

Somerset Business Demography 2011

The business demography of Somerset can be measured in terms of active businesses¹, business births², business deaths³, and survival rates⁴. The following is an overview of the latest figures from the Office for National Statistics (ONS), published in December 2012.

Summary

- There were 21,055 active enterprises in Somerset in 2011, down from 21,445 in 2010.
- For the third successive year the rate of business deaths⁵ exceeded the rate of business births⁶.
- The gap between business birth and death rates in Somerset narrowed in 2011 compared to 2010.
- Somerset had the lowest rate of business births of any local authority in the South West in 2011. Somerset's business death rate was in line with the regional average.
- Somerset businesses generally have better survival rates than the UK average.
- Approximately half of businesses started in Somerset in 2006 were still active five years later, in 2011.

Active Businesses

There were 21,055 active enterprises in Somerset in 2011, down from 21,445 in 2010. This was the third consecutive year-on-year decrease, following successive increases between 2005 and 2008. The 2011 figure is the smallest total for more than six years (see Table 1).

Table 1: Number of Active Businesses in Somerset by Year

	2005	2006	2007	2008	2009	2010	2011
Active enterprises	21,240	21,275	21,635	21,940	21,765	21,445	21,055

¹ An active business is defined as businesses that had either turnover or employment at any time during the reference period.

² A business birth is identified as a business that was present in year t, but did not exist in year t-1 or t-2.

³ A business death is defined as a business that was active in year t, but was no longer active in t+1 and t+2. In order to provide an early estimate of deaths, an adjustment has been made to the 2008 and 2009 deaths to allow for reactivations.

⁴ A business is deemed to have survived if having been a birth in year t or having survived to year t; it is active in terms of employment and/or turnover in any part of t+1.

⁵ The death rate is the ratio of business which cease to operate to the total number of active businesses in a given year.

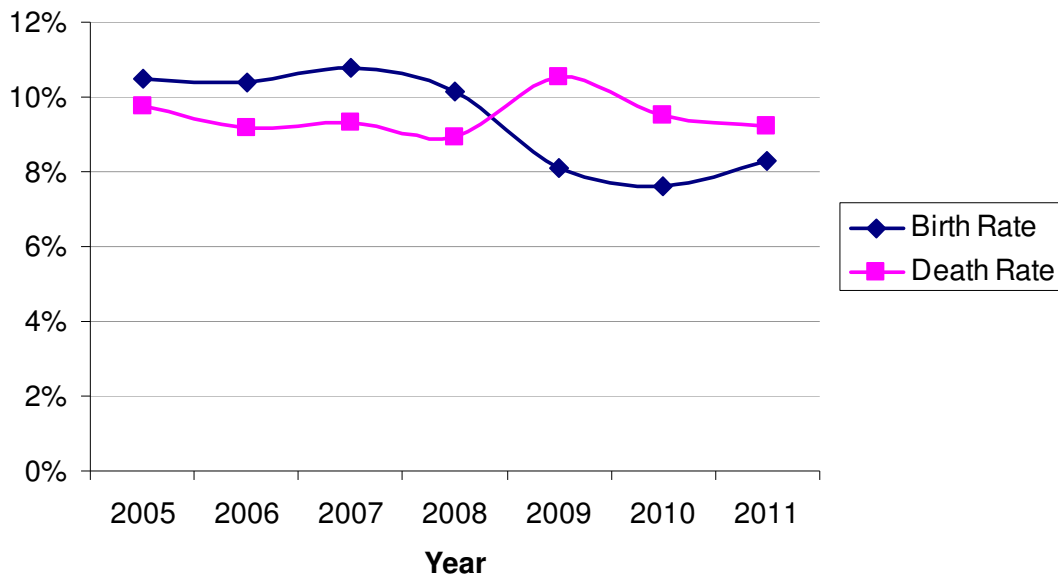
⁶ The birth rate is the ratio of new businesses to the total number of active businesses in a given year

Business Births and Deaths

There were 1,750 new business births in Somerset in 2011, a 'birth rate' of 8.3%. There were 1,940 business deaths in Somerset in 2011, a 'death rate' of 9.2%.

The rate of business deaths in Somerset has exceeded the rate of business births for the third successive year (following the start of the economic downturn in 2008/09), although the gap between the birth and death rates is narrowing. See Figure 1, below.

Figure 1: Business Birth and Death Rates in Somerset



Note: The figures for business deaths include an adjustment for estimated reactivations of businesses. Further information on how the figures are compiled is available on the ONS website: www.ons.gov.uk/ons/rel/bus-register/business-demography/2011/stb-business-demography-2011.html#tab-background-notes

Nationally, the overall rate of business births now exceeds the rate of business deaths. In terms of Somerset's districts, Sedgemoor was the only district in 2011 in which the business birth rate exceeded the death rate. Sedgemoor had the highest rate of business births and the second lowest rate of business deaths in 2011. Conversely, West Somerset experienced the lowest business birth rate and the highest business death rate (see Table 2, below).

Table 2: Business Birth and Death Rates by District, 2011

	Birth Rate	Death Rate
Mendip	8.3%	8.6%
Sedgemoor	9.3%	8.7%
South Somerset	8.1%	9.1%
Taunton Deane	8.1%	10.1%
West Somerset	6.9%	10.8%
Somerset	8.3%	9.2%
UK	11.2%	9.8%

West Somerset appears to have felt the effects of economic downturn earlier than Somerset's other districts, and been slow to recover: the business birth rate in West Somerset dipped below the death rate for the first time in 2008 (a year earlier than elsewhere) and the disparity between births and deaths continues to widen, contrary to the overall county picture.

Somerset's overall business birth and death rates are low in comparison with other South West local authorities. Somerset experienced the lowest birth rate of any South West authority in 2011, while the county's death rate was in line with the regional average.

Urban areas such as Bristol, Bournemouth and Plymouth tend to have the highest rates of business births but also the higher rates of business deaths.

Figure 2: Business Birth Rates in the South West 2011

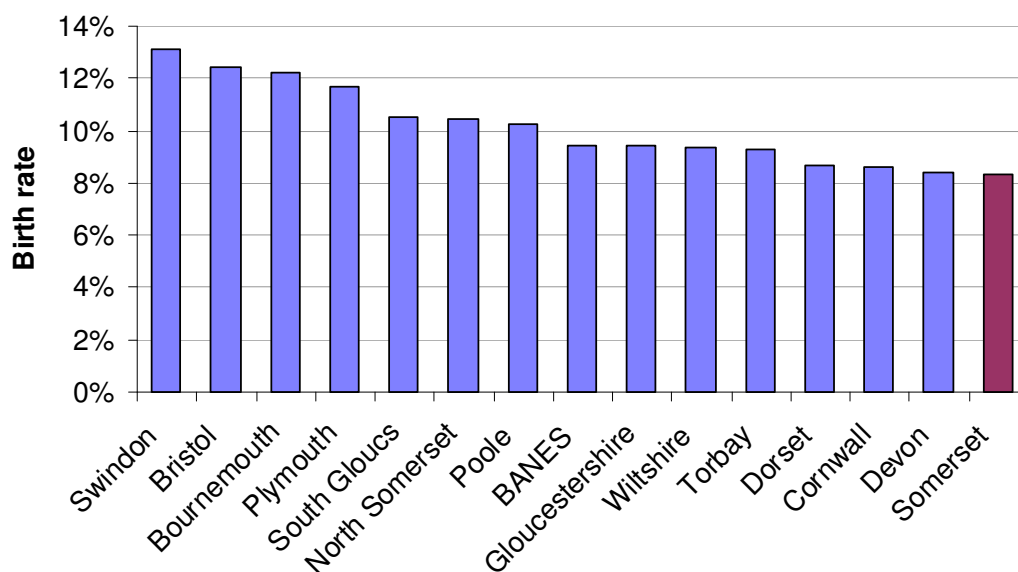
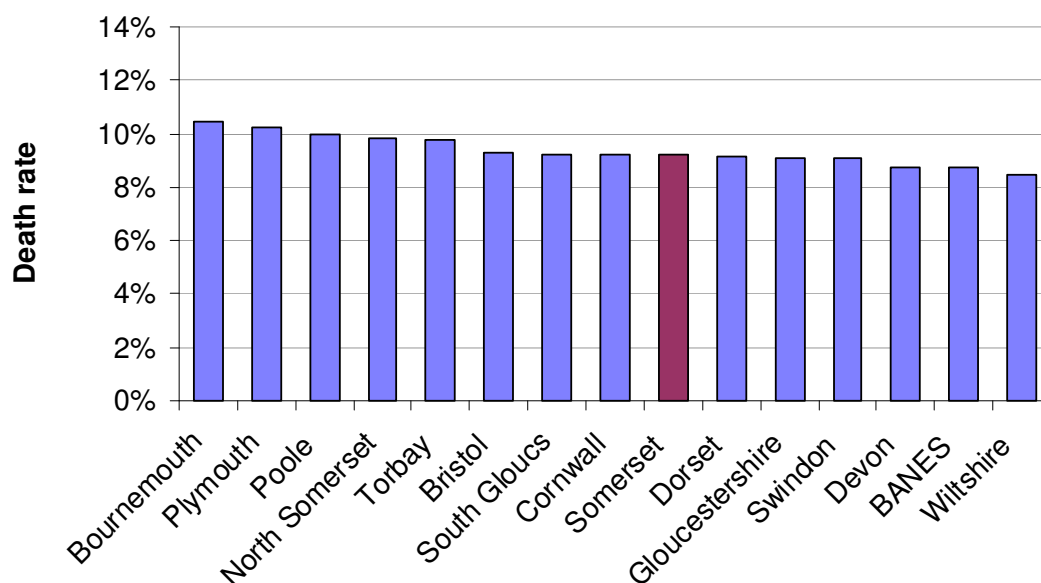


Figure 3: Business Death Rates in the South West 2011

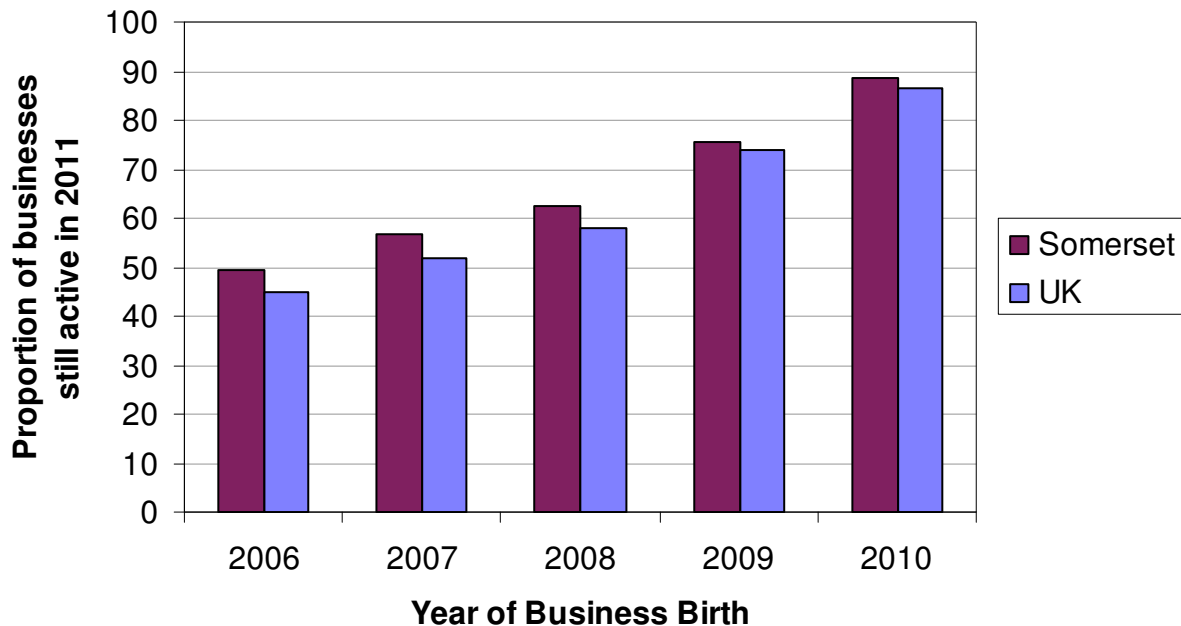


Business Survival Rates

Around 9 out of 10 businesses started in Somerset in 2010 were still operating in 2011, while around half of businesses started in 2006 were still operating in 2011.

Somerset experiences slightly higher business survival rates than the UK average. For business births in each year from 2006 to 2010, a higher than average proportion of firms were still operating in 2011. See figure 4, below.

Figure 4: Proportion of businesses still active in 2011 by Year of Business Birth



Business survival rates have been declining. While 89% of businesses started in 2010 were still operating in 2011, this is well down on the 97% of businesses started in 2006 (at the height of the economic boom) which were still active one year later. See table 3, below.

Table 3: Business Survival Rates in Somerset

	One year survival	Two year survival	Three year survival	Four year survival	Five year survival
Births in 2006	96.8	81.5	68.6	56.4	49.4
Births in 2007	95.9	83.3	67.4	56.9	...
Births in 2008	93.7	77.4	62.6
Births in 2009	93.2	75.6
Births in 2010	88.7

Further Information

Latest Somerset business demography data can be accessed through the *INFORM Somerset* data hub at: <http://inform.sine.org.uk/dataviews/view?viewId=46>