



BUSINESSES IN SUNDERLAND

2009

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KEY MESSAGES

Businesses (VAT/PAYE Registered Enterprises) in Sunderland

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

The impact of the recession on Sunderland's businesses is shown by the falling enterprise birth rate since 2007 and the peak, in 2009, of the enterprise death rate (Figure 1). Between 2008 and 2009, business numbers in Sunderland fell slightly while in both the North East and UK numbers rose, albeit slowly (Figure 5). Five industries in Sunderland suffered a net loss; "Professional, Scientific and Technical Activities" (-45), "Wholesale, Retail and Motor" (-35), "Manufacturing" (-30), "Information and Communication" (-5) and "Administrative and Support Services" (-5) (Table 7.5).

Over the longer time period (2002 to 2009), business numbers in Sunderland rose by 12%, slightly better than the UK (11%). ([§ 4.2](#))

Enterprise births in Sunderland peaked in 2007 (840 births); enterprise deaths peaked in 2009 (730 deaths).

In 2009, Sunderland's new business registration rate was 25.8 per 10,000 adults; this was 45% lower than the UK rate (Fig 6). ([§ 5.1](#))

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

Sunderland's stock-based death rate peaked in 2009 (12.7%). In the same year, the birth rate was at a record low (10.4%). ([§ 6](#))

In 2009, the "Wholesale, Retail and Motor Trade" accounted for just over a fifth of active enterprises in Sunderland (UK 17.8%). The business share was also high for "Construction" (15.7%) and "Professional Scientific and Technical Activities" (12.0%) (Table 7.3).

Over the period 2003-2008:

- 36% of business births in Sunderland were in "Property and Business Services"; this industry accounted for 27% of business deaths.
- Three industries experienced a net loss in numbers; "Wholesale, retail and motor trades" (-50), "Other Services" (-30) and "Transport, Post and Telecommunications" (-20).

Businesses by Industry (2-digit SIC Level)

The "Retail Trade" accounted for 13.2% of enterprises in Sunderland, followed by "Specialised Construction Activities" (10.3%) and "Food and Beverage Service Activities" (10.1%). The national (UK) rankings were the same, however the proportions were higher in Sunderland (Tables 8.1 and 8.2).

Whilst every effort has been taken to ensure the accuracy and reliability of the information presented in this report, TWRI does not accept responsibility for any errors in either the data or its analysis, howsoever they may have been caused.

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%); Sunderland's contribution was a net gain of 605 businesses (+12%). 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.

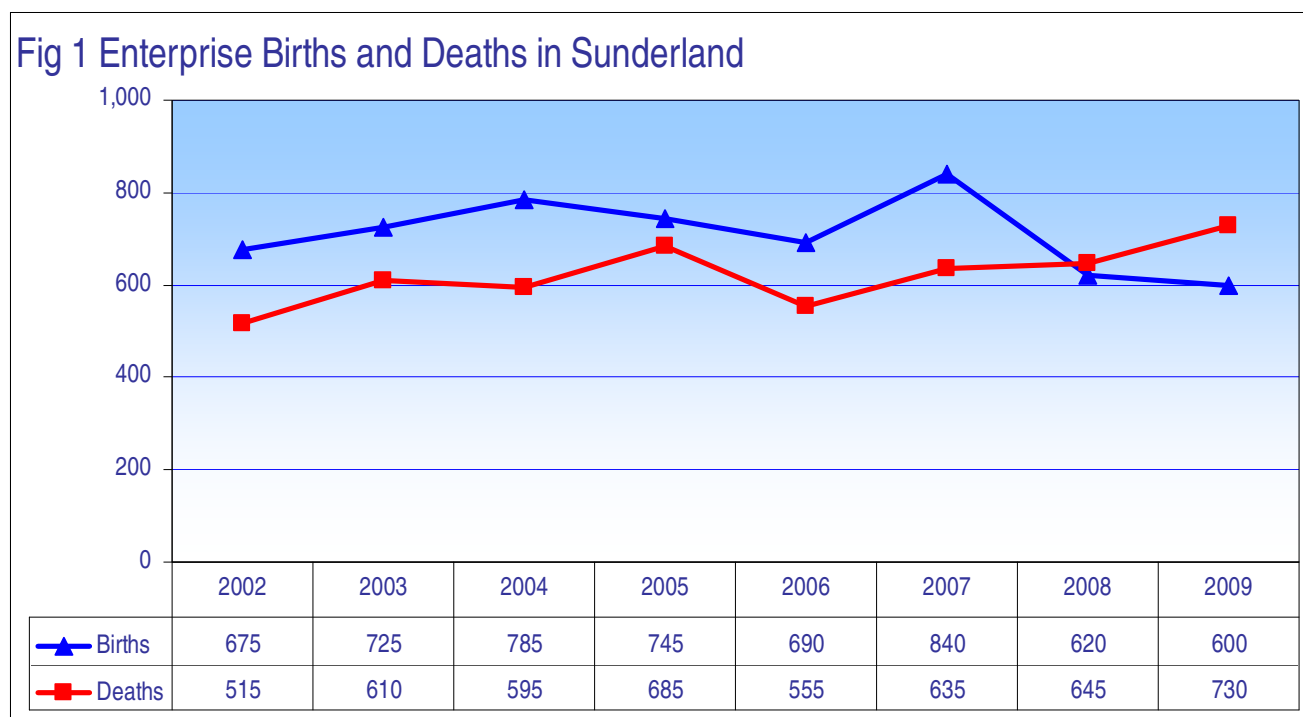
This report provides estimates of the number of business start-ups and closures in Sunderland and compares the Sunderland situation to Tyne and Wear (TW), the North East and the UK. The report uses data published by the Office for National Statistics (ONS) on business births, deaths and survivals. The 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

The number of enterprise births fell from a record high in 2007 (840) to a record low in 2009 (600). The sharp fall in 2008 dropped the number of births below the number of enterprise deaths for the first time. Although the number of births continued to fall in 2009 it was at a much slower rate (Fig 1).



Source: ONS, Business Demographics.

1.2 Enterprise Deaths

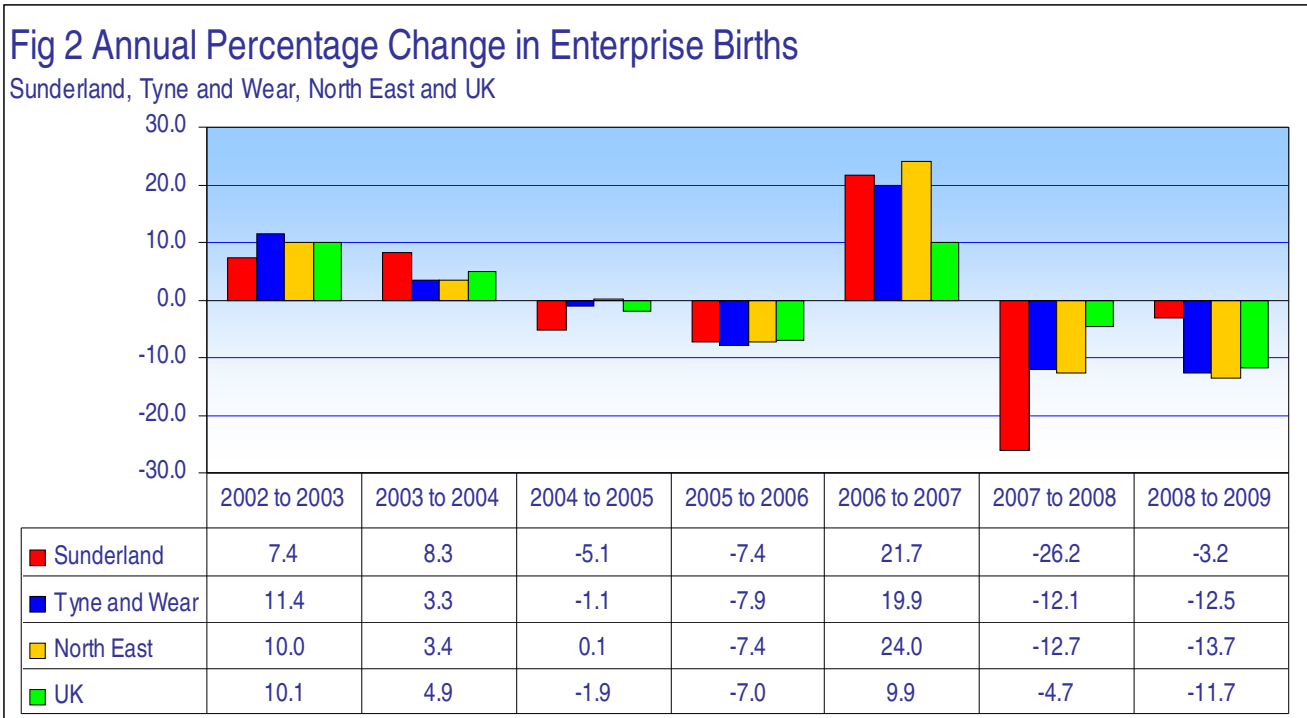
Enterprise deaths peaked in 2009 (730), following three consecutive rises. The number of enterprise deaths was at a low-point in 2002.

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 much smaller in Sunderland (-3.2%) than in Tyne and Wear, the North East or the UK (Fig 2). However, between 2007 and 2008, Sunderland suffered a much larger fall in births(-26.2%) than the county, the region and, especially, the UK.

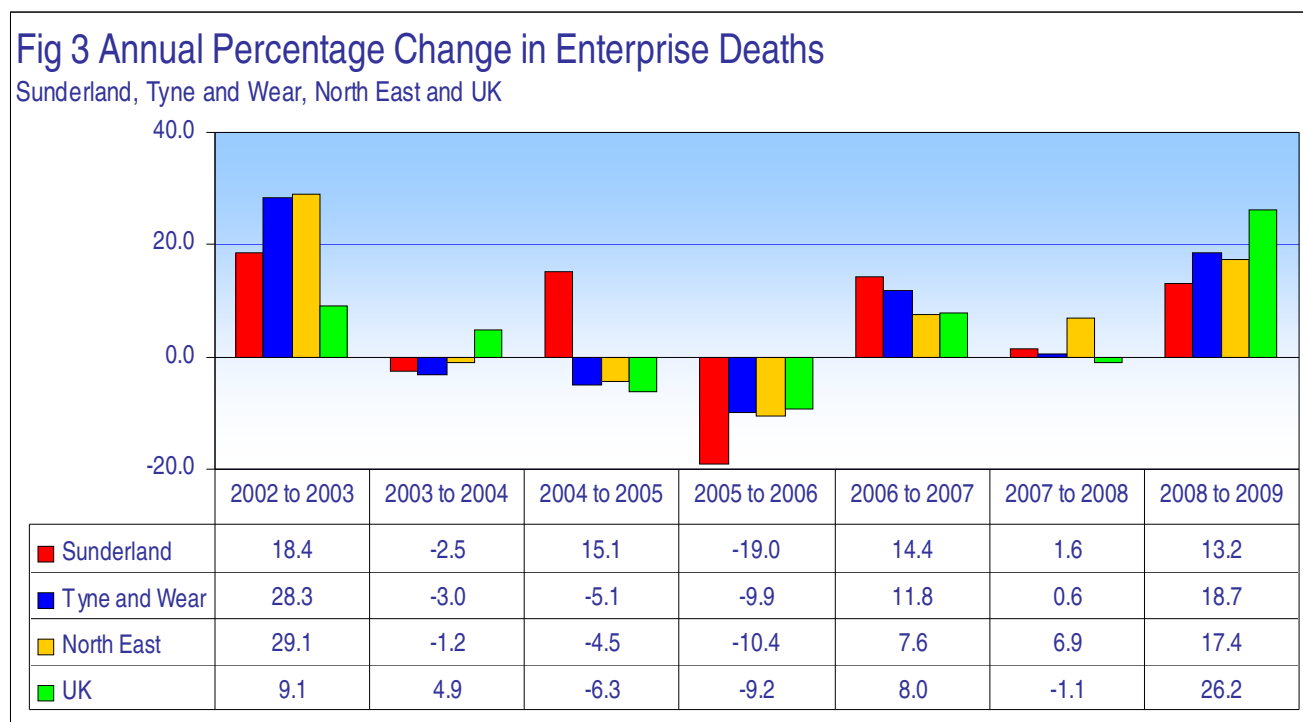


Source: ONS, Business Demographics.

In 2009, Sunderland accounted for 21.8% of enterprise births in Tyne and Wear, 9.1% in the North East and 0.25% in the UK.

3 Annual Percentage Change in Enterprise Deaths

Compared to 2008, the number of enterprise deaths in Sunderland rose; the percentage rise (+13.2%) was, however, lower than rises in Tyne and Wear, the North East and the UK (Fig 3).



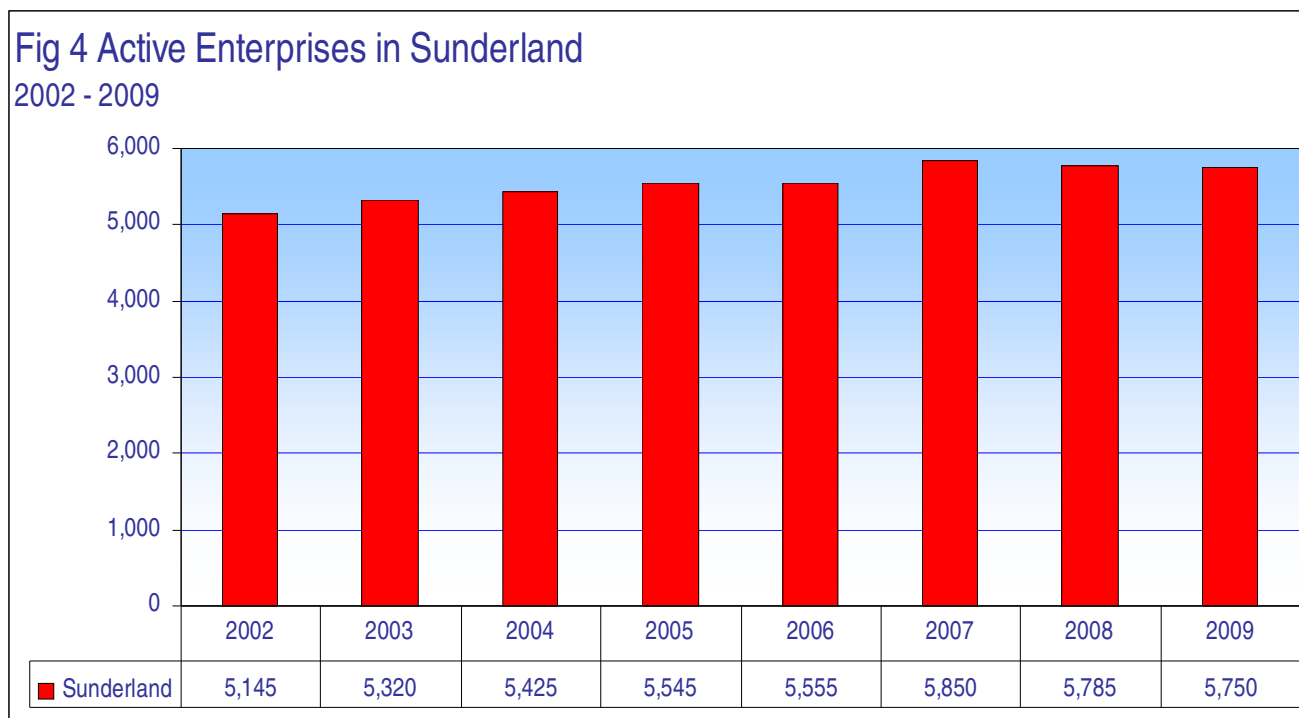
Source: ONS, Business Demographics.

In 2009, Sunderland accounted for 23.5% of enterprise deaths in Tyne and Wear, 9.8% in the North East and 0.26% in the UK.

4 Active Enterprises (Business Stock) and Net Change

4.1 Active Enterprises

The number of active enterprises grew each year from 2003 to 2007 with the largest net gain (+295) occurring in 2007 (Fig 4). In 2008, in recession, there was a net loss (-65); the (provisional) 2009 count also shows a net-loss (-35).



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, Sunderland accounted for 22.2% of the active stock in Tyne and Wear, 9.0% in the North East and 0.25% in the UK.

4.2 Net Change 2002-2009

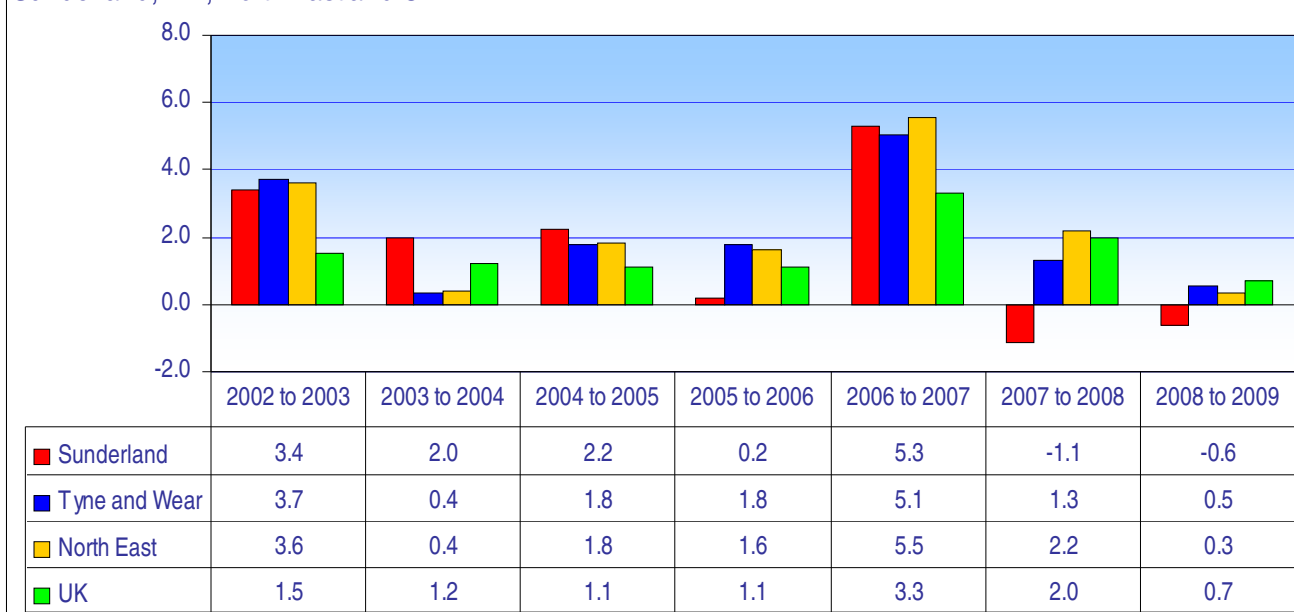
The number of active enterprises in Sunderland was 12% higher in 2009, compared to 2002, despite the small falls in 2008 and 2009. Although this was the smallest percentage gain of any Tyne and Wear District it was still better than the UK rise (+11%). At 5,750 enterprises, Sunderland's active stock in 2009 was 605 higher than in 2002.

4.3 Net Change 2008-2009

There was a small fall in the number of active enterprises in Sunderland between 2008 and 2009 (-0.6%); in Tyne and Wear, the North East and the UK there were small rises (Fig 5); within Tyne and Wear, Gateshead also experienced a small fall.

Fig 5 Annual Percentage Change in Enterprise Stock

Sunderland, TW, North East and UK



Source: ONS, Business Demographics.

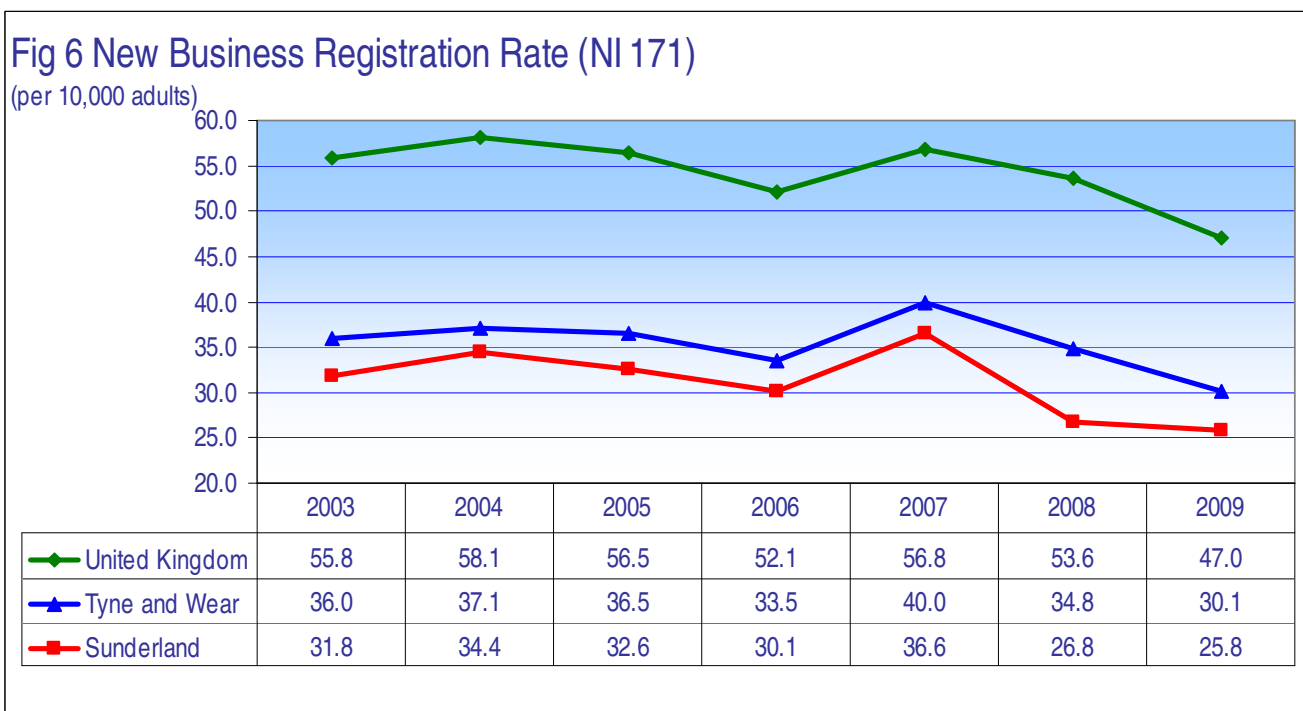
5 NEW BUSINESS REGISTRATION RATE

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, Sunderland's new business registration rate was 25.8 per 10,000 adults; this was 45% lower than the UK rate (Fig 6). In Tyne and Wear, District rates ranged from 25.0 (South Tyneside) up to 36.3 (Gateshead).

Sunderland's rate peaked in 2007 (36.6). Between 2007 and 2009, the rate fell by 10.8 points. This was a large fall compared to Tyne and Wear (-9.9 points) and the UK (-9.8 points) but similar to the North East fall (-10.7 points).



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'. 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 Stock³-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

Sunderland's stock-based business birth rates (Table 6a) are usually better (higher) than the UK, the exception was 2008 (Table 6c). Conversely, Sunderland's stock-based business death rates are usually worse (higher) than the UK, exceptions were 2002 and 2004.

Sunderland's birth rate peaked in 2004 (14.5%) although the number of births peaked in 2007.

Sunderland's death rate peaked in 2009 (12.7%). In the same year, the birth rate was at a record low (10.4%). The death rate was at a low point in 2002 and 2006 (10%).

On average, over the period 2002-2009, Sunderland's birth rate (12.8%) exceeded the death rate (11.2%).

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.

Year	Active Stock	Births	Birth Rate %	Deaths	Death Rate %
2002	5,145	675	13.1	515	10.0
2003	5,320	725	13.6	610	11.5
2004	5,425	785	14.5	595	11.0
2005	5,545	745	13.4	685	12.4
2006	5,555	690	12.4	555	10.0
2007	5,850	840	14.4	635	10.9
2008	5,785	620	10.7	645	11.1
2009	5,750	600	10.4	730	12.7

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, 36% of business births in Sunderland were in “Property and Business Services” (Table 7.1a). The next largest share was taken by “Wholesale, Retail and Motor Trades” (17%), followed by “Construction” (14%).

The “credit crunch” that began in 2007 may have had an impact on Sunderland’s enterprise births in 2008; the number of births fell in all industries except “Education”. The most noticeable fall was in “Property and Business Services” (-90, -26%), however this industry had a record 350 births in 2007. No births were recorded for “Finance”, which in all previous years showed a steady, but small, number of births (5 or 10pa).

Table 7.1a: Enterprise Births in Sunderland 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	55	55	45	60	50	40	305
F	Construction	95	110	110	105	110	80	610
G	Wholesale, retail and motor trades	135	130	120	120	130	110	745
H	Hotels and catering	100	95	100	90	100	75	560
I	Transport, post and telecommunications	35	30	35	35	35	15	185
J	Finance	5	5	10	5	5	0	30
K	Property and business services	235	290	245	200	350	260	1,580
M	Education	5	5	5	10	5	5	35
N	Health	15	15	10	10	15	10	75
O	Other Services	45	50	65	55	40	30	285
	Total	725	785	745	690	840	625	4,410

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

Ten industries recorded their lowest birth rates in 2008. The exception was “Property and Business Services”.

Table 7.1b: Enterprise Birth Rates (%) in Sunderland, 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	11.1	10.6	8.3	10.9	9.0	8.1
F	Construction	16.1	16.7	15.2	14.0	14.0	10.3
G	Wholesale, retail and motor trades	10.3	10.1	9.3	9.6	10.4	8.7
H	Hotels and catering	17.1	16.1	16.8	15.4	16.4	12.6
I	Transport, post and telecommunications	13.2	12.8	15.2	15.2	14.6	6.1
J	Finance	10.0	10.0	22.2	9.1	12.5	0.0
K	Property and business services	19.9	21.9	17.6	14.2	21.5	16.5
M	Education	9.1	10.0	10.0	16.7	7.7	7.1
N	Health	6.4	6.7	4.3	4.4	6.5	4.3
O	Other Services	9.1	10.4	14.6	12.5	8.9	6.5
	Total	13.8	14.5	13.4	12.4	14.4	10.8

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 Sunderland equalled that of the North East and was slightly higher (better) than that of the UK (Table 7.1c). Sunderland 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, Sunderland (Sd), Tyne and Wear (TW), North East (NE) and UK, 2009

SIC 2007	Industry	Active Stock Sunderland	Active Stock			Birth Rate ¹ (%)				Difference Sd - UK
			TW	North East	UK	Sd	TW	NE	UK	
B, D and E	Mining, Quarrying and Utilities	20	100	310	8,915	25.0	15.0	17.7	14.2	10.8
C	Manufacturing	450	1,875	4,460	148,285	5.6	6.9	6.4	6.9	-1.3
F	Construction	900	3,695	9,415	336,095	8.9	10.1	9.9	8.7	0.2
G	Wholesale, Retail and Motor	1,200	5,030	12,300	416,305	7.9	8.5	8.7	8.9	-0.9
H	Transportation and Storage	215	850	2,610	81,995	9.3	7.6	8.0	8.5	0.8
I	Accommodation and Food Service Activities	600	2,580	6,160	163,430	15.0	13.6	12.5	12.0	3.0
J	Information and Communication	225	1,285	2,685	171,175	11.1	12.1	12.3	11.1	0.0
K	Financial and Insurance Activities	65	345	785	34,600	7.7	7.2	7.0	9.5	-1.8
L	Real Estate	155	875	1,845	86,840	9.7	9.1	9.5	9.1	0.6
M	Professional, Scientific and Technical Activities	690	3,735	9,500	380,125	13.8	13.1	13.4	12.5	1.2
N	Administrative and Support Services	425	1,905	4,735	206,165	16.5	16.3	15.0	13.9	2.6
P	Education	85	390	965	34,395	11.8	10.3	11.4	10.1	1.6
Q	Human Health and Social Work	235	1,145	2,730	86,915	6.4	7.9	6.2	7.9	-1.5
R	Arts, Entertainment and Recreation	130	635	1,615	65,930	7.7	7.1	7.4	8.1	-0.4
S	Other Services	355	1,505	3,545	120,730	11.3	10.3	10.0	7.9	3.3
	Total	5,750	25,950	63,660	2,341,900	10.4	10.6	10.4	10.1	0.4

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 Sunderland rates that are based on relatively low stock.

7.2 Enterprise Deaths

Over the period 2003-2008, 27% of business deaths in Sunderland were in “Property and Business Services” and 22% were in “Wholesale, Retail and Motor Trades” (Table 7.2a). This was very similar to the North East situation.

Table 7.2a: Enterprise Deaths in Sunderland 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	45	45	55	50	70	50	315
F	Construction	50	55	75	75	85	75	415
G	Wholesale, retail and motor trades	135	135	150	125	120	140	805
H	Hotels and catering	100	95	95	80	90	100	560
I	Transport, post and telecommunications	50	35	40	35	30	30	220
J	Finance	5	10	5	5	5	5	35
K	Property and business services	120	165	195	150	180	195	1,005
M	Education	5	5	0	0	5	10	25
N	Health	10	15	20	10	10	10	75
O	Other Services	35	40	50	25	45	30	225
	Total	555	600	685	555	640	645	3,680

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

Table 7.2b: Enterprise Death Rates (%) in Sunderland 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	9.1	8.7	10.1	9.1	12.6	10.1
F	Construction	8.5	8.3	10.3	10.0	10.8	9.6
G	Wholesale, retail and motor trades	10.3	10.5	11.7	10.0	9.6	11.1
H	Hotels and catering	17.1	16.1	16.0	13.7	14.8	16.8
I	Transport, post and telecommunications	18.9	14.9	17.4	15.2	12.5	12.2
J	Finance	10.0	20.0	11.1	9.1	12.5	10.0
K	Property and business services	10.2	12.5	14.0	10.6	11.1	12.4
M	Education	9.1	10.0	0.0	0.0	7.7	14.3
N	Health	4.3	6.7	8.7	4.4	4.3	4.3
O	Other Services	7.1	8.3	11.2	5.7	10.0	6.5
	Total	10.6	11.1	12.4	10.0	10.9	11.2

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 Sunderland was higher (worse) than that of the North East and that of the UK (Table 7.2c). Sunderland 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).

SIC 2007	Industry	Active Stock Sunderland	TW	North East	UK	Death Rate ¹ (%)				Difference Sd - UK
						Sd	TW	NE	UK	
B, D and E	Mining, Quarrying and Utilities	20	100	310	8,915	0.0	5.0	11.3	10.9	-10.9
C	Manufacturing	450	1,875	4,460	148,285	7.8	10.7	9.5	10.1	-2.3
F	Construction	900	3,695	9,415	336,095	16.1	14.5	14.3	13.2	2.9
G	Wholesale, Retail and Motor	1,200	5,030	12,300	416,305	11.3	10.6	10.4	10.8	0.4
H	Transportation and Storage	215	850	2,610	81,995	16.3	13.5	12.8	13.2	3.1
I	Accommodation and Food Service Activities	600	2,580	6,160	163,430	15.0	15.5	14.0	14.3	0.7
J	Information and Communication	225	1,285	2,685	171,175	15.6	12.8	12.8	13.3	2.3
K	Financial and Insurance Activities	65	345	785	34,600	7.7	13.0	15.3	12.6	-4.9
L	Real Estate	155	875	1,845	86,840	22.6	14.9	12.7	12.7	9.9
M	Professional, Scientific and Technical Activities	690	3,735	9,500	380,125	13.8	10.3	10.2	11.2	2.6
N	Administrative and Support Services	425	1,905	4,735	206,165	14.1	14.2	14.1	14.8	-0.7
P	Education	85	390	965	34,395	5.9	9.0	10.9	9.2	-3.3
Q	Human Health and Social Work	235	1,145	2,730	86,915	6.4	6.6	5.9	7.2	-0.8
R	Arts, Entertainment and Recreation	130	635	1,615	65,930	11.5	10.2	10.5	10.3	1.3
S	Other Services	355	1,505	3,545	120,730	8.5	10.3	10.0	10.2	-1.7
	Total	5,750	25,950	63,660	2,341,900	12.8	12.0	11.6	11.9	0.9

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 Sunderland rates that are based on relatively low stock.

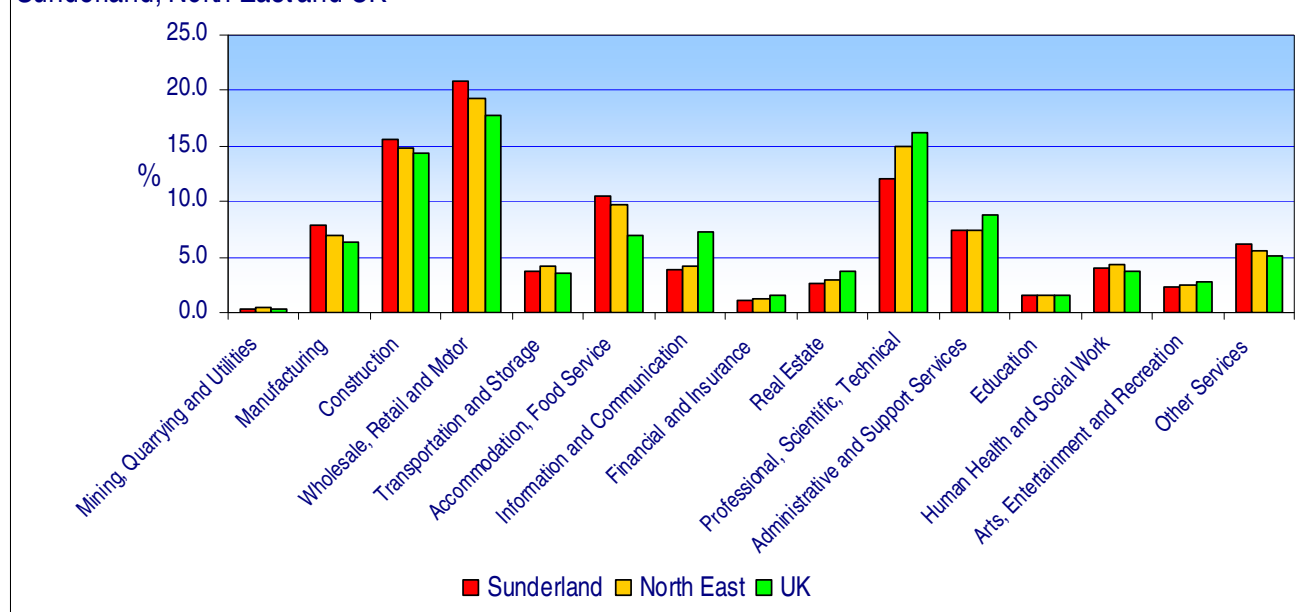
7.3 The Industrial Structure of the Business Base

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

Fig 7 The Industrial Structure of the Business Base

Sunderland, North East and UK



Source: Office for National Statistics, IDBR.

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

SIC 2007	Industry	Share of Total Active Businesses in 2009			
		Sunderland	TW	North East	UK
B, D and E	Mining, Quarrying and Utilities	0.3	0.4	0.5	0.4
C	Manufacturing	7.8	7.2	7.0	6.3
F	Construction	15.7	14.2	14.8	14.4
G	Wholesale, Retail and Motor	20.9	19.4	19.3	17.8
H	Transportation and Storage	3.7	3.3	4.1	3.5
I	Accommodation and Food Service Activities	10.4	9.9	9.7	7.0
J	Information and Communication	3.9	5.0	4.2	7.3
K	Financial and Insurance Activities	1.1	1.3	1.2	1.5
L	Real Estate	2.7	3.4	2.9	3.7
M	Professional, Scientific and Technical Activities	12.0	14.4	14.9	16.2
N	Administrative and Support Services	7.4	7.3	7.4	8.8
P	Education	1.5	1.5	1.5	1.5
Q	Human Health and Social Work	4.1	4.4	4.3	3.7
R	Arts, Entertainment and Recreation	2.3	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 Sunderland, three industries had a net loss of businesses over the period 2003-2008 (Table 7.4a). They were "Wholesale, Retail and Motor Trades", "Other Services" and "Transport, Post and Telecommunications".

There was no net change in four industries. These included "Manufacturing", where business numbers fell in the county, region and UK. It also included "Finance" and "Health", industries where business numbers rose in the county, region and UK.

Table 7.4a: Change in the Number of Enterprises, Sunderland, TW, North East, UK, 2003 to 2008

SIC 2003	Industry	Change Sunderland	Percentage Change			UK
			Sunderland	TW	North East	
C and E	Mining, quarrying and utilities	0	0.0	-66.7	41.7	-8.3
D	Manufacturing	0	0.0	-1.5	-4.2	-9.7
F	Construction	190	32.2	32.5	31.7	19.9
G	Wholesale, retail and motor trades	-50	-3.8	-4.6	-3.3	-3.2
H	Hotels and catering	10	1.7	4.9	3.5	2.1
I	Transport, post and telecommunications	-20	-7.5	-4.0	-1.5	0.3
J	Finance	0	0.0	53.7	40.2	19.3
K	Property and business services	395	33.5	33.8	40.5	28.3
M	Education	15	27.3	25.0	19.1	11.2
N	Health	0	0.0	9.9	16.2	17.3
O	Other Services	-30	-6.1	-3.5	-6.5	-0.4
	Total	510	9.7	12.0	13.0	10.6

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

Compared to the UK, Sunderland underperformed in six industries, "Finance", "Health", "Transport, Post and Telecommunications", "Other Services", "Wholesale, Retail and Motor Trades" and "Hotels and Catering".

Sunderland outperformed the North East in four industries, "Education", "Manufacturing", "Other Services" and "Construction".

Table 7.4b: Active Enterprises in Sunderland, 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
D	Manufacturing	495	520	545	550	555	495
F	Construction	590	660	725	750	785	780
G	Wholesale, retail and motor trades	1,310	1,290	1,285	1,250	1,250	1,260
H	Hotels and catering	585	590	595	585	610	595
I	Transport, post and telecommunications	265	235	230	230	240	245
J	Finance	50	50	45	55	40	50
K	Property and business services	1,180	1,325	1,395	1,410	1,625	1,575
M	Education	55	50	50	60	65	70
N	Health	235	225	230	225	230	235
O	Other Services	495	480	445	440	450	465
	Total	5,260	5,425	5,545	5,555	5,850	5,770

Source: ONS, IDBR.

Note: All figures are rounded to avoid disclosure.

7.5 Changes in 2009 by Industry

Within Sunderland, five industries had a net loss of businesses over the period 2008-2009 (Table 7.5). They were “Professional, Scientific and Technical Activities”, “Wholesale, Retail and Motor”, “Manufacturing”, “Information and Communication” and “Administrative and Support Services”.

Sunderland outperformed the UK in eight industries: “Financial and Insurance Activities”, “Other Services”, “Construction”, “Transportation and Storage”, “Accommodation and Food Service Activities”, “Arts, Entertainment and Recreation”, “Real Estate” and “Education”. Although there was no growth in Sunderland for “Arts, Entertainment and Recreation” this was better than the national contraction.

The largest absolute fall in Sunderland was in “Professional, Scientific and Technical Activities”. This went against the county, regional and national increases. Sunderland also experienced a small fall in “Information and Communication”, which was also contrary to the county, regional and national increases. Conversely, Sunderland’s small rise in “Transportation and Storage” went against the county and national falls.

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

SIC 2007	Industry	Actives 2008 Sunderland	Actives 2009 Sunderland	Change Sunderland	Percentage Change			
					Sunderland	TW	North East	UK
B, D and E	Mining, Quarrying and Utilities	15	20	5	0.0	25.0	8.8	10.7
C	Manufacturing	480	450	-30	-6.3	-0.5	1.7	0.5
F	Construction	870	900	30	3.4	2.1	-0.5	-0.5
G	Wholesale, Retail and Motor	1,235	1,200	-35	-2.8	-1.9	-1.5	-0.4
H	Transportation and Storage	210	215	5	2.4	-1.2	0.0	-1.2
I	Accommodation and Food Service Activities	595	600	5	0.8	0.4	-1.7	-1.4
J	Information and Communication	230	225	-5	-2.2	0.4	0.8	0.7
K	Financial and Insurance Activities	50	65	15	30.0	19.0	23.6	15.6
L	Real Estate	150	155	5	3.3	2.9	2.2	2.4
M	Professional, Scientific and Technical Activities	735	690	-45	-6.1	0.3	2.7	3.3
N	Administrative and Support Services	430	425	-5	-1.2	-1.8	-1.3	-0.3
P	Education	80	85	5	6.3	6.8	7.8	6.0
Q	Human Health and Social Work	230	235	5	2.2	5.5	2.2	2.9
R	Arts, Entertainment and Recreation	130	130	0	0.0	0.0	-1.8	-1.1
S	Other Services	345	355	10	2.9	1.0	-1.4	-1.6
	Total	5,785	5,750	-35	-0.6	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 Sunderland's top ten industries fell outside the UK top ten. They were Sunderland's 'Architectural and engineering activities etc' (SIC 71) and 'Wholesale and retail trade etc' (SIC 45). Nationally they ranked 11th and 12th respectively (Table 8.1).

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

SIC2007	Sunderland	North East	North East Rank	UK	UK Rank
47 Retail trade, except of motor vehicles and motorcycles	13.2	11.4	1	9.4	1
43 Specialised construction activities	10.3	9.4	2	8.7	2
56 Food and beverage service activities	10.1	8.9	3	6.2	3
96 Other personal service activities	4.6	4.2	6	3.9	9
71 Architectural and engineering activities; technical testing and analysis	4.3	5.2	4	3.3	11
41 Construction of buildings	4.2	4.3	5	4.6	8
46 Wholesale trade, except of motor vehicles and motorcycles	3.9	4.1	7	5.1	6
45 Wholesale and retail trade and repair of motor vehicles and motorcycles	3.7	3.8	8	3.2	12
82 Office administrative, office support and other business support activities	3.6	3.7	10	4.6	7
62 Computer programming, consultancy and related activities	3.0	3.1	11	5.2	5

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 Tynedale⁶, 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 Sunderland's were 'Activities of head offices; management consultancy activities' (SIC 70, ranked 11th in Sunderland) and 'Real estate activities' (SIC 68, ranked 12th in Sunderland) (Table 8.2).

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

SIC2007	UK	North East	North East Rank	Sunderland	Sunderland Rank
47 Retail trade, except of motor vehicles and motorcycles	8.8	11.4	1	13.2	1
43 Specialised construction activities	8.1	9.4	2	10.3	2
56 Food and beverage service activities	5.9	8.9	3	10.1	3
70 Activities of head offices; management consultancy activities	5.4	3.7	9	2.8	11
62 Computer programming, consultancy and related activities	5.4	3.1	11	3.0	10
46 Wholesale trade, except of motor vehicles and motorcycles	5.1	4.1	7	3.9	7
82 Office administrative, office support and other business support activities	4.8	3.7	10	3.6	9
41 Construction of buildings	4.1	4.3	5	4.2	6
96 Other personal service activities	3.6	4.2	6	4.6	4
68 Real estate activities	3.6	2.9	13	2.7	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.

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 series⁷. 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 period⁸. 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 regulations⁹ 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.

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	BERR¹¹ 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

¹¹ 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