BUSINESSES REGISTERED FOR VAT IN TYNE & WEAR 2005

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Overall

- At the beginning of 2005, there were **17,750 businesses** registered for VAT in Tyne & Wear (§3.1). This is referred to as the 'stock of registered businesses' or 'the business base'.

- The number of businesses in Tyne & Wear, 'the business base', **grew by 2.2% in 2005** (up 385 firms) (§3.1) [**and by 10.5% in the eleven years to 2005** (Table 3.2)]. This was a marked improvement on the 1.5% growth (265 firms) in the previous year (2004, revised figures). The fast, 2.2% growth in the business base in 2005 almost matched the record, just two years earlier (2.3% in 2003).

- Tyne & Wear's growth in the business base in 2005 (2.2%) outperformed the UK growth rate (1.4%) [or a ratio of 1.57]. Tyne & Wear's **medium-term growth rate** (2000-2005) was 9.0%, outperforming the UK growth rate (7.1%) in the UK [or a ratio of 1.27].

- Tyne & Wear's **long-run growth rate** of VAT-registered businesses is about **two-thirds of the UK rate**. In the twelve years to 2005, it was 10.5% (UK 14.3%) [or a ratio of 0.73] (§4.4). Between 1981 and 1990 the rates of growth were about 18%[1] (UK 29%) [or a ratio of 0.62].

- The Regional Economic Strategy **(RES)**[2] has a **growth target** of about **+40%** (the RES aims to create 18,500 to 22,000 new businesses by 2016). This regional target would be broadly consistent with a **doubling** of the rate of business growth in Tyne & Wear to average about 800-1,000 p.a.

- As nationally, **registrations and de-registrations both fell** in **Tyne & Wear** in 2005. The fall in registrations in the UK was faster than in T&W (-3.2% compared with -2.1%) (§4). The fall (improvement) in de-registrations was faster in T&W than in the UK (-10.0% compared with -6.4%) (§5).

- Below county level, **between 1994 and 2005, the stock of businesses grew in every district** (§3.3). **Gateshead** saw the **fastest growth in its business base** between 1994 and 2005, up 19.3% (590 firms) [and 5pp ahead of the UK] (§3).

- The key importance of creating a strong business base (which grows strongly in size, and creates significant net employment growth) is expected to rise from around 2008, as public sector employment growth is expected to slow. This expectation is based on UK budget plans.

Growth Industries

- In Tyne & Wear in 2005, **growth** was again **numerically greatest in Business Services** (up 130, or 2.7%) (§6.2.2). This was however the slowest annual growth recorded in Business Services since 2001. Construction also grew substantially in 2005 (up 95, or 4.7%) (§6.2.1).

- **Seven industries** altogether **grew in the eleven years to 2005**; Business Services (up 70.7%); Finance (up 18.2%); Hotels & Catering (up 16.9%); Education & Health (16.7%); Transport & Communications (up 11.6%); Construction (up 10.3%) and Public Administration & Other (up just 0.9%) (§6.4).

[1] *Caution: 1980s data were for legal units, whereas since 1994 data are for enterprises.*
[2] *Leading the Way, Regional Economic Strategy (2006-2016) One NorthEast.*

Declining Industries

- In **2005, no industries declined** in **Tyne & Wear**. There was no change in Agriculture and Mining & Utilities; all other industries experienced a growth in stock in 2005 (§6.2.2).

- In the **eleven years to 2005**, there were falls in four industries; the **largest numerical fall was in Retailing** & Wholesale (down 785, -14.2%). [Consolidation is a long-standing process in retailing, but this is a 3.5pp faster fall than in the UK]. Manufacturing suffered a large numerical loss (down 100, -5.2%). Agriculture and Mining & Utilities experienced smaller numerical losses (down 40 (-15.4%) and down 10 (-50.0%) respectively) (§6.4).

Registrations and De-Registrations (Flows)

- In 2005, registrations fell by 40 (§4) and de-registrations fell by 165 (§5).

- The **fall in registrations** in Tyne & Wear was mainly **due to a large fall in Hotels & Catering** (down 50 firms, -16.1%). **Registrations only rose in four industries** in Tyne & Wear in 2005, with the largest numerical rise recorded in Transport & Communications (up 25 firms, 29.4%).

- **Tyne & Wear's fall in registrations** (-2.1%) was **significantly slower than** that in the **UK** (-3.2%). The largest UK numerical falls in registrations were in Business Services (down 2,240, -3.4%) and Hotels & Catering (down 1,440, -7.1%).

- Falls in de-registrations in Tyne & Wear occurred in the majority (8 out of 11) industries. The **largest numerical falls in de-registrations** were in **Hotels & Catering** (down 65, -22.4%), followed by **Retailing** & Wholesale (down 40, -9.4%). Unusually, the only rise in de-registrations occurred in Business Services (up 5 firms, 1.2%).

- **Tyne & Wear's fall in de-registrations** (-10.0%) was **considerably faster than** that in the **UK,** where de-registrations fell by 6.4%. UK de-registrations fell in all industries except for Agriculture, where there was a rise of 600 (10.0%). The largest numerical fall in UK de-registrations was in Retailing & Wholesale (down 2,975, -8.5%).

Small & Medium Enterprises (SMEs)

- At the Start of 2005, **99.8% of businesses** in the **North East** were classified as **SMEs** (employing fewer than 250 people) (§7).

- **SMEs accounted** for almost **two-thirds of employment** (63%) but just over half (53%) of turnover of businesses.

- Over two-thirds (**68%**) of businesses in the North East in 2005 came under the category of '**no employees'**, meaning that they were sole traders or partners without employees.

CONTEXT & INTERPRETATIONS

Drivers of change[3] in new business formation include:

- Population Change
- Housing Wealth
- Managerial/Professional experience
- Qualifications

In 2005, Tyne & Wear's business base grew by 2.2%. This growth in the stock of businesses registered for VAT was faster than that in both the North East (2.0%) and the UK (1.4%). The growth which occurred in Tyne & Wear in 2005 was considerably faster than that recorded in 2004 (1.5%, revised figs) and can be explained by changes in two of the factors (drivers) listed above.

Firstly, Tyne & Wear's population grew strongly, by an estimated 0.9% in 2005, faster than both the North East (0.5%) and England & Wales (0.6%)[4]. Furthermore, in 2005, Tyne & Wear experienced a net increase in population through natural change (increase of 233)[5].

Secondly, although [gross] housing wealth rose slowly (approx 5% p.a. nationally) in 2005 and 2006, its growth was faster in Tyne & Wear. Growth of the business base is known to be positively correlated with growth of housing wealth (measured by house prices). This mechanism could work through at least two routes:

1) Housing wealth being used as collateral for small business (both starts, growth and survival)
2) Consumer demand being stronger, due to consumers' higher 'equity-withdrawal'

It is likely that Tyne & Wear will see rises in its stocks of VAT registered businesses over coming years as a result of continued population stability and growth and a continued (albeit slow) rise in housing wealth [Note of Caution: very sluggish or falling house prices could depress the business stock].

Housing Wealth is the main collateral for new small business (measured by house prices). TWRI's forthcoming report on 'Housing Wealth and Small Business Indicators' presents a set of thematic [District] maps showing housing wealth correlated with two indicators of small business; self-employment [rates] and professional & managerial experience [to be released in February 2007].

[3] *As identified by Keeble and Walker in 'New Firms, Old Firms and Dead Firms', Regional Studies, 1994, V.28 (4), pp. 411-427.*

[4] *Mid-Year estimates for 2005, Office for National Statistics. Caution: this estimated population growth is virtually wholly due to net international migration, and arises from the (unreliable) IPS (International Passenger Survey).*

[5] *Source: Vital Statistics 1, Office for National Statistics.*

1. INTRODUCTION

This report provides an analysis of VAT-registered businesses within Tyne & Wear. North East and UK data are provided for comparison, and analysis extends to district-level data. The report covers mainly stock of businesses, registrations and de-registrations in 2005 and changes in these over various timescales.

This report shows that Tyne & Wear's business base rose by 2.2% in 2005 (Table 3.1). This was faster than in the North East (2.0%) and, especially, the UK (1.4%).

Tyne & Wear was outperformed by the UK over the 11 years to 2005 (Tyne & Wear up 10.5% compared with a 14.3% rise in the UK). Tyne & Wear's long-run growth rate is just over two-thirds of the UK rate. Note: This 'long run' growth rate refers to the decade or so from 1994 to 2005. Table 4.5 (§4.5.1) presents growth rates between 1980 and 2005. Tyne & Wear's medium-term growth rate (2000-2005) was 9.0%, compared to 7.1% for the UK.

Also presented in this report are the findings of the IPPR's recent publication 'City Markets – Business Location in Deprived Areas' (2006). The IPPR report evaluates the level of business activity in 88 deprived areas, or LADs (as defined by Neighbourhood Renewal Fund status) and ranks their relative performance based upon four indicators [all data is for 2000]:

a) ABI-based businesses

b) VAT-registered businesses

c) ABI-based jobs

d) New VAT registrations

The report gives a weighted sum of the rankings of all four indicators. All five Tyne & Wear LADs are found to be Business Deprived Areas (BDAs) and their relative positions in this ranking are presented (see §3, Table 3.7).

Previous TWRI 'Businesses Registered for VAT' reports have included a section on Small & Medium Enterprises (SMEs) and their employment and turnover. This was not possible for 2004 as the Small Business Service (SBS) only produced UK statistics, with regional SME statistics only produced every other year. Regional SME statistics for 2005 were released in December 2006 and are included in this report (§7).

2. TECHNICAL INTRODUCTION

This report presents the latest (2005) information for Tyne & Wear on businesses registered for VAT from the Inter-Departmental Business Register (IDBR), held by the Office for National Statistics (ONS). The VAT data are derived from HM Customs and Excise records and supplied by the Small Business Service (SBS). The main focus is on changes during 2005 in the 'business base' (businesses registered for VAT).

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

Only broad comparisons can be made for 1980-2005. This is because of large increases in the VAT threshold in 1991 and 1993 (see Appendix 15), as well as other changes to the estimates. Since 1994 the estimates have been based on counts of VAT registered *enterprises*; earlier counts were based on VAT *legal units*. An enterprise, as defined by the DTI, is a person, or group of people producing goods and services under their control and with their own legal identity. A branch of a larger organisation would not itself be an enterprise.

From 1994, industry coding is on the Standard Industrial Classification, using SIC92[6]. Earlier data were published using VAT Trade Classification (VTC). Due to lack of comparability between the old (1980 – 1993) and new (1994 – 2000) industry-codes; analysis of change for the full period, 1980 – 2000, is for the whole business base only.

Comparisons are made geographically and industrially; Tyne & Wear with the North East and the UK, between industries. It should be noted that registrations and de-registrations do not equate to business start-ups and closures. Enterprises may have been trading for some time before reaching the registration threshold, or may fall below the threshold and continue to trade [see §3.5 for reasons for de-registration and Table A15 for VAT registration thresholds].

2.1 IMPORTANT NOTE: REVISIONS TO 2004 VAT DATA (PUBLISHED OCT. 2006)

VAT data published in October 2005 [as reported in 'Businesses Registered for VAT in Tyne & Wear, 2004' published by TWRI in January 2006] was revised in the October 2006 release. With the exception of de-registrations in 2004, the scale of revisions is small, even at the UK level (the maximum revision was to de-registrations in the UK, which were revised downwards approximately 16,000). The 2004 de-registrations estimate, released in October 2005, has been revised downwards significantly. This is because a number of dormant businesses, which had previously been identified as de-registered, became active again. The resulting fall in de-registrations now seen in 2004, which continued into 2005, is consistent with source data from HM Revenue and Customs (HMRC).

The above revisions are due to changes to the 'lag adjustments'. Raw data taken from the IDBR are adjusted; although the IDBR is updated regularly there are long lags in the notification of registrations and de-registrations. 'Lag adjustments' are applied to produce the "best estimates" of what the final volume of registrations and de-registrations will be once any late registrations and de-registrations have been received. The lag adjustments have been revised following a further extract of data from the IDBR in May 2006. A fall in the number of de-registrations in 2004, as recorded on the IDBR in May 2006 (due to an unexpectedly high level of dormant businesses being reactivated), has led to the 2004 de-registrations estimate being revised downwards by almost 9%. The downwards trend in de-registrations since 2003 is consistent with source data from HMRC and the IDBR.

In its VAT report 2004, TWRI reported that growth slowed abruptly in the UK and Tyne & Wear in 2004, albeit less dramatically in Tyne & Wear. The changes to de-registrations in the October 2006 data release show that there was a slowdown in 2004, but the revisions to the data mean that the percentage change in stocks were about one percentage point higher than was previously estimated (i.e. Tyne & Wear's stocks rose 1.5% and not 0.6% as the data originally showed). The latest data release (for 2005) shows that following the slowdown in 2004, the UK's stocks have grown by 1.4%, whereas growth was significantly faster in the NE at 2.0%, and faster still in TW, at 2.2%, close to its 2.3% peak in 2003.

Caution: the numbers are rounded to the nearest 5, by SBS. This means percentage changes of low numbers are especially rough, e.g. a reported rise from 5 to 10 ('100%') could actually be from 7 to 8 (up 14%).

[6] *SIC is the 'Standard Industrial Classification'.*

3. CHANGES IN THE BUSINESS BASE

3.1 STOCK OF BUSINESSES

At the end of 2005, Tyne & Wear had 18,140 businesses registered for VAT (Table 3.1). This is a relatively small business base of 202 businesses for every 10,000 adults. The UK average is almost twice this, at 381.

Table 3.1: Business Registrations, De-Registrations and Stocks: Tyne & Wear and Local Authority Districts, 2005

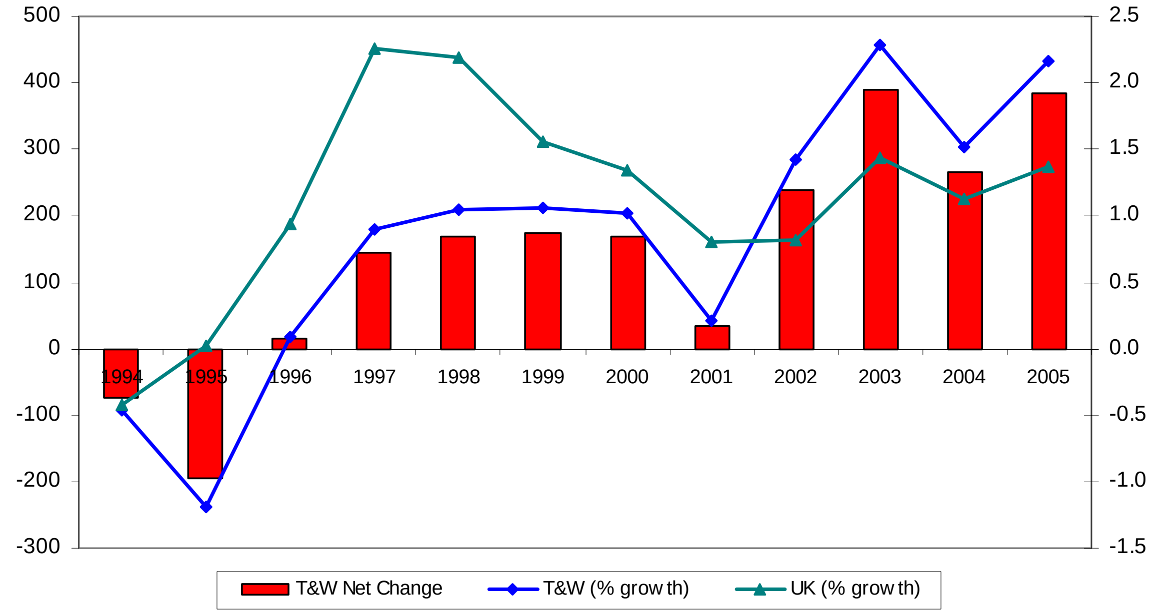
Area	Stock at start 2005	Registrations	De-registrations	Stock at end 2005	Adult Population*	Ratio of stock at end of 2005 per 10,000 of adult population*	Net Change (No.)	% Change
Gateshead	3,550	365	265	3,650	156,500	233	100	2.8
Newcastle	5,230	590	450	5,370	229,300	234	140	2.7
North Tyneside	3,010	325	265	3,070	157,100	195	60	2.0
South Tyneside	1,905	175	145	1,935	123,100	157	30	1.6
Sunderland	4,055	415	355	4,115	231,200	178	60	1.5
Tyne & Wear	17,750	1,870	1,480	18,140	897,300	202	385	2.2
North East GOR	45,960	4,505	3,600	46,865	2,083,300	225	905	2.0
England	1,558,950	155,635	133,230	1,581,355	40,710,900	388	22,410	1.4
UK	1,828,235	177,925	152,945	1,853,215	48,611,900	381	24,975	1.4

*Note: * Aged 16 and over. Population figures are taken from the 2005 Mid-Year Estimates*

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

Source: Small Business Service

Fig 3.1: Growth in VAT Registered Stocks, Tyne & Wear (and % growth T&W and UK), 1994-2005



Source: Small Business Service

Tyne & Wear's business base is under-represented in relation to adult population (16+). It has only 1.0% of all UK businesses registered for VAT, but about 1.8% of the UK adult population. It is also under-represented in the North East region with 39% of the business base, compared with 43% of the adult population. Caution: Tyne & Wear firms are larger than North East firms.

2005 was the first year in which the business base exceeded 200 per 10,000 adults.

3.2 NET CHANGE DURING 2005

During 2005, Tyne & Wear's business base grew by 2.2%, or 385 firms, compared with growth of 1.5%, or 265 firms in the previous year (2004[7]) (Fig 3.1). Tyne & Wear's growth in 2005 was faster than that in the North East, where the business base grew by 2.0% (905 firms). UK growth was comparatively slow at 1.4% (24,975 firms) but an improvement on 2004, where growth was 1.1% (20,385). The revisions which were made to the 2004 VAT de-registrations data published in 2006 show that although there was a slowdown in 2004, the slowdown was not as significant as first recorded.

3.3 NET CHANGE, 2000 - 2005

Tyne & Wear's medium-term growth rate (2000-2005) was 9.0%, outperforming the UK growth rate (7.1%) in the UK [or a ratio of 1.27] (Table 3.2). Tyne & Wear's medium-term growth was also faster than the North East (7.9%). This growth was led principally by the fast rates of growth in Gateshead (17.7%) and North Tyneside (10.2%).

Table 3.2: Total and % Change in Number of Businesses Registered for VAT; 2000-2005

Area	Stock Start 2000	Stock End 2005	No.	% Change
Gateshead	3,100	3,650	550	17.7
Newcastle	5,085	5,370	285	5.6
North Tyneside	2,785	3,070	285	10.2
South Tyneside	1,810	1,935	125	6.9
Sunderland	3,870	4,115	245	6.3
Tyne & Wear	16,645	18,140	1,495	9.0
North East GOR	43,440	46,865	3,425	7.9
England	1,469,825	1,581,355	111,530	7.6
UK	1,730,365	1,853,215	122,850	7.1

Source: Small Business Service

3.4 DISTRICT CHANGES

In 2005, all five districts saw a rise in their business base (Table 3.1). Gateshead experienced the fastest growth in stock at 2.8% (up 100 firms). Numerically, Newcastle's growth was the largest with 140 registrations (2.7%).

There was an overall growth in the business base in Tyne & Wear between 1994 and 2005; up 10.5% (1,725 firms) (Table 3.3). The three Districts south of the Tyne were the top performers. Gateshead had clearly the fastest rise in businesses registered for VAT over the period (up 19.3%, 590 firms). This was followed by South Tyneside (up 10.3% or 180 firms), Sunderland (up 9.9% or 370 firms) and North

[7] *Revised figures for 2004 published in October 2006.*

Tyneside (up 8.9%, or 250 firms). Newcastle experienced the slowest rate of growth (up 6.7%, or 335 firms)[8].

Table 3.3: Total and % Change in Number of Businesses Registered for VAT; 1994-2005

Area	Stock Start 1994	Stock End 2005	No.	% Change
Gateshead	3,060	3,650	590	19.3
Newcastle	5,035	5,370	335	6.7
North Tyneside	2,820	3,070	250	8.9
South Tyneside	1,755	1,935	180	10.3
Sunderland	3,745	4,115	370	9.9
Tyne & Wear	16,415	18,140	1,725	10.5
North East GOR	43,525	46,865	3,340	7.7
England	1,367,250	1,581,355	214,105	15.7
UK	1,621,760	1,853,215	231,455	14.3

Source: Small Business Service

Looking at the industry sectors separately, in terms of net change[9] between 1994 and 2005, the largest numerical falls in each of the districts, the North East and nationally, were in the 'Retail & Wholesale' sector (§5 Appendices). Newcastle, Sunderland and North Tyneside experienced particularly big falls (above -15%) in this sector (-290, 20.1% fall in Newcastle); (-210, 16.5% fall in Sunderland) and (-160, 18.7% fall in North Tyneside).

There were also falls in each district (apart from Sunderland), the North East and nationally in 'Agriculture, Forestry & Fishing', with the largest (district) numerical fall in Newcastle (down 15 firms, -37.5%). Although other districts gained 'Construction' firms, Newcastle suffered a loss of 50 (-8.9%). Newcastle also suffered by far the largest loss of all districts in the Manufacturing industry (down 165 firms, a big 37.1% fall).

'Business Services' saw the largest growth in its business base between 1994 and 2005 in all areas (the Tyne & Wear districts, the North East and nationally). Of all the districts, Newcastle experienced the largest numerical rise in businesses in this sector (755 firms) and Gateshead saw the largest proportional rise (up 43.2%).

[8] *Important information – TWRI understands previous SBS data [before TWRI's report of 2003 data] to have (wrongly) located firm closures handled by the Official Receiver. These closures were located in the district of office rather than the district of business. The revised series, including extracts presented here, is much more positive for Newcastle in particular.*

[9] *Net change is total registrations minus total de-registrations*

4 REGISTRATION ('BUSINESS STARTS')

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

4.1 Registration Change, 1994-2005

Between 1994 and 2005, annual total registrations in Tyne & Wear fell 1.6% (Table 4.1 and Fig 4.1). Conversely, the North East saw a rise in its total registrations of 2.0% (Appendix Table A3) and nationally a 6.6% rise was recorded over the period (Appendix A1).

In Tyne & Wear the *falls* in registrations were:

- Largest numerically in 'Public Admin & Other Services' (down 130, -59.1%).
- Large also in 'Retailing & Wholesale' (down 80 or -15.8%) and 'Education & Health' (down -45, -75.0%).
- Smaller in 'Manufacturing' (down 25, -16.7%) and 'Hotel & Catering' (down 15, -5.5%) [Note: there have been large fluctuations in the numbers of registrations in 'Public Admin. & Other Services' and 'Retailing & Wholesale' since 1994].

Registrations in Tyne & Wear *rose* in three industries:

- These rises were led by 'Business Services' (up 140, 33.7%)
- 'Construction' (up 100, 64.5%)
- 'Transport & Communications' (up 20, 22.2%)

Table 4.1: Business Registrations in Tyne & Wear, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	10	10	10	5	15	5	10	5	15	15	10	10	120
C, E	Mining & Utilities	0	0	0	0	5	5	0	5	0	0	0	0	15
D	Manufacturing	150	155	180	155	140	150	135	130	150	150	105	125	1,725
F	Construction	155	155	180	185	160	185	180	180	200	260	240	255	2,335
G	Retailing & Wholesale	505	425	460	435	400	445	375	405	455	470	445	425	5,245
H	Hotels & Catering	275	265	235	265	245	290	305	325	310	330	310	260	3,415
I	Transport & Comms.	90	100	75	85	100	85	95	100	125	85	85	110	1,135
J	Finance	20	5	5	15	10	15	10	10	20	5	10	20	145
K	Business Services	415	420	455	460	490	500	535	505	580	630	580	555	6,125
L, O	Public Admin & Other	220	180	125	160	135	100	110	75	80	105	100	90	1,480
M,N	Education & Health	60	30	25	20	25	20	20	25	25	35	25	15	325
	Total	1,900	1,750	1,750	1,790	1,720	1,805	1,780	1,760	1,955	2,085	1,910	1,870	22,075

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

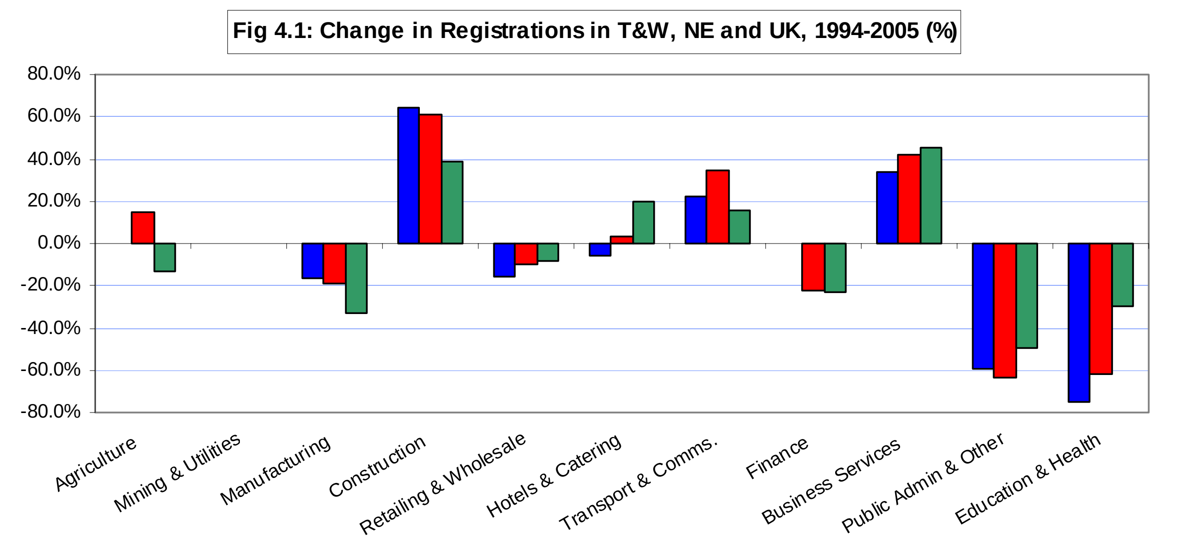
Source: Small Business Service

In the UK, between 1994 and 2005, four industries experienced a rise in new registrations (see Table A1 in Appendices). By far the largest numerical rise occurred in 'Business Services' (up 20,125, 45.3%). Similarly to Tyne & Wear, other significant rises occurred in 'Construction' (up 6,145 or 38.6%) and 'Transport & Communications' (up 1,220 or 15.5%). Unlike in Tyne & Wear, the UK also saw a rise in registrations in 'Hotels & Catering' (up 3,165, or 20.2%).

A slightly different range of industries experienced falls in registrations in the UK. 'Public Admin. & Other Services', which suffered a large fall in Tyne & Wear (down 59.1%), also experienced the largest numerical fall in the UK (down 9,720 or -49.7%). Other large UK falls occurred in 'Manufacturing' (down 4,725, or -33.4%) and as in Tyne & Wear, in 'Retailing & Wholesale' (down 3,130, or -8.0%) and 'Education & Health' (-930, -29.5%).

In the North East, as in Tyne & Wear and the UK, Business Services experienced the largest rise in registrations (up 355, or 42.0%) (See Table A3 in Appendices). North East 'Construction' registrations also rose significantly (up 245, or 61.3%).

Large falls in registrations in the North East also occurred in a similar range of industries to Tyne & Wear and the UK. 'Public Admin. & Other Services' registrations fell 350 (-63.6%). Other falls were in 'Retail' (down 115, -10.1%); 'Education & Health' (down 80, -61.5%) and 'Manufacturing' (down 65, -18.8%).



Source: Small Business Service

4.2 Registrations – Changes during 2005

Overall, Tyne & Wear registrations fell by -2.1% in 2005 (down 40 firms) (Table 4.2). Registrations rose in four industries:

- The largest numerical rise occurred in 'Transport & Communications' (up 25, or 29.4%)
- 'Manufacturing' (up 20, 19.0%)
- 'Construction' (up 15, 6.3%)
- 'Finance' (up 10, 100.0%).

Registrations remained the same in 'Agriculture' and 'Mining & Utilities'. Registrations fell in five industries:

- The largest numerical fall occurred in 'Hotels & Catering' (down 50, -16.1%)
- 'Business Services' (down 25, -4.3%)
- 'Retailing & Wholesale' (down 20, -4.5%)
- Falls were less marked in 'Education & Health' (down 10, -40.0%) and 'Public Admin. & Other Services' (down 10, -10.0%).

In the UK, overall, falls in registrations in 2005 were greater than in Tyne & Wear at -3.2%. Conversely, in the North East, there was a rise in registrations of 1.0%. Registrations fell in all UK industries (apart from 'Mining & Utilities' where there was no change). This contrasts to the situation in both Tyne & Wear and the North East where registrations rose across a number of industries. [Note: the stronger NE and Tyne & Wear registrations may be due to stronger growth in house prices and housing wealth. This is a 'wave' effect through time (see TWRI report 'House Prices and Earnings in Tyne & Wear, 2004' for details of house prices in Tyne & Wear and Greater London from the 1980s).

UK registrations fell by 5,855 (-3.2%). This was overwhelmingly due to the large numerical falls in 'Business Services' (down 2,240, -3.4%) and 'Hotels & Catering' (down 1,440, -7.1%). The UK industries experienced no rise in registrations during 2005.

In the North East, registrations rose by 45 (1.0%) in 2005. Registrations grew in the North East in all industries except ‘Hotels & Catering’ (down 80, -11.0%), ‘Public Admin. & Other Services’ (down 25, -11.1%) and ‘Business Services’ (down 25, -2.0%). The largest numerical increase in registrations in the North East was in ‘Transport & Communications’ (up 95, 44.2%). This might be due to rapid growth at the region’s airports and ports. This was followed by increases in ‘Agriculture’ (up 25 or 27.8%), ‘Finance’ (up 20 or 133.3%) and ‘Manufacturing’ (up 20 or 7.7%).

Table 4.2: Change in Registration* by Industry: Tyne & Wear, North East and UK, 2005 compared with 2004

SIC 92	Industry	Tyne & Wear Change		NE Change		UK Change	
		No.	%	No.	%	No.	%
A, B	Agriculture	0	0.0	25	27.8	-5	-0.1
C, E	Mining & Utilities	0	na	5	na	0	0.0
D	Manufacturing	20	19.0	20	7.7	-570	-5.7
F	Construction	15	6.3	5	0.8	-160	-0.7
G	Retailing & Wholesale	-20	-4.5	0	0.0	-490	-1.3
H	Hotels & Catering	-50	-16.1	-80	-11.0	-1,440	-7.1
I	Transport & Comms.	25	29.4	95	44.2	-40	-0.4
J	Finance	10	100.0	20	133.3	-55	-3.2
K	Business Services	-25	-4.3	-25	-2.0	-2,240	-3.4
L, O	Public Admin & Other	-10	-10.0	-25	-11.1	-850	-8.0
M,N	Education & Health	-10	-40.0	0	0.0	-25	-1.1
	Total	-40	-2.1	45	1.0	-5,855	-3.2

Note: na - base year zero, percentage change not applicable

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

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

Source: Small Business Service

5 DE- REGISTRATIONS ('BUSINESS FAILURES')

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

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

5.1 De- Registration Change, 1994-2005[10]

Between 1994 and 2005, annual de-registrations have improved (fallen) in Tyne & Wear, the North East and the UK. Business de-registrations in Tyne & Wear fell (improved) by 25.1%, down 495, to 1,480 in 2005 (Table 5.1 and Fig 5.1).

Overall, UK de-registrations fell by 11.9% (-20,665) between 1994 and 2005. The North East fared even better, with its de-registrations falling at more than twice the UK rate, by 25.2% (-1,210) over the same period (see Tables A2 and A4 in Appendices).

Generally de-registrations amongst Tyne & Wear *industries* improved (fell) between 1994 and 2005. The largest numerical falls were in 'Retailing & Wholesale' (down 275, -41.7%) and 'Construction' (down 110, -40.7%). Relatively large falls were also recorded in 'Public Admin. & Other Services' (down 90, -54.5%) and 'Hotels & Catering' (down 90, -28.6%).

'Business Services' was the only industry where de-registrations rose in Tyne & Wear (up 155, 57.4%) [But this reflects the enormous growth of this industry]. The number of de-registrations remained the same in 'Mining & Utilities' and 'Finance'.

Table 5.1: Business De-Registrations* in Tyne & Wear, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	20	15	25	15	10	15	10	10	10	10	20	10	170
C, E	Mining & Utilities	0	5	0	0	5	0	0	0	5	5	0	0	20
D	Manufacturing	170	190	145	145	155	170	145	140	180	140	135	115	1,830
F	Construction	270	210	185	185	175	165	155	160	160	155	165	160	2,145
G	Retailing & Wholesale	660	640	550	505	485	475	500	510	450	460	425	385	6,045
H	Hotels & Catering	315	270	250	230	230	245	240	295	270	275	290	225	3,135
I	Transport & Comms.	85	65	85	85	70	90	90	100	95	110	85	80	1,040
J	Finance	5	25	15	15	5	10	15	5	15	10	5	5	130
K	Business Services	270	285	280	290	280	325	325	385	415	415	420	425	4,115
L, O	Public Admin & Other	165	190	160	140	115	110	120	100	105	95	90	75	1,465
M,N	Education & Health	15	50	35	40	25	20	15	25	15	25	10	5	280
	Total	1,975	1,945	1,735	1,645	1,555	1,630	1,610	1,725	1,715	1,695	1,645	1,480	20,355

Note: Figures may not tally exactly due to rounding

All figures are rounded to the nearest 5 (by SBS). Registration of 2 or less are recorded as 0.

Source: Small Business Service

UK de-registrations fell across the majority of industries between 1994 and 2005. As in Tyne & Wear, the largest numerical falls in the UK were in 'Retailing & Wholesale' (down 20,315 or -38.7%) and 'Construction' (down 9,445, or -37.1%). A lower fall occurred in 'Public Admin. & Other Services' (down 6,720 or -37.6%).

[10] *Note: The 2004 de-registrations estimate released in October 2005 was revised downwards significantly in the October 2006 release. The fall in de-registrations in 2004 means that the overall slowdown in growth reported previously for 2004 was actually less dramatic than first reported [see §2.1 for more details].*

Rises in UK de-registrations 1994-2005 were dominated by 'Business Services'; up 21,125, or 72.3%. Smaller rises included:

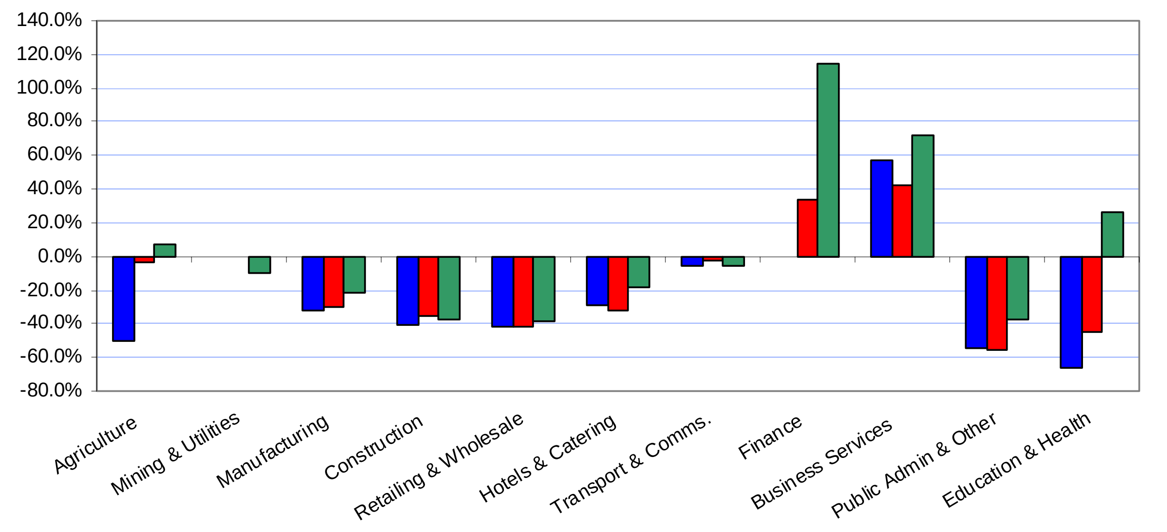
- 'Finance' (up 795 or 114.4%)
- 'Agriculture' (up 430, 7.0%)
- 'Education & Health' (up 320, 26.3%)

North East de-registrations fell, as in Tyne & Wear and the UK, in Retailing & Wholesale (down 655 or -42.1%). Other large numerical falls were in:

- 'Construction' (down 235, -35.6%)
- 'Hotels & Catering' (down 230, -32.2%)
- 'Public Admin. & Other Services' (down 230, -55.4%)

North East de-registration rises occurred mainly in 'Business Services'; up 280 (42.1%). A much smaller rise was in 'Finance'; up 5 or 33.3%. The number of de-registrations remained the same in 'Mining & Utilities' in the North East.

Fig 5.1: Change in De-registrations in T&W, NE & UK, 1994-2005 (%)



Source: Small Business Service

5.2 De- Registration Changes during 2005

Between 2004 and 2005, there was a fall in de-registrations in Tyne & Wear of 165 firms (down 10.0%) (Table 5.2). De-registrations fell more slowly in the North East, by 6.5%, and in the UK by 6.4%.

Across the industries, Tyne & Wear de-registrations fell in the majority of industries. The largest numerical fall was in 'Hotels & Catering' (down 65, -22.4%); followed by a fall in Retailing & Wholesale (down 40, -9.4%). The number of industry falls in de-registrations outnumbered rises between 2004 and 2005. The only rise in de-registrations in Tyne & Wear was in 'Business Services'; up 5 or 1.2%.

Table 5.2: Change in De-Registration* by Industry: Tyne & Wear, North East and UK, 2005 compared with 2004

SIC 92	Industry	Tyne & Wear Change		NE Change		UK Change	
		No.	%	No.	%	No.	%
A, B	Agriculture	-10	-50.0	10	8.0	600	10.0
C, E	Mining & Utilities	0	na	0	0.0	-30	-14.3
D	Manufacturing	-20	-14.8	-30	-10.2	-1,280	-9.9
F	Construction	-5	-3.0	50	13.3	-500	-3.0
G	Retailing & Wholesale	-40	-9.4	-100	-10.0	-2,975	-8.5
H	Hotels & Catering	-65	-22.4	-160	-24.8	-2,610	-15.3
I	Transport & Comms.	-5	-5.9	10	4.8	-365	-4.8
J	Finance	0	0.0	5	33.3	-55	-3.6
K	Business Services	5	1.2	30	3.3	-2,095	-4.0
L, O	Public Admin & Other	-15	-16.7	-45	-19.6	-1,085	-8.9
M,N	Education & Health	-5	-50.0	-5	-16.7	-60	-3.8
	Total	-165	-10.0	-250	-6.5	-10,455	-6.4

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

Source: Small Business Service

De-registrations in the North East fell by 250 (-6.5%) between 2004 and 2005. Like in Tyne & Wear, the largest numerical falls in de-registrations were in ‘Hotels & Catering’ (down 160, -24.8%) and ‘Retailing & Wholesale’ (down 100, -10.0%). There was a rise in de-registrations across a number of industries in the North East. The largest numerical rises were in ‘Construction’ (up 50 or 13.3%) and ‘Business Services’ (up 30 or 3.3%).

In the UK, de-registrations fell by 10,455 (-6.4%). Between 2004 and 2005, de-registrations fell in all UK industries except for ‘Agriculture’, where there was a rise of 600 (10.0%). As was the case in both Tyne & Wear and the North East, the largest numerical falls in de-registrations were in ‘Retailing & Wholesale’ (down 2,975, -8.5%) and ‘Hotels & Catering’ (down 2,610, -15.3%).

5.3 BUSINESS DEPRIVED AREAS (BDAs)

5.3.1 Tyne & Wear context

Sections 4.1 and 5.1 highlighted how in Tyne & Wear between 1994 and 2005, while de-registrations have been falling (improving), registrations have also been falling. This runs counter to trends occurring in both the North East and the UK, where total registrations have risen alongside de-registrations, which have also been falling. Clearly then, the issue of how to increase the number of registrations and new business start-ups is one of critical importance in Tyne & Wear.

5.3.2 What are Business Deprived Areas?

In their report published in 2006 entitled ‘City Markets – Business Location in Deprived Areas’, the Institute for Public Policy Research (IPPR) sought to understand why deprivation and low levels of enterprise (e.g. VAT registrations) are closely related. The purpose of the report was to attempt to assess which deprived Local Authority Districts (LADs) might most be in need of business-based intervention. This report focuses on what the IPPR refer to as ‘Business Deprived Areas’ (BDAs).

The report evaluates the level of business activity in 88 deprived areas (as defined by Neighbourhood Renewal Fund status based upon the Index of Deprivation, 2000). It ranks the relative performance of these 88 areas (in relation to rankings for all 354 districts in England) based upon four indicators (all measured per 1,000 working age adults and for the year 2000):

e) ABI-based businesses (i.e. workplace analysis)

f) VAT-registered businesses

g) ABI-based jobs (i.e. employee analysis) [inc. self-employed etc]

h) New VAT registrations

The report claims that although enterprise has historically been measured using VAT registrations data, this source is unsatisfactory and considers all four indicators together. The report gives a weighted sum of the rankings of all four indicators[11]. The data are based upon 2000 figures and features all five Tyne & Wear LADs.

Caution: TWRI Comment on IPPR methodology: giving by far the highest weight to ‘ABI-based jobs’ (0.45) will create some seriously misleading results. This is due to ABI’s long history of big errors at LAD level.

The following section will attempt to highlight the key findings of this report with regards to levels of business deprivation in Tyne & Wear, and compare this to trends in other areas.

5.3.3 Business deprivation in Tyne & Wear

Of the 88 deprived districts which the IPPR examines in their report, only one of the Tyne & Wear LADs, South Tyneside, features in the top ten most business deprived areas as defined by IPPR (see table 5.3 below). The districts at the top of this list have the lowest weighted sum of indicators and consequently are argued to show a serious under-performance in business activity, or ‘business deprivation’. North Tyneside and Sunderland feature in the top twenty most business deprived. Gateshead and Newcastle are ranked 45th and 70th respectively[12].

Table 5.3: Business Deprived Areas in England

Rank	Area	Region	Working age adults	ABI businesses	Rank	Vat Businesses	Rank	ABI Jobs	Rank	VAT New Registrations	Rank	Weighted Sum of Ranks
1	Easington	North East	59,800	28.08	2	18.56	3	434.78	3	1.67	2	2.68
2	Wansbeck	North East	39,900	29.75	4	17.92	2	501.25	15	1.88	7	8.80
3	Redcar & Cleveland	North East	89,200	35.13	12	20.35	7	493.27	13	1.79	4	10.53
4	South Tyneside	North East	96,500	32.34	5	18.81	4	507.77	19	1.81	5	11.08
5	Derwentside	North East	55,100	35.97	14	26.13	26	471.87	9	2.36	10	14.05
6	Lewisham	London	173,800	36.78	16	23.76	18	437.28	4	3.48	67	16.15
7	Bolsover	East Midlands	45,500	34.64	10	29.23	41	461.54	7	2.64	19	16.53
8	Newham	London	162,400	34.77	11	20.41	8	486.45	11	3.54	73	16.53
9	Barrow-in-Furness	North West	46,000	36.96	17	22.83	14	543.48	28	1.52	1	19.68
10	Knowsley	North West	96,600	28.03	1	16.41	1	569.36	43	1.76	3	20.10
11	St Helens	North West	115,000	37.41	18	24.13	19	539.13	25	2.57	17	21.28
12	Barking & Dagenham	London	103,500	33.92	8	21.06	10	550.72	34	3.57	76	26.95
13	North Tyneside	North East	121,800	37.59	19	22.91	15	566.50	41	2.63	18	27.90
14	Wirral	North West	198,000	40.22	29	25.96	24	565.66	40	3.08	35	33.43
15	Sedgefield	North East	56,700	36.54	15	26.81	29	582.01	49	2.47	15	33.45
16	Wigan	North West	200,200	43.52	41	28.80	38	539.46	26	3.17	42	33.68
17	Sunderland	North East	187,600	34.37	9	20.66	9	623.67	77	2.08	8	39.50
18	Rotherham	Yorkshire & Humber	159,800	38.08	21	27.53	31	594.49	59	2.78	25	40.75
19	Waltham Forest	London	150,100	43.09	39	31.38	59	493.00	12	4.33	148	42.25
20	Barnsley	Yorkshire & Humber	140,600	39.42	27	29.73	48	583.21	51	3.17	41	43.93
45	Gateshead	North East	123,900	46.35	60	25.10	21	742.53	188	2.78	24	105.23
70	Newcastle Upon Tyne	North East	177,800	47.20	70	28.85	39	984.25	323	3.09	36	173.48

Data Sources: VAT registration data from SBS; ABI data from NOMIS (ONS); Jobs data: workplace-based estimate from NOMIS, including employees (from ABI), self-employment jobs (from LFS), government-supported trainees (from DfES and DWP), and HM forces (from MoD). Working-age adults estimated as residents age 15-65 by district, from NOMIS mid-year estimates. All data for 2000, and is presented below per 1,000 working age adults.

Source: Table taken from Annex 2 in 'City Markets Business Location in Deprived Areas (IPPR, 2006)

[11] *The weightings for each of the four variables which make up the weighted sum of the rankings are as follows: ABI Businesses (.225); VAT-registered businesses (.225), ABI-based jobs (.45) and new VAT registrations (.1).*

[12] *Caution: In their report, the IPPR state that the ranking system they use does not account for the scale of difference in performance between ranks (i.e. whether or not the level of performance between rank 1 and rank 10 varies a lot or a little.)*

The report identifies examples of deprived districts which display 'above-average growth in VAT-registered businesses' and those with 'below-average growth' and it attempts to understand how and why.

Forty-four of the eighty-eight deprived districts examined were identified as having **above-average growth** in VAT-registered businesses between 1999 and 2004. North Tyneside and Gateshead were the only two Tyne & Wear districts placed in this category (Table 5.4). Gateshead was however among 20 identified as experiencing below-average growth in jobs, illustrating how growth in quantity of businesses does not always equal growth in quantity of jobs.

Table 5.4: Deprived Districts with Above-Average Growth in VAT-Registered Business

	Growth rate of VAT-registered businesses	Growth rate of jobs
England Average	7.5%	5.5%
North Tyneside	10.5%	6.6%
Gateshead	14.1%	4.1%

Data source: VAT registered stock measured by SBS, jobs estimated by NOMIS, ABI

Source: Table taken from Annex 3 in 'City Markets' (IPPR, 2006)

Forty-four deprived districts were also identified as having **below-average growth** in VAT-registered businesses between 1999 and 2004. Newcastle, Sunderland and South Tyneside were all placed in this category (Table 5.5).

TWRI Comment: the local patterns within Tyne & Wear of VAT registered business growth 1999-2004, led by North Tyneside and Gateshead, partly correlates with the location of Enterprise Zones (EZs). Sunderland also had EZs, but these filled in the 1990s whereas growth has continued in N.Tyneside and, especially, Gateshead.

Table 5.5: Deprived Districts with Below-Average Growth in VAT-Registered Business

	Growth rate of VAT-registered businesses	Growth rate of jobs
England Average	7.5%	5.5%
Newcastle upon Tyne	2.0%	8.1%
Sunderland	3.9%	1.9%
South Tyneside	6.2%	-8.2%

Data source: VAT registered stock measured by SBS, jobs estimated by NOMIS, ABI

Source: Table taken from Annex 4 in 'City Markets' (IPPR, 2006)

Of the 44 districts identified as having below-average growth in VAT-registered businesses, 19 experienced above-average growth in jobs. Newcastle was the only one identified in Tyne & Wear. This data illustrates how growth in quantity of jobs does not always come from growth in quantity of businesses [in the case of Newcastle at least, the explanation is that strong employment growth has been led by Public Services[13]; over 20% growth between 1998 and 2003 in Newcastle[14]].

[13] *Public Service employment includes the following industry sections 'Public Administration', 'Education', 'Health & Social Work'.*

[14] *Annual Business Inquiry, ONS.*

6 INDUSTRIAL STRUCTURE OF THE BUSINESS BASE

6.1 THE INDUSTRIAL MIX OF BUSINESSES

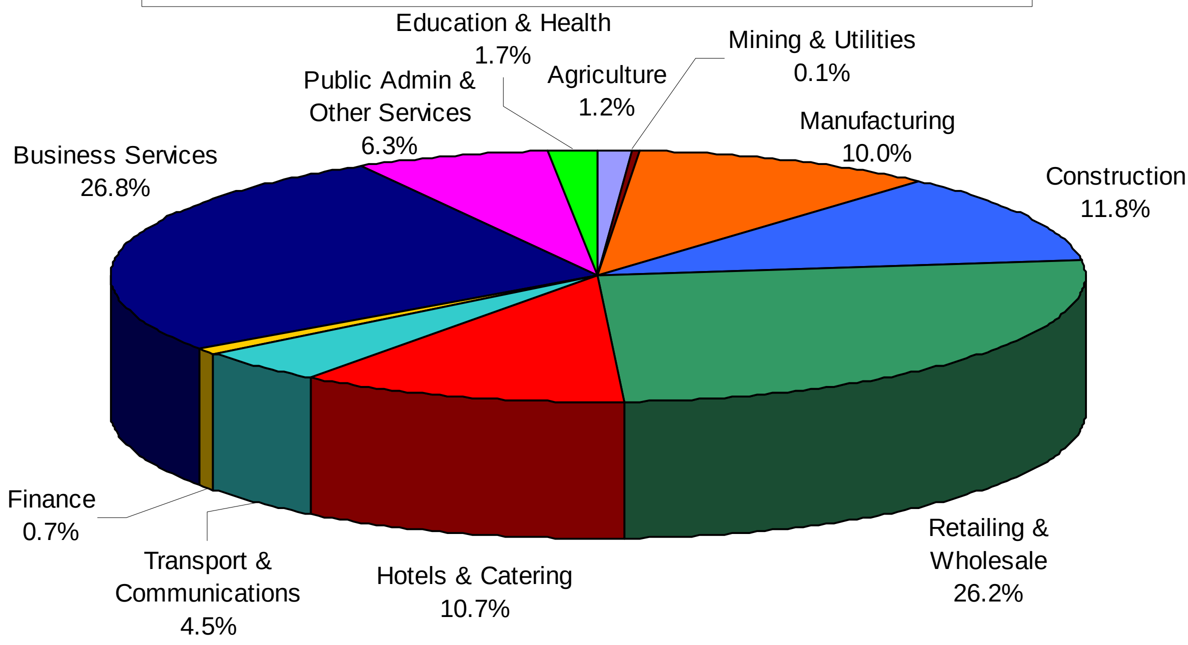
Tyne & Wear's business base was strongly focused on two major industries at the start of 2006; 'Business Services' and 'Retailing & Wholesale' (Fig 6.1). 'Business Services' accounted for 26.8% of the total in Tyne & Wear. The 'Business Service' sector is increasing in size relative to the base as a whole, increasing by nearly 1 percentage point since 2005. This 26.8% share is a higher proportion than in the North East (23.3%) but less than the UK (29.8%).

'Retailing & Wholesale' as a proportion of Tyne & Wear's industrial mix has been declining since 2000, and despite a small increase in 2005 (to 26.8% of the total), it fell marginally by the start of 2006 to 26.2%. This is still a higher proportion than in both the North East (24.3%) and the UK (21.0%).

Generally, proportions for the 11 industries making up Tyne & Wear's business base are similar to those for the North East and the UK. The main exceptions are in 'Agriculture', 'Manufacturing' and 'Hotels & Catering':

- 'Manufacturing' makes up 10.0% of Tyne & Wear's business base, the proportion for the North East is slightly lower at 9.0% and lower still in the UK at 8.1%. Although business stocks within 'Manufacturing' in Tyne & Wear have declined steadily since 1994 (from 11.6% of all businesses), they have always been higher than nationally.
- 'Agriculture' accounts for just 1.2% of Tyne & Wear's business base; this is very low in comparison with proportions over six percentage points higher in the North East and the UK, both 7.7%. This is obviously due to the vast majority of Tyne & Wear consisting of built-up areas.
- Tyne & Wear has a much higher proportion of firms involved in 'Hotels & Catering' than in the UK (10.7% compared to 7.2%).

Fig 6.1: The Industrial Mix of the Business Base, Tyne & Wear, Start 2006



Source: Small Business Service

6.2 NET CHANGE BY INDUSTRY

6.2.1 Changes 2001-2005

Over the five-year period, 2001 to 2005, every year the overall business stock grew in Tyne & Wear (Table 6.1). Aggregate growth over five years was 1,320 (up 7.8% or an average of 1.6% p.a.) [out-performing the UK by 2.1pp over the last five years].

'Business Services', 'Construction' and 'Hotels & Catering' were the only three industries to experience a rise in their business stock each year. All other industries experienced at least one year of either no growth, or a fall in their stock, over the period.

Table 6.1: Stock of Business and Annual Change in Tyne & Wear, 2001-2005

SIC 92	Industry	2001			2002			2003			2004			2005		
		Start	End	% Change	Start	End	% Change	Start	End	% Change	Start	End	% Change	Start	End	% Change
A, B	Agriculture	220	215	-2.3%	220	225	2.3%	220	225	2.3%	225	215	-4.4%	220	220	0.0%
C, E	Mining & Utilities	15	20	33.3%	15	10	-33.3%	15	10	-33.3%	10	10	0.0%	10	10	0.0%
D	Manufacturing	1,870	1,860	-0.5%	1,865	1,835	-1.6%	1,835	1,845	0.5%	1,840	1,810	-1.6%	1,810	1,820	0.6%
F	Construction	1,795	1,815	1.1%	1,820	1,860	2.2%	1,860	1,965	5.6%	1,960	2,035	3.8%	2,040	2,135	4.7%
G	Retailing & Wholesale	4,770	4,665	-2.2%	4,670	4,675	0.1%	4,675	4,685	0.2%	4,685	4,705	0.4%	4,705	4,745	0.9%
H	Hotels & Catering	1,755	1,785	1.7%	1,790	1,830	2.2%	1,825	1,880	3.0%	1,885	1,905	1.1%	1,900	1,935	1.8%
I	Transport & Comms.	780	780	0.0%	780	810	3.8%	810	785	-3.1%	785	785	0.0%	785	815	3.8%
J	Finance	110	115	4.5%	115	120	4.3%	120	115	-4.2%	115	120	4.3%	115	130	13.0%
K	Business Services	4,080	4,200	2.9%	4,195	4,360	3.9%	4,360	4,575	4.9%	4,575	4,735	3.5%	4,735	4,865	2.7%
L, O	Public Admin & Other	1,155	1,130	-2.2%	1,125	1,100	-2.2%	1,105	1,115	0.9%	1,115	1,125	0.9%	1,125	1,140	1.3%
M,N	Education & Health	265	265	0.0%	265	275	3.8%	275	285	3.6%	290	305	5.2%	305	315	3.3%
	Total	16,820	16,855	0.2%	16,855	17,095	1.4%	17,095	17,485	2.3%	17,485	17,750	1.5%	17,750	18,140	2.2%

Note: % Change may not tally with changes in business stock due to rounding of stock. The annual change has been calculated by taking the stock at the start of the year, adding the registrations and then subtracting the de-registrations.

Source: Small Business Service

6.2.2 Changes in 2005

The stock of business rose overall in Tyne & Wear during 2005; up 2.2% or 390. All industries experienced a rise in stock aside from 'Agriculture' and 'Mining & Utilities', where there was no change (Fig 6.2). The greatest numerical growth in stock was in 'Business Services' (up 130, or 2.7%). The fastest rise in stock in 2005 was in 'Finance', which rose 13.0% (up 15).

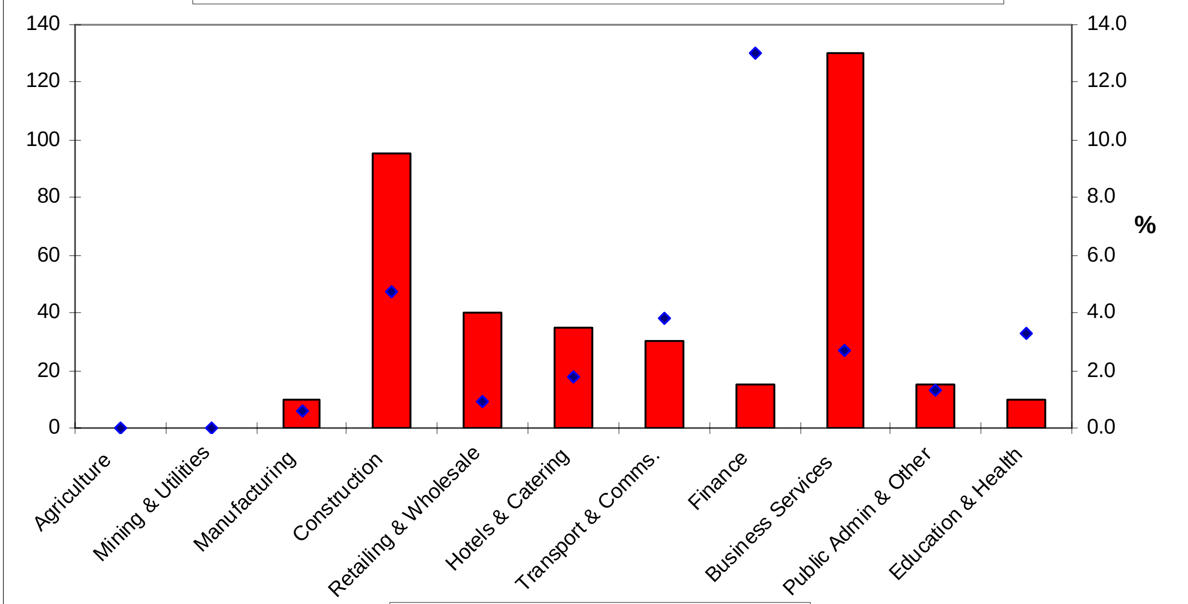


Fig 6.2: Net change in VAT Registered Stocks in Tyne & Wear, 2005

Source: Small Business Service

6.2.3 Changes by Industry and District, 2005

District rises in 2005 were relatively large compared to the previous year (Table 6.2). The business base grew in all districts. Comparison with 2004 (revised figures) shows growth in overall (total) stock. The most significant growth in 2005 compared with 2004 occurred in North Tyneside (up 1.2 percentage points to 2.0% growth). South Tyneside was the only district where the growth in the business base was less than that in 2004 (down 0.5pp, from 2.1% to 1.6%).

The fastest growth in the business base in 2005 was Gateshead, up 2.8% or 100. The largest numerical rise was in Newcastle, up 140 (2.7%).

The biggest rises were in ‘Business Services’ and ‘Construction’. These sectors saw rises across all five districts. The largest overall numerical rise was for ‘Business Services’ in Newcastle, up 55 firms or 3.0%. The fastest overall growth was in ‘Finance’ in Sunderland (up 25.0%, or by 5 firms).

Table 6.2: Net change in Business Base by Industry for Tyne & Wear Districts, 2005

SIC 92	Industry	Gateshead		Newcastle		North Tyneside		South Tyneside		Sunderland	
		Net Change	%	Net Change	%	Net Change	%	Net Change	%	Net Change	%
A, B	Agriculture	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
C, E	Mining & Utilities	0	na	0	0.0%	0	na	0	na	0	na
D	Manufacturing	0	0.0%	-5	-1.4%	5	1.6%	10	4.7%	0	0.0%
F	Construction	10	2.3%	30	6.8%	20	5.2%	15	7.1%	15	2.7%
G	Retailing & Wholesale	25	2.6%	5	0.4%	20	2.5%	-10	-1.8%	-5	-0.4%
H	Hotels & Catering	5	1.5%	20	3.8%	-5	-1.4%	5	2.1%	15	3.3%
I	Transport & Comms.	15	8.1%	10	5.0%	5	4.2%	-5	-5.6%	10	5.3%
J	Finance	0	0.0%	10	18.2%	0	0.0%	0	0.0%	5	25.0%
K	Business Services	35	4.1%	55	3.0%	15	2.0%	10	2.5%	10	1.2%
L, O	Public Admin & Other	5	2.6%	5	1.2%	-5	-2.7%	0	0.0%	10	4.5%
M,N	Education & Health	0	0.0%	5	5.0%	0	0.0%	0	0.0%	0	0.0%
	Total	100	2.8%	140	2.7%	60	2.0%	30	1.6%	60	1.5%

Source: Small Business Service

6.3 INDUSTRIAL NET CHANGES RELATIVE TO THE UK AND NORTH EAST

In 2005, Tyne & Wear’s business base grew by 2.2%. This was faster than both the North East (2.0%) and especially the UK (1.4%) (Table 6.3).

‘Business Services’ held the largest proportion of the business base in both Tyne & Wear (26.8%) and the UK (29.8%) and the second-largest in the North East (23.3%) in 2005. Proportional changes in this industry’s base would therefore have a quite significant impact on the overall business base. In Tyne & Wear, this industry’s base grew by 2.7% in 2005, faster than both the North East (2.4%) and just faster than the UK (2.6%).

In 2005, ‘Business Services’ overtook ‘Retailing & Wholesale’, which thereby became the second-largest proportion of business in Tyne & Wear at 26.2% (down from 26.8% in 2004). ‘Retailing & Wholesale’ also held the second-largest proportion in the UK (21.0%) and the largest proportion in the North East (24.3%). This industry’s base rose in all three geographic areas, but at a much slower rate, fastest in the North East (1.1%), followed by the UK (1.0%) and Tyne & Wear (0.9%).

Table 6.3: VAT Registered Businesses by Industry: Tyne & Wear, North East and UK, Year end 2005

		Number at end 2005			% of Total			% Change (during 2005)		
SIC 92	**Industry**	**Tyne & Wear**	**NE**	**UK**	**Tyne & Wear**	**NE**	**UK**	**Tyne & Wear**	**NE**	**UK**
A, B	Agriculture	220	3615	142140	1.2%	7.7%	7.7%	0.0%	-0.6%	-1.9%
C, E	Mining & Utilities	10	50	1795	0.1%	0.1%	0.1%	0.0%	0.0%	0.3%
D	Manufacturing	1,820	4215	150175	10.0%	9.0%	8.1%	0.6%	0.4%	-1.5%
F	Construction	2,135	5635	214420	11.8%	12.0%	11.6%	4.7%	4.1%	2.9%
G	Retailing & Wholesale	4,745	11370	388310	26.2%	24.3%	21.0%	0.9%	1.1%	1.0%
H	Hotels & Catering	1,935	4840	132965	10.7%	10.3%	7.2%	1.8%	3.4%	3.4%
I	Transport & Comms.	815	2380	81285	4.5%	5.1%	4.4%	3.8%	3.9%	2.3%
J	Finance	130	265	19520	0.7%	0.6%	1.1%	13.0%	6.0%	1.0%
K	Business Services	4,865	10915	552895	26.8%	23.3%	29.8%	2.7%	2.4%	2.6%
L, O	Public Admin & Other	1,140	2745	141265	6.3%	5.9%	7.6%	1.3%	0.5%	-0.9%
M,N	Education & Health	315	825	28435	1.7%	1.8%	1.5%	3.3%	3.1%	2.5%
	Total	18,140	46865	1853215	100.0%	100.0%	100.0%	2.2%	2.0%	1.4%

Source: Small Business Service

There were no falls in the business base in Tyne & Wear and the North East in 2005. In the UK, falls in the business base were recorded in ‘Agriculture’ (down 1.9%), ‘Manufacturing’ (down 1.5%) and ‘Public Admin. & Other Services’ (down 0.9%).

Industries (other than ‘Business Services’ and ‘Retailing & Wholesale’) that experienced a rise in their business stocks during 2005 in all three areas (Tyne & Wear, the North East and the UK) were:

- ‘Construction’ (up 4.7%, 4.1% and 2.9% respectively)
- ‘Hotels & Catering’ (up 1.8%, 3.4% and 3.4%)
- ‘Transport & Communications’ (up 3.8%, 3.9% and 2.3%)
- ‘Finance’ (up 13.0%, 6.0% and 1.0%)
- ‘Education & Health’ (up 3.3%, 3.1% and 2.5%)

6.4 CUMULATIVE INDUSTRIAL CHANGE FROM THE START OF 1994 TO THE END OF 2005

Over the 12-year period to 2005 Tyne & Wear’s business base grew 10.5% (1,725 businesses), an annual average of approximately 0.9% (Table 6.4). Over the same period, the UK’s business base grew by 14.3%, whilst the North East’s base grew 7.7%. Changes over this longer period give a better indication of the performance of particular industries than single year changes.

Table 6.4: Cumulative Change in Business Numbers From Start 1994 - End 2005, by Industry (%)

		Tyne & Wear		NE		UK		Difference (TW-UK)
SIC 92	Industry	No.	%	No.	%	No.	%	(percentage points)
A, B	Agriculture	-40	-15.4%	-465	-11.4%	-22,005	-13.4%	-2.0%
C, E	Mining & Utilities	-10	-50.0%	-15	-23.1%	40	2.3%	-52.3%
D	Manufacturing	-100	-5.2%	-60	-1.4%	-12,900	-7.9%	2.7%
F	Construction	200	10.3%	565	11.1%	20,265	10.4%	-0.1%
G	Retailing & Wholesale	-785	-14.2%	-1,780	-13.5%	-46,660	-10.7%	-3.5%
H	Hotels & Catering	280	16.9%	785	19.4%	20,505	18.2%	-1.3%
I	Transport & Comms.	85	11.6%	250	11.7%	10,895	15.5%	-3.9%
J	Finance	20	18.2%	35	15.2%	5,070	35.1%	-16.9%
K	Business Services	2,015	70.7%	3,980	57.4%	238,055	75.6%	-4.9%
L, O	Public Admin & Other	10	0.9%	-60	-2.1%	13,030	10.2%	-9.3%
M,N	Education & Health	45	16.7%	85	11.5%	5,155	22.1%	-5.4%
	Total	1,725	10.5%	3,340	7.7%	231,455	14.3%	-3.8%

Source: Small Business Service

There was a fall in business numbers over the 12 years to 2005 in four industries in Tyne & Wear; ‘Agriculture’, ‘Mining & Utilities’, ‘Manufacturing’ and ‘Retailing & Wholesale’. This was also the case in the North East (with the exception of ‘Public Admin. & Other Services’, which also fell) and the UK (with the exception of ‘Mining & Utilities’, which grew).

The largest numerical fall in business stock in the 12 years to 2005 in Tyne & Wear was in ‘Retailing & Wholesale’ (down 785 businesses, -14.2%). Similar falls occurred in the North East (down 13.5%) and in the UK (down 10.7%).

‘Manufacturing’ also saw a fall in its business base in Tyne & Wear (down 100 businesses, -5.2%). The North East experienced a slower fall (down 1.4%) however the UK experienced a much faster fall (down 7.9%).

Rises in business stock in the 12 years to 2005 were led by ‘Business Services’ in Tyne & Wear (up 70.7%, 2,015 businesses). ‘Business Services’ also grew most rapidly in the North East (up 57.4%, 3,980 businesses) and in the UK (up 75.6%, 238,055 businesses). ‘Hotels & Catering’ also experienced a fairly large numerical rise in the business base in Tyne & Wear (up 280, 16.9%); 1.3 percentage points slower than the growth in the UK (18.2%). The North East’s growth rate was 2.5 percentage points higher than in Tyne & Wear (up 19.4%).

‘Construction’ also rose quite substantially in Tyne & Wear between 1994 and 2005 (up 200 businesses, 10.3%). This was practically the same growth as that in the UK (10.4%) and only slightly slower than the growth in the North East (11.1%).

Over the 12 years to 2005, Tyne & Wear’s under-performance compared to the UK was -3.8 percentage points overall. Each industry in Tyne & Wear, except for ‘Manufacturing’ under-performed compared to the UK. The largest percentage point difference between Tyne & Wear and the UK was in ‘Mining & Utilities’ (-52.3 percentage points) although Tyne & Wear’s absolute loss in this industry was numerically tiny (-10 firms).

‘Finance’ also under-performed in Tyne & Wear compared to the UK (-16.9 percentage points) with the numerical gain in Tyne & Wear being low again (20 firms). ‘Business Services’, despite experiencing the largest growth in all Tyne & Wear industries, was weak relative to the growth in the UK (-4.9 percentage point difference). This difference is likely to be responsible for the overall -3.8 percentage point difference between Tyne & Wear and the UK.

6.5 CHANGES SINCE 1980

As outlined in Section 2, only broad comparisons of totals can be made for the period 1980 to 2005, due to the changes in the VAT threshold, industry classification and register. (Table 6.5).

Table 6.5: Business Registrations, De-Registrations and Stocks in Tyne & Wear, 1980 – 2005

					Tyne & Wear		UK	
Year	Stock at Start	Registrations	De-Registrations	Stock at End*	Net Change*	% Change	% Change	Difference (TW-UK)
1980	15,160	2,045	2,105	15,100	-60	-0.4	1.2	-1.6
1981	15,100	2,095	1,725	15,475	370	2.5	2.4	0.1
1982	15,475	2,165	2,090	15,550	75	0.5	1.5	-1.0
1983	15,550	2,400	1,980	15,965	420	2.7	2.5	0.2
1984	15,965	2,395	2,295	16,065	100	0.6	2.1	-1.5
1985	16,065	2,315	2,265	16,115	50	0.3	1.3	-1.0
1986	16,115	2,380	2,315	16,180	65	0.4	1.7	-1.3
1987	16,180	2,430	2,265	16,345	165	1.0	2.7	-1.6
1988	16,345	2,825	2,450	16,720	375	2.3	4.4	-2.1
1989	16,720	3,100	2,440	17,385	660	3.9	4.9	-1.0
1990	17,385	2,750	2,355	17,775	395	2.3	2.8	-0.6
1991	17,775	2,310	2,340	17,745	-30	-0.2	-0.3	0.1
1992	16,950	2,025	2,390	16,590	-365	-2.2	-2.4	0.2
1993	16,590	2,050	2,400	16,240	-350	-2.1	-1.4	-0.7
1980-1993	15,160	33,285	31,415	16,240	1,080	7.1	20.1	-13.0
1994	16,415	1,900	1,975	16,340	-75	-0.5	-0.4	-0.1
1995	16,340	1,750	1,945	16,145	-195	-1.2	0	-1.2
1996	16,145	1,750	1,735	16,160	15	0.1	0.9	-0.8
1997	16,160	1,790	1,645	16,305	145	0.9	2.3	-1.4
1998	16,305	1,720	1,555	16,470	170	1.0	2.2	-1.2
1999	16,470	1,805	1,630	16,645	175	1.1	1.6	-0.5
2000	16,645	1,780	1,610	16,815	170	1.0	1.3	-0.3
2001	16,820	1,760	1,725	16,855	35	0.2	0.8	-0.6
2002	16,855	1,955	1,715	17,095	240	1.4	0.8	0.6
2003	17,095	2,085	1,695	17,485	390	2.3	1.4	0.9
2004	17,485	1,910	1,645	17,750	265	1.5	1.1	0.4
2005	17,750	1,870	1,480	18,140	385	2.2	1.4	0.8
1994-2005	16,415	22,075	20,355	18,140	1,725	10.5	14.3	-3.8

Note: The stock at the end of the year for the period 1980-1993 is simply the stock at the start of the following year, except in 1991 and 1993 (when there were significant changes in the VAT threshold). For these two years (and for those from 1994 onwards), the stock at the end of the year has been calculated by taking the stock at the beginning of the year, adding on the registrations and then subtracting the de-registrations.
**Net change has been taken directly from SBS datasets*

Source: Small Business Service

6.5.1 1980s

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

6.5.2 1990s and Early 2000s

During 1991 (another year of severe recession and falling output), the stock of businesses fell 0.2% in Tyne & Wear and 0.3% in the UK. In this year, a sharp rise in the VAT threshold reduced the stock by a further 795 (4.5%) to 16,950.

Recovery of the business stock started in 1995 for the UK and 1996 for Tyne & Wear. Between 1997 and 2005, there has been a slow but steady rise in the business stock every year in Tyne & Wear, except in 2001 in which the growth was only 0.2%. In 2005, the business stock rose 2.2%, similar to when its growth peaked at 2.3% in 2003 and well above the increase recorded in the UK (1.4%).

Tyne & Wear's business base under-preformed the UK most years between 1980 and 2001, however the under-performance more than halved in percentage terms between the first ('1980s') and second (1990s') parts of the period. Since 2002, Tyne & Wear has consistently out-performed the UK in terms of the growth in its business base. Overall, between 1980 and 1993, Tyne & Wear saw 13 percentage points less growth than the UK, between 1994 and 2005, this had fallen to just 3.8 percentage points less growth than the UK.

7 SMALL AND MEDIUM ENTERPRISES (SMEs)

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

The latest regional SME data for the North East is for 2005[15]. At the start of 2005, the vast majority of businesses (99.8%) were classified as SMEs, with only 215 enterprises (businesses) employing 250 or more people. SMEs in the North East were the source of more than half (63%) of all the employment and 53% of turnover of businesses (Table 7.1).

Over two-thirds (68%) of the businesses in the North East in 2005 came under the category of 'no employees', meaning that they were sole traders or partners without employees. These businesses accounted for 13% of employment and 7%, or £4,316m (excl. VAT) of turnover.

Table 7.1: Number of enterprises, employment and turnover in the private sector at the start of 2005, by size of enterprise and industry section in the North East[1]

	Number			Percent		
	Enterprises	Employment (000s)	Turnover[1] (excl. VAT) (£million)	Enterprises	Employment	Turnover[1]
All enterprises	108,720	612	60,694	100.0	100.0	100.0
With no employees[2]	73,930	82	4,316	68.0	13.4	7.1
All employers	34,790	531	56,377	32.0	86.8	92.9
1-4	22,570	67	5,391	20.8	10.9	8.9
5-9	6,000	43	3,782	5.5	7.0	6.2
10-19	3,235	46	3,976	3.0	7.5	6.6
20-49	1,855	58	4,784	1.7	9.5	7.9
50-99	560	39	3,591	0.5	6.4	5.9
100-199	295	41	5,295	0.3	6.7	8.7
200-249	55	12	1,241	0.1	2.0	2.0
250-499	130	44	5,600	0.1	7.2	9.2
500 or more	85	181	22,718	0.1	29.6	37.4

1 All turnover figures exclude Section J (financial intermediation) where turnover is not available on a comparable basis.
2 "With no employees" comprises sole proprietorships and partnerships comprising only the self-employed, owner-manager(s) and companies comprising only an employee director.
Numbers of enterprises are rounded in order to avoid disclosure. Consequently, the "All Industries", "All Enterprises" and "All Employers" totals may not exactly match the sum of their parts.

Source: Small Business Service

7.1 Production Industry[16] in the North East

Data available on production industry in the North East showed that larger-sized enterprises dominated turnover. For example, the 55 enterprises with between 250 and 499 employees (0.5% of all enterprises) accounted for 14% of total turnover (£2688m, excl. VAT) (Table 7.2).

15 For details of SME statistics for UK and all UK Regions, see the Small Business Service web site at: http://www.sbs.gov.uk/sbsgov/action/layer?topicId=7000011759&r.li=7000037175&r.s=a

16 'Production Industry' includes SIC Industry Sections C (Mining & Quarrying); D (Manufacturing) and E (Electricity, Gas & Water Supply).

SMEs (businesses with less than 250) accounted for more than half of employment in 2005, but only around 40% of turnover[17]. [Note: Due to the fact that there has been a suppression of data for enterprises with between 200 and 249 employees and 500+ employees, it is difficult to make assumptions about SMEs in relation to employment and turnover].

Table 7.2: Number of enterprises, employment and turnover in the private sector at the start of 2005, by size of enterprise and industry section in the North East,
C, D, E Mining & Quarrying; Manufacturing; Electricity, Gas & Water Supply

	Number			Percent		
	Enterprises	Employment (000s)	Turnover (excl. VAT) (£million)	Enterprises	Employment	Turnover
All enterprises	10,010	123	19,342	100.0	100.0	100.0
With no employees [1, 2]	6,495	7	602	64.9	5.7	3.1
All employers	3,515	116	18,740	35.1	94.3	96.9
1-4	1,540	5	375	15.4	4.1	1.9
5-9	705	5	829	7.0	4.1	4.3
10-19	460	7	825	4.6	5.7	4.3
20-49	410	13	1,139	4.1	10.6	5.9
50-99	170	12	1,215	1.7	9.8	6.3
100-199	120	16	2,996	1.2	13.0	15.5
200-249	15	*	*	0.1	*	*
250-499	55	19	2,688	0.5	15.4	13.9
500 or more	35	*	*	0.3	*	*

1 "With no employees" comprises sole proprietorships and partnerships comprising only the self-employed, owner-manager(s), and companies comprising only an employee director.
2 Based on a small ONS Labour Force Survey data sample and therefore subject to a higher degree of sampling variability. They should therefore be treated with caution and, in particular, changes from year to year should not be used in isolation from the figures for a run of years.
Numbers of enterprises are rounded in order to avoid disclosure. Consequently, the "All Industries", "All Enterprises" and "All Employers" totals may not exactly match the sum of their parts.
*A * symbol replaces data that are deemed to be disclosive.*

Source: Small Business Service

7.2 Service Industries[18] in the North East

In Wholesale, Retail & Repair and Hotels & Restaurants, data on employment and turnover for enterprises with between 200 and 249 and 500+ employees has not been given as it is deemed disclosive (Table 7.3). This is a significant omission as, combined, these categories account for 27.6% of turnover and 32.9% of employment.

Whilst 42.5% of enterprises are within the ‘no employees’ category (i.e. they are sole traders or partners without employees), they only account for 6.6% of employment and 5.3% of turnover. A further 54.3% of enterprises have 1-19 employees. All these enterprises (no employees and 1-19 employees) account for 66,000 employees (43.4% of all employees) and a turnover of £6,091m, excl. VAT (39.6% of all turnovers).

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[17] *These figures exclude data for enterprises with employees between 200 and 249, for which data is not available due to disclosure control.*

[18] *‘Service Industries’ includes SIC Industry Sections G (Wholesale, Retail & Repairs) and H (Hotels & Restaurants)*

Table 7.3: Number of enterprises, employment and turnover in the private sector at the start of 2005, by size of enterprise and industry section in the North East

G, H Wholesale, Retail & Repairs; Hotels & Restaurants

	Number			Percent		
	Enterprises	Employment (000s)	Turnover (excl. VAT) (£million)	Enterprises	Employment	Turnover
All enterprises	20,960	152	15,405	100.0	100.0	100.0
With no employees[1]	8,905	10	815	42.5	6.6	5.3
All employers	12,055	142	14,590	57.5	93.4	94.7
1-4	8,020	25	2,260	38.3	16.4	14.7
5-9	2,270	16	1,466	10.8	10.5	9.5
10-19	1,090	15	1,550	5.2	9.9	10.1
20-49	445	14	1,467	2.1	9.2	9.5
50-99	120	8	1,146	0.6	5.3	7.4
100-199	60	8	1,380	0.3	5.3	9.0
200-249	10	*	*	0.0	*	*
250-499	20	6	1,060	0.1	3.9	6.9
500 or more	15	*	*	0.1	*	*

[1] "With no employees" comprises sole proprietorships and partnerships comprising only the self-employed, owner-manager(s), and companies comprising only an employee director.
Numbers of enterprises are rounded in order to avoid disclosure. Consequently, the "All Industries", "All Enterprises" and "All Employers" totals may not exactly match the sum of their parts.
*A * symbol replaces data that are deemed to be disclosive.*

Source: Small Business Service

7.3 Finance and Business Services in the North East

For Finance and Business Service Industries in the North East, data on employment and turnover for enterprises with between 200 and 249 and 500+ employees has not been given as it is deemed disclosive (Table 7.4). This is a significant omission as, combined, these categories account for approximately 30% of employment and 25% of turnover.

Over 60% of all enterprises are within the ‘no employees’ category (i.e. they are sole traders or partners without employees). These account for 12% of employment and turnover. Of particular significance within the finance and business services is the number of enterprises with between 1 and 4 employees (5,415 enterprises or 28.1% of all enterprises). This accounts for 15% of employment and 18.6% of turnover (£1,120m excl. VAT).

Table 7.4: Number of enterprises, employment and turnover in the private sector at the start of 2005, by size of enterprise and industry section in the North East

J, K Financial Intermediation (excluding turnover); Real Estate, Renting & Business Activities[1]

	Number			Percent		
	Enterprises	Employment (000s)	Turnover[1] (excl. VAT) (£million)	Enterprises	Employment	Turnover[1]
All enterprises	19,280	100	6,033	100.0	100.0	100.0
With no employees [2]	11,645	12	730	60.4	12.0	12.1
All employers	7,630	88	5,303	39.6	88.0	87.9
1-4	5,415	15	1,120	28.1	15.0	18.6
5-9	1,195	8	609	6.2	8.0	10.1
10-19	570	8	590	3.0	8.0	9.8
20-49	270	9	568	1.4	9.0	9.4
50-99	95	7	358	0.5	7.0	5.9
100-199	40	5	241	0.2	5.0	4.0
200-249	5	*	*	0.0	*	*
250-499	20	6	332	0.1	6.0	5.5
500 or more	20	*	*	0.1	*	*

[1] Turnover excludes Section J (financial intermediation), where turnover is not available on a comparable basis.

[2] "With no employees" comprises sole proprietorships and partnerships comprising only the self-employed, owner-manager(s) and companies comprising only an employee director.

Numbers of enterprises are rounded in order to avoid disclosure. Consequently, the "All Industries", "All Enterprises" and "All Employers" totals may not exactly match the sum of their parts.

*A * symbol replaces data that are deemed to be disclosive.*

Source: Small Business Service

APPENDICES

Table A1: UK Business Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	4,435	4,275	4,495	4,605	4,000	3,680	3,480	3,225	4,000	4,055	3,845	3,840	47,935
C, E	Mining & Utilities	185	165	195	235	165	215	195	190	215	205	185	185	2,335
D	Manufacturing	14,155	14,110	14,250	14,140	13,300	12,595	12,340	11,075	10,775	11,085	10,000	9,430	147,255
F	Construction	15,920	15,260	14,915	19,450	18,140	17,985	17,795	18,360	19,565	22,600	22,225	22,065	224,280
G	Retailing & Wholesale	39,265	37,095	36,750	36,515	35,940	36,095	35,180	30,980	32,740	37,270	36,625	36,135	430,590
H	Hotels & Catering	15,705	15,055	15,495	16,380	16,295	17,355	17,830	18,850	19,420	20,980	20,310	18,870	212,545
I	Transport & Comms.	7,895	8,100	7,905	8,660	8,705	8,920	8,840	8,605	8,570	9,035	9,155	9,115	103,505
J	Finance	2,195	1,570	1,710	1,985	1,915	2,050	2,120	1,850	1,605	1,680	1,740	1,685	22,105
K	Business Services	44,400	47,855	53,545	63,435	67,510	62,085	64,685	60,885	63,535	68,660	66,765	64,525	727,885
L, O	Public Admin & Other	19,560	16,440	14,760	15,095	14,090	13,660	14,205	13,780	14,040	13,040	10,690	9,840	169,200
M,N	Education & Health	3,155	1,830	2,030	2,185	2,135	2,265	2,230	2,210	2,455	2,615	2,250	2,225	27,585
	Total	166,870	161,750	166,050	182,680	182,205	176,915	178,905	170,015	176,920	191,220	183,780	177,925	2,115,235

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A2: UK Business De-Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	6,165	5,850	5,930	5,735	5,880	5,885	5,950	5,025	5,010	5,920	5,995	6,595	69,940
C, E	Mining & Utilities	200	145	190	175	175	190	190	215	220	210	210	180	2,300
D	Manufacturing	14,830	13,780	13,250	12,860	13,745	13,730	13,095	13,115	13,740	13,390	12,955	11,675	160,165
F	Construction	25,485	19,935	17,625	16,755	15,235	15,670	14,620	14,540	15,360	16,200	16,540	16,040	204,005
G	Retailing & Wholesale	52,490	48,130	43,005	40,315	39,635	39,325	38,310	36,495	36,120	36,100	35,150	32,175	477,250
H	Hotels & Catering	17,775	16,835	15,480	15,145	15,115	15,385	15,050	15,830	16,685	17,150	17,105	14,495	192,050
I	Transport & Comms.	7,670	7,685	7,550	7,450	7,485	7,840	7,975	7,920	7,965	8,160	7,635	7,270	92,605
J	Finance	695	1,445	1,650	1,220	1,345	1,450	1,525	1,560	1,635	1,475	1,545	1,490	17,035
K	Business Services	29,235	28,480	29,555	31,040	33,030	37,420	45,300	48,195	52,110	52,650	52,455	50,360	489,830
L, O	Public Admin & Other	17,850	16,170	14,025	12,570	12,375	11,820	12,175	11,450	11,875	12,520	12,215	11,130	156,175
M,N	Education & Health	1,215	2,855	2,685	2,685	1,730	1,590	1,565	1,540	1,685	1,760	1,595	1,535	22,440
	Total	173,610	161,305	150,935	145,950	145,750	150,310	155,755	155,890	162,405	165,530	163,400	152,945	1,883,785

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A3: North East Business Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	100	85	80	65	95	80	80	70	115	90	90	115	1,065
C, E	Mining & Utilities	5	5	5	5	5	10	5	5	5	5	0	5	60
D	Manufacturing	345	345	360	325	350	330	305	310	315	310	260	280	3,835
F	Construction	400	365	405	435	430	435	430	465	475	645	640	645	5,770
G	Retailing & Wholesale	1,135	985	1,005	950	905	1,010	915	890	1,005	1,095	1,020	1,020	11,935
H	Hotels & Catering	625	605	585	590	560	675	725	755	705	745	725	645	7,940
I	Transport & Comms.	230	250	225	215	235	245	235	235	280	280	215	310	2,955
J	Finance	45	15	10	25	15	25	25	25	30	25	15	35	290
K	Business Services	845	905	1,005	1,035	1,170	1,090	1,220	1,140	1,200	1,400	1,225	1,200	13,435
L, O	Public Admin & Other	550	400	280	365	300	240	270	215	190	230	225	200	3,465
M,N	Education & Health	130	55	55	50	50	45	60	70	70	80	50	50	765
	Total	4,415	4,020	4,020	4,060	4,105	4,185	4,275	4,180	4,390	4,900	4,460	4,505	51,515

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A4: North East Business De-Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	140	130	160	110	125	130	105	130	125	115	125	135	1,530
C, E	Mining & Utilities	5	10	15	5	5	5	5	5	10	5	5	5	80
D	Manufacturing	380	375	305	310	315	330	295	320	375	320	295	265	3,885
F	Construction	660	535	480	425	420	370	355	390	385	380	375	425	5,200
G	Retailing & Wholesale	1,555	1,475	1,260	1,160	1,095	1,065	1,050	1,110	1,020	1,030	1,000	900	13,720
H	Hotels & Catering	715	665	570	545	530	570	565	650	600	620	645	485	7,160
I	Transport & Comms.	225	225	215	220	190	220	235	240	230	275	210	220	2,705
J	Finance	15	60	30	20	10	15	25	10	25	25	15	20	270
K	Business Services	665	655	625	630	665	725	770	965	950	950	915	945	9,460
L, O	Public Admin & Other	415	430	370	310	305	270	280	235	250	240	230	185	3,520
M,N	Education & Health	45	130	75	110	55	40	30	55	35	50	30	25	680
	Total	4,810	4,690	4,105	3,830	3,710	3,745	3,715	4,110	3,995	4,010	3,850	3,600	48,170

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

District Registrations and De-Registrations

1994-2005

Between 1994 and 2005, numbers of businesses newly registered for VAT fell in three of the five Tyne & Wear Districts. Large falls in registrations were experienced in South Tyneside (down 55 firms or -23.9%) and Sunderland (down 35 firms or -7.8%). Falls in registrations in 'Retailing & Wholesale' and 'Public Admin. & Other Services' contributed to these large numerical falls. A very much smaller fall in registrations occurred in Newcastle (down 5 firms or -0.8%). Gateshead experienced a small rise of 15 firms (4.3%) and North Tyneside a larger rise of 50 firms (up 18.2%).

De-registrations fell (improved) in all Tyne & Wear districts. The largest numerical falls took place in Newcastle and Sunderland, where de-registrations fell by 120 in both districts (-21.1% and -25.3% respectively). These falls can be largely attributed to falls in de-registrations in 'Retailing & Wholesale'. De-registrations fell by around 37% in South Tyneside, 27% in Gateshead and 21% in North Tyneside [Retailing in 2005 would have been helped, compared with 1994, by population growth in Tyne & Wear and greater new consumer borrowing to spend].

2004-2005

Between 2004 and 2005, numbers of businesses newly registered for VAT fell in three of the five Tyne & Wear Districts; Gateshead (down 40, -9.9%), South Tyneside (down 20, -10.3%) and Sunderland (also down 20, -4.6%). Registrations rose by 35 firms in Newcastle (up 6.3%) and more moderately in North Tyneside (up 5 firms, 1.6%).

De-registrations fell (improved) in all five Tyne & Wear Districts. Gateshead experienced the largest numerical fall in de-registrations, down by 60 (-18.5%). This was followed by Sunderland (down 45, -11.3%). Smaller falls in de-registrations occurred in North Tyneside (down 25, -8.6%), Newcastle (down 25, -5.3%) and South Tyneside (down 10, -6.5%).

Table A5: Gateshead Business Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	0	0	0	0	5	0	0	0	5	0	0	5	15
C, E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	40	30	40	35	30	30	25	25	35	35	20	25	370
F	Construction	30	30	35	40	25	40	35	35	30	50	55	45	450
G	Retailing & Wholesale	95	90	85	70	80	75	80	80	95	95	100	95	1,040
H	Hotels & Catering	45	40	45	50	40	40	50	65	75	55	65	45	615
I	Transport & Comms.	15	20	15	15	20	10	15	25	30	20	20	25	230
J	Finance	5	5	0	5	0	0	0	0	5	0	0	0	20
K	Business Services	70	70	65	75	80	85	105	90	115	150	125	105	1,135
L, O	Public Admin & Other	35	30	25	25	25	20	15	15	10	15	15	15	245
M,N	Education & Health	15	5	5	0	5	5	5	5	5	10	5	0	65
	Total	350	320	320	315	305	310	335	350	405	430	405	365	4,210

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A6: Gateshead Business De-Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	5	5	5	0	0	0	0	0	0	5	5	0	25
C, E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	30	40	25	30	35	30	25	20	35	25	20	25	340
F	Construction	55	40	45	25	25	30	25	20	30	30	25	35	385
G	Retailing & Wholesale	140	125	110	105	85	90	85	90	90	75	75	70	1,140
H	Hotels & Catering	50	40	30	40	50	45	45	55	50	55	50	40	550
I	Transport & Comms.	20	20	15	15	15	25	10	15	15	25	20	10	205
J	Finance	0	5	5	0	0	0	5	0	5	0	5	0	25
K	Business Services	35	35	35	35	40	40	35	55	75	90	100	70	645
L, O	Public Admin & Other	35	35	35	25	25	20	20	10	20	5	15	10	255
M,N	Education & Health	0	10	5	10	5	0	0	5	0	5	0	0	40
	Total	365	355	310	285	275	285	250	270	320	310	325	265	3,615

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A7: Newcastle Business Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	5	5	5	0	5	0	5	0	5	5	5	0	40
C, E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	45	60	60	40	35	35	40	30	30	30	15	25	445
F	Construction	45	50	45	50	40	50	45	45	40	50	40	60	560
G	Retailing & Wholesale	130	115	135	140	110	125	105	110	110	130	120	115	1,445
H	Hotels & Catering	80	85	65	90	70	90	90	90	70	90	85	85	990
I	Transport & Comms.	25	30	15	25	25	20	25	20	30	20	20	25	280
J	Finance	10	5	0	0	0	5	5	5	10	5	5	10	60
K	Business Services	170	155	170	160	170	175	190	180	200	210	215	220	2,215
L, O	Public Admin & Other	70	80	40	55	45	30	40	35	40	40	40	40	555
M,N	Education & Health	20	15	10	10	5	5	10	5	5	10	10	10	115
	Total	595	595	550	575	505	535	555	520	545	585	555	590	6,705

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A8: Newcastle Business De-Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	5	5	5	5	5	10	5	5	0	0	5	5	55
C, E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	45	50	55	55	50	65	60	55	60	45	40	30	610
F	Construction	60	55	40	60	80	55	45	55	45	40	45	30	610
G	Retailing & Wholesale	195	180	145	150	145	115	145	160	125	145	125	105	1,735
H	Hotels & Catering	100	75	70	80	60	85	65	90	70	90	80	65	930
I	Transport & Comms.	20	20	25	30	25	30	30	25	25	30	20	15	295
J	Finance	0	10	5	10	0	0	5	5	5	5	0	5	50
K	Business Services	85	120	105	115	115	130	125	135	125	125	120	160	1,460
L, O	Public Admin & Other	50	55	50	50	35	40	45	40	40	45	35	35	520
M,N	Education & Health	5	20	5	15	10	5	5	10	5	5	5	0	90
	Total	570	590	515	565	530	530	525	570	510	535	475	450	6,365

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A9: North Tyneside Business Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	5	0	0	0	5	0	5	0	5	5	0	5	30
C, E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	15	20	20	30	15	30	25	25	25	35	20	25	285
F	Construction	20	25	25	35	35	25	30	30	50	55	40	55	425
G	Retailing & Wholesale	70	60	80	65	65	80	65	60	80	80	65	85	855
H	Hotels & Catering	45	40	40	35	30	55	65	55	65	60	65	35	590
I	Transport & Comms.	15	15	15	10	15	20	20	20	15	15	20	15	195
J	Finance	5	0	0	5	0	0	0	0	0	0	0	0	10
K	Business Services	60	80	75	75	90	90	95	80	80	95	90	85	995
L, O	Public Admin & Other	35	20	25	25	25	20	20	5	15	15	20	10	235
M,N	Education & Health	5	5	0	5	10	5	5	5	5	5	5	5	60
	Total	275	270	275	285	285	330	320	280	340	370	320	325	3,675

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A10: North Tyneside Business De-Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	5	5	5	5	0	0	0	0	5	0	5	5	35
C, E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	25	30	20	15	25	20	25	20	20	20	25	20	265
F	Construction	50	35	30	40	30	20	25	20	25	35	30	35	375
G	Retailing & Wholesale	110	115	90	90	75	90	95	80	55	85	65	65	1,015
H	Hotels & Catering	40	55	45	25	45	30	35	50	60	40	60	40	525
I	Transport & Comms.	15	10	15	10	5	10	15	15	15	25	10	10	155
J	Finance	0	0	0	0	0	0	0	0	0	0	0	0	0
K	Business Services	50	55	55	55	40	55	45	70	75	75	70	70	715
L, O	Public Admin & Other	30	35	25	20	30	15	15	15	10	20	20	15	250
M,N	Education & Health	0	5	10	5	5	5	10	5	5	5	0	5	60
	Total	335	345	305	270	250	250	265	270	265	310	290	265	3,420

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A11: South Tyneside Business Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	0	0	0	0	0	0	0	0	0	0	0	0	0
C, E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	20	15	20	15	15	20	15	10	15	15	15	20	195
F	Construction	15	10	20	20	20	15	20	25	25	25	30	30	255
G	Retailing & Wholesale	80	50	50	55	45	55	35	40	60	55	55	35	615
H	Hotels & Catering	35	30	30	30	40	40	35	45	25	50	30	30	420
I	Transport & Comms.	10	5	5	5	5	10	10	15	10	10	10	10	105
J	Finance	0	0	0	0	0	0	0	0	0	0	0	0	0
K	Business Services	35	40	35	45	45	45	40	50	65	55	40	40	535
L, O	Public Admin & Other	25	15	5	20	15	10	15	5	5	15	5	5	140
M,N	Education & Health	5	0	5	5	0	0	0	0	5	5	0	0	25
	Total	230	160	170	190	185	195	175	185	205	235	195	175	2,300

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A12: South Tyneside Business De-Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	5	0	0	0	0	5	0	0	0	0	0	0	10
C, E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	20	25	20	15	10	15	10	15	25	15	10	10	190
F	Construction	30	15	20	20	15	20	15	15	20	20	15	15	220
G	Retailing & Wholesale	75	70	65	55	60	45	55	50	55	60	55	45	690
H	Hotels & Catering	35	30	40	30	20	30	40	25	30	30	30	25	365
I	Transport & Comms.	15	5	10	10	0	5	10	15	15	10	10	15	120
J	Finance	0	5	0	0	0	0	0	0	0	0	0	0	5
K	Business Services	30	20	40	20	25	25	30	35	40	45	35	35	380
L, O	Public Admin & Other	15	15	15	10	5	5	15	15	10	5	5	5	120
M,N	Education & Health	5	5	5	5	0	0	0	0	0	5	0	0	25
	Total	230	185	210	165	135	150	185	170	200	185	155	145	2,115

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A13: Sunderland Business Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	0	0	0	5	5	0	0	0	5	5	5	0	25
C, E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	30	35	45	35	45	40	30	40	45	35	30	35	445
F	Construction	45	45	50	45	45	55	45	45	55	80	75	60	645
G	Retailing & Wholesale	125	105	110	105	100	115	90	110	105	105	105	95	1,270
H	Hotels & Catering	70	70	60	65	70	60	70	75	80	75	70	65	830
I	Transport & Comms.	25	25	25	25	30	25	20	25	35	25	15	35	310
J	Finance	5	0	5	5	0	5	0	0	0	0	0	5	25
K	Business Services	80	75	105	105	110	110	105	105	115	120	105	100	1,235
L, O	Public Admin & Other	55	40	30	30	30	20	25	15	15	20	20	20	320
M,N	Education & Health	15	5	5	5	5	5	5	10	5	5	10	5	80
	Total	450	405	435	420	440	435	395	425	460	465	435	415	5,180

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A14: Sunderland Business De-Registrations, 1994-2005

SIC 92	Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
A, B	Agriculture	0	0	5	0	0	0	0	5	5	0	5	0	20
C, E	Mining & Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Manufacturing	50	45	25	35	35	45	30	35	45	35	35	35	450
F	Construction	80	65	50	40	30	45	45	50	35	30	50	45	565
G	Retailing & Wholesale	140	155	140	100	125	140	120	135	125	95	105	100	1,480
H	Hotels & Catering	85	70	60	55	55	55	55	75	60	55	70	50	745
I	Transport & Comms.	15	15	20	20	20	20	25	30	25	30	25	25	270
J	Finance	5	5	0	0	0	5	5	0	0	0	0	0	20
K	Business Services	65	55	45	65	60	70	85	90	100	80	90	85	890
L, O	Public Admin & Other	35	50	35	35	20	30	25	20	20	20	15	10	315
M,N	Education & Health	5	10	10	5	5	10	0	5	0	5	5	0	60
	Total	475	460	395	355	365	415	390	445	415	350	400	355	4,820

Note: Figures may not tally exactly due to rounding

Registration of 2 or less are recorded as 0

Source: Small Business Service

Table A15: VAT Registration Thresholds

Operative Dates			Threshold (£)
1st April 1973	-	30th Sept 1977	5,000
1st October 1977	-	11th April 1978	7,500
12th April 1978	-	26th March 1980	10,000
27th March 1980	-	10th March 1981	13,500
11th March 1981	-	9th March 1982	15,000
10th March 1982	-	15th March 1983	17,000
16th March1983	-	13th March 1984	18,000
14th March 1984	-	19th March 1985	18,700
20th March 1985	-	18th March 1986	19,500
19th March 1986	-	17th March 1987	20,500
18th March 1987	-	15th March 1988	21,300
16th March 1988	-	14th March 1989	22,100
15th March 1989	-	20th March 1990	23,600
21st March 1990	-	19th March 1991	25,400
20th March 1991	-	10th March 1992	35,000
11th March 1992	-	16th March 1993	36,600
17th March 1993	-	30th November 1993	37,600
1st December 1993	-	29th November 1994	45,000
30th November 1994	-	28th November 1995	46,000
29th November 1995	-	26th November 1996	47,000
27th November 1996	-	30th November 1997	48,000
1st December 1997	-	31st March 1998	49,000
1st April 1998	-	31st March 1999	50,000
1st April 1999	-	31st March 2000	51,000
1st April 2000	-	31st March 2001	52,000
1st April 2001	-	24th April 2002	54,000
25th April 2002	-	9th April 2003	55,000
10th April 2003	-	31st March 2004	56,000
1st April 2004	-	31st March 2005	58,000
1st April 2005	-	31st March 2006	60,000
1st April 2006			61,000

Source: HM Revenues & Customs