

# Focus on: Business and Productivity

January 2018  
(Update due January 2019)

## Summary

There are in the region of 4,655 businesses operating within Blackburn with Darwen. The one year business survival rate in the borough is on a par with the national average, but Blackburn with Darwen's five year business survival rate is below Lancashire and national averages.

As with the regional and national profile, micro businesses (0-9 employees) make up the largest proportion of the borough's businesses (85.7%). But as this proportion is lower than regional or national averages, the borough sees an above average proportion of small and medium sized businesses.

Sectors with the largest number of businesses in borough are manufacturing, retail and professional, scientific and technical services sectors. Areas such as health, which employ larger numbers of people have relatively smaller numbers of businesses, as this sector will include small numbers of large businesses which employ large numbers of people, such as the NHS.

Gross Value Added per hour can be used provide a measure of productivity. Office for National Statistics reports that Blackburn with Darwen ranks as having the second lowest GVA per hour worked of the upper tier local authority areas in the north of England (Blackpool is the lowest), with productivity levels around 22% lower than the UK.

## Businesses in the borough<sup>1</sup>

Businesses in the borough can be counted in two main ways, as enterprises and as local units.

An enterprise can be thought of as the overall business, made up of all the individual sites or workplaces. A local unit is an individual site (for example a factory or shop) associated with an enterprise. It can also be referred to as a workplace. As enterprises provide a better estimation of the number of business in an area, the following section will focus primarily on enterprise data.

It should be noted that the definition of what is counted as a business changed in 2015, when ONS extended the coverage of businesses to include a population of solely PAYE based businesses, trading below the VAT threshold, that were previously excluded from the statistics. These were in the main small or sole trader businesses including for example hairdressers, beauty therapists, mobile caterers.

## Number of businesses

There are currently 4,655 enterprises that operate within Blackburn with Darwen and this represents a 6.3% increase since 2015. Looking at a wider picture, this percentage increase is favourable compared to the number of enterprises in the Lancashire Local Economic Partnership (LEP) area, but below increases seen in the North West (NW) and nationally.

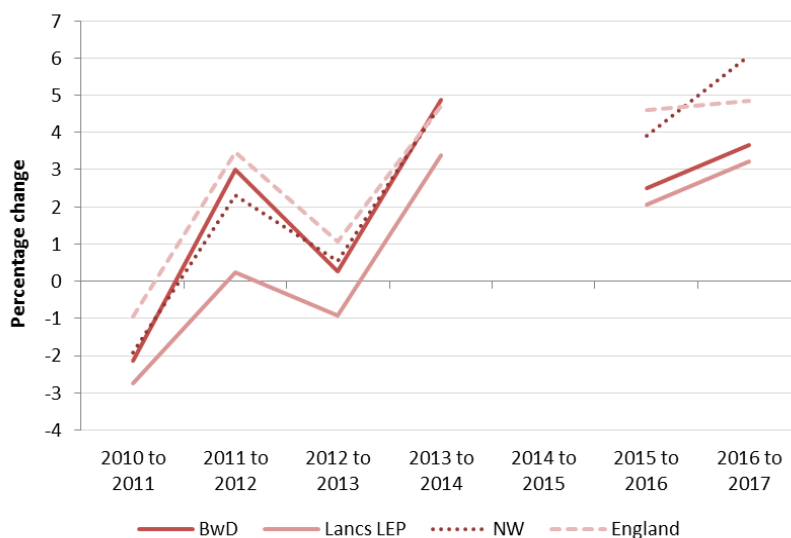
### Number of enterprises in 2015 and 2017

Area	Enterprises 2015	Enterprises 2017	Percentage Change
<b>Blackburn with Darwen</b>	4,380	4,655	6.3%
<b>Lancashire LEP</b>	49,435	52,070	5.3%
<b>North West</b>	235,955	260,060	10.2%
<b>England</b>	2,116,295	2,320,885	9.7%

<sup>1</sup> Source: UK Business Count data <https://www.nomisweb.co.uk>

However whilst this change over the last two years gives an indicator of good enterprise growth within the borough compared to the LEP area, the year on year percentage changes show a definite trend that all areas broadly follow (data for 2014 to 2015 not shown due to change in methodology).

### Annual percentage change in the total number of enterprises operating in Blackburn with Darwen, Lancashire LEP, North West and England

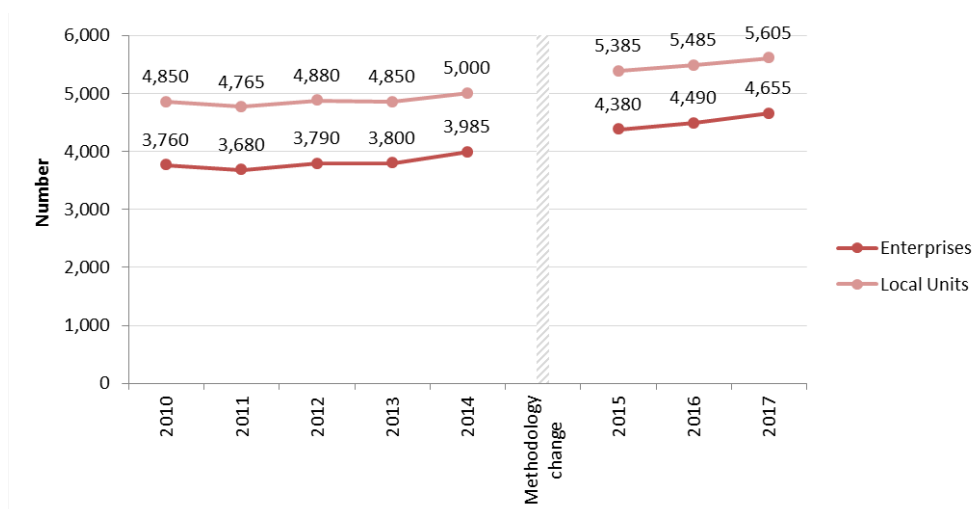


Over the past year, both Lancashire LEP and Blackburn with Darwen have not seen the same level of percentage increase as the regional and national averages in terms of local enterprise growth. However the graph does indicate that the borough’s enterprise growth rate is faster than that of England’s but not as fast as the North West’s.

As well as local enterprises, local business base growth can also be measured by the number of local units, currently there are 5,605 local units within the borough. Over the last year the number in the borough has grown by 2.2%, on a par with the Lancashire LEP area (2.6%) but below regional (5.0%) and national figures (4.3%). Unlike enterprise growth, local unit growth has been outperformed by all comparator geographies, with the rate of growth also slowing. This could indicate a slowing in the number of franchises opening in the borough or the closure of multiple units by enterprises reassessing their own structural needs.

Despite the lower percentage increases, the absolute numbers suggest that both local unit and enterprise growth have both been on an upward trajectory since 2010 with both following almost identical trends with a clear but steady rate of growth.

### Number of enterprises and local units in Blackburn with Darwen, from 2010



## Business survival<sup>2</sup>

Business survival, or births and deaths, records business registrations (births) and businesses that have ceased to trade (deaths). Data is taken at a reference point in November (from 2015 onwards the reference point will be December). The number of new businesses starting up in Blackburn with Darwen in each year does fluctuate, but overall demonstrates an upward trend, a similar picture is seen in the Lancashire County Council area.

In recent years the proportion of new businesses surviving their first year has decreased in the borough, in 2013 95.6% of new businesses did so, but the latest figures show that of the businesses that started in 2015, 89.2% had survived their first year. Over a longer time frame, of the businesses that started in 2011, 39.4% survived to their fifth year, this compares to 42.1% in the Lancashire CC area.

### Business survival figures for Blackburn with Darwen and Lancashire CC.

		Births	1-year survival	1-yr %	2-year survival	2-yr %	3-year survival	3-yr %	4-year survival	4-yr %	5-year survival	5-yr %
Blackburn with Darwen	2011	520	485	93.3	375	72.1	295	56.7	240	46.2	205	39.4
	2012	490	465	94.9	365	74.5	285	58.2	235	47.96		
	2013	680	650	95.6	500	73.5	395	58.1				
	2014	635	595	93.7	490	77.2						
	2015	695	620	89.2								
	2016	715										
Lancashire County Council	2011	4,145	3,880	93.6	3,100	74.8	2,460	59.3	2,050	49.5	1,745	42.1
	2012	4,125	3,790	91.9	3,120	75.6	2,530	61.3	2,165	52.48		
	2013	5,210	4,905	94.1	3,975	76.3	3,255	62.5				
	2014	5,110	4,740	92.8	3,920	76.7						
	2015	5,100	4,665	91.5								
	2016	5,310										
England	2011	232,460	216,315	93.1	175,405	75.5	140,350	60.4	118,170	50.8	102,240	44.0
	2012	239,975	218,685	91.1	176,950	73.7	141,995	59.2	120,485	50.21		
	2013	308,770	288,765	93.5	231,765	75.1	187,815	60.8				
	2014	313,200	288,870	92.2	237,490	75.8						
	2015	344,385	308,685	89.6								
	2016	374,035										

## Enterprise size – number of employees<sup>3</sup>

Blackburn with Darwen plays host to a wide variety of businesses across all sizes. Official figures provide employee size data in four distinct bands; micro, small, medium and large. Micro enterprises are defined as those that have nine or fewer employees, small enterprises are defined as having between 10 and 49 employees, medium sized enterprises are defined as having between 50 and 249 employees and large business are defined as employing over 250 workers.

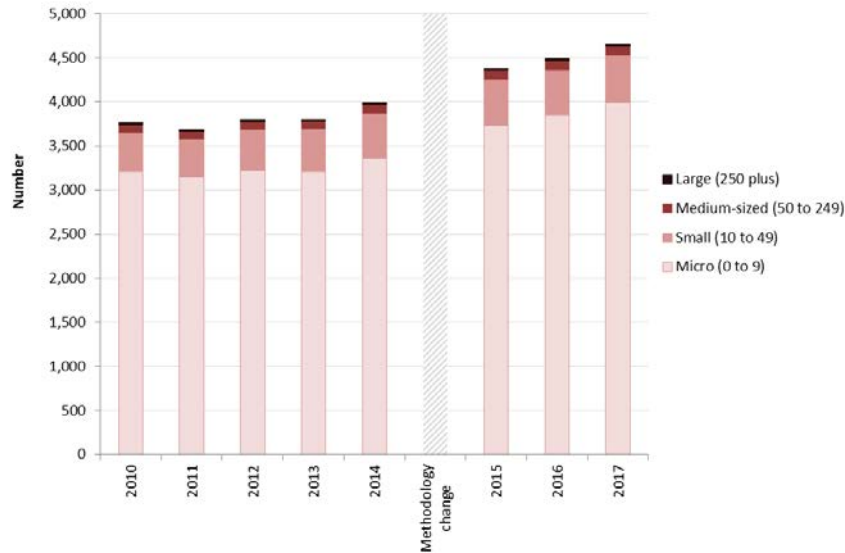
The following graph indicates that over the period 2010 to 2017, the number of micro and small enterprises have grown consistently whilst the numbers of medium and large enterprises have remained at a steady level, with minimal to no growth.

<sup>2</sup>Source: ONS Business Demography

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2016>

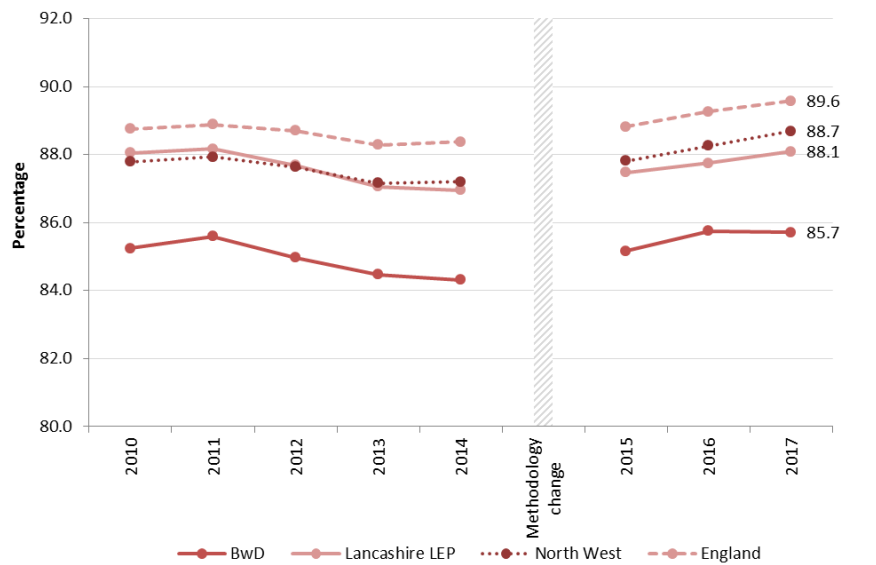
<sup>3</sup> Source: UK Business Count data <https://www.nomisweb.co.uk>

## Enterprise size bands for Blackburn with Darwen



Blackburn with Darwen currently has 3,990 micro enterprises within its business base, which equate to 87.5% of the total number of enterprises found within the local authority area. However, the percentage of micro enterprises within the local business base has been consistently lower when compared to Lancashire LEP, the North West and English levels.

### Proportion of micro enterprises in Blackburn with Darwen, Lancashire LEP, North West and England



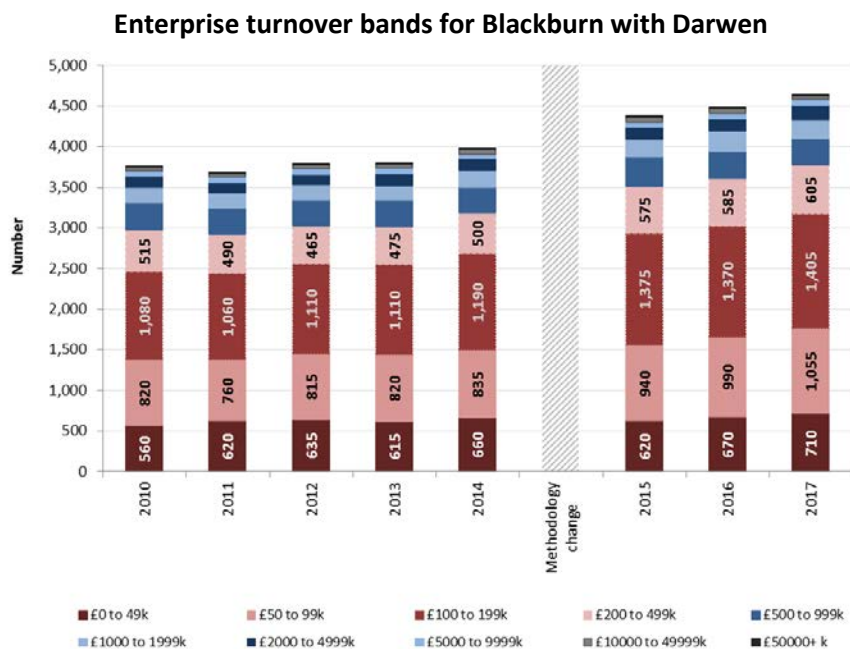
Whilst the proportion of micro businesses in the borough is below the Lancashire LEP, North West and England figures, the borough sees greater proportions of businesses in the small, medium and large size bands.

### Proportion of enterprises by size band in Blackburn with Darwen, Lancashire LEP, North West and England, 2017

	Blackburn with Darwen		Lancashire LEP		North West		England	
	%	n	%	n	%	n	%	n
<b>Large</b>	0.4	20	0.3	180	0.4	8,620	0.4	975
<b>Medium</b>	2.3	105	1.7	880	1.6	35,330	1.5	4,265
<b>Small</b>	11.5	535	9.9	5,140	9.3	198,030	8.5	24,155
<b>Micro</b>	85.7	3,990	88.1	45,870	88.7	2,078,900	89.6	230,660
<b>Total</b>		4,655		52,070		2,320,885		260,060

## Enterprise turnover<sup>4</sup>

Turnover describes the amount of money taken by a business in a particular period. The graph below presents the split of enterprises based in the borough by turnover size since 2010. This indicates that over the last few years, the proportion of enterprises in the lower bands 1 – 4 have shown consistent growth whilst the proportion of businesses in turnover bands 5 – 10 have shown more inconsistencies with some growth and none in other bandings.



## Enterprise turnover bands for Blackburn with Darwen

	2010	2011	2012	2013	2014	Methodology change			2015	2016	2017	2015 to 2017 %change
<b>(1) £0 to 49k</b>	560	620	635	615	660	Methodology change	620	670	710	14.5		
<b>(2) £50 to 99k</b>	820	760	815	820	835		940	990	1,055	12.2		
<b>(3) £100 to 199k</b>	1,080	1,060	1,110	1,110	1,190		1,375	1,370	1,405	2.2		
<b>(4) £200 to 499k</b>	515	490	465	475	500		575	585	605	5.2		
<b>(5) £500 to 999k</b>	340	310	320	320	320		370	330	335	-9.5		
<b>(6) £1000 to 1999k</b>	190	190	185	185	205		215	250	230	7.0		
<b>(7) £2000 to 4999k</b>	140	135	135	150	145		155	155	170	9.7		
<b>(8) £5000 to 9999k</b>	55	65	65	60	55		60	65	70	16.7		
<b>(9) £10000 to 49999k</b>	50	40	50	50	55		55	55	50	-9.1		
<b>(10) £50000+ k</b>	10	15	10	15	15		15	15	15	0.0		
<b>Total</b>	3,760	3,680	3,790	3,800	3,985	4,380	4,490	4,655	6.3			

The lowest turnover band (band one) shows the second highest increase of the bandings between 2015 and 2017. This band often captures enterprises that are sole traders, emerging enterprises or start-ups often within their first or second years of trading, but does also include established small businesses; in the region of 15.3% of businesses in the borough fall into this turnover band, a similar proportion to Lancashire LEP (15.9%).

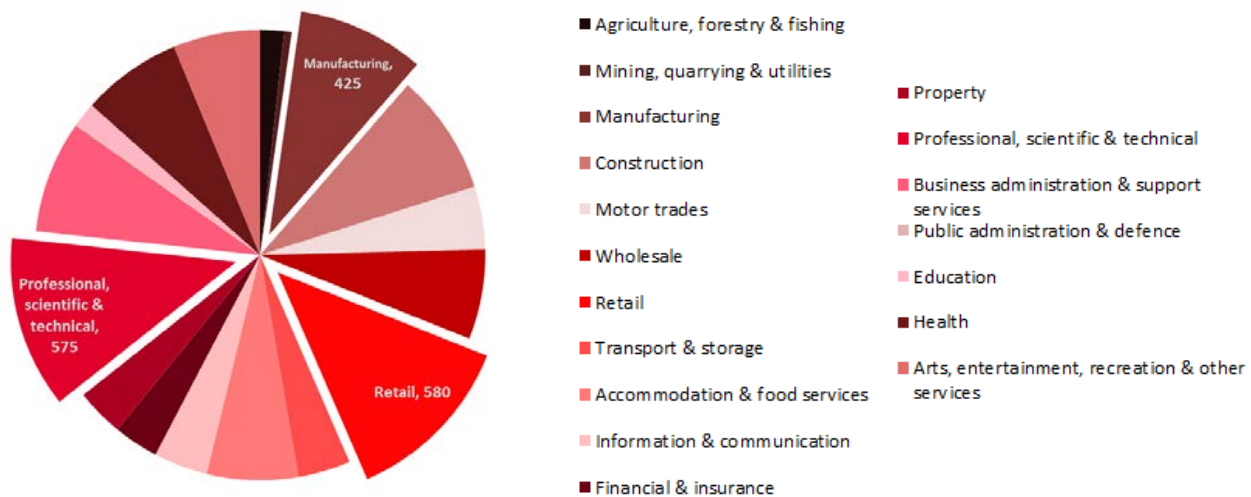
Band six, enterprises that have an annual turnover of between £1m and £1.99m tend to include medium sized businesses that have been trading for a number of years. The borough has a slightly greater proportion of businesses in this band (4.9%) compared to Lancashire LEP (4.4%).

<sup>4</sup> Source: UK Business Count data <https://www.nomisweb.co.uk>

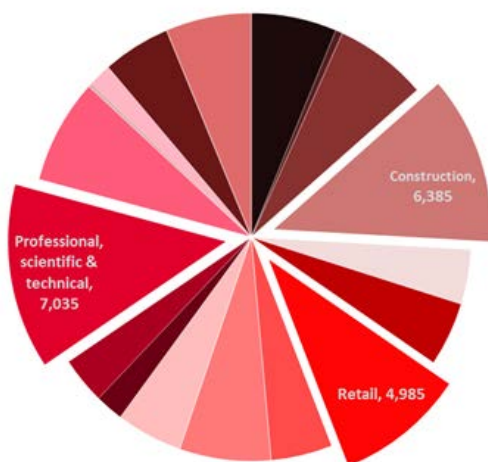
## Businesses - industrial groups<sup>5</sup>

Sectors with the largest number of businesses (enterprises) in borough included manufacturing, retail and professional, scientific and technical services sectors. Other areas such as health, which employ larger numbers of people have relatively smaller numbers of businesses, as this sector will include small numbers of large businesses which employ large numbers of people, such as the NHS.

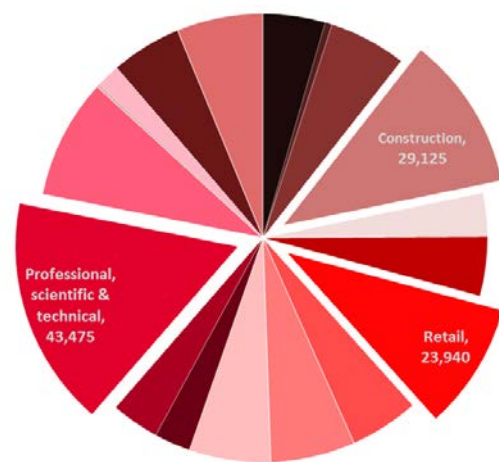
### Business sectors in Blackburn with Darwen



### Business sectors in Lancashire LEP



### Business sectors in the North West



<sup>5</sup> Source: UK Business Count data <https://www.nomisweb.co.uk>

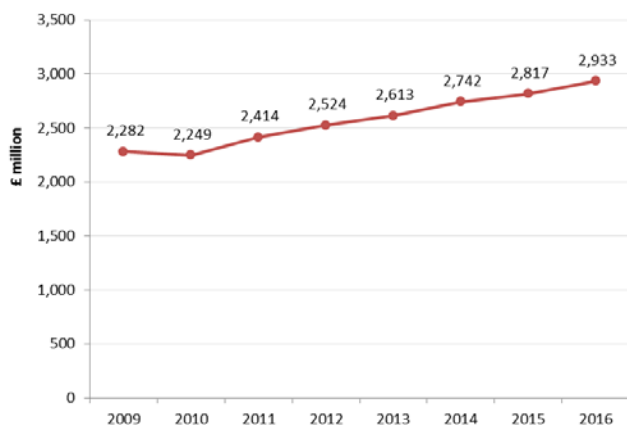
## Gross Value Added (GVA)<sup>6</sup>

Whilst GVA is not as accurate as GDP in measuring actual productivity it is the one of the few economic measures that can provide a picture of local economic performance as it does not require figures for the whole economy (i.e. full national data) to be calculated. The following section uses GVA(B) data, which is currently classified by ONS as an experimental statistic. GVA(B) combines the strengths from the previous income and productivity approaches to produce a “balanced estimate” of regional gross value added. This “balances” the income and production approaches to measuring the economy into a single estimate at a regional level.

Gross value added (GVA) is a measure of the increase in the value of the economy due to the production of goods and services. GVA(B) is measured at current basic prices, which include the effect of inflation.

Over time, GVA figures for the borough have shown a steady increase. However, in order to make comparisons with other areas, it is useful to consider GVA per head of population.

### GVA(B) at current basic prices for Blackburn with Darwen, in £ million



Whilst year on year percentage change fluctuates, data shows that between 2009 and 2016 GVA(B) increased by 27.1% in England, compared to 21.7% in the North West, 24.8% in Lancashire (including Blackpool and Blackburn with Darwen) and by 28.5% in Blackburn with Darwen. Within the Lancashire sub regions, mid Lancashire (Fylde, Preston, South Ribble, Ribble Valley) has seen the largest percentage increase.

### GVA(B) at current basic prices for England, North West, Lancashire (NUTS2<sup>7</sup>) and NUTS3 areas in Lancashire, in £ million

	2009	2016 provisional	% change
England	1,178,625	1,498,221	27.1
North West	136,845	166,542	21.7
Lancashire	24,703	30,821	24.8
Blackburn with Darwen	2,282	2,933	28.5
Blackpool	1,999	2,314	15.8
Lancaster and Wyre	3,555	4,081	14.8
Mid Lancashire	8,471	11,229	32.6
East Lancashire	4,835	6,033	24.8
Chorley and West Lancashire	3,561	4,231	18.8

<sup>6</sup> Source: ONS GVA(B)

<https://www.ons.gov.uk/economy/grossvalueaddedgva/bulletins/regionalgrossvalueaddedbalanceduk/1998to2016>

<https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalregionalgrossvalueaddedbalancedperheadandincomecomponents>

<sup>7</sup> Lancashire NUTS2 covers the same area as Lancashire LEP. For further information about the NUTS geographies see:

<https://www.ons.gov.uk/methodology/geography/ukgeographies/eurostat#north-west-england>

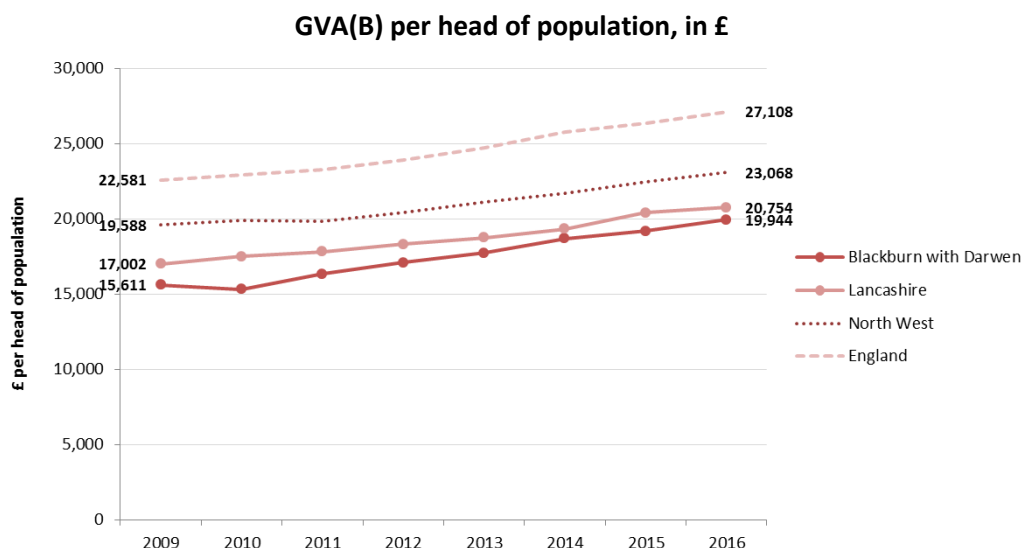
## GVA per head of population

Due to the differing sizes of local economies throughout the country, GVA per head can be a useful way of comparing regions. However, as the borough sees a net inflow of commuters, this indicator does not provide a particularly useful estimate of productivity, as it compares a workplace measure of economic output with a residence based denominator (population). A measure of productivity, GVA per hour worked, is presented later in this document.

Whilst GVA(B) per head of population data places the borough below regional and Lancashire averages, the gap between Lancashire and the borough has been narrowing. Between 2009 and 2016 GVA(B) per head in the wider Lancashire area increased by 22.1%, whilst Blackburn with Darwen saw a 27.8% increase.

### GVA(B) per head for England, North West, Lancashire (NUTS2<sup>8</sup>) and NUTS3 areas in Lancashire, in £

	2009	2010	2011	2012	2013	2014	2015	2016 <sup>3</sup>	% Change
England	22,581	22,889	23,239	23,927	24,700	25,772	26,365	27,108	20.0
North West	19,588	19,864	19,860	20,410	21,091	21,689	22,426	23,068	17.8
Lancashire	17,002	17,490	17,813	18,323	18,739	19,328	20,402	20,754	22.1
Blackburn with Darwen	15,611	15,302	16,346	17,087	17,728	18,683	19,180	19,944	27.8
Blackpool	14,018	14,670	15,061	15,070	15,103	15,600	16,679	16,622	18.6
Lancaster and Wyre	14,566	14,889	14,954	15,222	15,500	16,166	16,464	16,083	10.4
Mid Lancashire	22,350	23,007	23,124	23,638	24,506	24,846	28,052	28,886	29.2
East Lancashire	14,887	15,594	16,052	16,935	17,322	17,900	17,952	18,362	23.3
Chorley and West Lancashire	16,464	16,932	17,126	17,539	17,466	18,223	18,340	18,579	12.8



<sup>8</sup> Lancashire NUTS2 covers the same area as Lancashire LEP. For further information about the NUTS geographies see: <https://www.ons.gov.uk/methodology/geography/ukgeographies/eurostat#north-west-england>

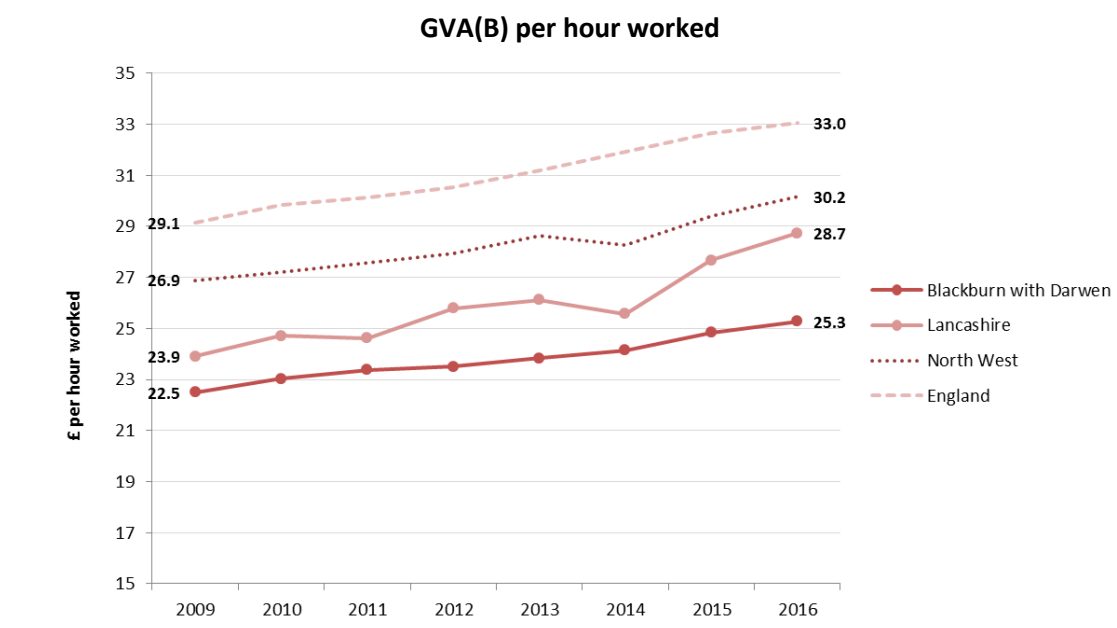


## GVA per hour worked<sup>910</sup>

Figures of Gross Value Added per hour can be used provide a measure of productivity, as this estimates the overall contribution to the economy of an area per hour worked. It must be borne in mind that the sectoral make up of an area will influence this statistic.

Nationally, ONS report that Blackburn with Darwen ranks as having the second lowest GVA per hour worked of the NUTS 3 areas in the north of England (Blackpool is the lowest), with productivity levels around 22% lower than the UK.

The figures for the North West, Lancashire LEP and Blackburn with Darwen, all track below the national average. Since 2009 GVA(B) per hour worked in the borough has increased by 12.4%, on a par with the regional rate of increase (12.2%), but below the wider Lancashire area 20.2%.



## Further information and contacts

For further information on the content of this document please contact:

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<sup>9</sup> Source: ONS GVA(B)

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/regionalandsubregionalproductivityintheuk/february2018>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions>

<sup>10</sup> Data presented in the charts and tables use unsmoothed data for NUTS1 and NUTS2 geographies, but use the smoothed data series for NUTS3 geographies