

Birmingham Business Count Update 2019

October 2019



Economic Research & Policy

Inclusive Growth Directorate



Birmingham
City Council

Summary

Introduction

The latest official business count (local units) figures for 2019 have recently been released by the Office for National Statistics (ONS). This is an extract compiled from the Inter Departmental Business Register (IDBR) recording the number of Local Units that were live in March 2019. Local Units are individual sites that belong to an enterprise - in other words each branch of a chain is recorded separately.

This report sets out the change in the number of businesses in the city in 2019 with comparisons with other areas. The report also explores the changes in private and public sector businesses and which sub-sectors in the local economy have seen the largest increase and decrease during 2019.

Key Findings

During 2019 the total number of businesses in the city increased by 1,995 to 43,950. All of the increase was accounted for by growth in the private sector, with public sector business numbers falling very marginally.

The growth in business numbers locally was accounted for by a rise in the number of micro-businesses (employing 9 or fewer employees). There was no change in the number of small businesses (10 to 49 employees), a small fall in medium sized businesses (50 to 249 employees) and a marginal rise in the number of large firms (+250 employees) in the city.

Business Count 2019

43,950



Annual Growth in Business Numbers

+1,995

+4.8% (GB +1.5%)



Private Sector

42,875

+2,015 (+4.9%)

Public Sector

1,095

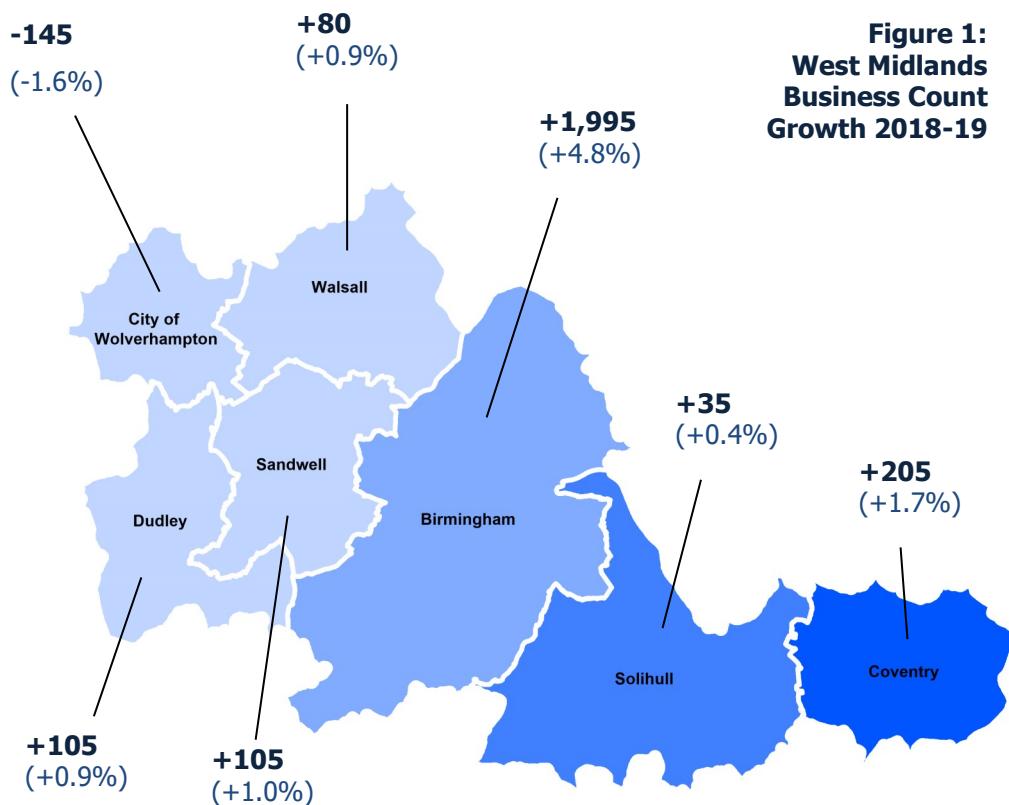
-20 (-1.8%)

Business Count Growth by Area

West Midlands

The change in business numbers for the 7 West Midlands Met area is shown in figure 1 below. Overall business numbers in the Met area increased by 2,370 in 2019. Business growth in Birmingham (1,995) accounted for a large share (84%) of the WM total.

Coventry (+205), Dudley (+105) and Sandwell (+105) saw the next largest increases in business numbers last year. Wolverhampton was the only area to see business numbers fall (-145).



Core Cities

The table below shows the change in business numbers for the core cities and nationally. Birmingham (+4.8%) saw the largest growth in business numbers between 2018 and 2019 amongst the 10 UK core cities.

The growth rate locally was also well above the UK average of 1.5%.

Business Growth Rates

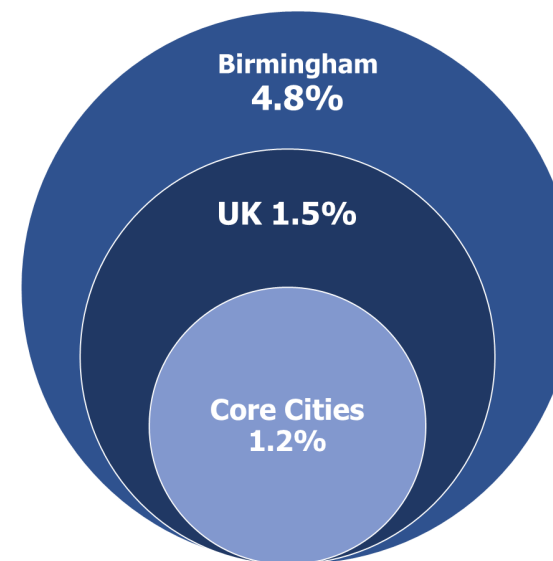


Table 1: Business Numbers Growth by Core City Ranked

Area	2018	2019	Annual Change Number	%
1 Birmingham	41,955	43,950	1,995	4.8%
2 Nottingham	11,715	11,980	265	2.3%
3 Glasgow	24,610	25,060	450	1.8%
4 Newcastle	10,820	11,005	185	1.7%
5 Bristol	22,170	22,475	305	1.4%
6 Sheffield	19,390	19,630	240	1.2%
7 Cardiff	14,815	14,960	145	1.0%
8 Liverpool	18,205	18,360	155	0.9%
9 Leeds	34,665	34,900	235	0.7%
10 Manchester	28,970	27,780	-1,190	-4.1%
Core Cities	227,315	230,100	2,785	1.2%
United Kingdom	3,133,260	3,180,605	47,345	1.5%
London	568,200	584,185	15,985	2.8%

Business by Size Band

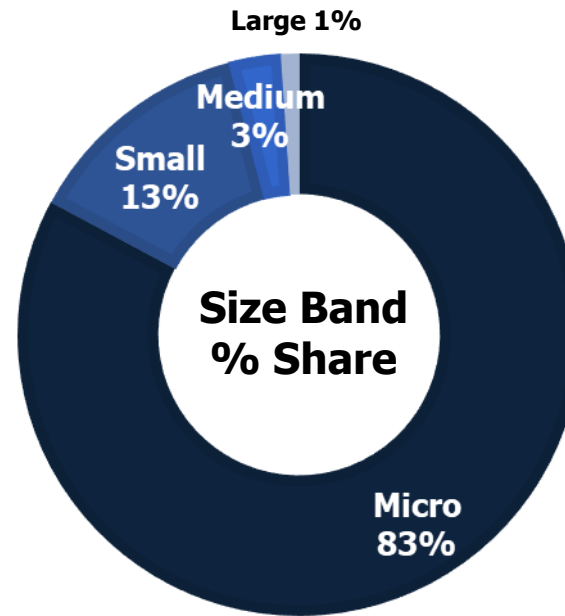
Size Bands

The vast majority of businesses in the city are micro business, which are defined as those that employ fewer than 10 employees. Micro businesses account for 83% of all businesses in the city with small businesses (those that employ between 10 to 49 employees) accounting for a further 14%. Rising numbers of micro businesses have been the reason for the growth in overall business numbers in the city between 2018 and 2019.

The growth in micro businesses between 2018 and 2019 (+2,015) has largely offsets the large decrease in micro business that was recorded in the previous year (-2,470). The growth in micro business numbers in recent years is likely in some degree to be linked to changing patterns of employment, outsourcing etc. with more people being self employed and sole traders who would traditionally have been employed by firms as employees.

Medium Term Trends

Since the beginning of the recovery in 2010 the city has seen strong growth in business numbers. Between 2010 and 2019 the overall business count in the city has grown by 11,465, an increase of 35%. The vast majority of the increase in business numbers locally during this period has been driven by growth in micro business, which have seen their numbers increase by 10,810. Small and medium businesses have seen more modest growth with no change in the number of large businesses in the city.

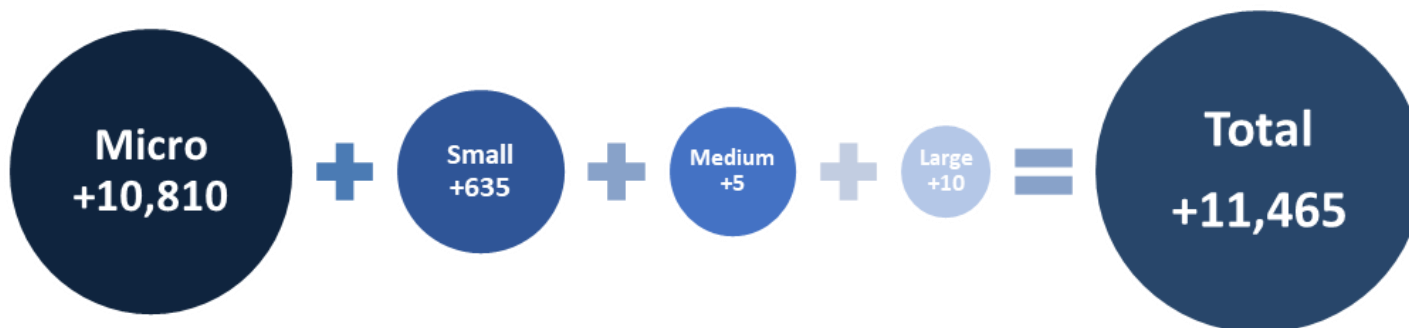


Size Band Definition

- Micro 0 to 9 Employees
- Small 10 to 49 Employees
- Medium 50 to 249 Employees
- Large 250+ Employees



Change in Business Numbers by Size Band - 2010 to 2019



Business Count Change by Sector

2018 –2019



2010 –2019



Annual Change - 2018 to 2019

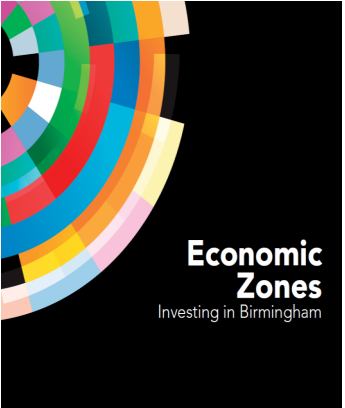
The adjacent chart sets out the 5 sub-sectors (2 digit SIC) that have seen the largest growth and decline in business numbers in the city last year. A full table of employment by sub-sector can be found at the rear of this report. The city saw strong growth in office admin & support, employment activates and wholesale with over1,600 additional firms combined for these three sectors between 2018 and 2019.

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Longer Term Growth - 2010 to 2019

If we look at sectoral change over a longer period from 2010 to 2019, a slightly different pattern of sectoral growth emerges than in the annual comparison. The biggest increase in business numbers has taken place in office admin & support (+2,575) but other strong performing sectors include food & drink services (+785) and IT consultancy (+700). Public administration has seen the largest decline in this period with business numbers down by 240 (-53%).

Business Count Growth by Priority Sector



The city has a number of identified priority sectors that are linked to the City's 6 Economic Zones. These sectors are being targeted to deliver significant employment and economic output growth in the local economy going forward. Between 2018 and 2019 5 of the 6 sectors saw growth in business numbers with 1 sector showing no change.

Financial & business services saw the strongest growth last year with business numbers up by 1,315 (10%).

Sector	2010	2018	2019	Annual Change 2018 - 2019		Change 2010-2019	
				Number	%	Number	%
Advanced Manufacturing	725	970	985	15	1.5%	260	35.9%
Financial & Prof. Services	8,755	12,785	14,100	1,315	10.3%	5,345	61.1%
Food & Drink	2,270	2,965	3,160	195	6.6%	890	39.2%
ICT	1,385	2,145	2,150	5	0.2%	765	55.2%
Life Sciences	70	65	65	0	0.0%	-5	-7.1%
Low Carbon & Environmental	635	795	820	25	3.1%	185	29.1%

Adv. Manufacturing

Fin. & Prof. Services

Food & Drink

ICT

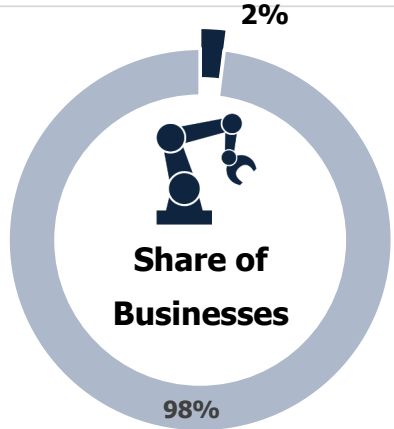
Low Carbon & Env.

985

Businesses 2019

+15 (+1.5%)

Annual Growth

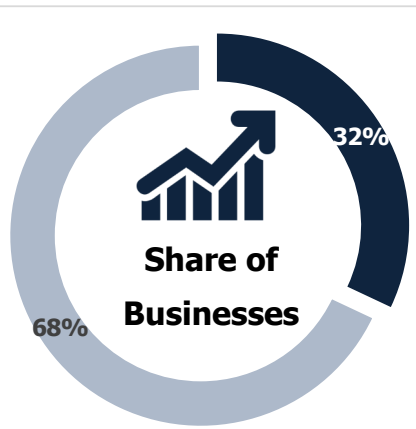


14,100

Businesses 2019

+1,315 (+10.3%)

Annual Growth

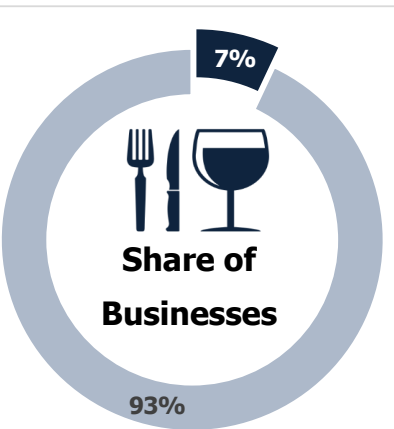


3,160

Businesses 2019

+195 (+6.6%)

Annual Growth

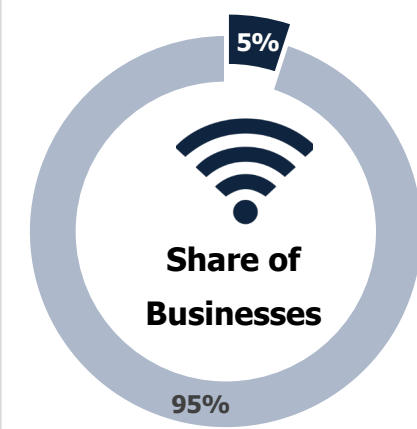


2,150

Businesses 2019

+5 (+0.2%)

Annual Growth

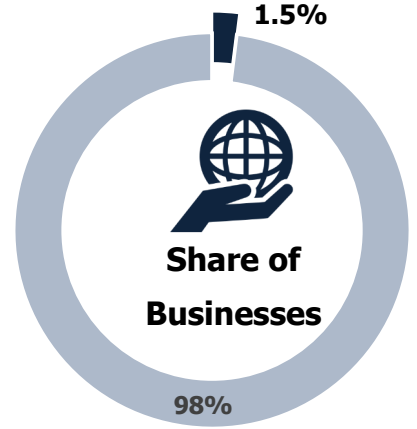


820

Businesses 2019

+25 (3.2%)

Annual Growth



Data Appendix - Business Count by Sub Sector

Table 3: Top 40 Sub-Sectors by Number of Businesses

Sub-Sector		2010	2018	2019	Change 2018-2019	
					Number	%
1	Retail trade	4,620	5,155	5,290	135	2.6%
2	Office admin & support	845	2,670	3,420	750	28.1%
3	Food and beverage service activities	1,870	2,475	2,655	180	7.3%
4	Wholesale trade	1,890	2,005	2,430	425	21.2%
5	Specialised construction activities	1,725	1,990	2,045	55	2.8%
6	Computer programming, consultancy	1,130	1,815	1,830	15	0.8%
7	Activities of head offices; management consultancy activities	1,150	1,800	1,815	15	0.8%
8	Legal and accounting activities	1,420	1,650	1,685	35	2.1%
9	Real estate activities	1,320	1,555	1,675	120	7.7%
10	Human health activities	900	1,670	1,530	-140	-8.4%
11	Wholesale and retail trade and repair of motor vehicles and motorcycles	930	1,315	1,345	30	2.3%
12	Education	930	1,180	1,145	-35	-3.0%
13	Employment activities	485	655	1,125	470	71.8%
14	Architectural and engineering activities	780	1,100	1,105	5	0.5%
15	Land transport and transport via pipelines	465	1,120	1,100	-20	-1.8%
16	Other personal service activities	915	1,070	1,075	5	0.5%
17	Construction of buildings	880	1,080	1,060	-20	-1.9%
18	Social work activities without accommodation	990	1,030	965	-65	-6.3%
19	Other professional, scientific and technical activities	590	835	870	35	4.2%
20	Services to buildings and landscape activities	515	875	750	-125	-14.3%
21	Manufacture of fabricated metal products	650	610	575	-35	-5.7%
22	Postal and courier activities	305	525	560	35	6.7%
23	Residential care activities	530	550	560	10	1.8%

Sub-Sector		2010	2018	2019 2019	Change 2018-2019	
					Number	%
24	Activities of mem. Orgs.	380	425	520	95	22.4%
25	Activities auxiliary to financial services and insurance	430	510	495	-15	-2.9%
26	Financial service activities, except insurance and pension funding	590	480	485	5	1.0%
27	Warehousing and support activities for transportation	185	370	400	30	8.1%
28	Sports activities and amusement and recreation activities	230	310	315	5	1.6%
29	Civil engineering	215	270	285	15	5.6%
30	Advertising and market research	235	265	270	5	1.9%
31	Rental & leasing activities	285	265	270	5	1.9%
32	Other manufacturing	335	285	265	-20	-7.0%
33	Creative, arts and entertainment activities	235	215	215	0	0.0%
34	Public administration and defence	455	225	215	-10	-4.4%
35	Gambling and betting activities	230	220	205	-15	-6.8%
36	Motion picture, video and television programme production, sound recording and music publishing activities	130	195	200	5	2.6%
37	Travel agency, tour operator and other reservation service and related activities	150	180	195	15	8.3%
38	Accommodation	110	170	190	20	11.8%
39	Security and investigation activities	130	185	190	5	2.7%
40	Telecommunications	160	200	185	-15	-7.5%
Total Businesses		468,100	517,000	527,400	10,400	2.0%

Data Appendix - Business Number Growth by Sub Sector

Table 4: Sub-Sectors Showing Growth in Business Numbers 2018-2019 (ranked by % growth)

	Sub-Sector	2010	2018	2019	Change 2018-2019	
					Number	%
1	Employment activities	485	655	1,125	470	71.8%
2	Office admin & support	845	2,670	3,420	750	28.1%
3	Activities of membership organisations	380	425	520	95	22.4%
4	Wholesale trade	1,890	2,005	2,430	425	21.2%
5	Accommodation	110	170	190	20	11.8%
6	Travel agency, tour operator and other reservation service and related activities	150	180	195	15	8.3%
7	Warehousing and support activities for transportation	185	370	400	30	8.1%
8	Real estate activities	1,320	1,555	1,675	120	7.7%
9	Food and beverage service activities	1,870	2,475	2,655	180	7.3%
10	Postal and courier activities	305	525	560	35	6.7%
11	Civil engineering	215	270	285	15	5.6%
12	Other professional, scientific and technical activities	590	835	870	35	4.2%
13	Specialised construction activities	1,725	1,990	2,045	55	2.8%
14	Security and investigation activities	130	185	190	5	2.7%
15	Motion picture, video and television programme production, sound recording and music publishing activities	130	195	200	5	2.6%
16	Wholesale and retail trade and repair of motor vehicles and motorcycles	930	1,315	1,345	30	2.3%
17	Legal and accounting activities	1,420	1,650	1,685	35	2.1%
18	Advertising and market research	235	265	270	5	1.9%
19	Rental and leasing activities	285	265	270	5	1.9%
20	Residential care activities	530	550	560	10	1.8%
21	Sports activities and amusement and recreation activities	230	310	315	5	1.6%
22	Financial service activities, except insurance and pension funding	590	480	485	5	1.0%
23	Activities of head offices; management consultancy activities	1,150	1,800	1,815	15	0.8%
24	Computer programming, consultancy	1,130	1,815	1,830	15	0.8%
25	Other personal service activities	915	1,070	1,075	5	0.5%
26	Architectural and engineering activities	780	1,100	1,105	5	0.5%
Total Businesses		468,100	517,000	527,400	10,400	2.0%

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