BUSINESSES REGISTERED FOR VAT IN TYNE & WEAR 2003

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KEYPOINTS

Overall

- At the beginning of 2004, there were **17,560 businesses** registered for VAT in Tyne & Wear (§4.1). This is referred to as the stock of registered businesses.
- The number of businesses in Tyne & Wear, 'the business base' **grew by 1.5% in 2003 (up 260 firms)** (§4.1). The rise in business base could be related to an upward surge in house prices (and thus housing wealth) in 2001-2003.
- Research from Cambridge University, using data from the 1980s has found that the key drivers (at county-level) to be:
  - Population change;
  - Housing wealth (house price inflation);
  - Professional and managerial experience. (§3)
  - In the 1980s, house price inflation under-pinned growth of the business base. In the early 1990s house price inflation was weak in Tyne & Wear and the UK. This may have been partly to blame for the business stock falling most years 1990 - 1995. House price rises in the later 1990s also coincided with growth in the business stock. The strong rises in 2001-2003 in house prices are therefore likely to have been a driver of recent rises in the business stock.
- Below county level, **between 1994 and 2003, the stock of businesses grew in every district.**
- **Gateshead saw the largest growth in its business base** between 1994 and 2003, up 12.3%. This was largely the result of a 6.9 percentage point growth in Business Services, which in 1994 held 20.6% of the business base in Gateshead. In 2003, this rose to 27.5% of the business base. (§4.3).

Growth Industries

- In Tyne & Wear **in 2003**, **growth was numerically greatest in Business Services (up 95 firms, 2.2%)**. Construction also grew substantially (up 85 firms, 4.7%). Hotels & Catering also grew quite substantially (up 70 firms, 3.8%). This may reflect growth in the tourism industry. (§5.2.1)
- **Five industries** altogether **grew between 1994 and 2003**; Business Services (up 52.5%); Public Admin. & Other Services (up 12.2%); Transport & Communication (up 9.6%); Hotels & Catering (up 15.5%); and Education & Health (up 7.5%). (§5.4)

Declining Industries

- In 2003, four industries declined; **Transport & Communication** (down 15 firms, -1.8%); **Manufacturing** (down 10 firms, -0.6%); **Mining & Utilities** (down 5 firms, -50%); and **Agriculture** (down 5 firms, -2.5%). There was no change in the business base of the Finance industry in Tyne & Wear. (§5.2.1)
- Between 1994 and 2003, there were falls in six industries; the largest numerical fall was in Retailing & Wholesale (down 770, -13.8%). [Consolidation is a long-standing process in retailing]. Manufacturing, Construction and Agriculture all suffered large losses numerically (down 145 (-7.5%), 75 (-3.8%), and 65 (-25%) firms respectively). (§5.4)

Registrations & De-Registrations (Flows)

- In 2003, both registrations and de-registrations improved in Tyne & Wear. **Registrations rose by 35 firms, 1.8%**. (§4.4.2). De-registration fell by 45 firms, 2.6% (§4.5.2)
- The rise in registrations in Tyne & Wear was **mainly due to rises in Construction (up 65, 36.1%)**, Hotels & Catering (up 20 firms, 6.6%) and Retailing & Wholesale (up 15 firms, 3.3%).
- **Five industries** experienced **falls in registrations in 2003**, the largest of these is seen in **Transport & Communications** (down 40 firms, -30.8%). Other smaller falls were noted in Finance (down 15 firms, -75%); Public Admin. and Other Services (down 5 firms, -4.8%); Manufacturing (down 5 firms, -3.6%); and Business Services (down 5 firms, -0.9%). (§4.4.2)
- In the UK in 2003, registrations rose by 8.1% (over four times the 1.8% rise in Tyne & Wear). The largest numerical rises were in Business Services (up 5,475 firms, 8.8%); Retailing & Wholesale (up 5,035 firms, 15.3%); and Construction (up 2,440, 12.5%). The largest fall was in Public Admin. & Other Services (down 1,255 firms, -8.6%). (§4.4.2)
- **Falls in de-registrations in Tyne & Wear** were in **Manufacturing (-35, -19.4%)**, **Hotels & Catering (-25, -8.9%)**, **Construction (-20, -11.1%)**, and **Public Admin. & Other Services (-15, -14.3%)**. (§4.5.2)
- In the UK, de-registrations rose overall by 6.4%. Rises were seen in every industry except Hotels & Catering (fall of 1.4%) and Finance (fall of 1.8%). The largest numerical rise was in Business Services (up 4,015, 7.7%). (§ 4.5.2).

Small & Medium Enterprises (SMEs)

- At the start of 2003 in the North East, 99.8% of businesses were classified as SMEs (employing fewer than 250 people) (§6).
- SMEs were the source of most employment amongst enterprises (57%) and rather less turnover (45%) (§6). [Caution: Enterprises cover about ⅔ of total employment, with the other third essentially in the public sector.]
- During 2003, the number of SMEs in the UK rose by 5.9%. However, size bands 1-4, 5-9, 10-19, 50-99, and 200-249 did not see any rise. Employment among SMEs only rose 0.1% in 2003.

1 INTRODUCTION

This report provides an analysis of VAT-registered businesses within Tyne & Wear. North East and UK data are provided for comparison, and analysis extends to district-level data. The report covers mainly stock of businesses, registrations and de-registrations in 2003 and changes in these over various timescales. Section 3 explores two possible factors affecting business registrations in Tyne & Wear; population and housing wealth. Section 6 provides analysis of Small & Medium Enterprises (SMEs).

The report shows that Tyne & Wear's business base rose by 1.5% in 2003 (Table 4.1). This was slightly faster than in the North East (up 1.4%) and the UK (0.9%). Tyne & Wear was, however, outperformed by the UK over the 10-year period, between 1994 and 2003 (Tyne & Wear saw a 5.7% rise compared with an 11.1% rise in the UK). The North East's business base, however, grew more slowly over this period (3.5%).

Tyne & Wear owes the rise in its business base between 1994 and 2003 largely to Business Services, which grew 52.5%, up 1,500 firms. Business services as a proportion of Tyne & Wear's business base grew from 17.2% in 1994 to 24.6% in 2003. This is still low compared to the UK (28.3%), but higher than in the North East (21.5%).

2 TECHNICAL INTRODUCTION

This paper presents the latest (2003) information for Tyne & Wear on businesses registered for VAT from the Inter-Departmental Business Register (IDBR), held by the Office for National Statistics (ONS). The VAT data are derived from HM Customs and Excise records and supplied by the Small Business Service (SBS). The main focus is on changes during 2003 in the 'business base' (businesses registered for VAT).

It is important to note that many 'micro-businesses' (normally single-person businesses) fall below the VAT turnover threshold. There will be thousands of these in Tyne & Wear.

Only broad comparisons can be made for 1980-2003. This is because of large increase in the VAT threshold in 1991 and 1993 (see Appendix 15), as well as other changes to the estimates. Since 1994 the estimates have been based on counts of VAT registered *enterprises*; earlier counts were based on VAT *legal units*. An enterprise, as defined by the DTI, is a person, or group of people producing goods and services under their control and with their own legal identity. A branch of a larger organisation would not itself be an enterprise.

From 1994, industry coding is on the Standard Industrial Classification using SIC92. Earlier data were published using VAT Trade Classification (VTC). Due to lack of comparability between the old (1980 – 1993) and new (1994 – 2000) industry-codes; analysis of change for the full period, 1980 – 2000, is for the whole business base only.

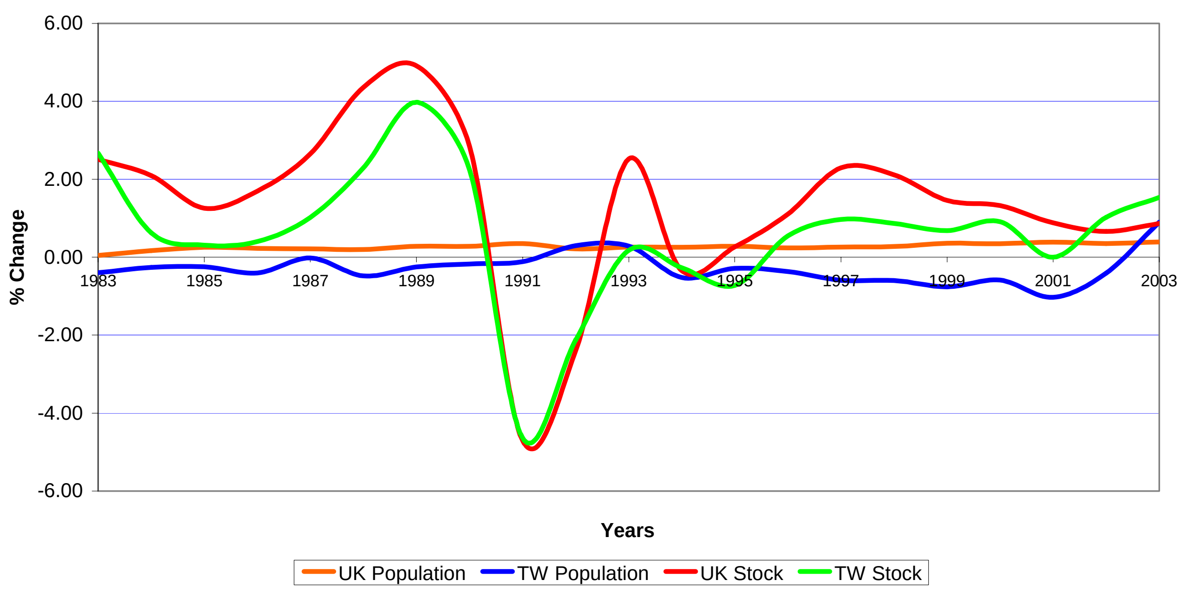
Comparisons are made geographically and industrially; Tyne & Wear with the North East and the UK across industries. It should be noted that registrations and de-registrations do not equate to business start-ups and closures. Enterprises may have been trading for some time before reaching the registration threshold, or may fall below the threshold and continue to trade.

3 DRIVERS OF CHANGE

This section investigates two possible key factors that could determine the performance of the business base in Tyne & Wear. Figs. 3.1 & 3.2 graph changes in population and house prices, with changes in the business stock. UK figures have also been plotted for comparison.

The UK population grew every year between 1983 and 2003, whilst in Tyne & Wear, it has fallen every year, except 1992-1993 and 2002-03 (Fig.3.1). The change in business stock in Tyne & Wear followed a similar pattern to the UK over this period, although on the whole, Tyne & Wear underperformed the UK. It may be that the declining population in Tyne & Wear dragged down the performance of its business base.

Fig. 3.1: Change in Population and Business Stock: Tyne & Wear and UK 1983-2003



Source: Small Business Service, Mid-Year Population Estimates

House prices can be said to be the main reason for the sharp contrast in business base change from one decade to the next, from growth (in the 1980s) to decline (in the 1990s, to about mid-decade) (Fig.3.2). Housing wealth is the main collateral for new small businesses. The huge rise in house prices in 1989 in Tyne & Wear (up 43%), helps to explain why the stock of businesses rose in 1989 and 1990. During the early 1990s, house price inflation (and thus housing wealth) was very weak in Tyne & Wear and the UK. The stock of businesses in Tyne & Wear and the UK fell most years between 1990 and 1995. In the latter 1990s house prices began to grow again (in Tyne & Wear and the UK) and business stock improved (more so in the UK than in Tyne & Wear). 2003 saw huge rises in Tyne & Wear house prices (up 22.7%). This is likely to result in stronger rises in the business base in future years.

Population and house price change both appear to have an impact on the change in business stock in Tyne & Wear. Keeble and Walker, at Cambridge University, performed an extensive statistical analysis[1] of the VAT dataset for 1980 – 1990. The study was published in *Regional Studies* (Volume 28, Number 4, July 1994). For new firm formation, Keeble and Walker found the most important influences to be:

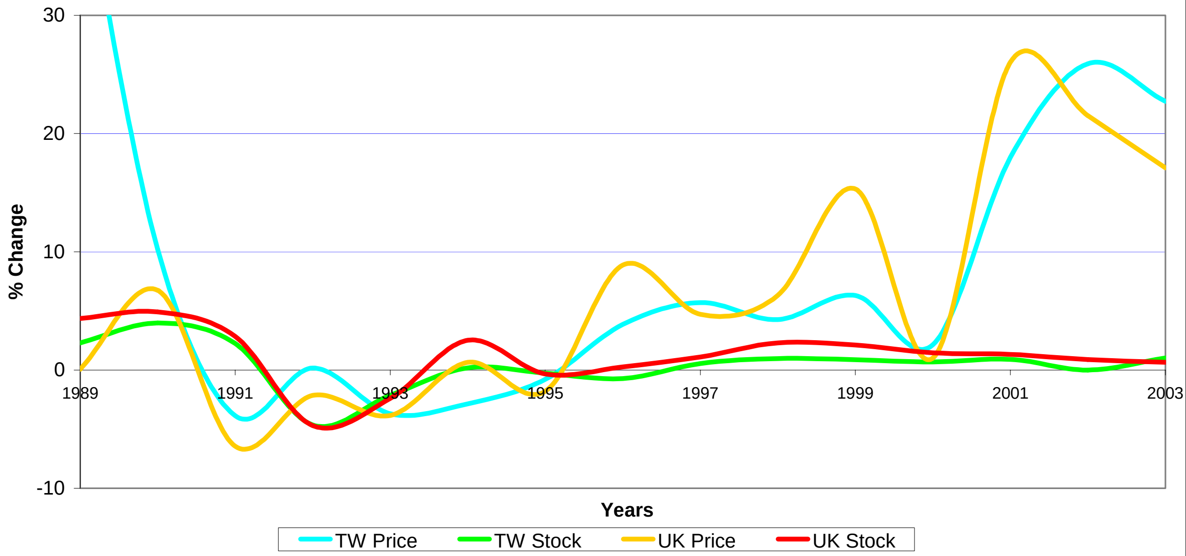
- Previous local population growth;
- Capital availability (as indicated by housing wealth);
- Occupational structures (focused on professional, managerial and non-manual expertise);

[1] *This used factor analysis, a suitable mathematical technique.*

- Firm size structures; and
- Geographically-concentrated urban demand.

Business death rates reflect earlier creation rates, the negative effect of rising unemployment, urban location and small firm size structures. In contrast, above-average local government expenditure and enterprise agency assistance appear to help reduce the death rate of small enterprises.

Fig. 3.2: Change in House Prices* and Business Stock: Tyne & Wear, UK, 1989-2003#



Source: Halifax plc, Small Business Service

 # 2003 Halifax data for house prices refers to all property types, not just semi-detached.

** House prices are 3rd quarter averages for semi-detached properties. The change for 1989, for example, is the change between 3rd quarter 1988 and 3rd quarter 1989.*

4 CHANGES IN THE BUSINESS BASE

4.1 STOCK OF BUSINESSES

At the end of 2003, Tyne & Wear had 17,560 businesses registered for VAT (Table 4.1). This is a relatively small business base of 200 businesses for every 10,000 adults. The UK average is almost twice this, at 378.

Tyne & Wear's business base is also sharply under-represented in relation to adult population (16+). It has only 1.5% of all UK businesses registered for VAT, but about 2% of the UK adult population (16+). It is also under-represented in the North East region with 39% of the business base, compared with 43% of the adult population (16+). It may be that Tyne & Wear firms are larger than average North East firms.

Table 4.1: Business Registrations, De-Registrations and Stocks: Tyne & Wear and Local Authority Districts, 2003

Area	Stock at start 2003	Registrations	De-Registrations	Stock at end 2003	Adult Population	Ratio of stock at end 2003 per 10,000 of adult population	Net Change (No.)	% Change
Gateshead	3,360	400	295	3,460	155,100	223	105	3.1%
Newcastle	5,250	590	570	5,270	218,800	241	20	0.4%
North Tyneside	2,925	355	295	2,985	155,100	192	55	1.9%
South Tyneside	1,865	210	180	1,895	122,400	155	30	1.6%
Sunderland	3,895	400	345	3,950	228,600	173	55	1.4%
Tyne & Wear	17,295	1,950	1,690	17,560	880,000	200	260	1.5%
North East GOR	44,775	4,640	4,010	45,405	2,053,500	221	630	1.4%
England	1,532,025	167,290	152,100	1,547,210	40,052,200	386	15,190	1.0%
UK	1,794,920	189,890	174,355	1,810,460	47,841,500	378	15,535	0.9%

*Note: * Aged 16 and over. Population figures are taken from the 2003 Mid-Year Estimates.*

Figures may not tally exactly due to rounding. Stocks, Registrations, De-Registrations and Net Change are taken from SBS dataset, not calculated by TWRI

Source: Small Business Service

4.2 NET CHANGE DURING 2003

During 2003, Tyne & Wear's business base grew by 1.5%, or 260 firms (Table 4.1). This growth in the business base followed the previous year's growth of 2002 (1.1%, or 185 firms). Tyne & Wear's performance was better than in the North East, which saw a slower growth in 2003 (up 1.4%, or 630 firms). The UK had an even slower growth in 2003 than the Tyne & Wear and the North East (0.9%, or 15,535 firms).

4.3 DISTRICT CHANGES

In 2003, all five districts saw a rise in their business base (see Appendices). Gateshead experienced 3.1% growth (up 105 firms). This was the largest growth of all the districts. Newcastle's growth was the smallest in terms of percentage (up 0.4%, just 20 new firms).

There was an overall rise in the business base in Tyne & Wear between 1994 and 2003; up 5.7% (Table 4.2). This is just over half of the UK growth (up 11.1%). The North East region had an overall rise of 3.6%. Gateshead saw the largest rise in businesses registered for VAT over the period (up 12.3%, 380 firms). This was closely followed by South Tyneside (up 7.7%, 135 firms), North Tyneside (up 6.4%, 180 firms) and Sunderland (5.9%, 220 firms). Newcastle experienced the smallest rate of growth (up 0.5%, 25 firms).

Table 4.2: Total and % Change in Number of Businesses Registered for VAT; 1994 – 2003

Area	Stock Start 1994	Stock End 2003	Change 1994 - 2003 No.	Change 1994 - 2003 %
Gateshead	3,080	3,460	380	12.3
Newcastle	5,245	5,270	25	0.5
North Tyneside	2,805	2,985	180	6.4
South Tyneside	1,760	1,895	135	7.7
Sunderland	3,730	3,950	220	5.9
Tyne & Wear	16,620	17,560	940	5.7
North East GOR	43,815	45,405	1,590	3.6
England	1,375,375	1,547,210	171,835	12.5
UK	1,629,120	1,810,460	181,340	11.1

Source: Small Business Service

Looking at the industry sectors separately, between 1994 and 2003, the largest numerical falls in each of the districts, the North East and nationally, were in the Wholesale, Retail & Repairs sector (§ 7). North Tyneside, Newcastle and Sunderland experienced particularly high falls in this sector (-150 firms, 15.7% fall in North Tyneside); (-285 firms, 18.1% fall in Newcastle); and (-190 firms, 14.2% fall in Sunderland). The large fall in Newcastle in this sector contributed to this district's overall net fall between 1994 and 2003.

There were also falls in each district, the North East and nationally in Agriculture, Forestry & Fishing; with the largest numerical fall in Newcastle (down 35 firms, -58.3%). There were also falls in Construction in Gateshead, Newcastle and South Tyneside. Newcastle suffered by far the largest fall in the Construction industry (-100 firms, 18.0% fall).

Business Services saw the largest rise in its business base between 1994 and 2003 in the Tyne & Wear districts, the North East and nationally. Of all the districts, Newcastle experienced the largest numerical rise in businesses in this sector (+545) and Gateshead saw the largest proportional rise (up 88.6%).

4.4 REGISTRATION ("BUSINESS STARTS")

Registrations are not the same as business starts because businesses can exist below the VAT threshold before registering.

4.4.1 Registration Change 1994 – 2003

Between 1994 and 2003, annual total registrations in Tyne & Wear stayed stable at the same value (Table 4.3). In the North East, there was a rise of 3.2%. The UK, however, saw a rise of 12.2% over the period.

In Tyne & Wear, the largest numerical fall was in Public Admin. and Other Services (down 140, -58.3%). Large falls were also experienced in Education & Health (down 30, -50%) and Retailing & Wholesale (down 35, -6.9%). There were also only 5 registrations in Mining & Utilities sector between 1994 and 2003.

Registrations in Tyne & Wear rose in three industries. These rises were led by Business Services (up 115, 27.4%); other rises were in Construction (up 90, 58.1%) and Hotels & Catering (up 40, 14%). New registrations remained at a much lower rate than the 1980s. Registrations peaked at 3,100 in 1989, (on a lower VAT threshold).

In the UK, between 1994 and 2003, 5 industries experienced a rise in new registrations (see Table A1 in Appendices). By far the largest numerical rise occurred in Business Services (up 23,175, 51.9%). This is a much larger rise proportionally than in Tyne & Wear. Similarly to Tyne & Wear, other significant rises occurred in Hotels & Catering (up 29.4%) and Construction (up 34.5%). Unlike Tyne & Wear, the UK also saw rises in Transport & Communications (up 16.1%) and Mining & Utilities (up 16.2%).

A similar range of industries experienced falls in registrations in the UK as in Tyne & Wear. Public Admin & Other Services, which suffered a large fall in Tyne & Wear (down 58.3%), experienced the largest numerical fall in the UK, (down 6,775, -33.7%) as well. Other large falls occurred in Finance (down 40.7%), Manufacturing (down 25.5%), Education & Health (down 19.4%), Agriculture (down 11.8%), and Retailing & Wholesale (down 4.5%).

In the North East, as in Tyne & Wear and the UK, Business Services experienced a large rise in registrations (up 405, 48.2%) (See Table A3 in Appendices). Construction registrations also rose significantly (up 180, 43.9%).

Large falls in registrations in the North East also occurred in a similar range of industries to Tyne & Wear and the UK. Public Administrations & Other Services saw 370 less registrations (a fall of 61.7%). Other falls were in Education & Health (-60, -46.2%), Manufacturing (-35, -10.6%), Finance (-25, -62.5%), and Agriculture (-25, -23.8%).

Table 4.3: Business Registrations* in Tyne & Wear, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	15	10	10	5	10	5	10	0	10	10	85
C,E	Mining & Utilities	0	0	0	0	0	5	0	0	0	0	5
D	Manufacturing	150	160	185	145	135	155	125	120	140	135	1,450
F	Construction	155	165	185	180	165	195	180	175	180	245	1,825
G	Retailing & Wholesale	510	425	475	455	410	445	390	400	460	475	4,445
H	Hotels & Catering	285	280	260	275	255	295	330	320	305	325	2,930
I	Transport & Communication	95	100	90	90	100	85	95	90	130	90	965
J	Finance	20	5	5	10	5	15	10	5	20	5	100
K	Business Services	420	420	450	465	500	485	520	475	540	535	4,810
L,O	Public Admin. & other Services	240	210	140	190	165	115	130	85	105	100	1,480
M,N	Education & Health	60	25	20	20	25	20	20	20	25	30	265
	Total	1,950	1,800	1,820	1,835	1,770	1,820	1,810	1,690	1,915	1,950	18,360

Note: Figures may not tally exactly due to rounding
Registration of 2 or less are recorded as 0

Source: Small Business Service

4.4.2 Registrations – changes during 2003

Registrations in Tyne & Wear in 2003 rose in 4 industries (Table 4.4). These were: Construction (up 65, up 36.1%), Hotels & Catering (20, up 6.6%), Retailing & Wholesale (15, up 3.3%), and Education & Health (5, up 20%). Registrations remained the same in Agriculture and Mining & Utilities.

Registrations fell in 5 industries: Transport & Communications (-40, -30.8%), Finance (-15, -75%), Business Services (-5, -0.9%), Manufacturing (-5, -3.6%), and Public Admin. & Other Services (-5, -4.8%). The overall rise in Tyne & Wear was 35 firms, up 1.8%. Overall Tyne & Wear under-performed the UK (8.1%), by 6.3 percentage points, and the North East (7.7%) by 5.9 percentage points.

UK registrations rose by 14,190 (up 8.1%). This was overwhelmingly due to the large numerical rise in Business Services (up 5,475, 8.8%) and Retailing & Wholesale (up 5,035, 15.3%). The largest numerical fall was in Public Administration and Other Services (down 1,255, -8.6%). Rates of change across the industries ranged from -8.6% in Public Administration & Other Services to 15.3% in Retailing & Wholesale.

In the North East, registrations in 2003 rose by 330 (up 7.7% - higher than Tyne & Wear). Compared with 2002, the number of registrations rose in all English counties. Rises in registrations in the English Government Office Regions ranged numerically from 330, (up 7.7%) in the North East, to 1,580, (up 9.2%) in the North West. Numerically, the North East was very similar to Northern Ireland, with 310 registrations (up 8.9%).

The largest numerical rise in the North East in 2003 was in Construction (up 145, 32.6%). Other notable rises were in Business Services (up 105, 9.2%), and Retailing & Wholesale (up 95, 9.5%). The largest numerical fall in registrations between 2002 and 2003 was in Agriculture (down 30, -27.3% - compared to a rise of 1.2% in the UK). Other falls were in Finance (down 15, -50%) and Public Administration and Other Services (down 5, -2.1%).

Table 4.4: Change in Registration* by Industry: Tyne & Wear, North East and UK, 2003 compared with 2002

SIC 92	Industry	Tyne & Wear Change		NE Change		UK Change	
		No.	%	No.	%	No.	%
A,B	Agriculture	0	0	-30	-27.3	45	1.2
C,E	Mining & Utilities	0	na	5	100	15	7.5
D	Manufacturing	-5	-3.6	5	1.7	380	3.7
F	Construction	65	36.1	145	32.6	2,440	12.5
G	Retailing & Wholesale	15	3.3	95	9.5	5,035	15.3
H	Hotels & Catering	20	6.6	30	4.3	1,445	7.4
I	Transport & Communication	-40	-30.8	0	0	520	5.8
J	Finance	-15	-75	-15	-50	-30	-2.4
K	Business Services	-5	-0.9	105	9.2	5,475	8.8
L,O	Public Admin. & other Services	-5	-4.8	-5	-2.1	-1,255	-8.6
M,N	Education & Health	5	20	0	0	110	4.6
	Total	35	1.8	330	7.7	14,190	8.1

Note: NA –base year zero, percentage change not applicable.

**Registrations do not equate to 'business starts' because they include changes for other reasons, e.g. change of name, change of proprietor, re-opening of existing business.*

All figures are rounded to the nearest 5 (by SBS). 0 Change means a change of 0-2.

Source: Small Business Service

4.5 DE-REGISTRATIONS ("BUSINESS FAILURES")

Note: De-Registrations can occur for reasons other than business failure. The reasons include:

- Takeover
- Retirement
- Change of proprietor
- Change of business name
- Decline below the VAT threshold

4.5.1 De-Registration Change 1994 – 2003

Over the ten years, 1994 to 2003, business de-registrations in Tyne & Wear fell (improved) by 14.9%, down to 1,690 (Table 4.5). This is similar to a 17.2% fall in the North East, but these figures are significantly higher than the 0.2% fall in the UK (see Tables A4 and A2 in Appendices).

In Tyne & Wear, there was a mixed performance across the industries. The largest numerical fall occurred in Retailing & Wholesale (down 215, -32.3%). Other large falls were noted in Construction (down 110, -40.7%), Public Administration & Other Services (down 80, -47.1%), Hotels & Catering (down 60, -19%), and Manufacturing (down 25, -14.7%).

Business Services experienced a large rise in de-registrations (up 170, 63%). Much smaller rises occurred in Transport & Communication (up 20, 23.5%), and Education & Health (up 5, 33.3%).

Tyne & Wear followed a similar pattern to the UK, in de-registrations as well as registrations, between 1994 and 2003 (Table A2). Like Tyne & Wear, the UK's largest fall in de-registrations numerically was from the Retailing & Wholesale industry (down 16,110, 30.5%). Again, as in Tyne & Wear, large falls were also evident in Public Administration & Other Services (down 24%) and Construction (down 31.2%).

Rises in de-registrations in the UK were dominated by Business Services (as in Tyne & Wear); up 27,005 (92%). Finance also suffered a large rise in de-registrations (in terms of proportion) (up 128%). Other large rises were in Education & Health (up 46.3%) and Mining & Utilities (up 26.8%, although this was a relatively small numerical rise of 55 firms). Transport & Communications' de-registrations rose by 9.3%.

As in Tyne & Wear and the UK, falls in de-registrations in the North East were largest numerically in Retailing & Wholesale (-570 firms, 36.4%) (Table A4). Other large falls were in Construction (down 40.2%), Public Administration & Other Services (down 41.7%) and Hotels & Catering (down 21.7%).

Rises in de-registrations in the North East occurred mainly in Business Services (up 340 firms, 51.1%). Much smaller rises were in Finance (up 33.3%), and Transport & Communications (up 17.8%).

Table 4.5: Business De-Registrations in Tyne & Wear, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	20	15	25	15	10	20	10	10	15	15	155
C,E	Mining & Utilities	0	5	0	0	5	0	0	0	5	5	20
D	Manufacturing	170	190	145	145	160	180	140	140	180	145	1,595
F	Construction	270	205	190	190	190	190	160	160	180	160	1,895
G	Retailing & Wholesale	665	635	545	510	500	480	500	490	445	450	5,220
H	Hotels & Catering	315	270	255	245	250	260	250	295	280	255	2,675
I	Transport & Communication	85	65	90	90	80	100	95	95	100	105	905
J	Finance	5	25	10	15	5	10	15	5	10	10	110
K	Business Services	270	285	280	290	285	335	340	375	410	440	3,310
L,O	Public Admin. & other Services	170	190	160	145	120	115	120	100	105	90	1,315
M,N	Education & Health	15	50	35	40	25	20	15	25	15	20	260
	Total	1,985	1,930	1,730	1,685	1,625	1,710	1,650	1,700	1,735	1,690	17,440

Note: Figures may not tally exactly due to rounding

All figures are rounded to the nearest 5 (by SBS). 0 Change means a change of 0-2.

Source: Small Business Service

4.5.2 De-Registration Changes During 2003

Between 2002 and 2003 there was a fall in de-registrations in Tyne & Wear of 45 firms (down 2.6%) (Table 4.6). The North East showed a fall of just 0.6%; whilst in the UK there was a *rise* of 6.4%.

Across the industries, Tyne & Wear saw falls in de-registrations in Manufacturing (-35, -19.4%), Hotels & Catering (-25, -8.9%), Construction (-20, -11.1%) and Public Admin. & Other Services (-15, -14.3%). The only significant rise in de-registrations occurred in Business Services (30, 7.3%). Much smaller numerical rises occurred in Retailing & Wholesale, Transport & Communication and Education & Health.

Across the industries, the North East experienced falls in de-registrations within Manufacturing (-50, -13.2%), Hotels & Catering (-8.2%), Public Administration & Other Services (-3.9%), Construction (-2.5%) and Retailing & Wholesale (-2%). Like Tyne & Wear, there was an increase in business de-registrations in Business Services (6.3%). A significant rise in de-registrations also occurred in Education & Health (28.6%), Agriculture (16%), and Transport & Communications (10.4%).

In the UK, de-registrations rose between 2002 and 2003 in all industries except Hotels & Catering (-1.4%) and Finance (-1.8%). Business Services saw the largest numerical rise in de-registrations (4,015 firms, 7.7%). Others were in Agriculture (up 2,260, 43.6%), Construction (up 1,600, 10%), and Public Administration & Other Services (up 1,705, 14.3%).

Table 4.6: Change in De-Registration* by Industry: Tyne & Wear, North East and UK, 2003 compared with 2002

		Tyne & Wear Change		NE Change		UK Change	
SIC 92		**No.**	**%**	**No.**	**%**	**No.**	**%**
A,B	**Agriculture**	0	0	20	16	2,260	43.6
C,E	**Mining & Utilities**	0	0	0	0	30	13
D	**Manufacturing**	-35	-19.4	-50	-13.2	15	0.1
F	**Construction**	-20	-11.1	-10	-2.5	1,600	10
G	**Retailing & Wholesale**	5	1.1	-20	-2	670	1.9
H	**Hotels & Catering**	-25	-8.9	-50	-8.2	-235	-1.4
I	**Transport & Communication**	5	5	25	10.4	310	3.8
J	**Finance**	0	0	0	0	-30	-1.8
K	**Business Services**	30	7.3	60	6.3	4,015	7.7
L,O	**Public Admin. & other Services**	-15	-14.3	-10	-3.9	1,705	14.3
M,N	**Education & Health**	5	33.3	10	28.6	105	6.3
	Total	-45	-2.6	-25	-0.6	10,435	6.4

All figures are rounded to the nearest 5 (by SBS). 0 Change means a change of 0-2.

Source: Small Business Service

5 INDUSTRIAL STRUCTURE OF THE BUSINESS BASE

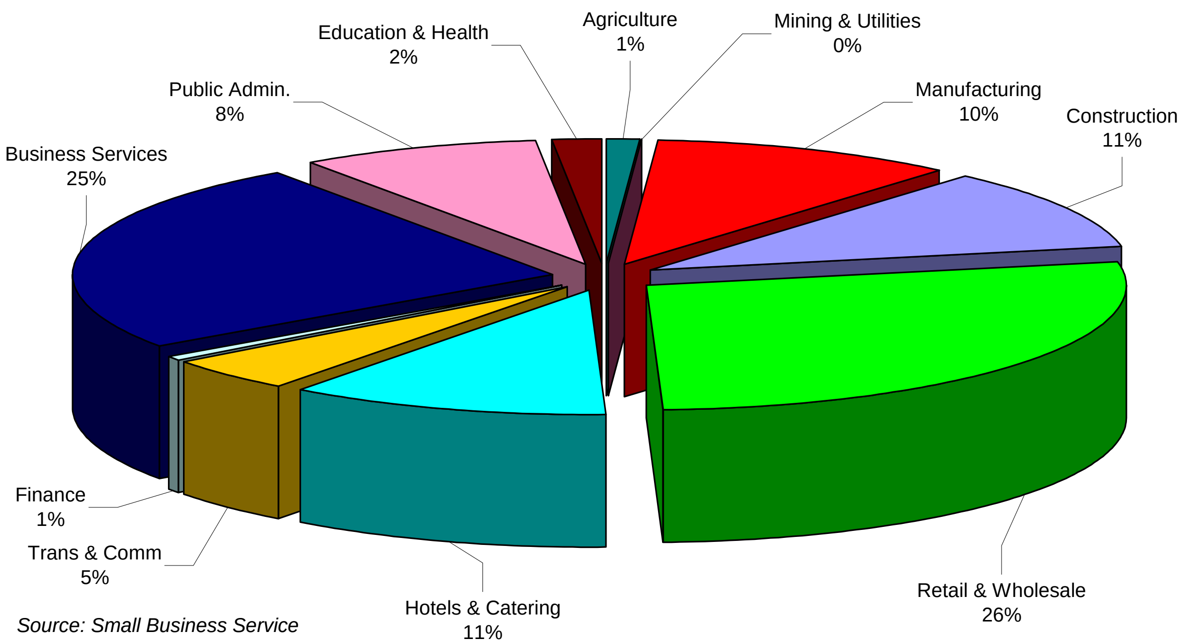
5.1 THE INDUSTRIAL MIX OF BUSINESSES

Tyne & Wear's business base was strongly focused on Retailing & Wholesale at the end of 2003/start of 2004 (26% of VAT-registered businesses) (Fig.5.1). This is a slightly higher proportion than the North East (25.2%) and even more so than the UK (21.6%). However, Retailing & Wholesale as a proportion of Tyne & Wear's full industrial mix is declining. At the beginning of 2000 it held 29.3% of the business base and has fallen annually since.

Business Services in Tyne & Wear held 25% of the business base at the end of 2003/start of 2004 (25% of VAT-registered businesses). This is high compared to the North East (21.7%), but nearly 4 percentage points lower than the UK (28.7%). The Business Services sector is increasing in size relative to the base as a whole. Whilst at the beginning of 2000, it accounted for 22.7% of the business base; this has risen by roughly a percentage point each year since.

Tyne & Wear's Public Administration & Other Service's sector holds a very similar proportion of the business base (8%) as in the UK and North East. Hotels & Catering are, however, slightly over-represented in Tyne & Wear, holding 11% of the base compared to 7% in the UK (although the North East proportion is nearer the Tyne & Wear figure at 10%). Agriculture is extremely under-represented in Tyne & Wear (1%) compared with the North East and UK (both 8%). This is due to the vast majority of Tyne & Wear consisting of built-up areas.

Fig. 5.1: The Indutrial Mix of the Business Base, Tyne & Wear, Start 2004



Source: Small Business Service

5.2 NET CHANGE BY INDUSTRY

5.2.1 Changes 1999 – 2003

Over the five year period, 1999 to 2003, there was a rise every year in the overall business stock, except in 2001 (no change between start and end 2001) (Table 5.1). Business Services and Hotels &

Catering were the only two industries to experience a rise in their business stock each year. All other industries at least experienced one year of either no growth or a fall in their stock of business over the period.

Table 5.1: Stock of Business and Annual Change in Tyne & Wear, 1999 - 2003

SIC 92	Industry	1999			2000			2001			2002			2003		
		Start	End	% Change	Start	End	% Change	Start	End	% Change	Start	End	% Change	Start	End	% Change
A, B	Agriculture	225	210	-6.7	210	210	0.0	210	200	-4.8	200	200	0.0	200	195	-2.5
C, E	Mining & Utilities	15	15	0.0	15	15	0.0	15	15	0.0	15	10	-33.3	10	10	-50.0
D	Manufacturing	1,890	1,865	-1.3	1,865	1,855	-0.8	1,855	1,830	-1.1	1,830	1,790	-2.2	1,790	1,780	-0.6
F	Construction	1,755	1,760	0.3	1,760	1,775	0.9	1,775	1,790	0.6	1,790	1,790	0.0	1,790	1,875	4.7
G	Retailing & Wholesale	5,010	4,975	-0.7	4,975	4,865	-2.2	4,865	4,775	-1.8	4,775	4,790	0.3	4,790	4,815	0.5
H	Hotels & Catering	1,665	1,700	2.1	1,700	1,775	4.7	1,775	1,800	1.4	1,800	1,825	1.4	1,825	1,895	3.8
I	Transport & Communications	795	785	-1.9	785	785	0.6	785	785	0.0	785	815	3.8	815	800	-1.8
J	Finance	95	100	5.3	100	95	-5.0	95	100	0.0	100	105	5.0	105	105	0.0
K	Business Services	3,700	3,845	4.1	3,845	4,025	4.7	4,025	4,130	2.5	4,130	4,260	3.1	4,260	4,355	2.2
L, O	Public Admin & Other Services	1,440	1,440	0.0	1,440	1,455	0.7	1,455	1,435	-1.0	1,435	1,440	0.0	1,440	1,445	0.3
M, N	Education & Health	260	260	1.9	260	265	0.0	265	260	-1.9	260	275	5.8	275	285	3.6
	Total	16,850	16,965	0.7	16,965	17,120	0.9	17,120	17,120	0.0	17,120	17,295	1.1	17,295	17,560	1.5

% Change may not tally with the changes in business stock due to rounding of stock

Source: Small Business Service

5.2.2 Changes in 2003

The stock of business rose overall in Tyne & Wear during 2003; up 1.5% or 265 firms to 17,560 (Table 5.1). Two of the largest falls were in Transport & Communications, down 15 firms (-1.8%) and Manufacturing (-0.6%). The fall in manufacturing was similar to that seen in the North East and UK (Table 5.4). However, the North East and the UK both saw a rise in Transport & Communications (up 15 firms, 0.6%; and up 1,005 firms, 1.3% respectively) compared to Tyne & Wear.

5.2.3 Changes By Industry and District, 2003

In 2003, the business base grew in all districts in Tyne & Wear. The largest rise both numerically and proportionally was in Gateshead (up 3.1%, 105 firms), and the smallest in Newcastle (up 0.4%, 20 firms).

Construction's business base rose in all districts, especially in Sunderland (up 8.7%, 40 firms), with the smallest rise in Newcastle (up 2.3%, 10 firms). Large rises were also seen in Hotels & Catering in all districts apart from Newcastle (down 2.8%, -15 firms). However, North Tyneside saw a rise of 25 firms (up 7.9%). (Table 5.2).

Table 5.2: Net Change in Business Base by Industry for Tyne & Wear Districts, 2003

SIC 92	Industry	Gateshead		Newcastle		North Tyneside		South Tyneside		Sunderland	
		Net Change	%	Net Change	%	Net Change	%	Net Change	%	Net Change	%
A,B	Agriculture	-5	-9.1	0	0	5	11.1	0	0	-5	-11.1
C,E	Mining & Utilities	0	na	0	0	0	0.0	0	na	0	na
D	Manufacturing	5	1.2	-20	-5.1	15	5.0	-10	-4.7	-5	-1.1
F	Construction	15	4.1	10	2.3	10	3.0	10	5.4	40	8.7
G	Retailing & Wholesale	30	3.2	-10	-0.8	5	0.6	-5	-0.8	5	0.4
H	Hotels & Catering	15	4.8	-15	-2.8	25	7.9	20	9.3	20	4.5
I	Transport & Communication	0	0	-10	-4.7	-5	-4.2	5	5.9	-5	-2.4
J	Finance	0	0	0	0	0	0.0	0	0	0	0
K	Business Services	25	3.5	60	3.6	10	1.4	0	0	0	0
L,O	Public Admin. & other Services	10	3.8	-5	-1	-5	-2.0	5	3.4	0	0
M,N	Education & Health	5	9.1	5	5.6	0	0.0	0	0	0	0
	Total	105	3.1	20	0.4	55	1.9	30	1.6	55	1.4

Source: Small Business Service

5.2.4 Population Changes 2002/03: Links with Business Stock Changes

In 2002/03 there appears to be little link between population change and business base (Table 5.3, data for population aged 16+). All districts saw a rise in population, (apart from North Tyneside) with the largest rise noted in Newcastle (1,352 people, 0.6%). Smaller changes were noted in Sunderland (627 people, 0.3%), Gateshead (527 people, 0.3%), and South Tyneside (257 people, 0.2%). Newcastle's large population growth is set alongside the smallest rise in business stock of 0.4% between 2002/03.

Table 5.3: Population Change in the Tyne & Wear Districts (aged 16 years+)

	Gateshead	Newcastle	North Tyneside	South Tyneside	Sunderland
Population Change 2002-03	527	1,352	-59	257	627
% Population Change 2002-03	0.3	0.6	0.0	0.2	0.3

Source: ONS' mid-year estimates, revised.

5.3 INDUSTRIAL NET CHANGES RELATIVE TO THE UK AND NORTH EAST

In 2003, Tyne & Wear's business base grew by 1.5%. This was higher than the North East (1.4%) and UK (0.9%), (Table 5.4).

Retailing & Wholesale held the largest proportion of the business base in Tyne & Wear (27.4%), and the North East (25.2%) and the second largest in the UK (21.6%) in 2003. Proportional changes in this industry's base would, therefore, have had quite a significant impact on the overall business base. In

Tyne & Wear, this industry's base grew 0.5%. This outperformed the UK (up 0.3%), but was lower than the growth in the North East (up 0.9%).

Business Services held the largest proportion of business in the UK (28.7%) in 2003. It held the second largest proportions in Tyne & Wear (24.8%) and the North East (21.7%). This industry's base rose in all three geographic areas, but the rise was largest in the North East (2.5%), closely followed by Tyne & Wear (2.2%) and the UK (2.3%).

Falls in the business base occurred in four industries in Tyne & Wear; Agriculture (-2.5%); Mining & Utilities (-50.0%); Manufacturing (-0.6%); and Transport & Communications (-1.8%). Falls in Agriculture and Manufacturing followed a similar trend to the falls observed in the North East and UK. However, Tyne & Wear's fall in Transport & Communications contrasts with growth in the North East (up 0.6%) and UK (up 1.2%) during 2003.

Industries (other than Business Services) that experienced a rise in their business stock during 2003 in Tyne & Wear, the North East and the UK were; Construction (up 4.7%, 4.1%, and 2.2% respectively); Hotels & Catering (up 3.8%, 3.8%, and 3.6% respectively); and Education & Health (up 3.6%, 3.5%, and 2.9% respectively).

Table 5.4: VAT Registered Businesses by Industry: Tyne & Wear, North East and UK, Year end 2003

		Number at end 2003			% of Total			% Change (during 2003)		
SIC 92	Industry	Tyne & Wear	NE	UK	Tyne & Wear	NE	UK	Tyne & Wear	NE	UK
A,B	Agriculture	195	3,530	142,110	1.1	7.8	7.8	-2.5	-1.8	-2.4
C,E	Mining & Utilities	10	55	1,750	0.1	0.1	0.1	-50.0	0.0	-2.5
D	Manufacturing	1,780	4,115	155,135	10.1	9.1	8.6	-0.6	-0.8	-2.1
F	Construction	1,875	4,935	199,800	10.7	10.9	11.0	4.7	4.1	2.2
G	Retailing & Wholesale	4,815	11,425	390,880	27.4	25.2	21.6	0.5	0.9	0.3
H	Hotels & Catering	1,895	4,610	127,430	10.8	10.2	7.0	3.8	3.8	3.6
I	Transport & Communication	800	2,335	80,605	4.6	5.1	4.5	-1.8	0.6	1.3
J	Finance	105	210	16,415	0.6	0.5	0.9	0.0	-2.3	-2.3
K	Business Services	4,355	9,860	519,180	24.8	21.7	28.7	2.2	2.5	2.3
L,O	Public Admin. & other Services	1,445	3,590	150,705	8.2	7.9	8.3	0.3	-0.4	-0.2
M,N	Education & Health	285	745	26,450	1.6	1.6	1.5	3.6	3.5	2.9
	Total	17,560	45,405	1,810,460	100.0	100.0	100.0	1.5	1.4	0.9

Source: Small Business Service

5.4 CUMULATIVE INDUSTRIAL CHANGE FROM 1994 – 2003

Between 1994 and 2003 Tyne & Wear's business base grew 5.7% (940 businesses), an annual average of nearly 0.6% (Table 5.5). Over the same period, the UK's business base grew 11.1%, whilst the North East's base grew 3.6%. Changes over the longer period give a better indication of the performance of particular industries than single year changes.

There was a fall in business numbers between 1994 and 2003 in more than half of the industries in Tyne & Wear; Agriculture, Mining & Utilities, Manufacturing, Construction, Retailing & Wholesale, and Finance. The North East also experienced a fall in all of these industries. The UK also experienced falls in this group of industries, with the exception of the Finance industry, which despite falling -8.7% in Tyne & Wear and -6.7% in the North East, grew 16.1%. Construction also rose in the UK by 2.3%, despite a fall in Tyne & Wear of -3.8% and -2.9% in the North East.

The largest numerical fall in business stock between 1994 and 2003 in Tyne & Wear was in Retailing & Wholesale (down 770 businesses, -13.8%). A similar fall occurred in this industry in the North East (down -13.6%) and in the UK (down -10.8%).

The Construction industry also saw a fall in its business base in Tyne & Wear (down 75 businesses, -3.8%). The North East's Construction industry also experienced a similar but smaller fall to Tyne & Wear (down -2.9%), but this was in contrast to the UK which grew by 2.3%.

Rises in business stock between 1994 and 2003 were led by Business Services in Tyne & Wear (up 52.5%, 1,500 businesses). Business Services also grew most rapidly in the North East (up 43.3%, 2,980 businesses) and in the UK (up 64.9%, 204,375 businesses). Hotels & Catering experienced a fairly large numerical rise in the business base in Tyne & Wear (up 255, 15.5%); 2 percentage points higher than the growth in the UK (13.5%). The North East's growth rate was higher than Tyne & Wear's (up 17.0%).

The number of businesses registered for VAT in Public Admin. & Other Services also rose quite substantially in Tyne & Wear, between 1994 and 2003 (up 170 businesses, 13.3%). This was slightly larger (proportionally) than the growth in the North East (up 12.2%), but more than 2 percentage points lower than the UK (14.8%).

Table 5.5: Cumulative Change in Business Numbers From Start 1994 – End 2003, by Industry (%)

		Tyne & Wear		NE		UK		Difference (TW-UK)
SIC 92	**Industry**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**(percentage points*)**
A,B	**Agriculture**	-65	-25.0	-505	-12.5	-20,310	-12.5	-12.5
C,E	**Mining & Utilities**	-10	-50.0	-15	-21.4	-55	-3.0	-47.0
D	**Manufacturing**	-145	-7.5	-175	-4.1	-9,455	-5.7	-1.8
F	**Construction**	-75	-3.8	-145	-2.9	4,555	2.3	-6.2
G	**Retailing & Wholesale**	-770	-13.8	-1,805	-13.6	-47,265	-10.8	-3.0
H	**Hotels & Catering**	255	15.5	670	17.0	15,195	13.5	2.0
I	**Transport & Communication**	70	9.6	190	8.9	9,365	13.1	-3.6
J	**Finance**	-10	-8.7	-15	-6.7	2,280	16.1	-24.8
K	**Business Services**	1,500	52.5	2,980	43.3	204,375	64.9	-12.4
L,O	**Public Admin. & other Services**	170	13.3	390	12.2	19,245	14.6	-1.3
M,N	**Education & Health**	20	7.5	25	3.5	3,400	14.8	-7.2
	Total	940	5.7	1,590	3.6	181,340	11.1	-5.5

Source: Small Business Service

Over the ten years, 1994 to 2003, Tyne & Wear's under-performance compared to the UK was -5.5 percentage points overall. Each industry in Tyne & Wear, except Hotels & Catering under-performed compared to the UK. The largest percentage point difference between Tyne & Wear and the UK was in Mining & Utilities (-47.0 percentage points), although Tyne & Wear's absolute loss in this industry was numerically small (-10 firms). Finance also showed an under-performance in Tyne & Wear compared to the UK (-24.8 percentage points), with the numerical loss in Tyne & Wear being low again (-10 firms). Business Services, despite experiencing the largest growth in all Tyne & Wear industries, was very weak relative to the growth in the UK (-12.4 percentage point difference). This difference is likely to be largely responsible for the overall -5.5 percentage point difference between Tyne & Wear and the UK.

5.5 CHANGES SINCE 1980

As outlined in Section 2, only broad comparisons of totals can be made for the period 1980 to 2003, due to the changes in the VAT threshold, industry classification and register. (Table 5.6).

Table 5.6: Business Registrations, De-Registrations and Stocks in Tyne & Wear, 1980 – 2003

					Tyne & Wear		UK	
Year	**Stock at Start**	**Registrations**	**De-Registrations**	**Stock at End***	**Net Change^**	**% Change**	**% Change**	**Difference (TW-UK)**
1980	15,160	2,045	2,105	15,100	-60	-0.4	1.2	-1.6
1981	15,100	2,095	1,725	15,475	370	2.5	2.4	0.1
1982	15,475	2,165	2,090	15,550	75	0.5	1.5	-1.0
1983	15,550	2,400	1,980	15,965	420	2.7	2.5	0.2
1984	15,965	2,395	2,295	16,065	100	0.6	2.1	-1.5
1985	16,065	2,315	2,265	16,115	50	0.3	1.3	-1.0
1986	16,115	2,380	2,315	16,180	65	0.4	1.7	-1.3
1987	16,180	2,430	2,265	16,345	165	1.0	2.7	-1.6
1988	16,345	2,825	2,450	16,720	375	2.3	4.4	-2.1
1989	16,720	3,100	2,440	17,385	660	3.9	4.9	-1.0
1990	17,385	2,750	2,355	17,775	395	2.3	2.8	-0.6
1991	17,775	2,310	2,340	17,745	-30	-0.2	-0.3	0.1
1992	16,950	2,025	2,390	16,590	-365	-2.2	-2.4	0.2
1993	16,590	2,050	2,400	16,240	-350	-2.1	-1.4	-0.7
1980-1993	15,160	33,285	31,415	16,240	1,080	7.1	20.1	-13
1994	16,620	1,940	1,985	16,575	-45	-0.3	-0.3	0.1
1995	16,575	1,805	1,930	16,455	-120	-0.8	0.3	-1.0
1996	16,455	1,825	1,730	16,545	90	0.5	1.1	-0.6
1997	16,545	1,845	1,685	16,705	160	1.0	2.3	-1.3
1998	16,705	1,770	1,625	16,850	145	0.9	2.1	-1.2
1999	16,850	1,820	1,710	16,965	115	0.7	1.5	-0.8
2000	16,965	1,805	1,650	17,120	155	0.9	1.3	-0.4
2001	17,120	1,700	1,700	17,120	0	0.0	0.9	-0.9
2002	17,120	1,915	1,735	17,295	175	1.1	0.7	0.4
2003	17,295	1,950	1,690	17,560	265	1.5	0.9	0.6
1994-2003	16,620	18,375	17,440	17,560	940	5.7	11.1	-5.5

**The stock at the end of the year, is simply the stock at the start of the following year, except in 1991 and 1993 (when there were significant changes in the VAT threshold). For these two years, the stock at the end of the year has been calculated by taking the stock at the beginning of the year, adding on the registrations and then subtracting the de-registrations.*

^Net change has been taken directly from the datasets for single year changes, and has been calculated by subtracting the 'stock at the end' from 'stock at start' figures for multiple years.

Source: Small Business Service

5.5.1 1980s

In the 1980s Tyne & Wear's business base grew at about two-thirds the rate of the UK. In 1980, a year of recession, Tyne & Wear's business base fell 0.4%. During the remainder of the 1980s, there was a rise in the business base every year. Overall, between 1981 and 1990, the stock of businesses in Tyne & Wear rose 17.7%, compared to a rise of 29% in the UK.

5.5.2 1990s and Early 2000s

During 1991 (another year of severe recession and falling output), the stock of businesses fell 0.2% in Tyne & Wear and 0.3% in the UK. In this year, a sharp rise in the VAT threshold reduced the stock by a further 795 (4.5%) to 16,950. Recovery of the business stock started in 1995 in the UK and 1996 in Tyne & Wear. Between 1997 and 2003, there has been a slow but steady rise in the business stock every year in Tyne & Wear, except 2001 in which there was no change.

Tyne & Wear's business base under-performed the UK most years between 1980 and 2003, but the under-performance more than halved between the first and second parts of the period. Overall, between 1980 and 1993, Tyne & Wear saw 13 percentage points less growth than the UK. However, between 1994 and 2003, this had fallen to 5.5 percentage point less growth than the UK.

6 SMALL AND MEDIUM ENTERPRISES (SMEs)

The definition of Small and Medium Enterprises (SMEs) in Tyne & Wear can depend upon several factors including turnover. In this section, an SME is any enterprise with less than 250 employees.

The latest SME data is for 2003. At the start of 2003, in the North East, the vast majority of businesses (99.8%) were classified as SMEs, with only 195 businesses employing 250 or more people. SMEs in the North East were the source of more than half (57%) of all the employment and 45% of turnover (Table 6.1).

Two-thirds of the businesses in the North East in 2003 came under the category of 'no employees', meaning that they were sole traders or partners without employees. These businesses accounted for 11% of employment and 5.9%, or £3,865m (excl. VAT) of turnover.

Table 6.1: Number of enterprises, employment and turnover in the private sector and public corporations at the start of 2003, by size of enterprise and industry section in the North East.*

North East, number, thousands, £million, percent

Size (number of employees)	Number			Percent		
	Enterprises	Employment	Turnover (excluding VAT)*	Enterprises	Employment	Turnover
		(000s)	(£million)			
No employees^	65,245	72	3,865	65.9	11.0	5.9
1-4	21,770	66	4,912	22.0	10.1	7.4
5-9	5,735	41	3,452	5.8	6.3	5.2
10-19	3,325	47	3,523	3.4	7.2	5.3
20-49	1,815	56	4,191	1.8	8.6	6.4
50-99	525	37	3,044	0.5	5.7	4.6
100-199	285	40	5,280	0.3	6.1	8.0
200-249	60	13	1,195	0.1	2.0	1.8
250-499	110	40	4,735	0.1	6.1	7.2
500 or more	85	241	31,738	0.1	36.9	48.1
All enterprises	98,960	653	65,935	100.0	100.0	100.0
1+ employees	33,715	581	62,070	34.1	89.0	94.1

** Turnover excludes section J (financial intermediation).*

^Sole proprietorships and partnerships comprising only the self-employed owner-manager(s) and companies comprising only an employee director.

*Business numbers are rounded to avoid disclosure. A * symbol replaces data where the count is deemed to be disclosive.*

Source: Small Business Service

6.1 PRODUCTION INDUSTRY IN THE NORTH EAST

Data available on the North East Production Industry showed that larger-sized enterprises dominated turnover, with the largest 85 business accounting for 60.9% of total turnover (£11,074m, excl. VAT) (Table 6.2).

SMEs (businesses with less than 250 employees) accounted for just over half (53.7%) of employment at the start of 2003, but just 39.1% of turnover. However, due to the fact that there has been a suppression of data in the 'no employees' section, it is difficult to make assumptions about SMEs in relation to employment and turnover.

Table 6.2: Number of enterprises, employment and turnover in the private sector and public corporations at the start of 2003, by size of enterprise and industry section in the North East. C, D, E Mining and Quarrying; Manufacturing; Electricity, Gas & Water Supply*

North East, number, thousands, £million, percent

	Number			Percent		
Size (number of employees)	**Enterprises**	**Employment (000s)**	**Turnover (excluding VAT) (£million)**	**Enterprises**	**Employment**	**Turnover**
No employees^	*	*	*	*	*	*
1-4	1,645	5	329	*	*	*
5-9	660	5	692	*	*	*
10-19	490	7	420	*	*	*
20-49	420	13	986	*	*	*
50-99	175	12	1,062	*	*	*
100-199	115	17	3,105	*	*	*
200-249	25	6	518	*	*	*
250-499	45	16	2,041	*	*	*
500 or more	40	40	9,033	*	*	*
All enterprises	*	*	*	*	*	*
1+ Employees	3,605	121	18,186	*	*	*

** Turnover excludes section J (financial intermediation).*

^Sole proprietorships and partnerships comprising only the self-employed owner-manager(s) and companies comprising only an employee director.

*Business numbers are rounded to avoid disclosure. A * symbol replaces data where the count is deemed to be disclosive.*

Source: Small Business Service

6.2 WHOLESALE, RETAIL & REPAIR AND HOTELS & RESTAURANTS IN THE NORTH EAST

In Wholesale, Retail & Repair and Hotels & Restaurants, data on employment and turnover for enterprises with between 50 and 249 employees has not been given, as it is deemed disclosive (Table 6.3). This is a significant omission as, combined, these categories account for 8.5% of turnover and 7.7% of employment.

Whilst 44% of enterprises are within the 'no employees' category, (i.e. they are sole traders or partners without employees), they only account for 4.7% of employment and 3.2% of turnover. A further 52.8% of enterprises have 1-19 employees. All these enterprises (no employees and 1-19 employees) account for 68,000 employees (29% of all employees) and a £5,850m excl. VAT turnover (24.2% of all turnovers).

Table 6.3: Number of enterprises, employment and turnover in the private sector and public corporations at the start of 2003, by size of enterprise and industry section in the North East. G, H Wholesale, Retail & Repairs; Hotels & Restaurants*

North East, number, thousands, £million, percent

Size (number of employees)	Number			Percent		
	Enterprises	Employment (000s)	Turnover (excluding VAT) (£million)	Enterprises	Employment	Turnover
No employees^	9,430	11	780	44.0	4.7	3.2
1-4	7,975	25	2,165	37.2	10.7	9.0
5-9	2,210	16	1,480	10.3	6.8	6.1
10-19	1,140	16	1,425	5.3	6.8	5.9
20-49	460	14	1,483	2.1	6.0	6.1
50-99	100	*	*	0.5	*	*
100-199	50	*	*	0.2	*	*
200-249	10	*	*	0.0	*	*
250-499	20	6	709	0.1	2.6	2.9
500 or more	20	128	14,086	0.1	54.7	58.3
All enterprises	21,410	234	24,168	100.0	100.0	100.0
1+ Employees	11,985	223	23,388	56.0	95.3	96.8

** Turnover excludes section J (financial intermediation).*

^Sole proprietorships and partnerships comprising only the self-employed owner-manager(s) and companies comprising only an employee director.

*Business numbers are rounded to avoid disclosure. A * symbol replaces data where the count is deemed to be disclosive.*

Source: Small Business Service

6.3 CHANGES IN SMALL BUSINESS NUMBERS FROM START 2002 TO START 2003

Data on changes in the number of SMEs are only available for the UK.

During 2003, the number of SMEs (enterprises with fewer than 250 employees) rose by 5.9% in the UK (Table 6.4). The largest rise, proportionally was in the ‘no employees’ category, which saw a 9% rise in businesses. The number of larger businesses (250+ employees) fell by -7.8%. Most SMEs experienced a fall, as noted in categories 1-4, 5-9, 10-19, 50-99 and 200-249. The only categories to see a rise were ‘no employees’ and 20-49.

Table 6.4: Change in the number of businesses and employment by size of business and industry section, start 2002 – start 2003 (UK) All Industries*

United Kingdom, number, thousands, £million, percent

Size (number of employees)	Businesses			Employment (000's)		
	Start - 02	Start - 03	Annual % Change	Start - 02	Start - 03	Annual % Change
No employees^	2,630,195	2,866,175	9	2,937	3,159	7.5
1-4	760,525	759,650	-0.1	2,264	2,229	-1.5
5-9	206,135	202,965	-1.5	1,473	1,436	-2.5
10-19	113,580	105,845	-6.8	1,585	1,482	-6.5
20-49	53,440	54,800	2.5	1,652	1,693	2.5
50-99	18,020	16,230	-9.9	1,254	1,135	-9.5
100-199	7,605	8,045	5.8	1,071	1,118	4.4
200-249	1,635	1,600	-2.1	364	357	-1.9
250-499	3,175	3,065	-3.5	1,105	1,065	-3.6
500 or more	3,415	3,010	-11.9	8,971	7,983	-11
All enterprises	3,797,725	4,021,390	5.9	22,674	21,654	-4.5
Employers	1,167,530	1,155,210	-1.1	19,737	18,495	-6.3

** Turnover excludes section J (financial intermediation).*

^Sole proprietorships and partnerships comprising only the self-employed owner-manager(s) and companies comprising only an employee director.

Source: Small Business Service

During 2003, employment also fell overall among the UK's SMEs. There were falls in employment in categories 1-4, 5-9, 10-19, 50-99, and 200-249, with the largest fall being in 50-99 (-9.5%). Employment in the larger businesses (250+ employees) also fell, by -10.2%, which is in line with the fall in businesses of this size.

7 APPENDICES

Table A1: UK Business Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	4,410	4,250	4,420	4,570	3,920	3,575	3,370	3,120	3,845	3,890	39,370
C,E	Mining & Utilities	185	175	205	250	155	220	200	165	200	215	1,970
D	Manufacturing	14,430	14,420	14,650	14,395	13,425	12,675	12,190	10,755	10,370	10,750	128,060
F	Construction	16,275	15,850	15,400	19,805	18,420	18,115	17,635	18,015	19,450	21,890	180,855
G	Retailing & Wholesale	39,745	37,725	37,500	37,195	36,485	36,530	35,380	30,770	32,935	37,970	362,235
H	Hotels & Catering	16,110	15,570	16,095	16,950	16,715	17,635	17,955	18,820	19,405	20,850	176,105
I	Transport & Communication	8,115	8,350	8,240	9,015	9,025	9,265	9,180	8,910	8,905	9,425	88,430
J	Finance	2,065	1,490	1,630	1,850	1,795	1,840	1,855	1,580	1,255	1,225	16,585
K	Business Services	44,650	48,235	54,180	64,055	68,060	62,240	64,875	59,845	62,350	67,825	596,315
L,O	Public Admin. & other Services	20,105	17,075	15,270	15,725	14,660	14,115	14,735	14,325	14,585	13,330	153,925
M,N	Education & Health	3,120	1,780	2,005	2,145	2,110	2,240	2,205	2,140	2,405	2,515	22,665
	Total	169,210	164,910	169,590	185,950	184,770	178,450	179,585	168,445	175,700	189,890	1,766,500

Source: Small Business Service

Table A2: UK Business De-Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	6,345	5,960	6,025	5,830	5,955	6,095	6,105	4,735	5,185	7,445	59,680
C,E	Mining & Utilities	205	145	190	175	190	200	195	220	230	260	2,010
D	Manufacturing	14,920	13,730	13,305	13,155	14,110	14,065	13,225	12,945	14,020	14,035	137,510
F	Construction	25,655	19,855	17,720	17,240	15,995	16,370	15,055	14,700	16,050	17,650	176,290
G	Retailing & Wholesale	52,735	47,720	42,905	40,625	40,015	39,605	37,985	35,325	35,955	36,625	409,495
H	Hotels & Catering	17,880	16,785	15,615	15,470	15,690	15,760	15,115	15,430	16,705	16,470	160,920
I	Transport & Communication	7,705	7,645	7,635	7,675	7,840	8,120	8,085	7,840	8,110	8,420	79,075
J	Finance	705	1,445	1,710	1,255	1,390	1,475	1,540	1,530	1,640	1,610	14,300
K	Business Services	29,395	28,345	29,670	31,325	33,595	38,060	45,385	47,375	52,385	56,400	391,935
L,O	Public Admin. & other Services	17,980	16,105	14,095	12,795	12,610	12,040	12,190	11,240	11,955	13,660	134,670
M,N	Education & Health	1,220	2,840	2,675	2,680	1,715	1,605	1,555	1,505	1,680	1,785	19,260
	Total	174,755	160,580	151,545	148,230	149,115	153,400	156,440	152,840	163,920	174,355	1,585,180
	UK's Net Change	**5,545**	**-4,330**	**-18,045**	**-37,720**	**-35,655**	**-25,050**	**-23,145**	**-15,605**	**-11,780**	**-15,535**	**-181,320**
											Average:	**176,650**

Source: Small Business Service

Table A3: North East Business Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	105	80	75	65	80	70	75	65	110	80	805
C,E	Mining & Utilities	5	5	5	5	5	5	5	5	5	10	55
D	Manufacturing	330	345	375	305	345	325	295	290	290	295	3,195
F	Construction	410	375	410	430	435	435	405	435	445	590	4,370
G	Retailing & Wholesale	1,140	990	1,020	965	910	1,025	915	890	1,005	1,100	9,960
H	Hotels & Catering	645	630	630	610	575	690	760	765	700	730	6,735
I	Transport & Communication	245	255	245	220	235	250	245	240	280	280	2,495
J	Finance	40	20	10	20	15	20	20	20	30	15	210
K	Business Services	840	900	990	1,025	1,155	1,090	1,180	1,080	1,140	1,245	10,645
L,O	Public Admin. & other Services	600	480	320	460	370	280	325	240	235	230	3,540
M,N	Education & Health	130	55	50	50	50	40	55	65	70	70	635
	Total	4,495	4,135	4,130	4,155	4,175	4,235	4,280	4,090	4,310	4,640	42,645

Source: Small Business Service

Table A4: North East Business De-Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	145	130	160	115	125	135	110	125	125	145	1,315
C,E	Mining & Utilities	5	10	15	5	10	5	5	5	5	5	70
D	Manufacturing	380	375	305	310	330	345	295	315	380	330	3,365
F	Construction	660	530	485	435	445	395	365	395	405	395	4,510
G	Retailing & Wholesale	1,565	1,465	1,245	1,170	1,120	1,070	1,050	1,070	1,015	995	11,765
H	Hotels & Catering	715	660	570	565	565	595	580	655	610	560	6,075
I	Transport & Communication	225	220	215	225	210	235	240	235	240	265	2,310
J	Finance	15	60	30	20	10	15	25	10	20	20	225
K	Business Services	665	655	625	630	675	740	775	935	945	1,005	7,650
L,O	Public Admin. & other Services	420	430	375	310	305	285	290	240	255	245	3,155
M,N	Education & Health	45	125	75	105	55	40	30	55	35	45	610
	Total	4,845	4,660	4,105	3,885	3,850	3,870	3,760	4,035	4,035	4,010	41,055
	North East's Net Change	**350**	**525**	**-25**	**-270**	**-325**	**-365**	**-520**	**-55**	**-275**	**-630**	**-1,590**
											Average:	**4,265**

Source: Small Business Service

Table A5: Gateshead Business Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	0	0	0	0	5	0	0	0	5	0	10
C,E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	35	30	40	35	25	30	25	25	30	35	310
F	Construction	25	30	35	30	25	40	30	30	25	45	315
G	Retailing & Wholesale	95	90	90	70	70	80	90	80	100	100	865
H	Hotels & Catering	45	40	40	50	40	40	50	60	70	60	495
I	Transport & Communication	15	20	15	15	20	10	15	20	25	20	175
J	Finance	5	5	0	5	0	0	0	0	5	0	20
K	Business Services	70	65	60	75	70	75	105	80	110	110	820
L,O	Public Admin. & other Services	40	35	25	35	30	20	15	20	20	15	255
M,N	Education & Health	10	5	5	0	5	5	5	5	5	10	55
	Total	340	315	315	315	295	305	340	330	395	400	3,350

Source: Small Business Service

Table A6: Gateshead Business De-Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	5	5	5	0	0	5	0	0	0	5	25
C,E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	30	40	25	30	35	25	20	15	30	25	275
F	Construction	55	40	45	25	20	30	25	20	35	25	320
G	Retailing & Wholesale	140	120	105	105	85	85	80	80	90	70	960
H	Hotels & Catering	50	40	30	35	45	45	40	50	50	45	430
I	Transport & Communication	20	20	15	15	15	25	10	15	15	20	170
J	Finance	0	5	5	0	0	0	5	0	0	0	15
K	Business Services	35	35	35	35	40	40	40	50	75	90	475
L,O	Public Admin. & other Services	35	35	30	25	25	20	20	15	20	5	230
M,N	Education & Health	0	10	5	10	5	0	0	5	0	5	40
	Total	370	350	305	280	275	280	240	255	325	295	2,975
Gateshead's net change		**30**	**35**	**-10**	**-35**	**-20**	**-25**	**-100**	**-75**	**-70**	**-105**	**-375**
											Average:	**335**

Source: Small Business Service

Table A7: Newcastle Business Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	5	5	5	0	0	0	0	0	0	5	20
C,E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	45	65	65	40	40	35	40	25	25	30	410
F	Construction	55	60	60	55	55	60	50	45	35	60	535
G	Retailing & Wholesale	145	120	150	155	125	120	115	115	100	140	1,285
H	Hotels & Catering	90	105	90	100	80	105	105	85	70	80	910
I	Transport & Communication	30	35	30	30	25	20	30	20	35	20	275
J	Finance	5	5	0	0	0	5	5	5	5	5	35
K	Business Services	180	170	175	165	185	175	180	175	200	205	1,810
L,O	Public Admin. & other Services	75	90	45	65	50	35	45	40	45	40	530
M,N	Education & Health	20	15	10	10	5	5	10	5	5	10	95
	Total	655	670	625	625	565	565	580	505	530	590	5,910

Source: Small Business Service

Table A8: Newcastle Business De-Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	5	5	5	5	5	10	5	5	5	0	50
C,E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	45	50	55	55	60	75	55	60	65	50	570
F	Construction	60	55	50	70	95	75	60	65	65	50	645
G	Retailing & Wholesale	200	180	145	160	155	130	160	160	130	145	1,565
H	Hotels & Catering	100	75	75	100	90	100	85	105	75	95	900
I	Transport & Communication	20	20	30	35	35	35	30	25	30	30	290
J	Finance	0	10	5	10	0	0	5	5	5	5	45
K	Business Services	85	120	100	120	120	145	140	145	130	145	1,250
L,O	Public Admin. & other Services	50	55	50	55	40	50	50	40	45	45	480
M,N	Education & Health	5	20	5	15	15	5	5	10	5	5	90
	Total	580	595	525	620	620	625	595	615	550	570	5,895
	Newcastle's Net Change	**-75**	**-75**	**-100**	**-5**	**55**	**60**	**15**	**110**	**20**	**-20**	**-15**
											Average:	**591**

Source: Small Business Service

Table A9: North Tyneside Business Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	5	0	0	0	0	0	5	0	5	5	20
C,E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	15	20	20	25	15	30	20	25	30	35	235
F	Construction	20	25	25	35	30	25	30	35	40	45	310
G	Retailing & Wholesale	70	60	75	70	65	75	65	65	75	85	705
H	Hotels & Catering	45	40	40	35	30	55	65	55	60	65	490
I	Transport & Communication	15	15	10	10	15	15	20	20	15	15	150
J	Finance	5	0	0	5	0	0	0	0	0	0	10
K	Business Services	60	70	75	70	85	85	85	80	75	90	775
L,O	Public Admin. & other Services	40	25	25	35	25	20	25	10	15	15	235
M,N	Education & Health	5	5	0	5	10	5	0	5	5	5	45
	Total	275	260	280	290	280	320	315	290	320	355	2,985

Source: Small Business Service

Table A10: North Tyneside Business De-Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	5	5	5	5	0	0	0	0	5	0	25
C,E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	25	30	25	15	20	20	20	20	20	20	215
F	Construction	50	35	30	40	25	25	25	20	25	35	310
G	Retailing & Wholesale	110	115	90	90	75	85	90	75	50	80	860
H	Hotels & Catering	40	55	45	25	40	30	35	45	60	40	415
I	Transport & Communication	15	10	15	10	5	10	15	15	10	20	125
J	Finance	0	0	0	0	0	0	0	0	0	0	0
K	Business Services	50	55	55	55	40	55	40	65	70	80	565
L,O	Public Admin. & other Services	30	35	25	20	30	15	15	15	10	20	215
M,N	Education & Health	0	5	10	5	5	5	5	5	5	5	50
	Total	335	345	305	265	245	245	255	255	255	295	2,800
North Tyneside's Net Change		**60**	**85**	**25**	**-25**	**-35**	**-75**	**-60**	**-35**	**-65**	**-60**	**-185**
											Average:	**299**

Source: Small Business Service

Table A11: South Tyneside Business Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	0	0	0	0	0	0	0	0	0	0	0
C,E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	20	15	20	15	15	20	15	10	15	10	155
F	Construction	10	10	15	15	20	15	15	25	30	25	180
G	Retailing & Wholesale	80	50	55	55	50	50	35	35	70	55	535
H	Hotels & Catering	35	30	30	30	35	35	35	45	25	45	345
I	Transport & Communication	10	5	5	5	5	10	10	10	10	10	80
J	Finance	0	0	0	0	0	0	0	0	0	0	0
K	Business Services	30	40	30	45	50	45	45	45	55	45	430
L,O	Public Admin. & other Services	25	15	10	20	20	10	15	5	5	10	135
M,N	Education & Health	5	0	5	5	0	0	0	0	5	5	25
	Total	225	165	170	190	195	190	170	180	220	210	1,915

Source: Small Business Service

Table A12: South Tyneside Business De-Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	5	0	0	0	0	5	0	0	0	0	10
C,E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	20	25	20	15	10	15	10	15	20	15	165
F	Construction	30	15	20	20	15	20	15	15	20	15	185
G	Retailing & Wholesale	75	70	60	55	60	45	55	50	55	60	585
H	Hotels & Catering	35	30	40	30	20	30	40	25	30	25	305
I	Transport & Communication	15	5	10	10	0	5	10	10	15	10	90
J	Finance	0	5	0	0	0	0	0	0	0	0	5
K	Business Services	30	20	40	20	25	25	35	35	40	45	315
L,O	Public Admin. & other Services	15	15	15	10	5	5	15	10	10	5	105
M,N	Education & Health	5	5	5	5	0	0	0	0	0	0	20
	Total	230	180	210	165	130	150	180	160	195	180	1,780
South Tyneside's Net Change		**5**	**15**	**40**	**-25**	**-65**	**-40**	**10**	**-20**	**-25**	**-30**	**-135**
											Average:	**192**

Source: Small Business Service

Table A13: Sunderland Business Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	0	5	0	0	5	0	0	0	0	0	10
C,E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	30	35	45	30	40	35	25	35	40	30	345
F	Construction	45	40	50	40	40	50	50	40	45	70	470
G	Retailing & Wholesale	120	100	110	105	95	120	85	105	110	100	1,050
H	Hotels & Catering	70	70	60	65	70	60	75	75	75	75	695
I	Transport & Communication	25	25	25	25	30	30	20	20	40	20	260
J	Finance	5	0	5	0	0	5	0	0	5	0	20
K	Business Services	80	75	105	110	110	105	105	95	100	85	970
L,O	Public Admin. & other Services	60	45	35	35	40	25	25	15	20	15	315
M,N	Education & Health	15	5	0	5	5	5	5	5	5	5	55
	Total	450	395	435	420	435	440	395	395	450	400	4,215

Source: Small Business Service

Table A14: Sunderland Business De-Registrations, 1994 – 2003

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
A,B	Agriculture	0	0	5	0	0	0	0	5	5	5	20
C,E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	50	45	25	35	35	45	30	30	45	35	375
F	Construction	80	60	45	40	30	45	40	45	35	35	455
G	Retailing & Wholesale	140	155	140	100	120	135	115	130	120	90	1,245
H	Hotels & Catering	85	70	60	55	55	55	55	70	60	50	615
I	Transport & Communication	15	15	20	20	20	20	25	30	25	25	215
J	Finance	5	5	0	0	0	5	5	0	0	0	20
K	Business Services	65	55	45	65	60	70	85	80	90	85	700
L,O	Public Admin. & other Services	35	45	35	35	20	30	25	20	20	15	280
M,N	Education & Health	5	10	10	5	5	10	5	5	0	5	60
	Total	480	460	390	355	355	410	380	415	405	345	3,995
Sunderland's Net Change		**30**	**65**	**-45**	**-65**	**-80**	**-30**	**-15**	**20**	**-45**	**-55**	**-220**
											Average:	**422**

Source: Small Business Service

Table A15: VAT Registration Thresholds

Operative Dates			Threshold (£)
1st April 1973	-	30th Sept 1977	5,000
1st October 1977	-	11th April 1978	7,500
12th April 1978	-	26th March 1980	10,000
27th March 1980	-	10th March 1981	13,500
11th March 1981	-	9th March 1982	15,000
10th March 1982	-	15th March 1983	17,000
16th March1983	-	13th March 1984	18,000
14th March 1984	-	19th March 1985	18,700
20th March 1985	-	18th March 1986	19,500
19th March 1986	-	17th March 1987	20,500
18th March 1987	-	15th March 1988	21,300
16th March 1988	-	14th March 1989	22,100
15th March 1989	-	20th March 1990	23,600
21st March 1990	-	19th March 1991	25,400
20th March 1991	-	10th March 1992	35,000
11th March 1992	-	16th March 1993	36,600
17th March 1993	-	30th November 1993	37,600
1st December 1993	-	29th November 1994	45,000
30th November 1994	-	28th November 1995	46,000
29th November 1995	-	26th November 1996	47,000
27th November 1996	-	30th November 1997	48,000
1st December 1997	-	31st March 1998	49,000
1st April 1998	-	31st March 1999	50,000
1st April 1999	-	31st March 2000	51,000
1st April 2000	-	31st March 2001	52,000
1st April 2001	-	24th April 2002	54,000
25th April 2002	-	9th April 2003	55,000
10th April 2003	-	31st March 2004	56,000
1st April 2004	-	31st March 2005	58,000