BUSINESSES IN SOUTH TYNESIDE 2009

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KEY MESSAGES

Businesses (VAT/PAYE Registered Enterprises) in South Tyneside

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

The impact of the recession on South Tyneside's businesses is shown by the falling enterprise birth rate since 2007 and the peak, in 2009, of the enterprise death rate. Between 2008 and 2009, business numbers in South Tyneside were stable while in Tyne and Wear, the North East and UK numbers rose, albeit by less than 1% (Figure 5). Five industries in South Tyneside suffered a net loss. Large net losses occurred in "Administrative and Support Services" (-25) and "Wholesale, Retail and Motor Trade" (-20). There were small net losses in "Professional, Scientific and Technical Activities" (-5), "Accommodation and Food Service Activities" (-5) and "Transportation and Storage" (-5) (Table 7.5).

Over the longer time period (2002 to 2009), business numbers in South Tyneside rose by 16%, outperforming Tyne and Wear (+15%) and about 1½ times the UK (+11%). (§ 4.2)

Enterprise births in South Tyneside peaked in 2007 (465 births); enterprise deaths peaked in 2003 (355 deaths).

In 2009, South Tyneside's new business registration rate was 25.0 per 10,000 adults; this was 47% lower than the UK rate (Fig 6). This was the lowest rate in Tyne and Wear. (§ 5.1)

In 2009, South Tyneside's stock-based birth rate was at a low point (10.9%); the death rate was at a six-year high (11.9%). (§ 6)

South Tyneside's stock-based birth rate is usually higher (better) than the UK and its stock-based death rate is usually higher (worse) than the UK.

In 2009, the "Wholesale, Retail and Motor Trade" accounted for just over a fifth of active enterprises in South Tyneside (UK 17.8%). The business share was also high for "Construction" (13.6%) and "Professional Scientific and Technical Activities" (13.3%). (Table 7.3)

Over the period 2003-2008:

- 37.4% of business births in South Tyneside were in "Property and Business Services"; this industry accounted for just under three-tenths of business deaths.

Businesses by Industry (2-digit SIC Level)

The "Retail Trade" accounted for 13.3% of enterprises in South Tyneside, followed by "Food and Beverage Service Activities" (10.9%) and "Specialised Construction Activities" (10.0%). Nationally (UK) the proportions were lower than in South Tyneside and the order was slightly different; "Retail" (9.4%), "Specialised Construction" (8.7%), "Food and Beverages" (6.2%). (Tables 8.1 and 8.2)

INTRODUCTION

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

The business base has grown strongly in TW. Over the period 2002 to 2009 it grew by 3,450 (+15%), outpacing the UK growth (+11%); South Tyneside's contribution was a net gain of 395 businesses (+16%). It is likely, however, that this performance was under-pinned by the public sector expansion in TW; this expanded employment faster than the UK at least up to 2003, and thus boosted consumer demand in the local economy.

The size of the business base is partly a reflection of population – and the growth of the business base is partly a reflection of population growth. The vast majority of businesses are small, employing fewer than five people – and therefore largely serve local markets. Population growth helps small businesses; thus, for example, this has helped North Tyneside to achieve the fastest growth of its business base (21% over the years 2002-09). More broadly, TW's population growth in the 2000s has helped to underpin business growth.

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

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

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

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

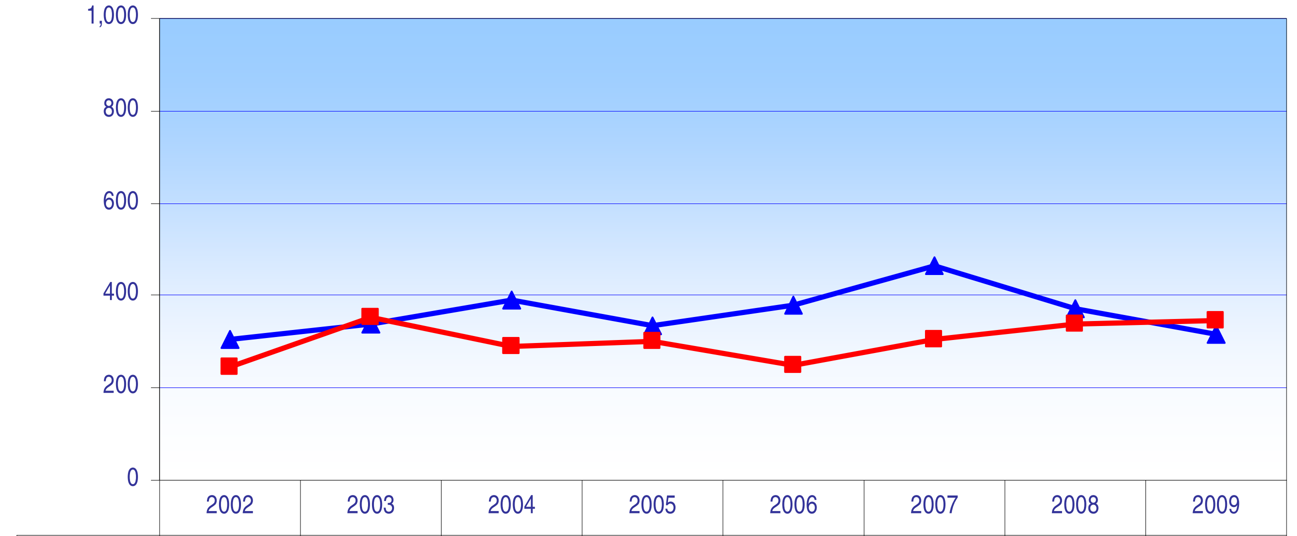
This report covers mainly stock of businesses, births and deaths in 2009 and changes in these over various timescales. The main focus of this paper is on levels in 2009, with levels in previous years being used as time-series comparators.

1 Enterprise Births and Deaths

1.1 Enterprise Births

In 2009, the number of enterprise births fell to a seven-year low (315) and dipped below the number of deaths for the first time since 2003. The number of enterprise births peaked in 2007 (465) (Fig 1). In recent years the low-point occurred in 2002.

Fig 1 Enterprise Births and Deaths in South Tyneside



	2002	2003	2004	2005	2006	2007	2008	2009
Births	305	340	390	335	380	465	370	315
Deaths	245	355	290	300	250	305	340	345

Source: ONS, Business Demographics.

1.2 Enterprise Deaths

Enterprise deaths peaked in 2003 (355). The number of enterprise deaths was at a low-point in 2002.

Note: Deaths data for 2008 and 2009 are provisional.

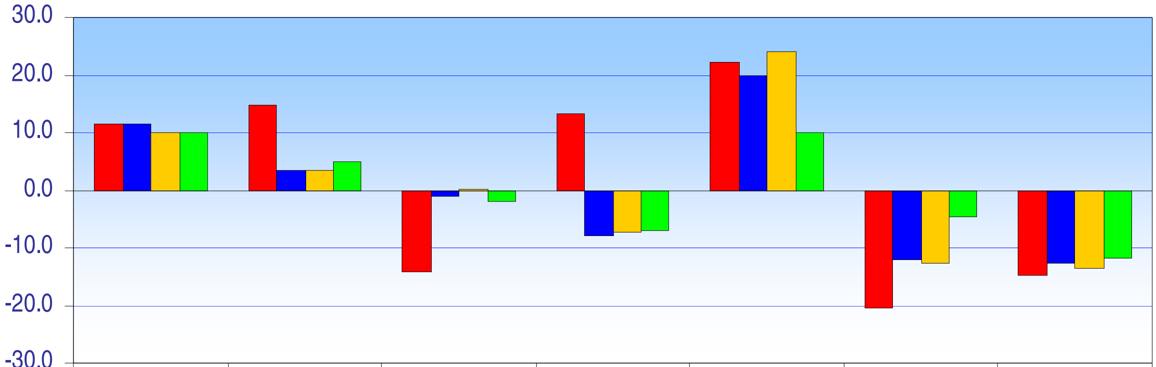
ONS rounds data to prevent disclosure. Differences may exist in totals across tables due to disclosure methods used. Percentage changes of low numbers should be interpreted with care e.g. a reported rise from 5 to 10 (up 100%) could actually be from 7 to 8 (up 14%).

2 Annual Percentage Change in Enterprise Births

In 2009, compared to 2008, the percentage fall in enterprise births was about 3 percentage points larger in South Tyneside (-14.9%) than in the UK (Fig 2). The number of births fell in all Districts within Tyne and Wear; the largest District fall was North Tyneside (-19.2%), the smallest was Sunderland (-3.2%). Between 2006 and 2007, the last growth year for enterprise births, South Tyneside (+22.4%) performed strongly compared to the UK; in the previous year South Tyneside was the only Tyne and Wear District to record growth in business births.

Fig 2 Annual Percentage Change in Enterprise Births

South Tyneside, Tyne and Wear, North East and UK



	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008	2008 to 2009
South Tyneside	11.5	14.7	-14.1	13.4	22.4	-20.4	-14.9
Tyne and Wear	11.4	3.3	-1.1	-7.9	19.9	-12.1	-12.5
North East	10.0	3.4	0.1	-7.4	24.0	-12.7	-13.7
UK	10.1	4.9	-1.9	-7.0	9.9	-4.7	-11.7

Source: ONS, Business Demographics.

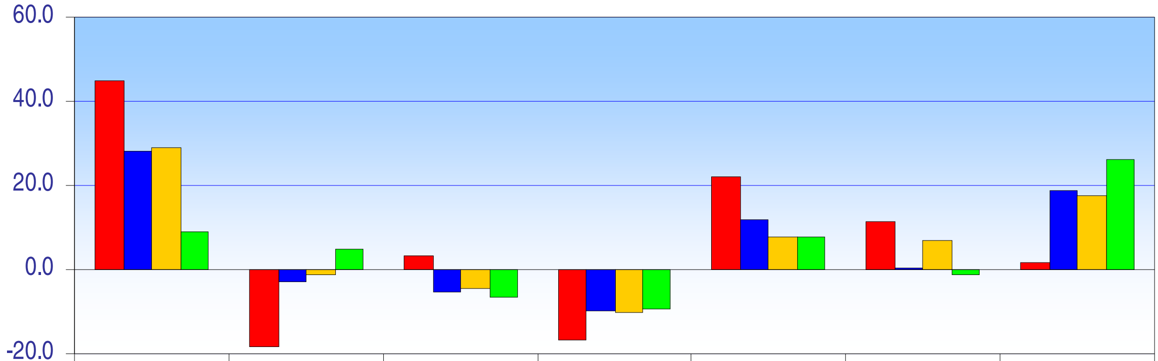
In 2009, South Tyneside accounted for 11.4% of enterprise births in Tyne and Wear, 4.8% in the North East and 0.13% in the UK.

3 Annual Percentage Change in Enterprise Deaths

Compared to 2008, the number of enterprise deaths in South Tyneside rose slightly; it was the smallest District rise within Tyne and Wear. South Tyneside's percentage rise in enterprise deaths (+1.5%) was less than a tenth of the North East rise (+17.4%) which was itself almost nine percentage points below the UK rise (Fig 3).

Fig 3 Annual Percentage Change in Enterprise Deaths

South Tyneside, Tyne and Wear, North East and UK



	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008	2008 to 2009
South Tyneside	44.9	-18.3	3.4	-16.7	22.0	11.5	1.5
Tyne and Wear	28.3	-3.0	-5.1	-9.9	11.8	0.6	18.7
North East	29.1	-1.2	-4.5	-10.4	7.6	6.9	17.4
UK	9.1	4.9	-6.3	-9.2	8.0	-1.1	26.2

Source: ONS, Business Demographics.

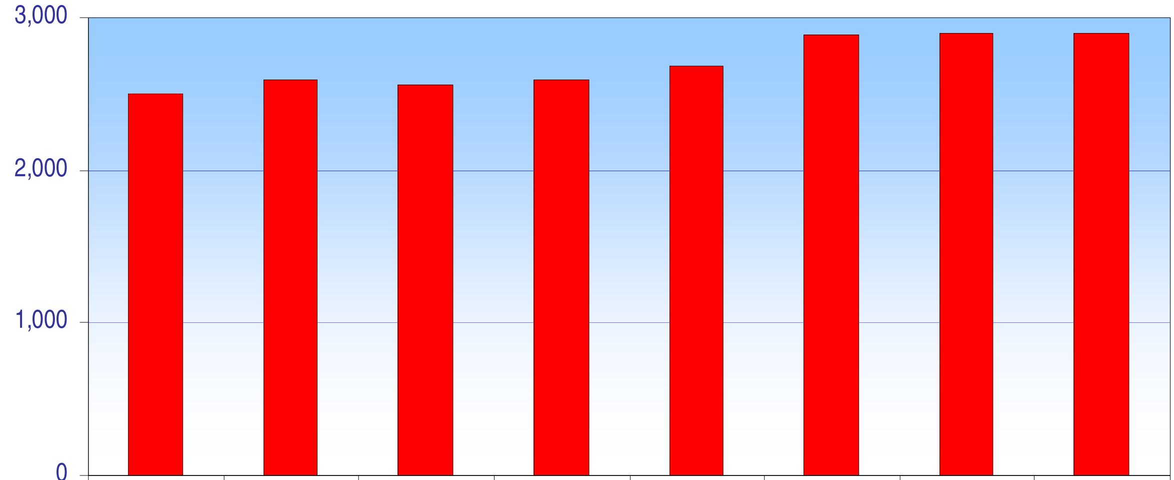
In 2009, South Tyneside accounted for 11.1% of enterprise deaths in Tyne and Wear, 4.7% in the North East and 0.12% in the UK.

4 Active Enterprises (Business Stock) and Net Change

4.1 Active Enterprises

Over the period 2003 to 2009, the only annual net loss in the number of active enterprises occurred in 2004 (-40); the largest net gain was in 2007 (+210). In the following year, which saw the start of a recession, there was a small net gain (+5); in 2009 there was no change (Fig 4).

Fig 4 Active Enterprises in South Tyneside
2002 - 2009



	2002	2003	2004	2005	2006	2007	2008	2009
South Tyneside	2,500	2,595	2,555	2,590	2,680	2,890	2,895	2,895

Source: ONS, Business Demographics.

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

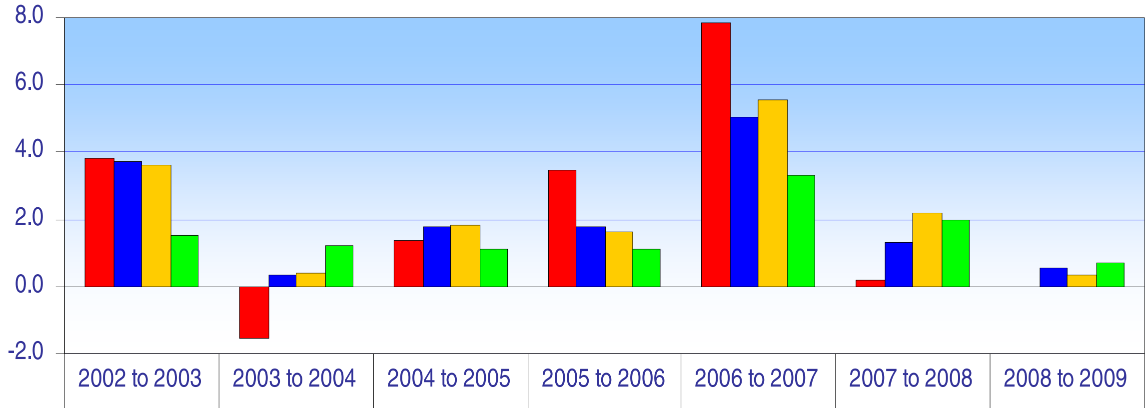
In 2009, South Tyneside accounted for 11.2% of the active stock in Tyne and Wear, 4.5% in the North East and 0.12% in the UK.

4.2 Net Change 2002-2009

The number of active enterprises in South Tyneside was 16% higher in 2009, compared to 2002. This was just ahead of the growth in Tyne and Wear (+15%) and 1½ times the UK (+11%). At 2,895 enterprises, South Tyneside's active stock in 2009 was 395 higher than in 2002; in Tyne and Wear, South Tyneside's percentage growth was exceeded by Gateshead (+18%) and North Tyneside (+21%).

4.3 Net Change 2008-2009

There was no change in the number of active enterprises in South Tyneside between 2008 and 2009; in Tyne and Wear, the North East and the UK there were small rises (Fig 5); within Tyne and Wear, Gateshead and Sunderland experienced small falls.



	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008	2008 to 2009
South Tyneside	3.8	-1.5	1.4	3.5	7.8	0.2	0.0
Tyne and Wear	3.7	0.4	1.8	1.8	5.1	1.3	0.5
North East	3.6	0.4	1.8	1.6	5.5	2.2	0.3
UK	1.5	1.2	1.1	1.1	3.3	2.0	0.7

Source: ONS, Business Demographics.

5 NEW BUSINESS REGISTRATION RATE

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

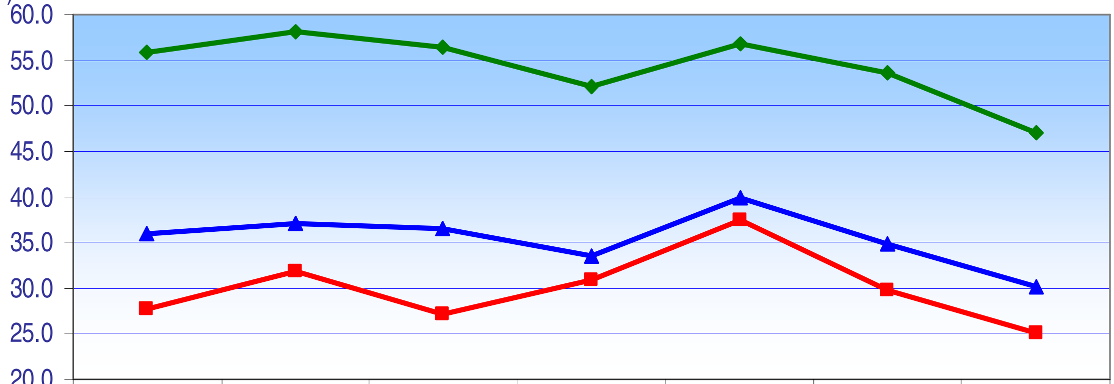
5.1 Former National Indicator 171 'New business registration rate'

In 2009, South Tyneside's new business registration rate was 25.0 per 10,000 adults; this was 47% lower than the UK rate (Fig 6). South Tyneside had the lowest rate in Tyne and Wear.

South Tyneside's rate peaked strongly in 2007 (at 37.5) . Between 2007 and 2009, the rate fell by 12.5 points. This was a large fall compared to Tyne and Wear (-9.9 points), the North East (-10.7 points) and the UK (-9.8 points).

Fig 6 New Business Registration Rate (NI 171)

(per 10,000 adults)



	2003	2004	2005	2006	2007	2008	2009
United Kingdom	55.8	58.1	56.5	52.1	56.8	53.6	47.0
Tyne and Wear	36.0	37.1	36.5	33.5	40.0	34.8	30.1
South Tyneside	27.7	31.8	27.2	30.8	37.5	29.7	25.0

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

NI 171 is the ratio of (new) business registrations per 10,000 resident population aged 16 and above. New business registrations are a proxy measure for business start ups[1]. The BD stock figures cover just under half (around 2.1m) of the estimated 4.3m enterprises in the UK. It is not possible to produce local area estimates for this wider business population.[2]

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

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

6 Stock[3]-Based Birth and Death Rates

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

Between 2002 and 2009, South Tyneside's stock-based business birth rate was higher (better) (Table 6a) than the UK (Table 6c). South Tyneside's death rate, however, is usually higher (worse) than the UK; recent exceptions were 2002 and 2006. In 2009, South Tyneside's death rate equalled the UK's.

In 2009, South Tyneside's birth rate was at a low point; the death rate was at a six-year high. The birth rate peaked in 2007 (16.1%). The death rate was at a record low in 2006 (9.3%) and at a peak in 2003 (13.7%).

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 South Tyneside

Year	Active Stock	Births	Birth Rate %	Deaths	Death Rate %
2002	2,500	305	12.2	245	9.8
2003	2,595	340	13.1	355	13.7
2004	2,555	390	15.3	290	11.4
2005	2,590	335	12.9	300	11.6
2006	2,680	380	14.2	250	9.3
2007	2,890	465	16.1	305	10.6
2008	2,895	370	12.8	340	11.7
2009	2,895	315	10.9	345	11.9

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.

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

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

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

Year	Active Stock	Births	Birth Rate %	Deaths	Death Rate %
2002	54,675	6,725	12.3	5,030	9.2
2003	56,640	7,395	13.1	6,495	11.5
2004	56,855	7,645	13.4	6,420	11.3
2005	57,905	7,655	13.2	6,130	10.6
2006	58,835	7,090	12.1	5,495	9.3
2007	62,100	8,795	14.2	5,910	9.5
2008	63,450	7,675	12.1	6,315	10.0
2009	63,660	6,625	10.4	7,415	11.6

Source: ONS, Business Demographics.

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

Year	Active Stock	Births	Birth Rate %	Deaths	Death Rate %
2002	2,101,510	242,540	11.5	212,965	10.1
2003	2,133,190	267,000	12.5	232,330	10.9
2004	2,158,555	280,080	13.0	243,615	11.3
2005	2,182,750	274,855	12.6	228,155	10.5
2006	2,207,290	255,530	11.6	207,125	9.4
2007	2,280,215	280,730	12.3	223,600	9.8
2008	2,325,770	267,445	11.5	221,185	9.5
2009	2,341,900	236,025	10.1	279,180	11.9

Source: ONS, Business Demographics.

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

The latest industrial breakdown, for 2009, is presented using SIC 2007. Time series data, including 2008, have to be presented using SIC 2003. In both cases the industrial breakdowns are given at the section level. There are 17 sections within SIC 2003 and 21 sections within SIC 2007. TWRI has excluded Agriculture and Public Administration from the data request because the business numbers were so low. The full list of exclusions is given in Appendix 3.[5]

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

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

7.1 Enterprise Births

Over the period 2003-2008, 37% of business births in South Tyneside were in “Property and Business Services”. (Table 7.1a) The next largest share was taken by “Wholesale, Retail and Motor Trades” (15%). “Hotels and Catering” and “Construction” were joint third, each on 13%.

The “credit crunch” that began in 2007 may have had an impact on South Tyneside’s enterprise births in 2008; in six industries the number of births fell, most noticeably in “Property and Business Services” (-50, -26%), however this industry had shown unusual and impressive growth in 2007.

Table 7.1a: Enterprise Births in South 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	10	20	25	20	35	20	130
F	Construction	40	50	55	50	65	45	305
G	Wholesale, retail and motor trades	50	70	60	60	50	60	350
H	Hotels and catering	45	65	40	50	55	50	305
I	Transport, post and telecommunications	20	5	15	10	15	15	80
J	Finance	5	5	0	0	0	0	10
K	Property and business services	130	130	105	145	195	145	850
M	Education	5	5	0	5	5	5	25
N	Health	10	5	10	15	10	5	55
O	Other Services	25	30	25	25	35	25	165
	Total	340	385	335	380	465	370	2,275

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

Birth rates peaked in 2007 for four industries: “Property and Business Services”, “Construction”, “Other Services” and “Manufacturing” (Table 7.1b).

Table 7.1b: Enterprise Birth Rates (%) in South 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	3.9	8.5	10.6	7.7	13.2	7.8
F	Construction	15.7	18.9	19.0	16.4	19.1	12.9
G	Wholesale, retail and motor trades	7.5	11.1	9.8	9.9	8.3	10.0
H	Hotels and catering	14.5	20.0	12.7	15.9	16.7	14.9
I	Transport, post and telecommunications	17.4	5.3	14.3	10.0	13.0	13.6
J	Finance	33.3	33.3	0.0	0.0	0.0	0.0
K	Property and business services	22.8	21.3	16.2	20.3	23.9	17.9
M	Education	20.0	16.7	0.0	20.0	16.7	14.3
N	Health	9.1	4.5	8.7	12.5	7.7	4.2
O	Other Services	10.9	12.2	11.1	11.4	14.3	9.8
	Total	13.3	15.0	12.9	14.2	16.1	12.8

Source: ONS, IDBR.
Note: All figures are rounded to avoid disclosure.
Birth rate is the number of births in a year divided by the active stock throughout the (same) year.

In 2009 the overall stock-based enterprise birth rate in South Tyneside was higher (better) than that of the UK and higher than that of the North East (Table 7.1c). South Tyneside outperformed the UK in nine of the fifteen industries shown.
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, South Tyneside (ST), Tyne and Wear (TW), North East (NE) and UK, 2009

SIC 2007	Industry	Active Stock ST	TW	North East	UK	Birth Rate[1] (%) ST	TW	NE	UK	Difference ST - UK
B, D and E	Mining, Quarrying and Utilities	15	100	310	8,915	0.0	15.0	17.7	14.2	-14.2
C	Manufacturing	255	1,875	4,460	148,285	5.9	6.9	6.4	6.9	-1.0
F	Construction	395	3,695	9,415	336,095	11.4	10.1	9.9	8.7	2.7
G	Wholesale, Retail and Motor	585	5,030	12,300	416,305	8.5	8.5	8.7	8.9	-0.3
H	Transportation and Storage	100	850	2,610	81,995	5.0	7.6	8.0	8.5	-3.5
I	Accommodation and Food Service Activities	330	2,580	6,160	163,430	13.6	13.6	12.5	12.0	1.6
J	Information and Communication	95	1,285	2,685	171,175	15.8	12.1	12.3	11.1	4.7
K	Financial and Insurance Activities	25	345	785	34,600	0.0	7.2	7.0	9.5	-9.5
L	Real Estate	65	875	1,845	86,840	15.4	9.1	9.5	9.1	6.3
M	Professional, Scientific and Technical Activities	385	3,735	9,500	380,125	13.0	13.1	13.4	12.5	0.5
N	Administrative and Support Services	210	1,905	4,735	206,165	16.7	16.3	15.0	13.9	2.8
P	Education	40	390	965	34,395	0.0	10.3	11.4	10.1	-10.1
Q	Human Health and Social Work	125	1,145	2,730	86,915	12.0	7.9	6.2	7.9	4.1
R	Arts, Entertainment and Recreation	90	635	1,615	65,930	11.1	7.1	7.4	8.1	3.0
S	Other Services	180	1,505	3,545	120,730	11.1	10.3	10.0	7.9	3.2
	Total	2,895	25,950	63,660	2,341,900	10.9	10.6	10.4	10.1	0.8

Source: ONS, IDBR.
Note: All figures are rounded to avoid disclosure.
1 Birth rate is the number of births in a year divided by the active stock throughout the year.
The active stock is shown to highlight those South Tyneside rates that are based on relatively low stock.

7.2 Enterprise Deaths

Over the period 2003-2008, 29% of business deaths in South Tyneside were in “Property and Business Services” and just under a quarter were in “Wholesale, Retail and Motor Trades” (Table 7.2a).

Table 7.2a: Enterprise Deaths in South 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	35	20	15	15	30	15	130
F	Construction	35	25	35	30	40	45	210
G	Wholesale, retail and motor trades	80	75	70	55	55	75	410
H	Hotels and catering	60	50	45	40	45	40	280
I	Transport, post and telecommunications	20	10	15	5	15	10	75
J	Finance	0	0	0	0	0	0	0
K	Property and business services	70	80	80	85	90	110	515
M	Education	0	5	5	0	0	0	10
N	Health	10	10	10	5	15	5	55
O	Other Services	5	15	25	15	20	20	100
	Total	315	290	300	250	310	320	1,785

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

Table 7.2b: Enterprise Death Rates (%) in South 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	13.7	8.5	6.4	5.8	11.3	5.9
F	Construction	13.7	9.4	12.1	9.8	11.8	12.9
G	Wholesale, retail and motor trades	12.0	11.9	11.4	9.1	9.1	12.5
H	Hotels and catering	19.4	15.4	14.3	12.7	13.6	11.9
I	Transport, post and telecommunications	17.4	10.5	14.3	5.0	13.0	9.1
J	Finance	0.0	0.0	0.0	0.0	0.0	0.0
K	Property and business services	12.3	13.1	12.3	11.9	11.0	13.6
M	Education	0.0	16.7	20.0	0.0	0.0	0.0
N	Health	9.1	9.1	8.7	4.2	11.5	4.2
O	Other Services	2.2	6.1	11.1	6.8	8.2	7.8
	Total	12.3	11.3	11.6	9.3	10.7	11.1

Source: ONS, IDBR.
Note: All figures are rounded to avoid disclosure.
Death rate is the number of deaths in a year divided by the active stock throughout the (same) year.

In 2009, the overall enterprise death rate in South Tyneside was the same as that of the UK and slightly higher (worse) than that of the North East (Table 7.2c). South Tyneside outperformed the UK in seven of the fifteen industries shown. Note that this uses the new 2007 SIC unlike the time series of rates, above (in Table 7.2b).

Table 7.2c: Enterprise Death Rates by Industry, South Tyneside (ST), Tyne and Wear (TW), North East (NE) and UK, 2009

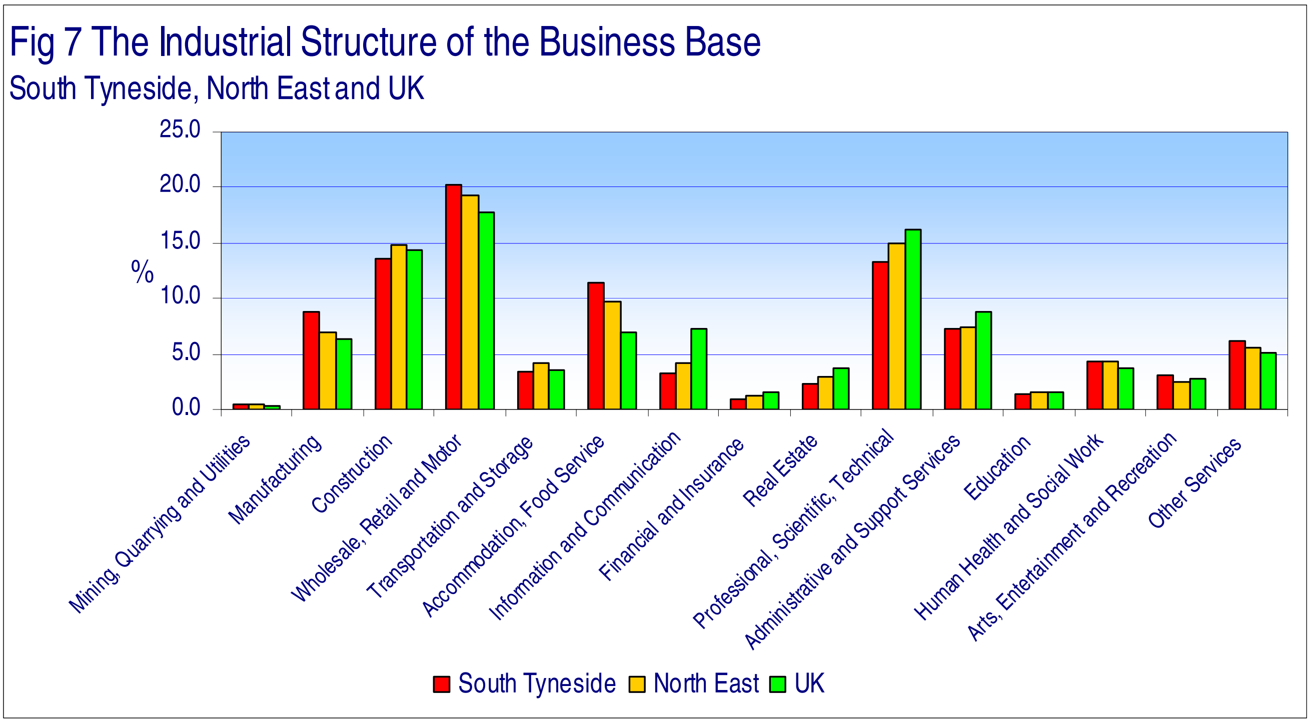
		Active Stock				Death Rate[1] (%)				Difference
SIC 2007	**Industry**	**ST**	**TW**	**North East**	**UK**	**ST**	**TW**	**NE**	**UK**	**ST - UK**
B, D and E	Mining, Quarrying and Utilities	15	100	310	8,915	0.0	5.0	11.3	10.9	-10.9
C	Manufacturing	255	1,875	4,460	148,285	11.8	10.7	9.5	10.1	1.7
F	Construction	395	3,695	9,415	336,095	15.2	14.5	14.3	13.2	2.0
G	Wholesale, Retail and Motor	585	5,030	12,300	416,305	10.3	10.6	10.4	10.8	-0.6
H	Transportation and Storage	100	850	2,610	81,995	5.0	13.5	12.8	13.2	-8.2
I	Accommodation and Food Service Activities	330	2,580	6,160	163,430	15.2	15.5	14.0	14.3	0.9
J	Information and Communication	95	1,285	2,685	171,175	10.5	12.8	12.8	13.3	-2.8
K	Financial and Insurance Activities	25	345	785	34,600	20.0	13.0	15.3	12.6	7.4
L	Real Estate	65	875	1,845	86,840	7.7	14.9	12.7	12.7	-5.0
M	Professional, Scientific and Technical Activities	385	3,735	9,500	380,125	10.4	10.3	10.2	11.2	-0.8
N	Administrative and Support Services	210	1,905	4,735	206,165	14.3	14.2	14.1	14.8	-0.5
P	Education	40	390	965	34,395	12.5	9.0	10.9	9.2	3.3
Q	Human Health and Social Work	125	1,145	2,730	86,915	8.0	6.6	5.9	7.2	0.8
R	Arts, Entertainment and Recreation	90	635	1,615	65,930	11.1	10.2	10.5	10.3	0.8
S	Other Services	180	1,505	3,545	120,730	13.9	10.3	10.0	10.2	3.7
	Total	2,895	25,950	63,660	2,341,900	11.9	12.0	11.6	11.9	0.0

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 South Tyneside rates that are based on relatively low stock.

7.3 The Industrial Structure of the Business Base

The following bar chart (Fig. 7) compares South Tyneside's industrial structure in 2009 with the North East and the UK. These are also given numerically (Table 7.3). Note that this uses the new 2007 SIC.

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



Source: Office for National Statistics, IDBR.

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

		Share of Total Active Businesses in 2009			
SIC 2007	**Industry**	**South Tyneside**	**TW**	**North East**	**UK**
B, D and E	Mining, Quarrying and Utilities	0.5	0.4	0.5	0.4
C	Manufacturing	8.8	7.2	7.0	6.3
F	Construction	13.6	14.2	14.8	14.4
G	Wholesale, Retail and Motor	20.2	19.4	19.3	17.8
H	Transportation and Storage	3.5	3.3	4.1	3.5
I	Accommodation and Food Service Activities	11.4	9.9	9.7	7.0
J	Information and Communication	3.3	5.0	4.2	7.3
K	Financial and Insurance Activities	0.9	1.3	1.2	1.5
L	Real Estate	2.2	3.4	2.9	3.7
M	Professional, Scientific and Technical Activities	13.3	14.4	14.9	16.2
N	Administrative and Support Services	7.3	7.3	7.4	8.8
P	Education	1.4	1.5	1.5	1.5
Q	Human Health and Social Work	4.3	4.4	4.3	3.7
R	Arts, Entertainment and Recreation	3.1	2.4	2.5	2.8
S	Other Services	6.2	5.8	5.6	5.2
	Total	100.0	100.0	100.0	100.0

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

7.4 Net Change by Industry, 2003-2008

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

In South Tyneside over the period 2003-08, three industries had a net loss of businesses (changes in Table 7.4a; levels in Table 7.4b). They were "Wholesale, Retail and Motor Trades", "Mining, Quarrying and Utilities" and "Transport, Post and Telecommunications".

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

SIC 2003	Industry	Change	Percentage Change			
		South Tyneside	South Tyneside	TW	North East	UK
C and E	Mining, quarrying and utilities	-5	-100.0	-66.7	41.7	-8.3
D	Manufacturing	0	0.0	-1.5	-4.2	-9.7
F	Construction	95	37.3	32.5	31.7	19.9
G	Wholesale, retail and motor trades	-65	-9.8	-4.6	-3.3	-3.2
H	Hotels and catering	25	8.1	4.9	3.5	2.1
I	Transport, post and telecommunications	-5	-4.3	-4.0	-1.5	0.3
J	Finance	10	66.7	53.7	40.2	19.3
K	Property and business services	240	42.1	33.8	40.5	28.3
M	Education	10	40.0	25.0	19.1	11.2
N	Health	10	9.1	9.9	16.2	17.3
O	Other Services	25	10.9	-3.5	-6.5	-0.4
	Total	340	13.3	12.0	13.0	10.6

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

The number of firms in “Manufacturing” was unchanged in South Tyneside, strong relative to the county, the region and the UK where numbers fell; nationally the fall was almost 10%.

Compared to both the UK and North East, South Tyneside underperformed in four industries. They were "Mining, Quarrying and Utilities", "Health", "Wholesale, Retail and Motor Trades" and "Transport, Post and Telecommunications".

Table 7.4b: Active Enterprises in South 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	255	235	235	260	265	255
F	Construction	255	265	290	305	340	350
G	Wholesale, retail and motor trades	665	630	615	605	605	600
H	Hotels and catering	310	325	315	315	330	335
I	Transport, post and telecommunications	115	95	105	100	115	110
J	Finance	15	15	15	15	15	25
K	Property and business services	570	610	650	715	815	810
M	Education	25	30	25	25	30	35
N	Health	110	110	115	120	130	120
O	Other Services	230	245	225	220	245	255
	Total	2,555	2,560	2,590	2,680	2,890	2,895

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

7.5 Changes in 2009 by Industry

Within South Tyneside, seven industries had a net gain of businesses between the years 2008-2009 (Table 7.5). In absolute terms the largest net gain was in “Arts, Entertainment and Recreation” (+15).

South Tyneside outperformed the UK in eight industries: “Mining, Quarrying and Utilities”, “Arts, Entertainment and Recreation”, “Financial and Insurance Activities”, “Human Health and Social Work”, “Information and Communication”, “Manufacturing” and “Construction”.

In South Tyneside the increases in “Arts, Entertainment and Recreation” and “Construction” went against the regional and national falls. Conversely, South Tyneside’s small fall in “Professional, Scientific and Technical Activities” was contrary to the regional and UK increases.

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

SIC 2007	Industry	Actives 2008 South Tyneside	Actives 2009 South Tyneside	Change South Tyneside	Percentage Change			
					South Tyneside	TW	North East	UK
B, D and E	Mining, Quarrying and Utilities	10	15	5	50.0	25.0	8.8	10.7
C	Manufacturing	245	255	10	4.1	-0.5	1.7	0.5
F	Construction	385	395	10	2.6	2.1	-0.5	-0.5
G	Wholesale, Retail and Motor	605	585	-20	-3.3	-1.9	-1.5	-0.4
H	Transportation and Storage	105	100	-5	-4.8	-1.2	0.0	-1.2
I	Accommodation and Food Service Activities	335	330	-5	-1.5	0.4	-1.7	-1.4
J	Information and Communication	90	95	5	5.6	0.4	0.8	0.7
K	Financial and Insurance Activities	20	25	5	25.0	19.0	23.6	15.6
L	Real Estate	65	65	0	0.0	2.9	2.2	2.4
M	Professional, Scientific and Technical Activities	390	385	-5	-1.3	0.3	2.7	3.3
N	Administrative and Support Services	235	210	-25	-10.6	-1.8	-1.3	-0.3
P	Education	40	40	0	0.0	6.8	7.8	6.0
Q	Human Health and Social Work	115	125	10	8.7	5.5	2.2	2.9
R	Arts, Entertainment and Recreation	75	90	15	20.0	0.0	-1.8	-1.1
S	Other Services	180	180	0	0.0	1.0	-1.4	-1.6
	Total	2,895	2,895	0	0.0	0.6	0.3	0.7

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

8 Businesses by Industry (2-digit SIC Level)

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

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

SIC2007	South Tyneside	North East	North East Rank	UK	UK Rank
47 Retail trade, except of motor vehicles and motorcycles	13.3	11.4	1	9.4	1
56 Food and beverage service activities	10.9	8.9	3	6.2	3
43 Specialised construction activities	10.0	9.4	2	8.7	2
71 Architectural and engineering activities; technical testing and analysis	5.4	5.2	4	3.3	11
96 Other personal service activities	5.2	4.2	6	3.9	9
46 Wholesale trade, except of motor vehicles and motorcycles	4.1	4.1	7	5.1	6
82 Office administrative, office support and other business support activities	4.1	3.7	10	4.6	7
41 Construction of buildings	2.9	4.3	5	4.6	8
70 Activities of head offices; management consultancy activities	2.9	3.7	9	5.7	4
45 Wholesale and retail trade and repair of motor vehicles and motorcycles	2.8	3.8	8	3.2	12

Source: ONS, TWRI.

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

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

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

The two industries that appeared in the UK top ten but not in South Tyneside's were 'Computer programming, consultancy and related activities' (SIC 62, ranked 12th in South Tyneside) and 'Real estate activities' (SIC 68, ranked 16th in South Tyneside) (Table 8.2).

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

SIC2007	UK	North East	North East Rank	South Tyneside	South Tyneside Rank
47 Retail trade, except of motor vehicles and motorcycles	8.8	11.4	1	13.3	1
43 Specialised construction activities	8.1	9.4	2	10.0	3
56 Food and beverage service activities	5.9	8.9	3	10.9	2
70 Activities of head offices; management consultancy activities	5.4	3.7	9	2.9	9
62 Computer programming, consultancy and related activities	5.4	3.1	11	2.6	12
46 Wholesale trade, except of motor vehicles and motorcycles	5.1	4.1	7	4.1	6
82 Office administrative, office support and other business support activities	4.8	3.7	10	4.1	7
41 Construction of buildings	4.1	4.3	5	2.9	8
96 Other personal service activities	3.6	4.2	6	5.2	5
68 Real estate activities	3.6	2.9	13	2.2	16

Source: ONS, TWRI.

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

APPENDIX 1

TECHNICAL BACKGROUND

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

The BD series is more comprehensive than the old VAT series. It is difficult to directly compare the two series. However, at District level, within Tyne and Wear, the Business Demographics series recorded at least a fifth more enterprises than the VAT series. An article by ONS explains the key methodological differences between the new series and the existing BERR series[7]. The key difference between the old VAT series and the new Business Demographics series is the inclusion of PAYE-registered units. The following concepts and definitions are also important.

ACTIVE BUSINESS

An active business is defined as a business that had either turnover or employment at any time during the reference period[8]. Note that the population of active businesses in year t will, by definition, include businesses that start trading in year t.

BUSINESS BIRTH

A birth is defined as a business that was present in year t, but did not exist in year t-1 or t-2. Births do not include entry into the population as a result of mergers, break-ups, split-offs or other restructuring.

BUSINESS DEATH

A death is defined as a business that was on the active file in year t but was no longer present on the active file in year t+1 or t+2. As part of the European regulations[9] a check should be made against the two years following a death to identify and remove any 'reactivations'. In order to produce more timely statistics, the UK business demography publication contains a preliminary death indicator, which includes an adjustment for 'estimated reactivations'. This estimate is subject to revision. Deaths data exclude losses to the population as a result of mergers, break-ups, split-offs or other restructuring. Decline below the VAT threshold is not a reason for an 'enterprise death'.

SURVIVAL

A business is deemed to have survived if, having been a birth in year t or having survived to year t, it is active in terms of employment and/or turnover in any part of year t+1. A business is considered to have survived if it is active in any part of the survival year under consideration.

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

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

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

DORMANT

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

REACTIVATION

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

INDUSTRY COVERAGE

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

STANDARD INDUSTRIAL CLASSIFICATION (SIC)

All business activities are given a SIC to provide a uniform framework for the collection and analysis of industrial activity. The classification system is periodically revised to take account of new products, new industries and shifts in emphasis within existing industries. The Office for National Statistics introduced a major revision to the Standard Industrial Classification of Economic Activities on 1 January 2008. The revised classification (SIC 2007) reflects the growing importance of service activities in the economy over the last 15 years, mainly due to developments in information and communication technologies (ICT). More details on the latest SIC and its predecessor, SIC 2003, can be found in "UK Standard Industrial Classification of Economic Activities 2007"
(http://www.statistics.gov.uk/statbase/product.asp?vlnk=14012)

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

APPENDIX 2

Key Methodological Differences between main business population publications			
	ONS Business Demography	**BERR[ii] Business Start-ups and Closures: VAT registrations and de-registrations**	**ONS UK Business: Activity, Size and Location**
Coverage	VAT and/or PAYE registered businesses	VAT registered businesses only	VAT and/or PAYE registered businesses (from 2008 onwards) excluding unmatched non-corporate PAYE businesses
Stock	Recognises activity occurring at any point during the year	Live units at a point in time	Live units at a point in time
Timeliness	Annual publication. First publication with 2007 data published 28 November 2008.	Discontinued November 2008. The final annual update covered 2007 data.	Annual publication. March 2010 data published September 2010
Geography	UK with country, region, unitary authority, county and district breakdowns.	UK-including regional, local authority and parliamentary constituency breakdowns	UK- including regional, local authority and parliamentary constituency breakdowns
Legal Status	Company, Sole Proprietor, Partnership, Public Corporation and Non-Profit organisations	All	All
Industry	SIC 2003, excluding Agriculture (Div 01, 02 & 05), holding companies (SIC class 7415) and public administration (Div 75)	SIC 2003 Divisions 01–93 (private households and extra-territorial activities excluded)	SIC 2003 Divisions 01–99
Exclusions	Excludes Managed Service Companies, although these are included in the data published by Eurostat	Excludes Managed Service Companies and Official Receivers	Excludes Managed Service Companies
Adjustments	Adjustments are made to the latest two years deaths to allow for re-activations. See section on deaths below for more detail.	Registrations and de-registrations are adjusted (back to 1996) to produce estimates of the final volume of start-ups and closures once late registrations and de-registrations have been received or re-activations have occurred.	None.

Source: Office for National Statistics, as amended (Timeliness) by TWRI.
http://www.statistics.gov.uk/downloads/theme_commerce/Intro-Bus-Demography.pdf

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

APPENDIX 3

Excluded Sections

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