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Background

'Business demography is an annual publication produced from the [Inter-Departmental Business Register \(IDBR\)](#). The publication focuses on changes to the registered business population, that is, those businesses registered at [Her Majesty's Revenue and Customs \(HMRC\)](#) for Value Added Tax (VAT) and/or Pay As You Earn (PAYE) and at [Companies House](#)' (Office for National Statistics - ONS).

Note: the data presented here is based on the number of business enterprises. 'An enterprise can be thought of as the overall business, made up of all the individual sites or workplaces. It is defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) that has a certain degree of autonomy within an enterprise group' (NOMIS).

Why is it important?

County Durham's economy is well positioned to grow. Our workforce and the numbers of people in work are growing, education levels are rising, and productivity levels are improving.

Key to this growth continuing is the creation (birth) of new businesses in the county along with their continued growth and the growth of our established businesses.

Increasing the number of businesses in the county is one of the key measures of success agreed by the [County Durham Economic Partnership](#) (CDEP) in 2010:

Measure: The number of businesses in the County to increase by **4,300** by 2030 contributing towards a rise in the employment rate.

Current: Number of businesses increased by **310 (2.2%)** between 2019 and 2020 and currently stands at **14,105**. This is still up **2,660** since 2010.

National (UK) Characteristics¹

Headline figures (2019 Data; ONS Business Demography Report²)

- The number of UK business births increased between 2018 and 2019, moving from **370,000** to **390,000**, a birth rate of **13%** in 2019 compared with **12.7%** in 2018,
- The number of UK business deaths increased from **311,000** to **336,000** between 2018 and 2019, a death rate of **11.2%** compared with **10.7%** in 2018,
- London had both the highest business birth rate at **15.7%** and the highest death rate at **10.7%**,
- The transport and storage (including postal) industry had the highest business birth rate at **22.7%** and business administration and support services had the highest business death rate at **14.9%**,
- **13,000** businesses in the UK have seen high growth measured by employment compared with **14,000** in 2018.

Key Messages

- In 2020 there were **14,105** business enterprises in County Durham, a rise from the previous year of **310**,
- Since 2010 the number of business enterprises in the county has increased by **2,660**, an increase of **23.2%**. This increase is lower than that seen in the North East and England & Wales (**27.9%** and **32.3%** respectively),
- There have been increases across all the industrial sector groupings since 2010 with the number of businesses in the Real estate activities; Business service activities sector increasing by **905**, giving **3,050** businesses in this sector in 2020,
- The Distribution; transport; accommodation and food; Information and communication sector had the largest number of businesses with **4,555** in 2020,
- The number of business surviving into their third year fallen with **57.3%** of businesses 'born' in 2016 surviving into their third year (**2019 data**) compared to a high of **61.6%** of businesses born in 2014 surviving into their third year.

¹ ONS; Inter-Departmental Business Register (IDBR) – [ONS Business Demography](#)

² ONS Business Demography:

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2019>

Durham data – the local picture and how we compare

Overall

ONS Business counts data reflects snapshot data showing the number active businesses. Latest ONS estimates of the number of active enterprises show there were **14,105** active enterprises in County Durham in 2020, equivalent to **266** businesses per 10,000 population, significantly lower than the England & Wales average (**420** per 10,000 population) and similar to the North East average (**268**).

This is a net increase of **310 (2.2%)** businesses since 2019, a higher than regional (**1.4%**) and national (**1.2%**) increases. Between 2010 and 2014 there was very little growth in business numbers (**365**), however since 2014 there has been an increase of **2,295**.

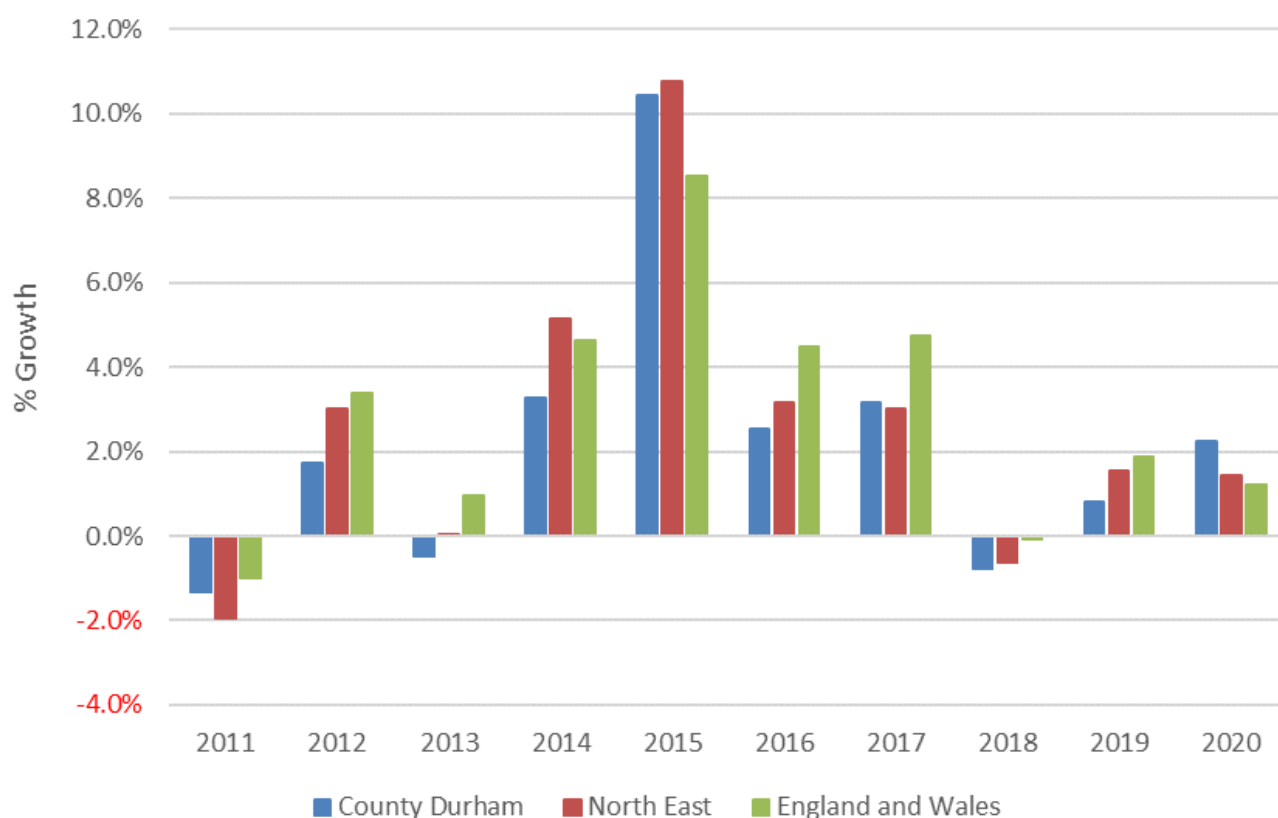
Note: These changes should be interpreted with caution as it may not reflect any pattern of significant underlying growth because ONS changed their methodology as to what counts as a business.

Table 1: Growth in Active Businesses

	2020 Count	Rate Per 10,000 Population	Change since 2010		Change since 2019	
County Durham	14,105	266	2,660	(23.2%)	310	(2.2%)
North East	71,460	268	15,595	(27.9%)	1,000	(1.4%)
England & Wales	2,496,825	420	609,545	(32.3%)	30,025	(1.2%)

Source: UK Business Counts - Enterprises: ONS Crown Copyright Reserved [from NOMIS]

Chart 1: Year by year growth



Businesses by Industry

The survey also provides business estimates by industrial sector as classified by the [Standard Industrial Classification of Economic Activities for 2007](#) (SIC2007) which classifies business establishments and other standard units by the type of economic activity in which they are engaged. The estimates in this section are taken from the broad SIC2007 classification of twenty one different sections. To simplify this further these are then mapped to the Business and Enterprise Framework Groups (nine in total) used by the County Durham Economic Partnership's [Business Enterprise Framework](#), detailed below:

Table 2: Business and Enterprise Framework Groups

Groupings
Agriculture, forestry and fishing
Production
Manufacturing
Construction
Distribution; transport; accommodation and food; Information and communication
Financial and insurance activities
Real estate activities; Business service activities
Public administration; education; health
Other services and household activities

The Appendix at the end of this factsheet lists these mappings of SIC2007 sections to these groups. Estimates on a tenth group are provided for information purposes only, on a very broad classification of Tourism which aggregates the Accommodation & Food Services industry with Arts, entertainment, recreation & other services industries.

Agriculture, forestry and fishing

The latest data release estimates there are **1,375** businesses in this group (no change from 2019). This is an increase of **14.1%/170** businesses since 2010. Across the North East this group increased by **9.7%** over the same period with increases nationally of **8.6%**. Currently around **9.7%** of all businesses in County Durham are in Agriculture, forestry and fishing, higher than regionally (**5.5%**) and nationally (**4.5%**).

Production

This group represents the smallest proportion of businesses in the county estimated at **120** in 2020 (no change from 2019). However, it is estimated that this group has increased by **50%** since 2010, an increase of **40** enterprises. A higher percentage increase was seen regionally (**88.5%**) while across England & Wales this group increased by **93.7%**. Proportionally this is an increase from **0.7%** in 2010 to **0.9%** in 2019 of total businesses in the county. This is a higher proportion than both regional (**0.7%**) and national (**0.5%**) proportions.

Manufacturing

Since 2010 there has been relatively little growth in the number of manufacturing businesses in the county with only **8%** growth (to **880** businesses in 2020), compared with **15.1%** regionally. However, this is still similar growth to that across England & Wales (**7.1%**). As there has been more growth in other sectors the proportion of businesses in manufacturing has fallen from **7.1%** to **6.2%** in 2020.

Construction

Growth in this sector has been fairly strong with the number of businesses rising by **38.3%** since 2010 to **2,075** businesses in 2020. This growth is stronger than that seen regionally (**29.9%**) and nationally (**30.5%**). Proportionally this sector has increased from **13.1%** to **14.7%** between 2010 and 2020.

Distribution; transport; accommodation and food; Information and communication

This sector has seen the second lowest level of growth with the number of business rising by **10%** since 2010. However, this sector has the highest number of businesses, **4,555** in 2020, representing nearly a third (**32.3%**) of all businesses in the county. This is a fall from **36.2%** in 2010 and is similar to the regional (**32.2%**) and national (**33%**) proportions. This sector provided over **50,000 jobs** in 2019, representing around **27%** of all jobs in the county.

Financial and insurance services

This group represents the second smallest proportion of businesses in the county which were estimated at **190** in 2020. This group has increased by **26.7%** since 2010, an increase of **40**, with the proportion of all businesses at **1.3%**. This proportion is lower than the regional (**1.7%**) and nationally (**2.3%**).

Real estate activities; Business service activities

This sector has seen the largest increase in business numbers with an increase of **905**, a percentage increase of **42.2%**, rising to **3,050** businesses in 2020. However, this is still lower than the regional (**46.2%**) and national (**48%**) increases over the same period. Over one fifth of businesses are now in this sector (**21.6%**).

Public administration; education; health

The number of businesses in this sector has increased by **22.8%** since 2010 rising to **835** businesses (no change since 2019). This growth is probably all due the creation of privately owned businesses, when the reductions in public sector spending are taken into account. Regionally there was stronger growth in this sector with an increase of **29.2%** while nationally it grew by **38.9%**. This sector now represents **5.9%** of all businesses in the county.

In 2019 this sector accounted for **60,000** jobs in the county, or around **33%** of all jobs and the highest proportion across all industrial sectors.

Other services and household activities

This last sector encompasses other businesses that do not fit within the framework above and include households employing domestic staff, repairers of computers and other household goods, Trade Unions and other religious and political organizations as examples. This sector has grown by **39.7%** since 2010 rising to **1,020** businesses and now occupies **7.2%** of all businesses in County Durham.

Alternative grouping: Tourism - Accommodation & Food Services and Arts etc.

The [Standard Industrial Classification of Economic Activities for 2007](#) (SIC2007) does not provide a tourism sector and the nearest we can obtain is by merging the Accommodation and food service activities sector with the Arts, entertainment and recreation sector as a proxy for tourism in general and so should be considered as an over-estimation of this sector.

Since 2010 this alternative grouping of sectors has increased by **25.8%** rising to **1,560** businesses and now occupies **11.1%** of total business in the county. This is similar to the region (**11.3%**) and higher than the national proportion (**8.3%**). In 2019 this sector was estimated to provide around **11 %** of all jobs in the county, an estimated **21,000**.

Further information on jobs by sector are in the jobs factsheet available on: <https://www.durhaminsight.info/economy-and-employment/related-factsheets-economy-and-employment/jobs/>.

The tables below provide further information.

Table 3a: Change in number of Businesses by the Business and Enterprise Framework Groups 2010 and 2020

	County Durham			North East			England & Wales		
	2020 Count	Change from 2010		2020 Count	Change from 2010		2020 Count	Change from 2010	
		Count	%		Count	%		Count	%
Agriculture, forestry and fishing	1,375	170	14.1%	3,950	350	9.7%	113,185	8,990	8.6%
Production	120	40	50.0%	490	230	88.5%	12,745	6,165	93.7%
Manufacturing	880	65	8.0%	4,430	580	15.1%	123,855	8,250	7.1%
Construction	2,075	575	38.3%	9,525	2,195	29.9%	319,750	74,795	30.5%
Distribution; transport; accommodation and food; Information and communication	4,555	415	10.0%	23,010	3,345	17.0%	823,070	187,895	29.6%
Financial and insurance activities	190	40	26.7%	1,190	340	40.0%	57,535	18,855	48.7%
Real estate activities; Business service activities	3,050	905	42.2%	19,055	6,025	46.2%	744,425	241,435	48.0%
Public administration; education; health	835	155	22.8%	4,535	1,025	29.2%	143,800	40,300	38.9%
Other services and household activities	1,020	290	39.7%	5,280	1,505	39.9%	158,460	22,845	16.8%
Total	14,105	2,660	23.2%	71,460	15,595	27.9%	2,496,825	609,545	32.3%
Alternative grouping to consider									
Tourism - Accommodation & Food Services and Arts, entertainment and recreation	1,560	320	25.8%	8,065	1,960	32.1%	206,270	40,430	24.4%

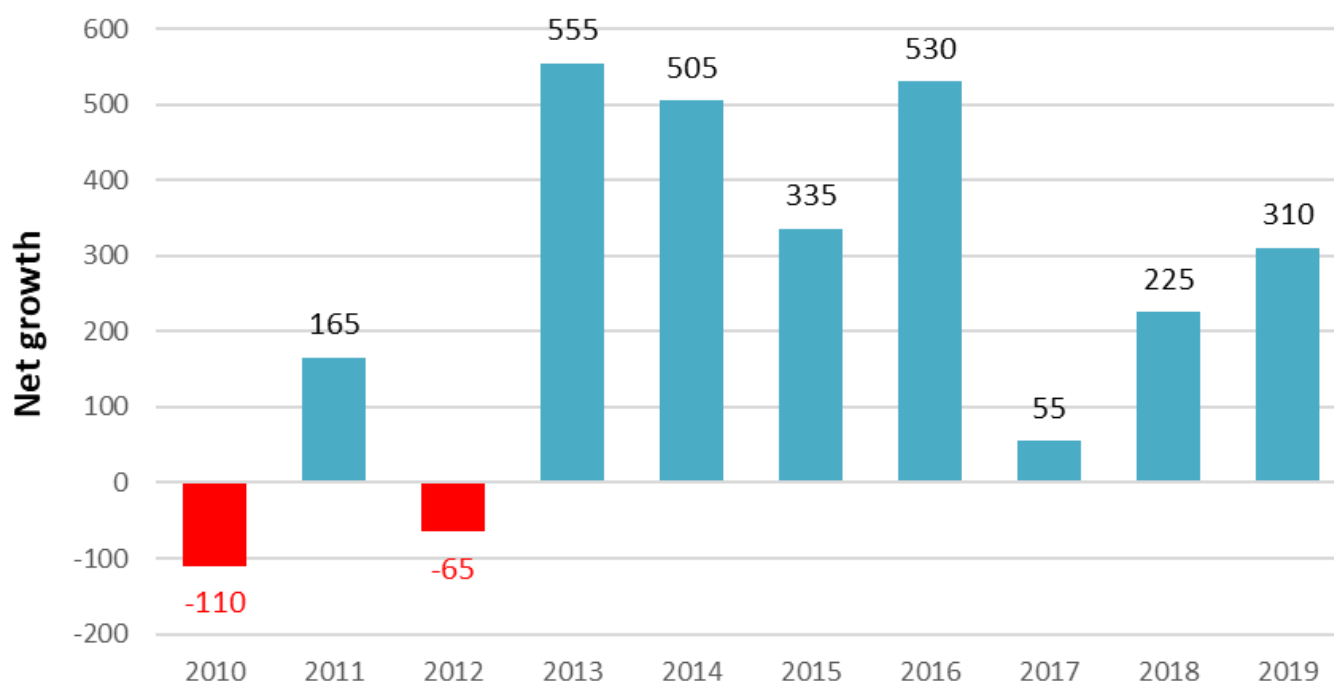
Table 3b: Change in proportion of Businesses by the Business and Enterprise Framework Groups 2010 and 2020

	County Durham			North East			England & Wales		
	2020 Count	Proportion		2020 Count	Proportion		2020 Count	Proportion	
		2010	2020		2010	2020		2010	2020
Agriculture, forestry and fishing	1,375	10.5%	9.7%	3,950	6.4%	5.5%	113,185	5.5%	4.5%
Production	120	0.7%	0.9%	490	0.5%	0.7%	12,745	0.3%	0.5%
Manufacturing	880	7.1%	6.2%	4,430	6.9%	6.2%	123,855	6.1%	5.0%
Construction	2,075	13.1%	14.7%	9,525	13.1%	13.3%	319,750	13.0%	12.8%
Distribution; transport; accommodation and food; Information and communication	4,555	36.2%	32.3%	23,010	35.2%	32.2%	823,070	33.7%	33.0%
Financial and insurance activities	190	1.3%	1.3%	1,190	1.5%	1.7%	57,535	2.0%	2.3%
Real estate activities; Business service activities	3,050	18.7%	21.6%	19,055	23.3%	26.7%	744,425	26.7%	29.8%
Public administration; education; health	835	5.9%	5.9%	4,535	6.3%	6.3%	143,800	5.5%	5.8%
Other services and household activities	1,020	6.4%	7.2%	5,280	6.8%	7.4%	158,460	7.2%	6.3%
Alternative grouping to consider									
Tourism - Accommodation & Food Services and Arts, entertainment and recreation	1,560	10.8%	11.1%	8,065	10.9%	11.3%	206,270	8.8%	8.3%

Net Business Growth – (Business Births minus Deaths 2019 data)

Net growth in businesses since 2010 has been positive in general with an estimated increase in number of around **2,505** between 2010 and 2019. As expected, prior to 2014, growth was negative during the recession (2009 through 2010) and the data indicates that the county was slow to recover post-recession.

Chart 2: Net business growth since 2010



Business Births and Deaths (2019 data)

New business registrations are referred to as business births and provide some additional details around underlying trends in business growth, albeit based on less up-to-date information. In 2019 there were **1,710** business births in County Durham, an increase of **4.3%** from 2018. Similar smaller, changes are noted regionally and national with increases of **1.7%** and of **0.8%** respectively. Larger increases were seen between 2012 and 2013 (**34.7%**, **33.3%** and **28.5%** respectively), however, these coincided with the roll-out of the new Pay As You Earn (PAYE) Real Time Information (RTI) system, in 2013³ so comparisons should be treated with caution.

Following the economic downturn in 2008/09 the rate of business births in the county began to fall, a trend that continued to 2010, with a low of **22.1** births per 10,000 population. Similarly, national rates fell from **45.8** to **37.5** and during this period the gap between the county and the UK widened. Birth rates in the county remained low until 2013 but have since to **32.3**, nationally rates per 10,000 population **59.9** and remain nearly twice as high as county rates.

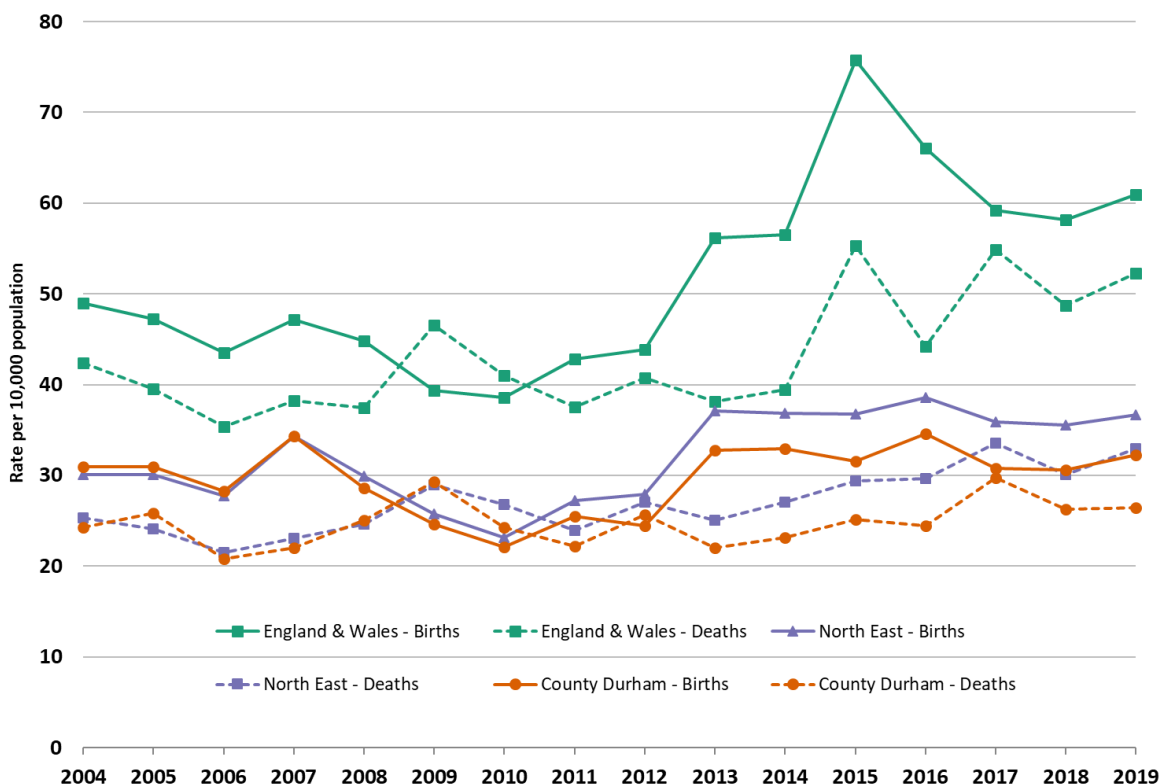
Businesses that have ceased to trade are referred to as business deaths. In 2019 there were **1,400** business deaths in County Durham and is an increase of **7.3%** from the number of business deaths in 2018. This is a smaller fall than that seen nationally (**19.7%** fall).

³ In 2013 Her Majesty's Revenue and Customs (HMRC) information shows growing numbers of PAYE schemes and a rise in numbers of new scheme registrations. Those that are allied to company registration data have fueled an increase in numbers of enterprises on the business register. While the growth in PAYE schemes coincides with the introduction of the Real Time PAYE reporting system (RTI), HMRC have indicated there are no technical reasons associated with RTI alone which would have increased the number of enterprises on the register during the period. HMRC have no evidence of behavioral changes in the timing of PAYE scheme registrations through the year.

Since 2007 changes in local business deaths in County Durham largely tracked trends at a national level but at a lower rate (see charts below), until recently. The death rate of businesses in County Durham and UK increased sharply between 2008 and 2009 to a high of **29.3** per 10,000 population in the county and **46.6 nationally** as a result of the recession, both rising above their respective birth rates.

Immediately following the recession business death rates fell to **22.2** in 2011 then started to rise to a high rate of **29.7** per 10,000 population in 2017. In this latest release the rate has again fallen to **26.4**, which remains lower than the regional (**32.9**) and national (**52.3**) rates.

Chart 3: Business birth and death rates per 10,000 population



Business Survivals (Survivals to 2019)

The ONS data also provides details around the survival rates of new enterprises. The first release in 2016 covers enterprise births for the years 2010 to 2014 and provides survival rates up to 2015. Of the **1,130** new enterprises 'born' in 2010, **57.5% (650)** survived into their third year falling to **41.2% (465)** for the fifth year.

Survival rates in the county were slightly higher than across the region and England & Wales in the third year (**57.3%** and **57.1%** respectively) and remained higher than the region after five years (**40.7%**) but slightly lower than nationally (**41.4%**).

The **1,305** enterprises 'born' in 2011 in the county had a higher survival rate in the third year than those 'born' in 2010 of **58.6% (765)** but a lower rate by the fifth year of **40.6% (530)**. However, the region and England & Wales not only had higher survival rates for these periods than the county (**59.4%/42.6%** and **60.4%/44.0%** respectively), but survival rates improved for the fifth year of the time series.

The latest release of this data in 2020 extends the period to include births in 2019 and the survival rate to 2019. This now allow analysis for 2014 births for a five-year period which gives a consistent picture of survival rates in their third year for enterprises 'born' between 2010 and 2016.

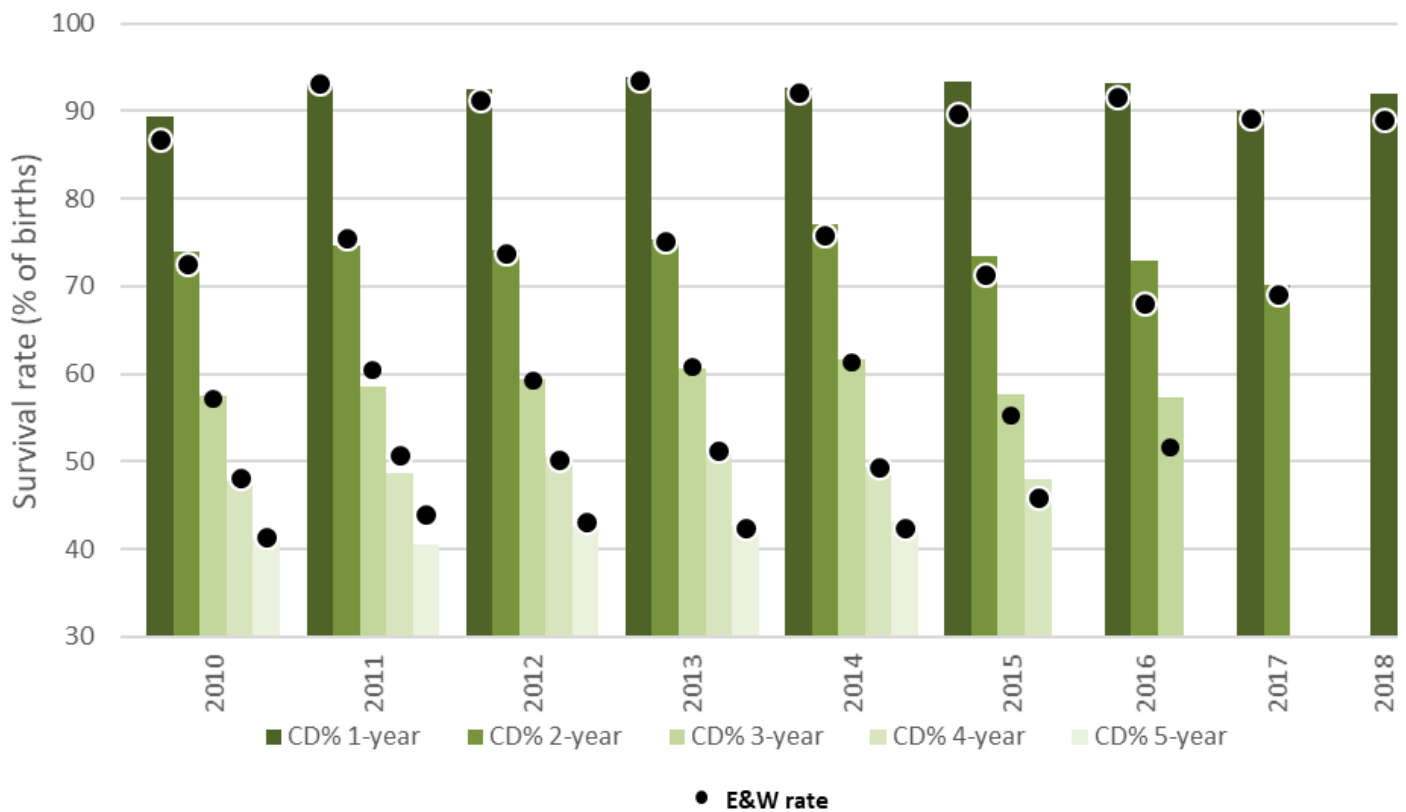
This data shows that three year survival rates across the county steadily increased from **57.5%** in 2010 to **61.6%** in 2014 (survivals to the year 2017) but have now fallen back to **57.3%** in 2016 (survivals to the year 2019) and that they are higher than those across the region (**57.3%** in 2010 to **54.7%** in 2016) and England & Wales (**57.1%** in 2010 to **51.6%** in 2016).

Table 4: Business survival rates from 2010

	Births	County Durham					England & Wales				
		1-year	2-year	3-year	4-year	5-year	1-year	2-year	3-year	4-year	5-year
2010	1130	89.4	73.9	57.5	47.8	41.2	88.3	73.7	57.3	47.2	40.7
2011	1305	93.1	74.7	58.6	48.7	40.6	93.7	75.3	59.4	49.6	42.6
2012	1255	92.4	74.1	59.4	50.6	42.6	92.2	75.6	60.4	51.2	43.6
2013	1690	93.8	75.4	60.7	50.9	42.6	94.3	74.7	60.2	49.9	41.1
2014	1705	92.7	77.1	61.6	49.3	43.1	92.3	75.5	59.6	47.9	40.9
2015	1640	93.3	73.5	57.6	47.9		92.0	71.6	54.7	44.7	
2016	1805	93.1	72.9	57.3			92.4	71	54.7		
2017	1610	90.1	70.2				90	71			
2018	1610	91.9					91.2				
2019	1570										

Source: Office for National Statistics

Chart 4: Business survival rates since 2010 – County Durham and England & Wales



How does this topic link to our strategies and plans?

The County Durham Partnership has agreed 5 measures of success, one of which relates to businesses in County Durham:

Measure: The number of businesses in the County to increase by **4,300** by 2030 contributing towards the rise in the employment rate.

Current: Number of enterprises increased by **310 (2.2%)** between 2019 and 2020 and currently stands at **14,105**. This is still up **2,660** since 2010.

Our ambition underpinning the vision of an 'Altogether Wealthier' Durham is to shape a County Durham where people want to live, work, invest and visit and enable our residents and businesses to achieve their potential. This ambition requires commitment to the transformation of County Durham, shared across public and private stakeholders and supported by residents. Success will require us to capitalise on untapped potential to provide growth, resulting in narrowing the productivity and employment gap between the county, the region and the UK. Progress and success will not only benefit our businesses, communities and residents financially but will help to enable social mobility, improve community cohesion, reduce social exclusion, reduce job related health problems and improve life expectancy.

The council's overarching priority is to create more and better jobs and the development of the County Durham Plan reflects the aim to create the conditions for successful infrastructure development to facilitate this priority.

Business growth is reflected and referenced in many strategies and plans for County Durham:

[Regeneration Statement 2012-2022](#)

[CDEP Plans and Strategies](#)

[Business Enterprise Framework](#)

Author: Research and Public Health Intelligence Team

Published: November 2020

Review: November 2021

Data sources:

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation>

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2017>

Appendix 1

SIC2007 group mapping to the Business and Enterprise Framework Groups

Code	Business and Enterprise Framework Groups	SIC2007 Groups
A	Agriculture, forestry and fishing	A : Agriculture, forestry and fishing
BDE	Production	B : Mining and quarrying D : Electricity, gas, steam and air conditioning supply E : Water supply; sewerage, waste management and remediation activities
C	Manufacturing	C : Manufacturing
F	Construction	F : Construction
GHIJ	Distribution; transport; accommodation and food; Information and communication	G : Wholesale and retail trade; repair of motor vehicles and motorcycles H : Transportation and storage I : Accommodation and food service activities J : Information and communication
K	Financial and insurance activities	K : Financial and insurance activities
LMN	Real estate activities; Business service activities	L : Real estate activities M : Professional, scientific and technical activities N : Administrative and support service activities
OPQ	Public administration; education; health	O : Public administration and defence; compulsory social security P : Education Q : Human health and social work activities
RSTU	Other services and household activities	R : Arts, entertainment and recreation S : Other service activities T : Activities of households as employers; undifferentiated goods-and services-producing activities of households for own use U : Activities of extraterritorial organisations and bodies
IR	Alternative Group: Tourism	I : Accommodation and food service activities R : Arts, entertainment and recreation