

## **COAST TO CAPITAL BUSINESS COUNTS AND DEMOGRAPHY UPDATE: 2014**

The release of the new ONS figures for business counts in 2014 and business demography allows a look at the number of businesses in the region, their geographical spread, and size, along with the number of new businesses, their survival rate, and those who have ceased to exist.

### **Key Points:**

- There are 77,630 businesses in the Coast to Capital Region.
- This is an increase of 3,000, or 4%, year on year.
- Croydon's business stock grew by 16% from 2011-2014.
- Arun's growth was the lowest in the same period at 1.8%.
- Small businesses grew their share of total businesses by 0.4%, reducing the share of micro-businesses.
- Business births increased 23% from 2012 to 2013 (2,400 businesses).
- The gap in the births to death ratio between the South East and Coast to Capital has been closed and reached 1.4 in 2013, the highest recorded rate.
- Start-up survival rates fell year on year from 2006 to 2010, but have improved in 2011 and 2012 and have overtaken the South East's survival rates.

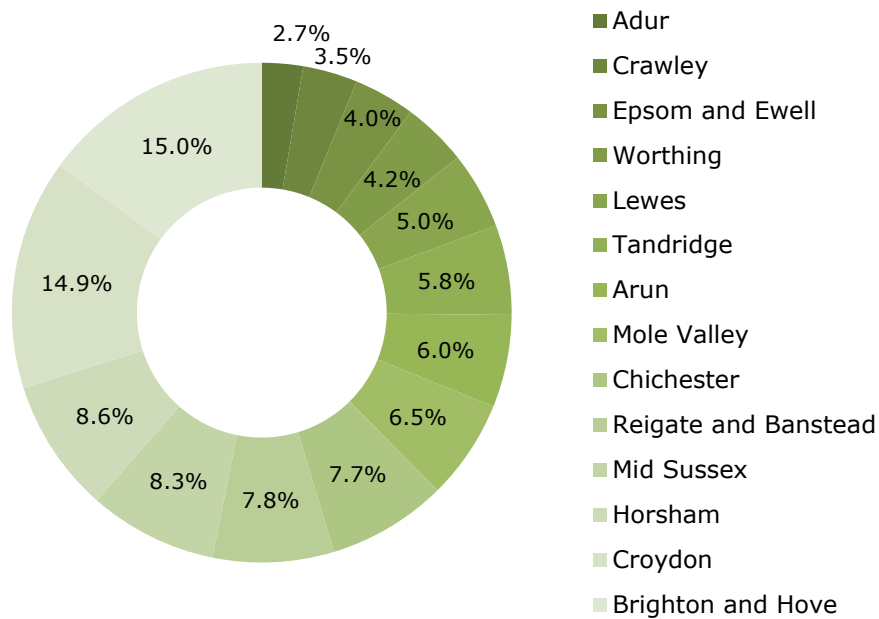
### **Sources:**

- ONS Business Counts – Enterprises 2011 – 2014
- ONS Business Demography – Enterprise Births, Deaths, and Survivals 2013

**BUSINESS STOCK**

In 2014 there were 77,630 businesses in the Coast to Capital region, an increase of nearly 3,000 (4%) since 2013. In figure 1 the share of each local authority is set out, unsurprisingly Brighton and Hove and Croydon make up almost a third of all businesses in the region.

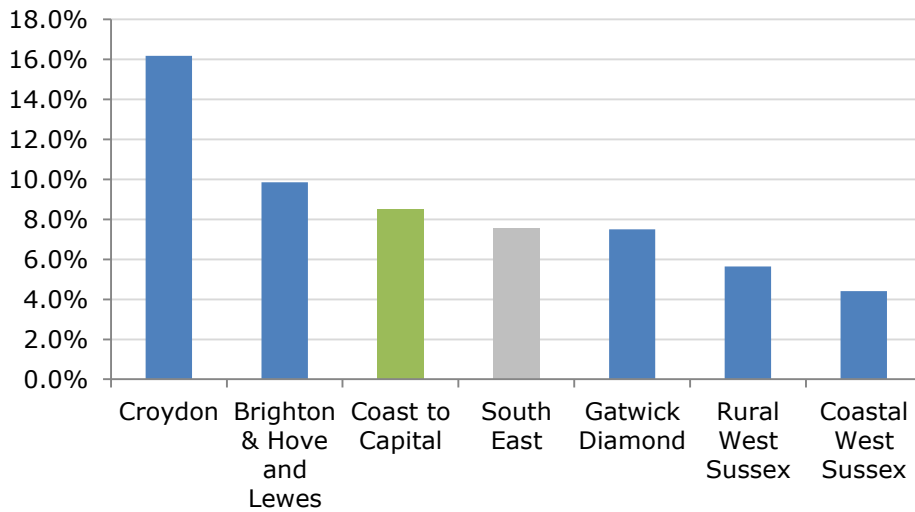
**Business Share by Local Authority Area 2014**



**Figure 1 – Business share by Local Authority area 2014; Source: ONS Business Counts 2014/Coast to Capital**

Figure 2 shows the growth in business stock in the 2011 to 2014 period by area partnership. Croydon was the best performing area by a margin of 6%; overall it grew 16% which equates to 1,600 businesses. Brighton & Hove and Lewes was the only other partnership to grow above the Coast to capital and South East averages at 9.9%, its business stock went up by 1,400. The Gatwick Diamond matched the South East rate at 7.5% and had the largest stock gains of 2,400, but this is down to its geographical coverage. Rural West Sussex comes in at 5.7% (1,000 additional businesses) and Coastal West Sussex lags behind with a 4.4% increase, or 700 businesses.

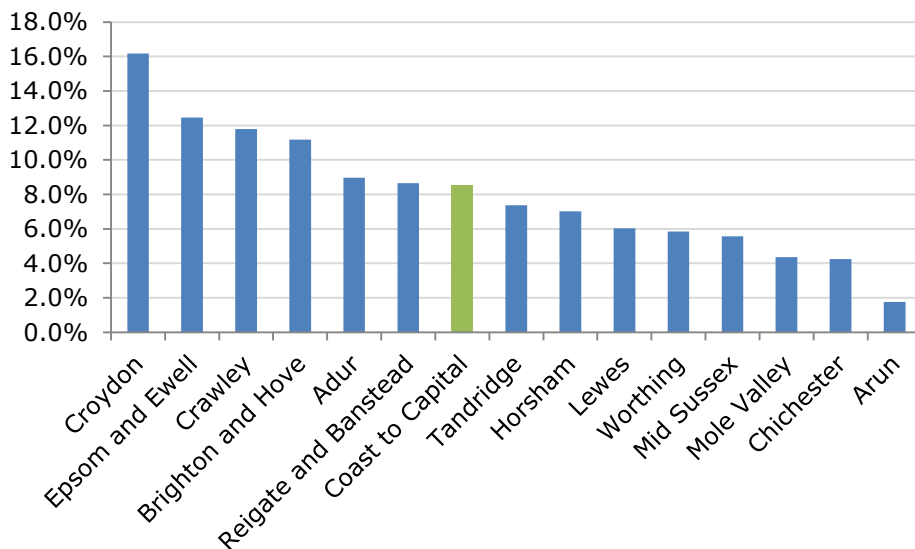
**Business Stock Growth 2011-2014**



**Figure 2 – Business stock growth – Coast to Capital, Area Partnerships, and South East 2011-2014; Source: ONS Business Counts 2011-2014/Coast to Capital**

Figure 3 lays out the 2011 to 2014 growth rates in businesses for the local authority areas in the Coast to Capital region. Again Croydon is number one, but Epsom and Ewell and Crawley have got in ahead of Brighton and Hove. It is worth highlighting the low growth rate of Arun, less than half the next lowest rate in Chichester and 4% below the average.

**Business Stock Growth - Local Authorities 2011-2014**



**Figure 3 – Business stock growth – Coast to Capital and Local Authority areas 2011-2014; Source: ONS Business Counts 2011-2014/Coast to Capital**

There appears to have been some growth in the size of these businesses, in table 1 the small businesses have grown their share of total businesses by 0.4%, taking share away from the micro-businesses. Over the last four years business numbers in each of the size bands has grown:

- Micro = 8%
- Small = 14%
- Medium = 12%
- Large = 6%

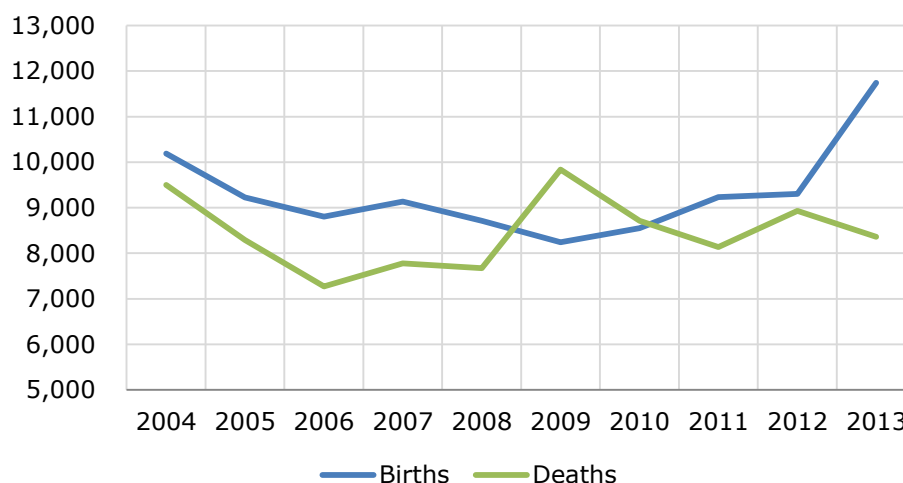
Share by Business Size	2011	2012	2013	2014
<b>Micro (0 to 9)</b>	90.4%	90.3%	90.0%	90.0%
<b>Small (10 to 49)</b>	7.9%	8.1%	8.3%	8.3%
<b>Medium-sized (50 to 249)</b>	1.3%	1.3%	1.3%	1.3%
<b>Large (250+)</b>	0.3%	0.4%	0.3%	0.3%

**Table 1 – Share by business size – Coast to Capital 2011-2014; Source: ONS Business Counts 2011-2014/Coast to Capital**

## BUSINESS BIRTHS AND DEATHS

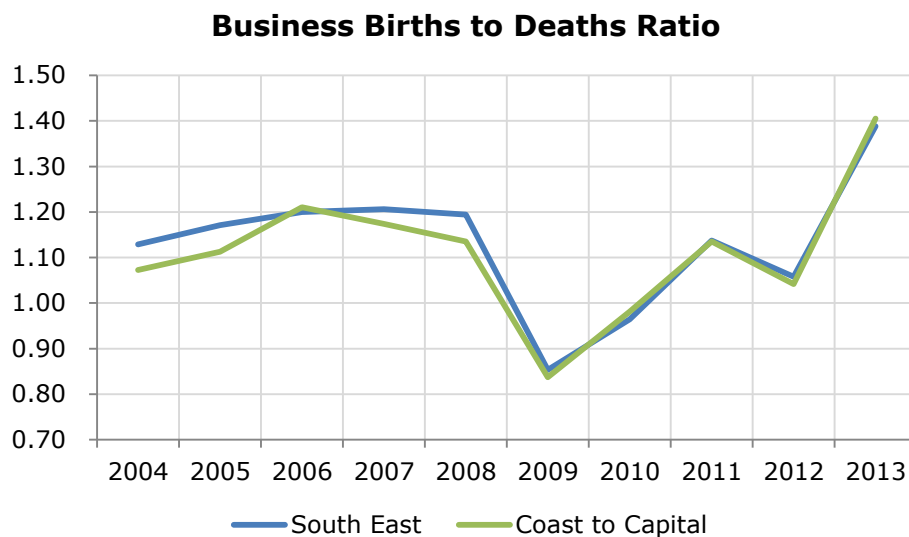
Until 2013 the peak for business births was in 2004, tending downwards to 2009 where deaths were higher than births for the first time. Since 2009 business births in the Coast to Capital region have been trending upwards, increasing explosively in 2013; business births grew by 23%, or 2,400 businesses, over 2012. This is in tandem with a 6.4%, 500 businesses, fall in businesses deaths; the ratio of births to deaths (1.4) is the highest since 2004 and by some margin.

### Business Births and Deaths - Coast to Capital



**Figure 4 – Business births and deaths – Coast to Capital 2004-2013; Source: ONS Business Demography 2013/Coast to Capital**

Comparing the business births to deaths ratio of the Coast to Capital region and the South East suggests improving business start-up rates in the Coast to Capital region. In four of the first five years the Coast to Capital ratio is below the South East level, but after 2009 the ratios are almost equal. This may be due to the fact that for five of the last ten years the year on year growth rate for business births has been higher than the South East and in six of the last ten years the year on year growth in the death rate has been lower than the South East.



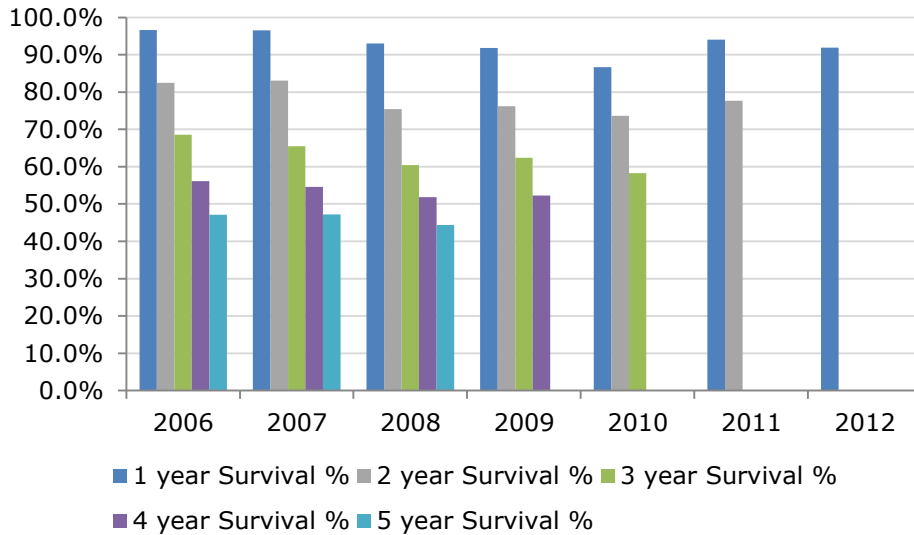
**Figure 5 – Business births to death ratio – Coast to Capital and South East 2004-2013;**  
Source: ONS Business Demography 2013/Coast to Capital

## **BUSINESS SURVIVAL RATES**

Aside from 2009 and 2010 the number of start-ups has been consistently above the number of deaths, but how do they perform beyond this? Figure 6 and table 2 show the one to five year survival rates for start-ups in a given year, from 2006 to 2012 and table 2 compares the Coast to Capital region with the South East.

From 2006 to 2010 business survival rates fell year on year at each point, from one to five years on. The one year survival rate fell 10% across this period, as did the three year survival rate. The survival rates have improved in 2011, up 8% in the one year survival rate, but fell again in 2012. The 2012 rate is still higher than the 2009 and 2010 one year survival rate which points to some improvement since the most difficult years of the financial crisis.

**New Business Survival Rates - Coast to Capital Region**



**Figure 6 – New business survival rates – Coast to Capital 2006-2012; Source: ONS Business Demography 2013/Coast to Capital**

In table 2 the Coast to Capital survival rate was lower than the South East in general, although in 2009, 2011, and 2012 this has reversed. It is too soon to tell but if the trend continues hopefully it points towards an improved economic climate in the local area where start-ups can thrive.

Year Started	New Business Survival Rates	1 year Survival Rate	2 year Survival Rate	3 year Survival Rate	4 year Survival Rate	5 year Survival Rate
<b>2006</b>	South East	97.0%	82.7%	68.8%	56.3%	47.8%
	Coast to Capital	96.6%	82.5%	68.5%	56.1%	47.1%
<b>2007</b>	South East	96.2%	83.8%	66.2%	55.1%	47.3%
	Coast to Capital	96.6%	83.1%	65.5%	54.6%	47.2%
<b>2008</b>	South East	93.2%	76.6%	61.4%	52.1%	44.3%
	Coast to Capital	93.0%	75.4%	60.4%	51.9%	44.3%
<b>2009</b>	South East	91.6%	75.7%	61.9%	51.2%	
	Coast to Capital	91.8%	76.2%	62.4%	52.2%	
<b>2010</b>	South East	87.9%	74.5%	59.5%		
	Coast to Capital	86.7%	73.6%	58.2%		
<b>2011</b>	South East	93.6%	77.2%			
	Coast to Capital	94.0%	77.7%			
<b>2012</b>	South East	91.1%				
	Coast to Capital	91.9%				

**Table 2 – New business survival rates – Coast to Capital and South East 2006-2012;**  
**Source: ONS Business Demography 2013/ Coast to Capital**