

Economic Factsheet: Business Demography November 2013



The Office for National Statistics (ONS) produces annual data on Business Demography. This source shows the number of business start-ups ('births') and business closures ('deaths') each year and gives an indication of the health and dynamism of the local economy. It also provides information on survival rates of business start-ups.

Business births and deaths (2012)

Area	Active enterprises 2012	Business Births	Business Deaths	Net change 2011-2012
Somerset	20,850	1,815	2,030	-215
Mendip	4,930	430	445	-15
Sedgemoor	4,320	375	425	-50
South Somerset	6,130	500	590	-90
Taunton Deane	4,140	410	435	-25
West Somerset	1,330	100	135	-35
Heart of the South West LEP	61,455	5,480	6,095	-615
UK	2,372,960	269,565	254,885	+14,680

In 2012, there were 20,850 active enterprises in Somerset. The majority of these (6,130) were located in South Somerset. All parts of the County saw a net decrease in the number of active enterprises between 2011 and 2012, as did the LEP area and UK as a whole.

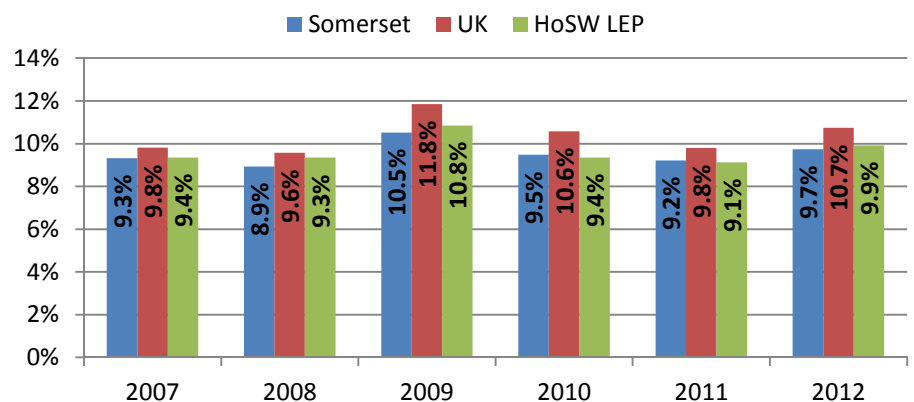
Source (all tables and charts): ONS Business Demography 2012

In 2012, there were 2,030 business 'deaths' in Somerset; 9.7% of the total active enterprises in the County. This is a slightly lower rate than the UK (10.7%) and Heart of the SW LEP area (9.9%). Business death rates peaked in 2009 after the financial crisis.

As would be expected, business 'births' mirror the pattern for business deaths, with a decline in 2009 and 2010. In 2012, there were 1,815 business births in Somerset, a rate of 8.7%. This is lower than the birth rates of 11.4% for the UK and 8.9% for the LEP area, showing that the number of start-ups in the County remains sluggish. Looking back to 2007 and 2008, Somerset's business birth rate was higher than the LEP area but has lagged behind since the recession.

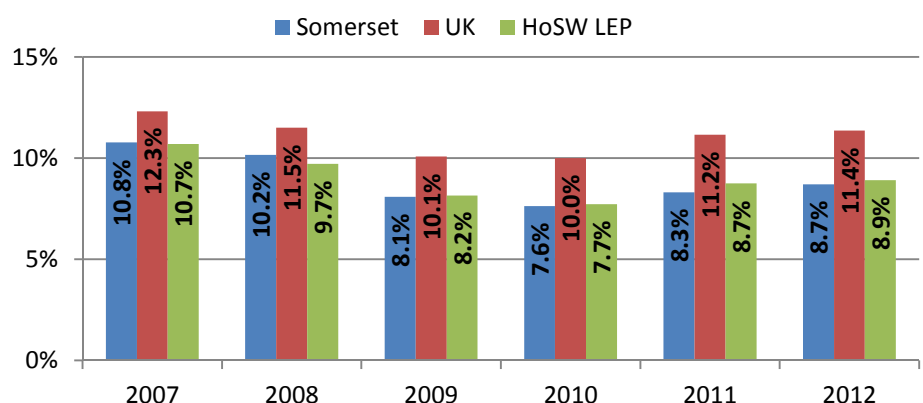
Business Death Rate

Business deaths as a % of all active enterprises



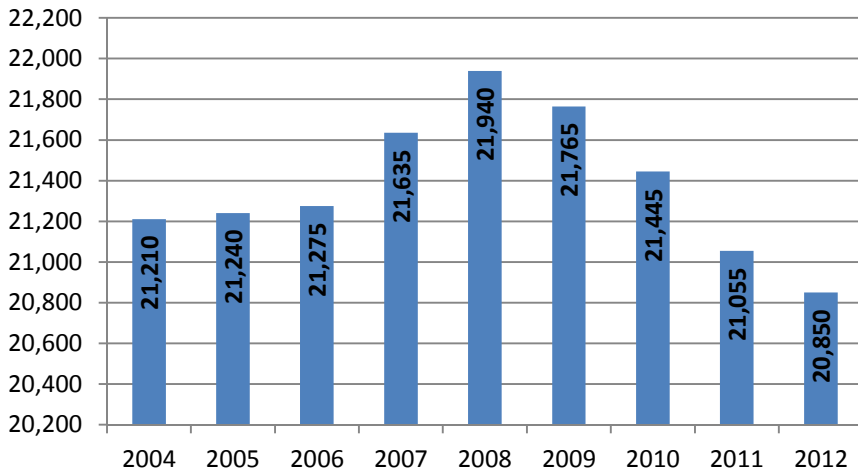
Business Birth Rate

Business births as a % of all active enterprises



Active Enterprises

Number of active enterprises in Somerset, 2004-2012



The number of active enterprises in Somerset peaked at 21,940 in 2008. Since then, the number has dropped steadily and there has been an overall decrease of 5%.

The number of active enterprises in the County has yet to return to pre-recession levels of around 21,200 in 2004-2006.

Business survival rates (2012)

Year	Somerset				HoSW LEP				UK			
	No. of start ups	Survival rates (%)			No. of start ups	Survival rates (%)			No. of start ups	Survival rates (%)		
		1 year	3 years	5 years		1 year	3 years	5 years		1 year	3 years	5 years
2007	2,330	95.9	67.4	48.7	6,820	95.5	65.8	48.1	280,730	95.4	63.0	44.6
2008	2,230	93.7	62.6		6,250	94.3	62.7		267,445	92.0	58.0	
2009	1,760	93.2	62.5		5,180	93.0	63.2		236,030	90.8	59.6	
2010	1,635	88.7			4,835	88.7			235,145	86.7		
2011	1,750	94.0			5,405	93.7			261,370	93.1		

Business survival rates in Somerset are generally higher than across the UK and the LEP area. 48.7% of Somerset businesses started in 2007 were still trading 5 years later, compared to 48.1% across the LEP and 44.6% for the UK.

2010 was the worst year in recent times to start a business. Only 88.7% of Somerset businesses started that year were still trading in 2011. 1 year survival rates improved in 2011, with 94% of new Somerset firms surviving into 2012.

This pattern is also apparent at a district level, with the exception of West Somerset where 1 year survival rates have not improved in the last 2 years.

1 year survival rates - Somerset Districts

% of businesses still active 1 year after start-up

