BUSINESSES IN NORTH TYNESIDE 2008

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KEY MESSAGES

Businesses (VAT/PAYE Registered Enterprises) in North Tyneside

The new 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.

During 2008 the UK entered recession (in Q3) but, nevertheless, enterprise numbers in North Tyneside grew strongly: between 2007 and 2008, business numbers in North Tyneside grew by 175, (+4.0%), outperforming the North East region (+2.2%) and the UK (+2.0%) (Figure 5). The only two industries to suffer a net loss were “Wholesale, Retail and Motor Trades” (-45) and “Manufacturing” (-5) (Table 7.5).

Over the longer time period (2002 to 2008), business numbers in North Tyneside also rose rapidly, up 20%. This business growth rate is the fastest in Tyne & Wear and outperformed the North East (+16%) and the UK (11%).

Enterprise births in North Tyneside peaked in 2007 (665 births); enterprise deaths peaked in 2003 (520 deaths).

North Tyneside’s ‘New Business Registration Rate’ (National Indicator 171) was 38.8 per 10,000 adults in 2008 (UK, 54.2). (§ 5.1)

North Tyneside’s percentage of small businesses showing employment growth (NI 172) was high at 15.5% in 2007-08 (Great Britain, 14.4%). North Tyneside consistently outperforms the national average on this measure.

North Tyneside’s stock-based birth rate was higher (better) than the UK between 2002 and 2008. Its stock-based death rate is usually higher (worse) than the UK; in 2007 North Tyneside’s death rate equalled the UK rate at 9.8%. (§ 6)

In 2008, the “Wholesale, Retail and Motor Trade” accounted for 19.3% of active enterprises in North Tyneside (UK 18.0%). The business share was also high for “Construction” (15.6%) and “Professional Scientific and Technical Activities” (14.7%). (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.
- Four industries experienced a net loss in numbers. Of these, the two largest losses were "Other Services" (-30) and "Wholesale, Retail and Motor Trades" (-20).

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

The “Retail Trade” accounted for 11.2% of enterprises in North Tyneside, closely followed by “Specialised Construction Activities” (9.9%) (Table 8.1).

INTRODUCTION

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

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

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

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

What is new?

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

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

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

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

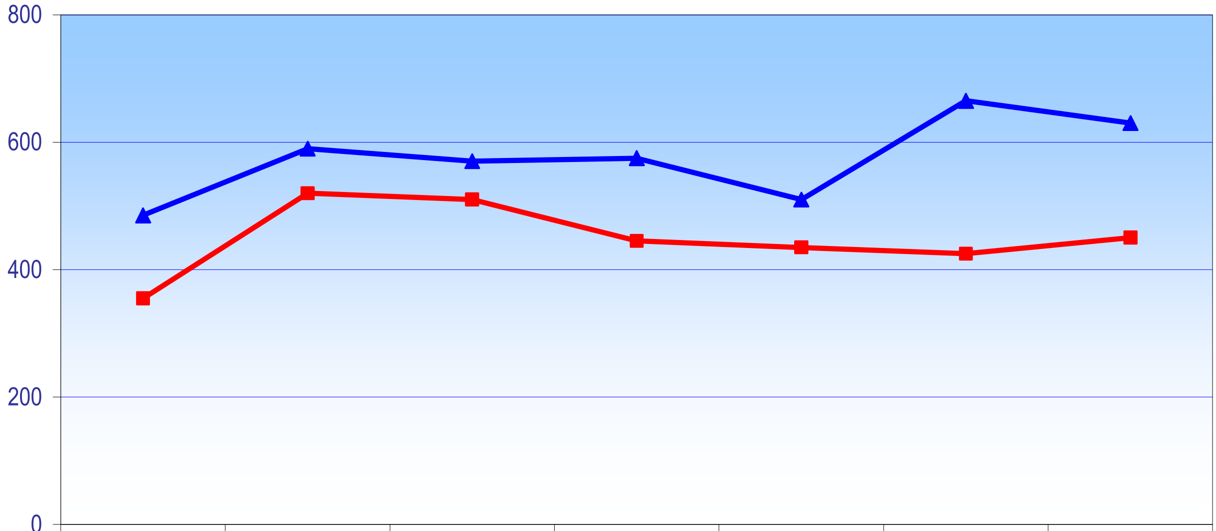
This report covers mainly stock of businesses, births and deaths in 2008 and changes in these over various timescales. The main focus of this paper is on levels in 2008, with levels in previous years being used as time-series comparators.

1 Enterprise Births and Deaths

1.1 Enterprise Births

The number of enterprise births peaked in 2007 (Fig 1). In recent years the low-point occurred in 2002.

Fig 1 Enterprise Births and Deaths in North Tyneside



	2002	2003	2004	2005	2006	2007	2008
Births	485	590	570	575	510	665	630
Deaths	355	520	510	445	435	425	450

Source: ONS, Business Demographics

1.2 Enterprise Deaths

The number of enterprise deaths was at a low-point in 2002. Enterprise deaths peaked in 2003.

Note: Deaths data for 2007 and 2008 is provisional.

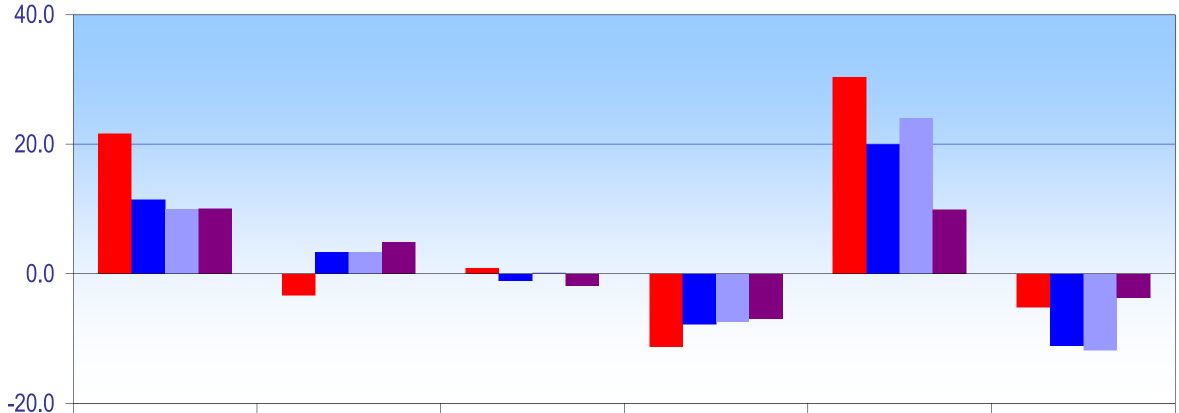
Caution: ONS rounds data to prevent disclosure. Differences may exist in totals across tables due to disclosure methods used. Percentage changes of low numbers should be interpreted with care e.g. a reported rise from 5 to 10 ('100%') could actually be from 7 to 8 (up 14%).

2 Annual Percentage Change in Enterprise Births

Compared to 2007, enterprise births fell in North Tyneside slightly faster than in the UK (Fig 2). However, in the previous year (between 2006 and 2007), North Tyneside performed very strongly (up over 30%), and was about 10pp stronger than Tyne & Wear, and 20pp stronger than the UK.

Fig 2 Annual Percentage Change in Enterprise Births

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
North Tyneside	21.6	-3.4	0.9	-11.3	30.4	-5.3
Tyne and Wear	11.4	3.3	-1.1	-7.9	19.9	-11.2
North East	10.0	3.4	0.1	-7.4	24.0	-11.8
UK	10.1	4.9	-1.9	-7.0	9.9	-3.7

Source: ONS, Business Demographics

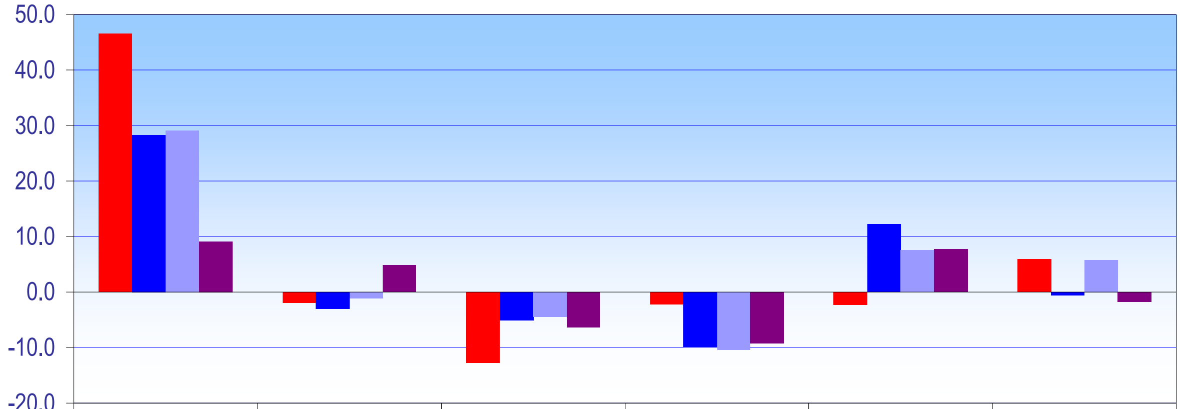
In 2008, North Tyneside accounted for 19.8% of enterprise births in Tyne and Wear, 8.1% in the North East and 0.23% in the UK.

3 Annual Percentage Change in Enterprise Deaths

Compared to 2006, enterprise deaths fell in North Tyneside in 2007 (Fig 3); North Tyneside was the only Tyne and Wear District where deaths fell. In absolute terms, the fall was small (-10). Overall, deaths in the county rose by 285. There were also increases in the North East and in the UK. The latest provisional data (2008) suggest the situation deteriorated in North Tyneside, for the first time since 2003. There were small improvements in Tyne and Wear and in the UK. However, enterprise deaths rose in the North East.

Fig 3 Annual Percentage Change in Enterprise Deaths

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
North Tyneside	46.5	-1.9	-12.7	-2.2	-2.3	5.9
Tyne and Wear	28.3	-3.0	-5.1	-9.9	12.2	-0.6
North East	29.1	-1.2	-4.5	-10.4	7.6	5.8
UK	9.1	4.9	-6.3	-9.2	7.7	-1.8

Source: ONS, Business Demographics

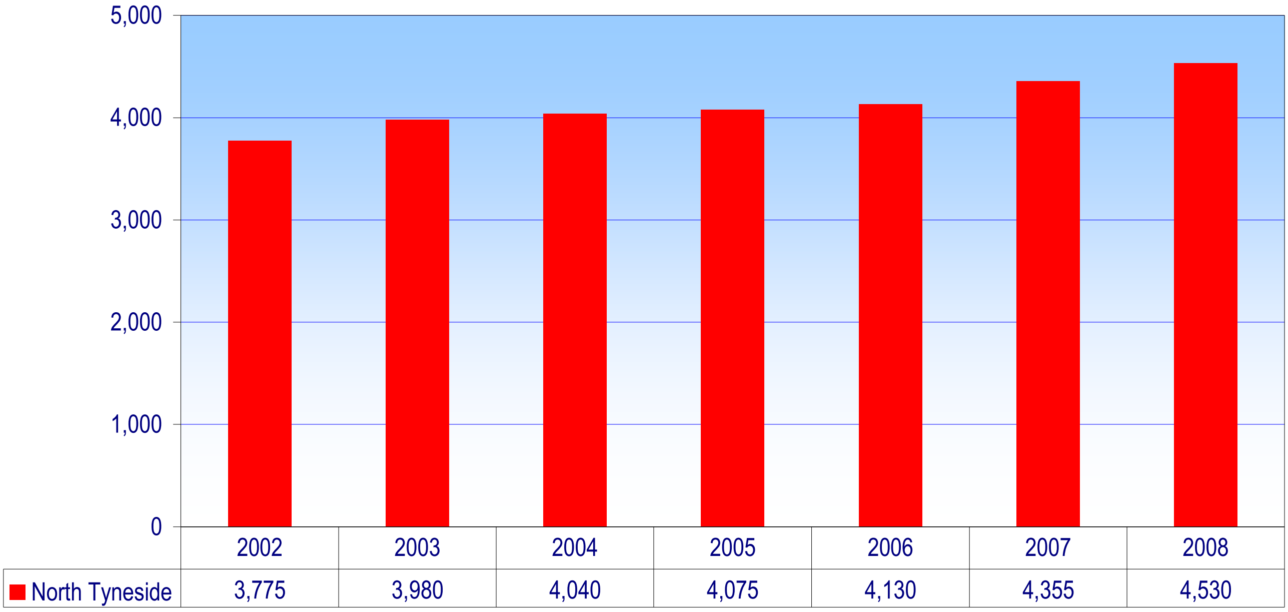
In 2008, North Tyneside accounted for 17.3% of enterprise deaths in Tyne and Wear, 7.2% in the North East and 0.21% in the UK.

4 Active Enterprises (Business Stock) and Net Change

4.1 Active Enterprises

The number of active enterprises in North Tyneside grew by about 200 in 2003 and in 2007 and 2008; in the other three years numbers grew by under 100.

Fig 4 Active Enterprises in North Tyneside
2002 - 2008



Source: ONS, Business Demographics

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

In 2008, North Tyneside accounted for 17.6% of the active stock in Tyne and Wear, 7.1% in the North East and 0.19% in the UK.

4.2 Net Change 2002-2008

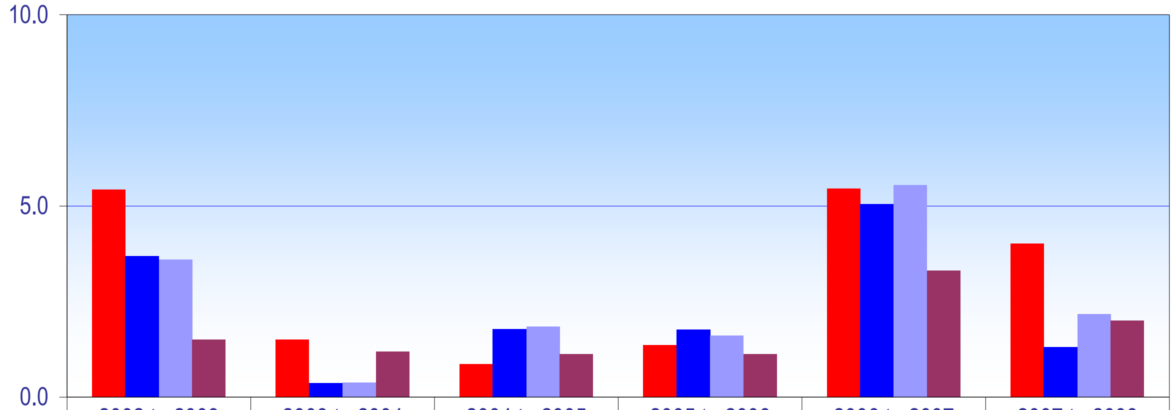
In 2002-08, the growth in the number of active enterprises in North Tyneside (20%) was the fastest in Tyne & Wear. As well as being faster growth than in Tyne & Wear (+15%), it also exceeded the North East (+16%) and the UK (+11%). At 4,530 enterprises, North Tyneside's active stock in 2008 was 755 higher than in 2002; numerically this was the second largest district-level growth in Tyne and Wear, growth in Gateshead was 800.

4.3 Net Change 2007-2008

There was a strong rise in active enterprises in North Tyneside between 2007 and 2008 (+175); in percentage terms (+ 4.0%) it was double the UK rise (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
North Tyneside	5.4	1.5	0.9	1.3	5.4	4.0
Tyne and Wear	3.7	0.4	1.8	1.8	5.1	1.3
North East	3.6	0.4	1.8	1.6	5.5	2.2
UK	1.5	1.2	1.1	1.1	3.3	2.0

Source: ONS, Business Demographics

5 NATIONAL INDICATORS

Two national indicators relate to Business Demographics:

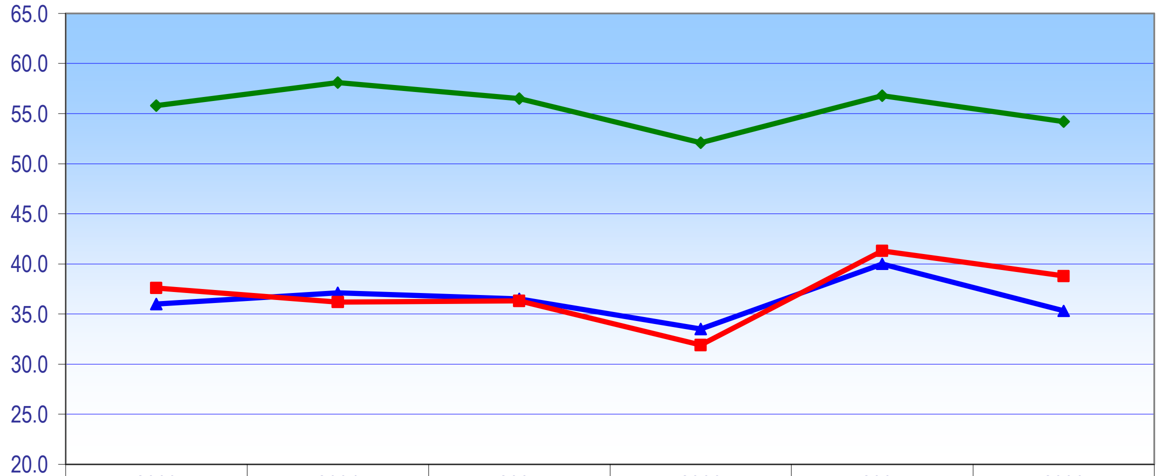
- NI171 'New business registration rate' and
- NI172 'Percentage of small businesses in an area showing employment growth'.

5.1 National Indicator 171 'New business registration rate'

In 2008, North Tyneside's new business registration rate was 38.8 per 10,000 adults; this was 28% lower than the UK rate (Fig 6). North Tyneside had the third highest rate in Tyne and Wear, behind Newcastle (41.2) and Gateshead (39.2).

North Tyneside's rate peaked in 2007, helped by a near doubling in Business Service starts (see Fig. 7.1). Between 2007 and 2008, the rate fell by 2.5 points. This was a small fall compared to Tyne and Wear (-4.7 points), the North East (-5.2 points) and, marginally, the UK (-2.6 points). It was the smallest fall in Tyne and Wear.

Fig 6 New Business Registration Rate (NI 171)
(per 10,000 adults)



	2003	2004	2005	2006	2007	2008
United Kingdom	55.8	58.1	56.5	52.1	56.8	54.2
Tyne and Wear	36.0	37.1	36.5	33.5	40.0	35.3
North Tyneside	37.6	36.2	36.3	31.9	41.3	38.8

Source: Office for National Statistics

This 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. It is not possible to produce local area estimates for this wider business population.[2]

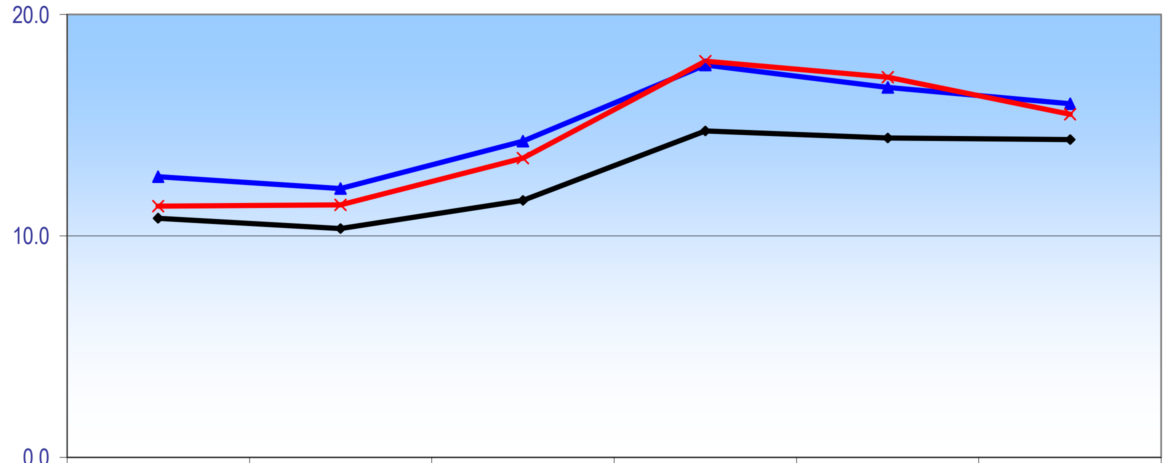
[1] The actual measure is new businesses registering for VAT and PAYE and some smaller businesses reaching the VAT threshold or running a PAYE scheme for the first time.

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

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

The percentage of small businesses showing employment growth within North Tyneside is consistently above the national (Great Britain) rate (Fig 7).

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



	2002_03	2003_04	2004_05	2005_06	2006_07	2007_08
Great Britain	10.8	10.3	11.6	14.7	14.4	14.4
Tyne and Wear	12.7	12.1	14.3	17.7	16.7	16.0
North Tyneside	11.3	11.4	13.5	17.9	17.2	15.5

Source: Office for National Statistics

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

6 Stock[3]-Based Birth and Death Rates

North Tyneside's birth rate was higher (better) (Table 6a) than the UK (Table 6c) between 2002 and 2008. North Tyneside's death rate is usually higher (worse) than the UK; recent exceptions were 2007, when the rates were equal and 2002.

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	425	9.8
2008	4,530	630	13.9	450	9.9

Source: ONS, Business Demographics.
Birth and death rates are the number of births or deaths in a year divided by the active stock throughout the year.

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

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

Source: ONS, Business Demographics.

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

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

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

Source: ONS, Business Demographics.

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

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

The latest industrial breakdown, for 2008, is presented using SIC 2007. Time series data, including 2008, are presented using SIC 2003. In both cases the industrial breakdowns are given at the section level. There are 17 sections within SIC 2003 and 21 sections within SIC 2007. TWRI has excluded Agriculture and Public Administration from the data request because the business numbers were so low. The full list of exclusions is given in Appendix 3.[4]

7.1 Enterprise Births

Over the period 2003-2008, 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%).

In 2007, compared to 2006, the number of births rose in five industries practically doubling in “Property and Business Services” (+145).

In 2008, compared to 2007, the number of births fell in five industries. The largest fall was in “Property and Business Services” (-25), after the huge rise in the previous year.

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

Table 7.1a: Enterprise Births in 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 2008 the overall stock-based enterprise birth rate in North Tyneside was higher (better) than that of the North East and of the UK. North Tyneside outperformed the UK in eleven of the fifteen industries shown in Table 7.1c. Note that this uses the new 2007 SIC unlike the time series of rates, above (in Table 7.1b).

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

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	5	65	265	8,060	0.0	7.7	13.2	13.8	-13.8
C	Manufacturing	355	1,860	4,425	147,475	11.3	8.1	7.5	7.3	4.0
F	Construction	705	3,615	9,455	337,885	14.9	12.0	12.5	11.7	3.2
G	Wholesale, Retail and Motor	875	5,140	12,500	418,075	9.1	9.5	9.4	9.2	0.0
H	Transportation and Storage	135	860	2,610	82,965	14.8	8.1	8.8	10.1	4.7
I	Accommodation and Food Service Activities	455	2,575	6,270	165,750	14.3	14.2	13.2	13.0	1.3
J	Information and Communication	255	1,290	2,670	169,940	17.6	17.4	15.7	14.6	3.1
K	Financial and Insurance Activities	40	280	630	29,930	0.0	5.4	7.9	12.1	-12.1
L	Real Estate	100	850	1,800	84,780	15.0	13.5	12.8	11.8	3.2
M	Professional, Scientific and Technical Activities	665	3,730	9,250	367,965	20.3	16.8	18.1	14.7	5.6
N	Administrative and Support Services	335	1,945	4,790	206,690	20.9	19.8	17.1	16.2	4.6
P	Education	50	365	905	32,440	20.0	13.7	12.2	9.4	10.6
Q	Human Health and Social Work	185	1,095	2,665	84,480	5.4	6.4	7.5	7.9	-2.5
R	Arts, Entertainment and Recreation	95	645	1,640	66,660	10.5	7.8	8.5	7.9	2.6
S	Other Services	275	1,490	3,585	122,675	9.1	8.7	9.3	7.6	1.5
	Total	4,530	25,805	63,460	2,325,770	13.9	12.3	12.2	11.6	2.3

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 2008 the overall enterprise death rate in North Tyneside was slightly higher (worse) than that of the North East and that of the UK. North Tyneside outperformed the UK in seven of the fifteen industries shown in Table 7.2c.
Note that this uses the new 2007 SIC unlike the time series of rates, above (in Table 7.2b).

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

		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	5	65	265	8,060	0.0	7.7	5.7	8.0	-8.0
C	Manufacturing	355	1,860	4,425	147,475	8.5	8.1	7.0	7.8	0.6
F	Construction	705	3,615	9,455	337,885	11.3	10.7	10.8	9.7	1.7
G	Wholesale, Retail and Motor	875	5,140	12,500	418,075	9.7	10.5	10.0	9.1	0.6
H	Transportation and Storage	135	860	2,610	82,965	14.8	12.2	10.0	9.9	4.9
I	Accommodation and Food Service Activities	455	2,575	6,270	165,750	14.3	13.6	14.0	13.1	1.2
J	Information and Communication	255	1,290	2,670	169,940	9.8	11.6	10.5	10.0	-0.2
K	Financial and Insurance Activities	40	280	630	29,930	12.5	8.9	11.1	11.0	1.5
L	Real Estate	100	850	1,800	84,780	5.0	6.5	7.2	7.6	-2.6
M	Professional, Scientific and Technical Activities	665	3,730	9,250	367,965	8.3	9.7	8.9	8.7	-0.5
N	Administrative and Support Services	335	1,945	4,790	206,690	11.9	10.3	10.8	10.8	1.1
P	Education	50	365	905	32,440	10.0	9.6	7.7	8.1	1.9
Q	Human Health and Social Work	185	1,095	2,665	84,480	5.4	5.0	5.8	7.0	-1.5
R	Arts, Entertainment and Recreation	95	645	1,640	66,660	5.3	10.9	9.8	8.8	-3.6
S	Other Services	275	1,490	3,585	122,675	7.3	7.7	8.8	8.6	-1.4
	Total	4,530	25,805	63,460	2,325,770	9.9	10.1	9.8	9.4	0.5

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.

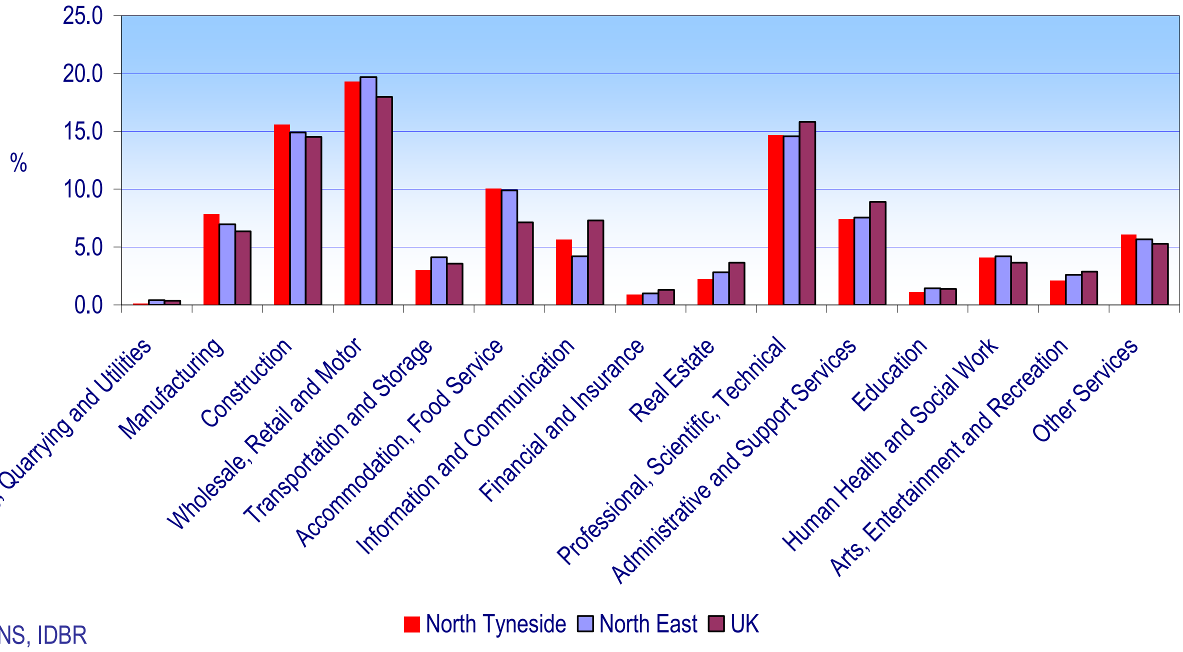
7.3 The Industrial Structure of the Business Base

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

Compared to the UK industrial structure North Tyneside is relatively strong in "Accommodation, Food Service", "Manufacturing" and "Wholesale, Retail and Motor". 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 average (within ±1 percentage point).

Fig 8 The Industrial Structure of the Business Base

North Tyneside, North East and UK



Source: ONS, IDBR

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

		Share of Total Active Businesses in 2008			
SIC 2007	**Industry**	**North Tyneside**	**TW**	**North East**	**UK**
B, D and E	Mining, Quarrying and Utilities	0.1	0.3	0.4	0.3
C	Manufacturing	7.8	7.2	7.0	6.3
F	Construction	15.6	14.0	14.9	14.5
G	Wholesale, Retail and Motor	19.3	19.9	19.7	18.0
H	Transportation and Storage	3.0	3.3	4.1	3.6
I	Accommodation and Food Service Activities	10.0	10.0	9.9	7.1
J	Information and Communication	5.6	5.0	4.2	7.3
K	Financial and Insurance Activities	0.9	1.1	1.0	1.3
L	Real Estate	2.2	3.3	2.8	3.6
M	Professional, Scientific and Technical Activities	14.7	14.5	14.6	15.8
N	Administrative and Support Services	7.4	7.5	7.5	8.9
P	Education	1.1	1.4	1.4	1.4
Q	Human Health and Social Work	4.1	4.2	4.2	3.6
R	Arts, Entertainment and Recreation	2.1	2.5	2.6	2.9
S	Other Services	6.1	5.8	5.6	5.3
	Total	100.0	100.0	100.0	100.0

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

7.4 Net Change by Industry, 2003-2008

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

In 2003-08, two industries in North Tyneside experienced very substantial net gains of businesses; “Property and Business Services” (up 60%) and “Construction” (up 38.5%) (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 2008 by Industry

In 2008, North Tyneside outperformed the UK in eight industries (Table 7.5). The three industries where North Tyneside *under*performed were "Mining, Quarrying and Utilities", "Wholesale, Retail and Motor Trades" and "Transport, Post and Telecommunications".

North Tyneside outperformed the North East in six industries: "Other Services", "Property and Business Services", "Hotels and Catering", "Construction", "Health" and "Manufacturing".

In North Tyneside, two industries had a net loss of businesses over the period 2007-2008. They were “Wholesale, Retail and Motor Trades” and “Manufacturing”.

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

SIC 2003	Industry	Actives 2007 North Tyneside	Actives 2008 North Tyneside	Change North Tyneside	Percentage Change North Tyneside	TW	North East	UK
C and E	Mining, quarrying, electricity, gas and water supply	0	0	0	0.0	0.0	6.3	5.4
D	Manufacturing	380	375	-5	-1.3	-2.9	-1.4	-2.2
F	Construction	595	630	35	5.9	2.7	3.9	4.5
G	Wholesale, retail and motor trades	945	900	-45	-4.8	-0.4	-0.9	-1.1
H	Hotels and catering	450	455	5	1.1	-0.6	-0.9	-1.7
I	Transport, post and telecommunications	145	145	0	0.0	-0.5	0.5	2.0
J	Finance	30	40	10	33.3	53.7	36.2	20.0
K	Property and business services	1,255	1,380	125	10.0	0.8	3.2	2.2
M	Education	45	45	0	0.0	6.6	1.3	-1.4
N	Health	175	185	10	5.7	1.8	4.0	4.6
O	Other Services	335	365	30	9.0	4.3	-0.1	0.3
	Total	4,355	4,525	170	3.9	1.1	1.6	1.3

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

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

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

ONS released the IDBR data set to Local Authorities to help in the production of Local Economic Assessments. Data for March 2009, at 2-digit SIC level, was produced[5] and released in March 2010.

TWRI focuses on the counts of businesses.[6]
At this 2-digit SIC level, the three North Tyneside's top ten industries for enterprises not in the England top ten were 'Architectural and engineering activities etc.' (SIC 71), the 'Wholesale and retail trade etc.' (SIC 45) and 'Other personal service activities' (SIC 96) (Table 8.1). Nationally they ranked 12th, 13th and 11th respectively.

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

SIC2007	North Tyneside	North East	North East Rank	England	England Rank
47 Retail trade; except of motor vehicles and motorcycles	11.2	10.9	1	8.8	1
43 Specialised construction activities	9.9	8.6	2	8.1	2
56 Food and beverage service activities	8.5	7.9	3	5.4	5
71 Architectural and engineering activities; technical testing and analysis	4.8	5.2	5	3.2	12
70 Activities of head offices; management consultancy activities	4.4	3.6	9	5.9	3
62 Computer programming; consultancy and related activities	4.4	3.0	10	5.4	4
46 Wholesale trade; except of motor vehicles and motorcycles	4.3	4.1	6	5.1	6
41 Construction of buildings	4.0	3.9	7	4.1	8
45 Wholesale and retail trade and repair of motor vehicles and motorcycles	3.9	3.8	8	3.1	13
96 Other personal service activities	3.2	3.0	11	3.4	11

Source: ONS, TWRI.

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

[5] By ONS Business Register Strategy and Outputs division.

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

In the England top ten (Table 8.2) were ‘Office administrative; office support and other business support activities’ (SIC 82, ranked 11th in North Tyneside), Real estate activities (SIC 68, ranked 13th in North Tyneside) and ‘Crop and animal production; hunting and related service activities’ (SIC 01, unsurprisingly ranked only 31st in North Tyneside).

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

SIC2007	England	North East	North East Rank	North Tyneside	North Tyneside Rank
47 Retail trade; except of motor vehicles and motorcycles	8.8	10.9	1	11.2	1
43 Specialised construction activities	8.1	8.6	2	9.9	2
70 Activities of head offices; management consultancy activities	5.9	3.6	9	4.4	5
62 Computer programming; consultancy and related activities	5.4	3.0	10	4.4	6
56 Food and beverage service activities	5.4	7.9	3	8.5	3
46 Wholesale trade; except of motor vehicles and motorcycles	5.1	4.1	6	4.3	7
01 Crop and animal production; hunting and related service activities	4.8	6.0	4	0.6	31
41 Construction of buildings	4.1	3.9	7	4.0	8
68 Real estate activities	3.6	2.8	12	2.6	13
82 Office administrative; office support and other business support activities	3.6	2.7	14	3.0	11

Source: ONS, TWRI.

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

APPENDIX 1

TECHNICAL BACKGROUND

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

The BD series is more comprehensive than the VAT series. It is difficult to directly compare the two series. However, at District level, within Tyne and Wear, the Business Demographics series records at least a fifth more enterprises than the VAT series. An article by ONS explains the key methodological differences between the new series and the existing BERR 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[11] Business Start-ups and Closures: VAT registrations and de-registrations**	**ONS UK Business: Activity, Size and Location**
Coverage	VAT and/or PAYE registered businesses	VAT registered businesses only	VAT and/or PAYE registered businesses (from 2008 onwards) excluding unmatched non-corporate PAYE businesses
Stock	Recognises activity occurring at any point during the year	Live units at a point in time	Live units at a point in time
Timeliness	Annual publication. First publication with 2007 data to be published 28 Nov-08.	Annual publication. Final publication with 2007 data to be published 28 Nov-08	Annual publication. 2008 data published Sep-08
Geography	UK with country, region, unitary authority, county and district breakdowns.	UK-including regional, local authority and parliamentary constituency breakdowns	UK- including regional, local authority and parliamentary constituency breakdowns
Legal Status	Company, Sole Proprietor, Partnership, Public Corporation and Non-Profit organisations	All	All
Industry	SIC 2003, excluding Agriculture (Div 01, 02 & 05), holding companies (SIC class 7415) and public administration (Div 75)	SIC 2003 Divisions 01–93 (private households and extra-territorial activities excluded)	SIC 2003 Divisions 01–99
Exclusions	Excludes Managed Service Companies, although these are included in the data published by Eurostat	Excludes Managed Service Companies and Official Receivers	Excludes Managed Service Companies
Adjustments	Adjustments are made to the latest two years deaths to allow for re-activations. See section on deaths below for more detail.	Registrations and de-registrations are adjusted (back to 1996) to produce estimates of the final volume of start-ups and closures once late registrations and de-registrations have been received or re-activations have occurred.	None.

Source: Office for National Statistics.
http://www.statistics.gov.uk/downloads/theme_commerce/Intro-Bus-Demography.pdf

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

APPENDIX 3

The five excluded sections in SIC 2003 are:

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

The four excluded sections in SIC 2007 are:

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