SIC 2003		SIC 2007
A	Agriculture, Hunting and Forestry	A	Agriculture, Forestry and Fishing
B	Fishing		
L	Public Administration and Defence; Compulsory Social Security	O	Public Administration and Defence; Compulsory Social Security
P	Activities of private households as employers and undifferentiated production activities of private households	T	Activities of Households As Employers; Undifferentiated Goods- and Services-Producing Activities of Households for Own Use
Q	Extraterritorial organizations and bodies	U	Activities of Extraterritorial Organisations and Bodies