Corporate Research and Consultation Team
New Business Start-ups – analysis of BankSearch records
Data relates to February 2014

South Gloucestershire
Council

Total business start-ups: According to BankSearch records[1], in February 2014, 120 new businesses 'started-up' in South Gloucestershire. Since January 2008, 11,923 new businesses have 'started-up' in the district[2]. Fig 1 shows how the number of start-ups has varied over the last 6 years. Seasonal fluctuation is evident, with annual peaks each spring and troughs each December.
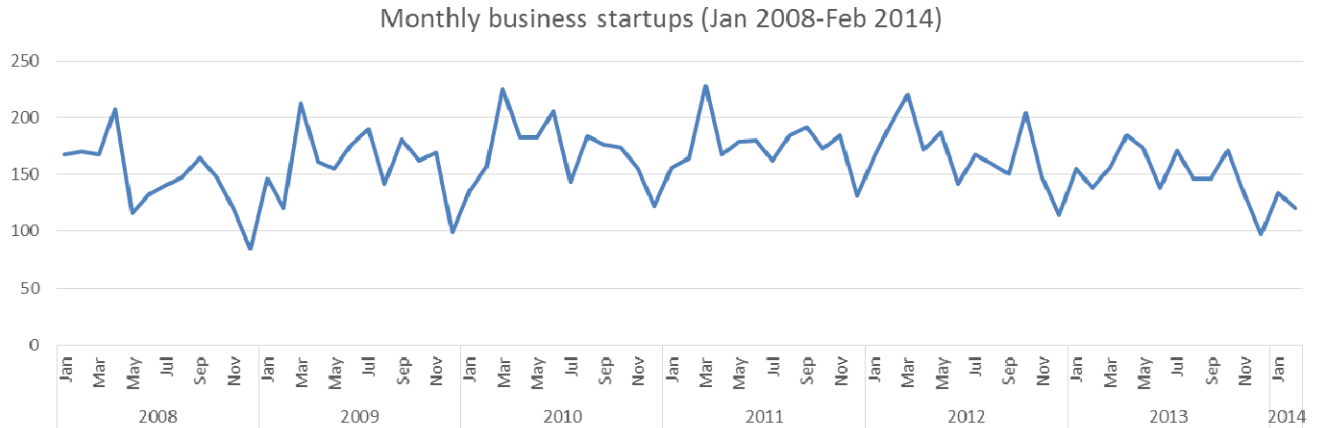

Fig 1 – Total monthly business start-ups

Analysis by Industry (sub-group): Since January 2008, 11,923 new businesses have started up in the district. The industries with the largest numbers of business start-ups were: Administrative & support services – 1,810 businesses (15.2% of all start-ups), Personal & community service activities – 1,734 businesses (14.5% of all start-ups) and Professional, scientific & technical activities – 1,116 businesses (9.4%) and construction 1,003 businesses (8.4%).
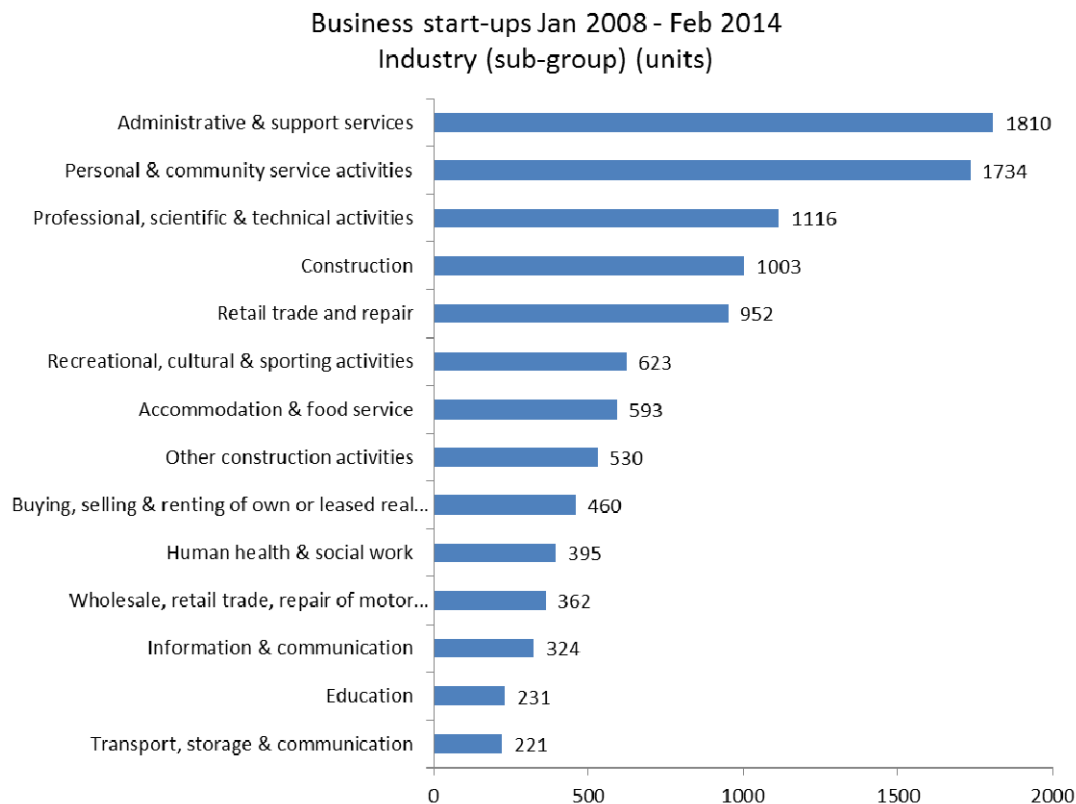

Fig 2 – Cumulative business start-ups (Jan 2008-Feb. 2014)

---

[1] BankSearch collects data on start-ups from the main high street banks. It includes clubs, charities, societies and other 'non-profit' institutions.
[2] The numbers of new business start-ups published by 'Banksearch' are considerably higher than the official ONS births of enterprise data – see Appendix A.

In February 2014, the industries with the largest number of business start-ups were: Personal & community service activities – 21 businesses (17.5% of all start-ups), Professional, scientific & technical activities – 20 businesses (16.6%), and Administrative & support services – 13 businesses (10.8%)

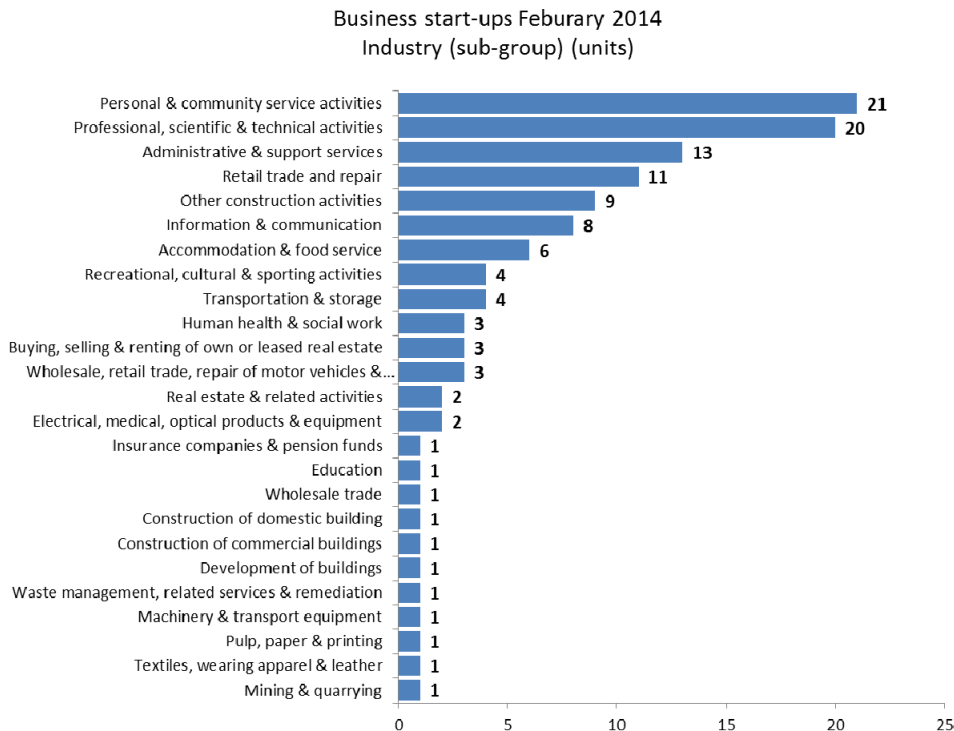Business start-ups Feburary 2014
Industry (sub-group) (units)

Fig 3. Total Business start-ups – Feb. 2014

Fig 4. Shows the industries with the largest increases and decreases in business start-ups on a quarterly basis (between 2008 and 2013). Between Q1 in 2008 and Q4 in 2013, the largest increases were experienced in: Professional, scientific & technical activities (+34 businesses), 'Other construction activities' (+33) and 'Information & communication' (+22), whilst the largest decrease in start-ups were experienced in the following sectors: 'Administrative and support services' (-66), 'Construction' (-66) and 'Buying, selling & renting or own or leased real estate' (-35).
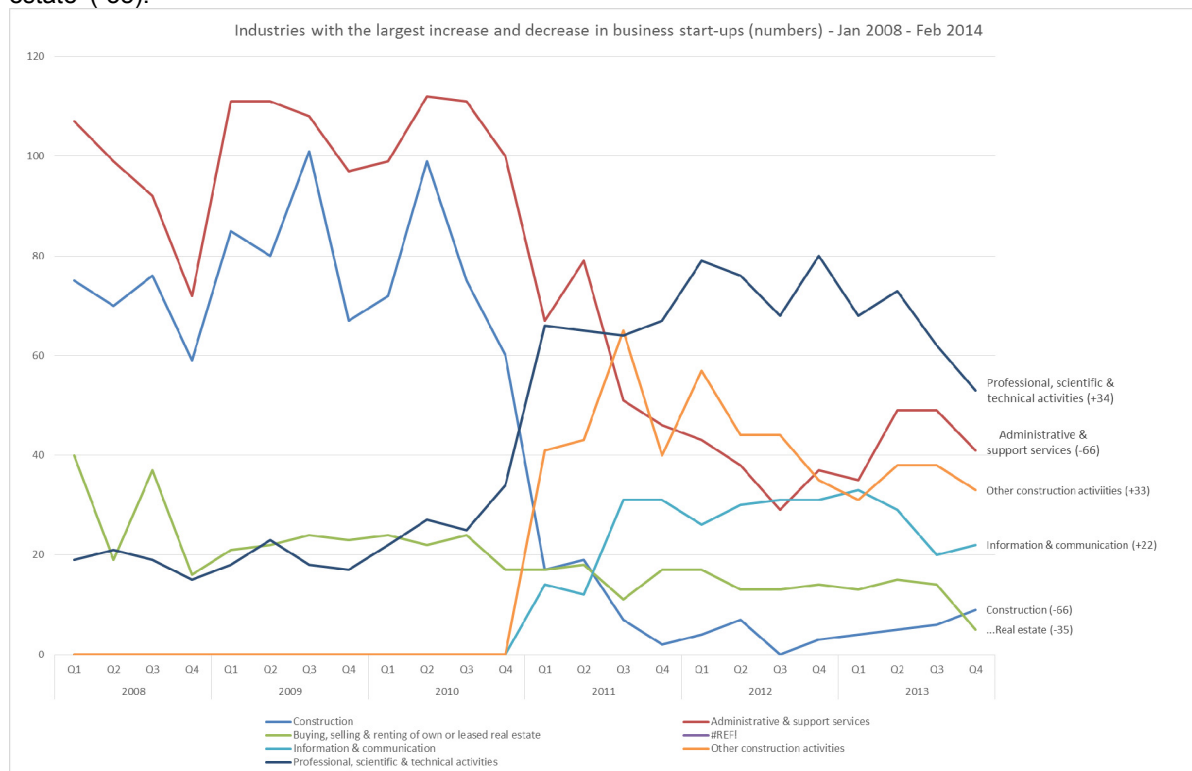

Industries with the largest increase and decrease in business start-ups (numbers) - Jan 2008 - Feb 2014

Fig 4. Changes in business start-ups by industry (Jan.2008 – Feb. 2014)

Legal status

Of the 120 new business start-ups in Feb. 2014, 66 (55%) were limited companies, 32 (27%) were sole traders and 15 (12%) were not for profit companies (Fig 5).
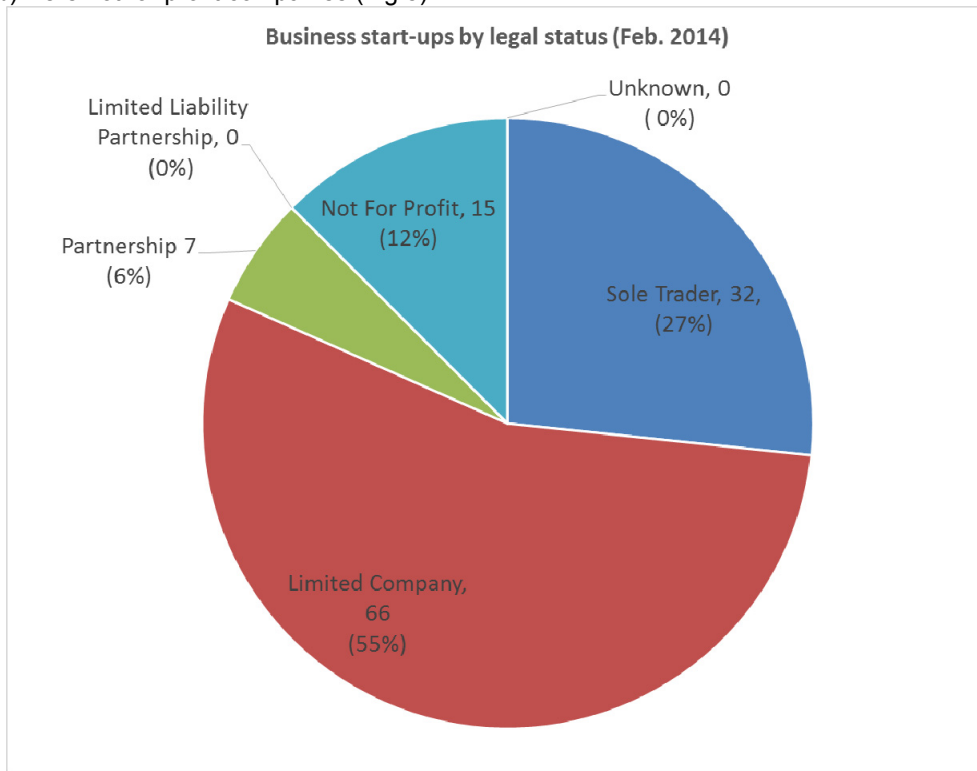

Fig 5. Business start-ups by legal status – Feb. 2014

Fig 6 illustrates how the legal status of newly started up businesses has changed over the last 5 years. The most noticeable difference is the increase in the number of 'limited companies' and decrease in the number of businesses registered as 'sole traders'. This is largely due to technological changes, in particular an increase in the number of on-line accountancy firms offering their services and changes to the tax system - which has made registering a new business as a 'limited company' more attractive.
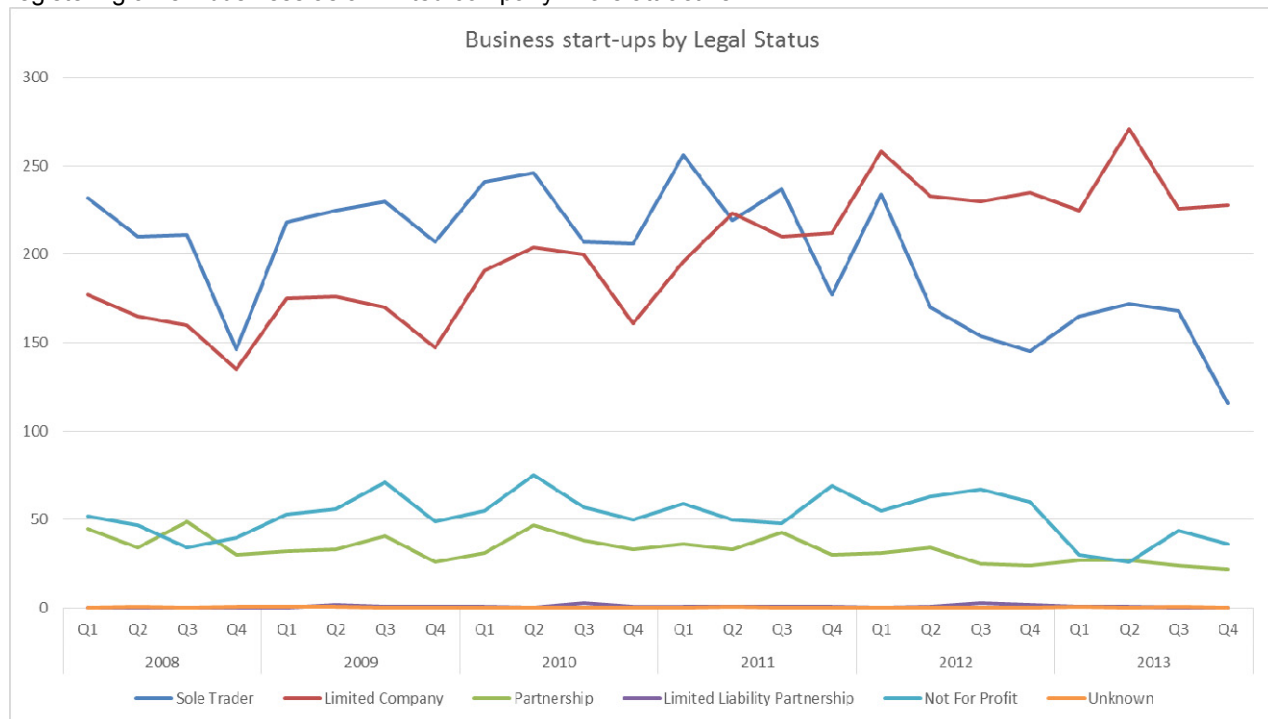

Fig 6. Business start-ups by legal status by quarter 2008-2013 (count)

Spatial distribution of business start-ups

Since Jan. 2008, 11,923 new business have started up in South Gloucestershire. The wards with the highest number of business start-ups have been: Emersons Green (543), Filton (513) and Stoke Gifford (509) (Fig 7).

To account for differences in resident population, fig 8. presents the data in terms of 'rate per 10,000 residents'. It suggests that there is higher rate of business start-ups in the more rural areas of the district, for example the highest start up rates are within the predominantly rural wards of: Cotswold Edge, Severn, Westerleigh and Almondsbury. This analysis aligns with research recently undertaken by the Centre for the Rural Economy which found that, with the exception of London, rural areas have more business start-ups than urban areas (CRE, 2011)[3].
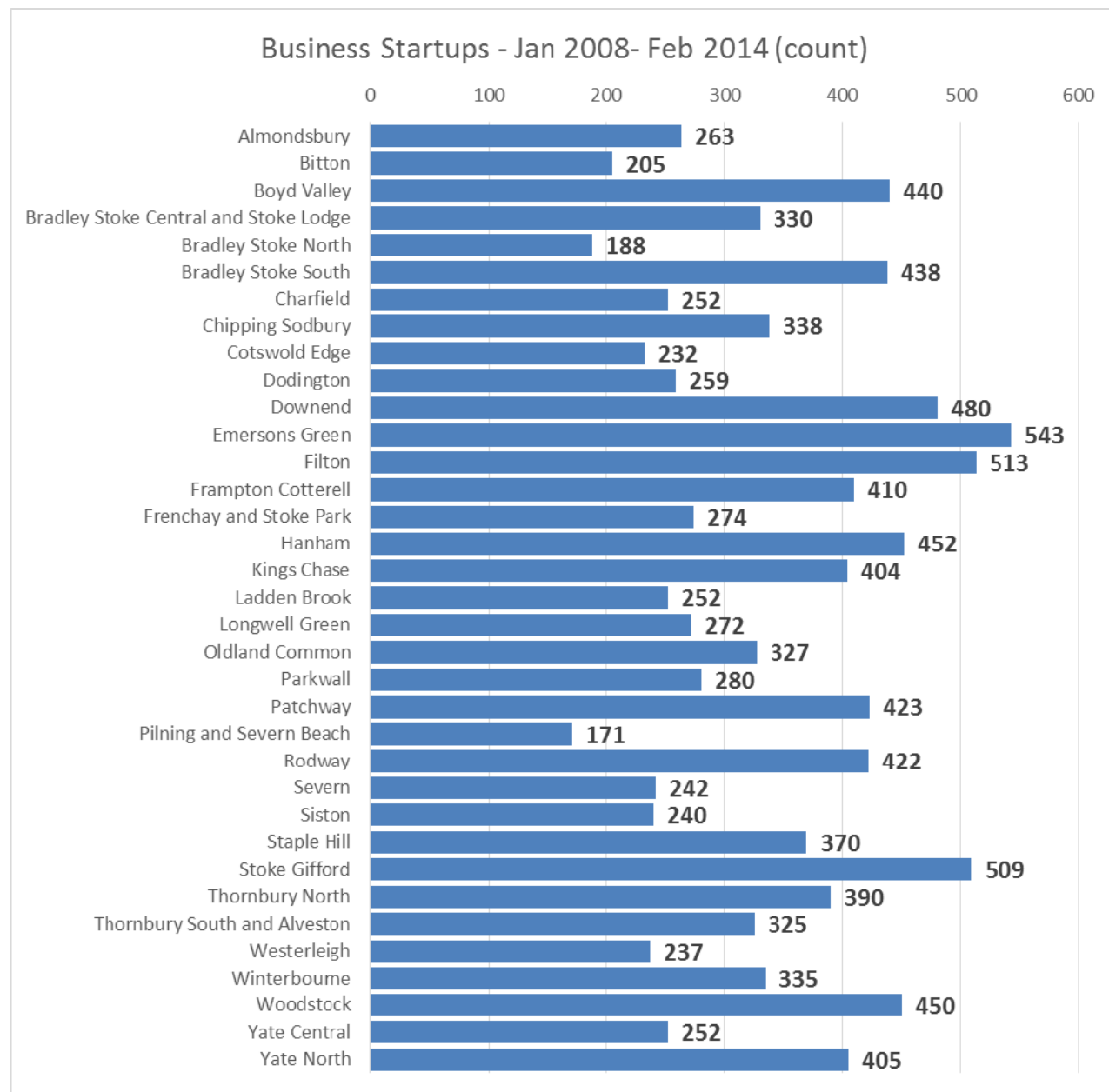

Fig 7. Total business start-ups by ward – Jan 2008 – Feb 2014 (count)

[3] Centre for the Rural Economy (2011) http://www.ncl.ac.uk/guru/documents/govsgrowthreview1.pdf

Business Startups - Jan 2008- Feb 2014 (rate per 10,000 residents)

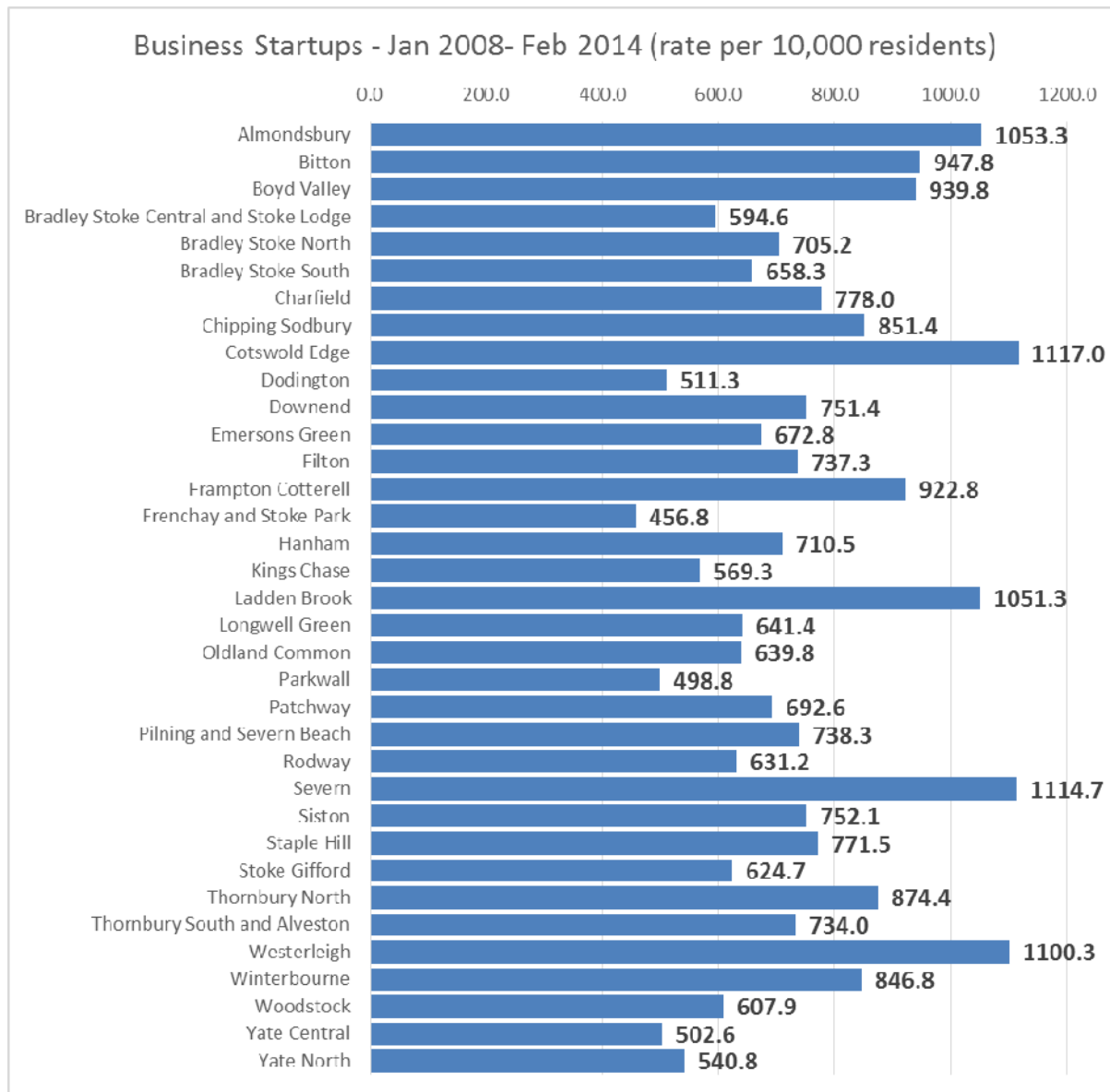| Ward	Rate
Almondsbury	1053.3
Bitton	947.8
Boyd Valley	939.8
Bradley Stoke Central and Stoke Lodge	594.6
Bradley Stoke North	705.2
Bradley Stoke South	658.3
Charfield	778.0
Chipping Sodbury	851.4
Cotswold Edge	1117.0
Dodington	511.3
Downend	751.4
Emersons Green	672.8
Filton	737.3
Frampton Cotterell	922.8
Frenchay and Stoke Park	456.8
Hanham	710.5
Kings Chase	569.3
Ladden Brook	1051.3
Longwell Green	641.4
Oldland Common	639.8
Parkwall	498.8
Patchway	692.6
Pilning and Severn Beach	738.3
Rodway	631.2
Severn	1114.7
Siston	752.1
Staple Hill	771.5
Stoke Gifford	624.7
Thornbury North	874.4
Thornbury South and Alveston	734.0
Westerleigh	1100.3
Winterbourne	846.8
Woodstock	607.9
Yate Central	502.6
Yate North	540.8

Fig 8. Total business start-ups by ward – Jan 2008 – Feb 2014 (rate)

Andy Cornelius
8 April 2014

Appendix A – Differences between Bank Search new business start-ups and ONS Births and Deaths of Enterprises

Due to definitional differences there is considerable variation in the number of business start-ups published by Banksearch and the official 'enterprise birth' data published by the ONS (fig 1).
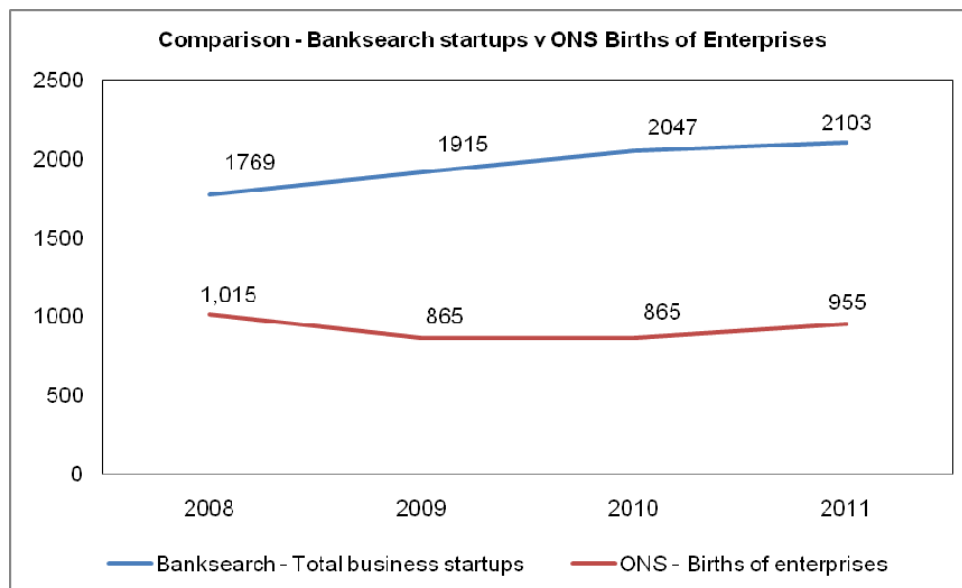
Essentially, the official ONS data on registered enterprise stock excludes very small businesses and non-profit making organisations if they have no registered employees of turnover below the VAT threshold[4]).

Whereas BankSearch data is based on the opening of a first small business bank account and includes clubs, charities, societies and other 'non-profit' institutions. A more detailed definition of the Banksearch and ONS datasets is set out below.

Bank Search

The Bank search survey collects data from the main suppliers of business banking services: Barclays, Co-operative Bank, HSBC, Lloyds Banking Group, Royal Bank of Scotland Group, Santander and TSB Bank.

A 'Start-up' reflects the opening of a first current account from a small business banking product range. They represent businesses new to banking or those previously operated through a personal account. The data exclude businesses operating through personal accounts, those without banking relationships or those banking with other institutions.

A small business is defined as having, or expected to have, annual debit turnover (i.e. outward payments from their accounts) of up to £1m per annum.

Clubs, charities, societies and other 'non-profit institutions serving households' are included.

ONS Births and Deaths of Enterprises

Enterprises - An enterprise has been defined for European Union statistical purposes as '...the smallest combination of legal units that is an organizational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.'[1] On the Inter-Departmental Business Register (IDBR[2]), the enterprise is the statistical unit that most closely equates to a business. It holds aggregated information gathered from administrative and statistical sources within that enterprise to give an overall picture of what is going on in the business. The terms 'businesses' and 'enterprises' are used interchangeably throughout this article.

---

[4] £73,000 in the 2011/12 financial year

Active Enterprises - The active enterprise stock for an area is recorded as the number of active enterprises in that area for a given reference year. An active enterprise is defined as a business that had either turnover or employment (recorded on the IDBR) at any time during the reference year.

It covers businesses in all sectors of the economy except very small businesses (self-employed, those without employees and low turnover) and some non-profit making organisations. With 2.1 million businesses listed[5], the IDBR provides nearly full coverage of UK GDP.

Enterprise Births - Enterprise births are identified by making comparisons of annual active registered enterprise population datasets and identifying those present in the latest dataset, but not the two previous ones. For instance, a cafe that exists on the IDBR in 2011 but is not found on the IDBR in 2010 or 2009 is considered to be an enterprise birth. A merger or takeover involving two or more companies should not lead to a new birth since these are considered as reorganisation of existing businesses. Likewise, a company re-registered under a new trading name is not a new enterprise. The enterprise birth rate is the number of births per 100 active enterprises in an area for the given year (please see background note 1 for information about the periods covered by the data).

Enterprise Deaths - An enterprise death is defined as a business that was on the active registered enterprise dataset in a reference year, but was no longer present in the dataset in the two following reference years. In order to provide an early estimate of deaths, an adjustment has been made to the latest two years' deaths to allow for reactivations. A reactivation occurs when a business is de-registered (often due to data linking issues resulting in an administrative unit being killed and a new one created) and requires reinstating back onto the database of active enterprises. The 2011 figures are therefore provisional and subject to revision. The enterprise death rate is the number of deaths per 100 active enterprises in an area for the given year (please see background note 1 for information about the periods covered by the data).