



Institute for Applied Economics and Social Value

East Midlands Economic Data Repository

Data Brief 21-01

Small and Medium Enterprises (SMEs) in Derby, Leicester and Nottingham

The data for this brief is available on DMU Figshare at
<https://figshare.dmu.ac.uk/account/projects/87068/articles/14500974>

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Introduction

In this data brief we compare micro and small and medium enterprises (SMEs) across Derby, Leicester and Nottingham. We summarise:

- How many SMEs there are,
- What sectors they operate in.

Key findings

- Leicester has a relatively large number of micro businesses and SMEs compared to other cities in England.
- Nottingham has a relatively small number of micro businesses and SMEs compared to other cities in England.
- Leicester has a relatively large manufacturing sector, both compared to Derby and Nottingham, and other cities in England. This is largely driven by the textile and clothing sectors.
- Leicester also has a relatively large service sector, particularly in retail and wholesale, and auxiliary financial services.
- Derby has a relatively large number of SMEs in specialized construction and architectural and engineering activities.
- There are no sectors in which Nottingham has a relatively large number of micro businesses or SMEs.

Definitions

We focus on private enterprises registered at locations within the local authority boundaries of Derby, Leicester and Nottingham. An enterprise can be thought of as the overall business, and may consist of several workplaces (or local units). For instance, a business with two restaurants in Leicester would count as one enterprise. Our data does not include

workplaces located in Derby, Leicester and Nottingham where the enterprise is registered outside the authority boundary.

Business size is measured based on number of employees:

- A micro business has between 0 and 9 employees.
- A small business has between 10 and 49 employees.
- A medium business has between 50 and 249 employees.
- A large business has 250 or more employees.

Source of data

We are using data from the 'UK Business Counts - enterprises by industry and employment size band' on Nomis. This data is compiled from the Inter Departmental Business Register (IDBR) in March of each year. Important points to consider about the data:¹

- Only businesses registered for VAT and/or PAYE appear on the IDBR. Thus, businesses with a low turnover and no employees are excluded. It is estimated that around a half of businesses in the UK are unregistered and so a significant number of businesses are excluded from the Business Count data.
- The IDBR is a comprehensive list of registered businesses and so the Business Count data does not involve estimation or extrapolation. This is a key strength of the data. Employment and, thus, the size of the enterprise does, however, involve an element of surveying and estimation.
- Business counts are given to the nearest 5, which may include rounding down to 0.

¹ For more details see

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/methodologies/ukbusinessactivitysizeandlocationqmi>

How many SMEs are there?

In Table 1 we detail the number of enterprises in Derby, Leicester and Nottingham in March 2020 by business size. A key thing that stands out is the large number of micro businesses in Leicester. To put some context on this it is useful to weight the counts relative to population size. Here we weight relative to the estimated population aged 16-64 in 2019. It is also useful to compare with other cities in England. Figure 1 plots the number of micro businesses per 100 people aged 16-64. You can see that Leicester is towards the top end of the scale with nearly 5 micro businesses for every 100 people. Nottingham, by contrast, is towards the bottom of the scale with only 3.5 micro businesses for every 100 people. Derby sits in the middle. In Figure 2 we expand the picture to all SMEs. Leicester retains its place near the top while Nottingham drops below Newcastle.

Table 1: Number of enterprises by number of employees.

Number of employees	Derby	Leicester	Nottingham
Micro (0 to 9)	6,470	11,600	8,005
0 to 4	5,630	10,015	6,890
5 to 9	840	1,590	1,115
Small (10 to 49)	735	1,350	1,010
10 to 19	460	875	635
20 to 49	280	475	375
Medium-sized (50 to 249)	150	210	200
50 to 99	110	150	135
100 to 249	45	60	65
Large (250+)	35	45	65
Total	7,390	13,205	9,280

Figure 1: Number of micro businesses per 100 people aged 16-64.

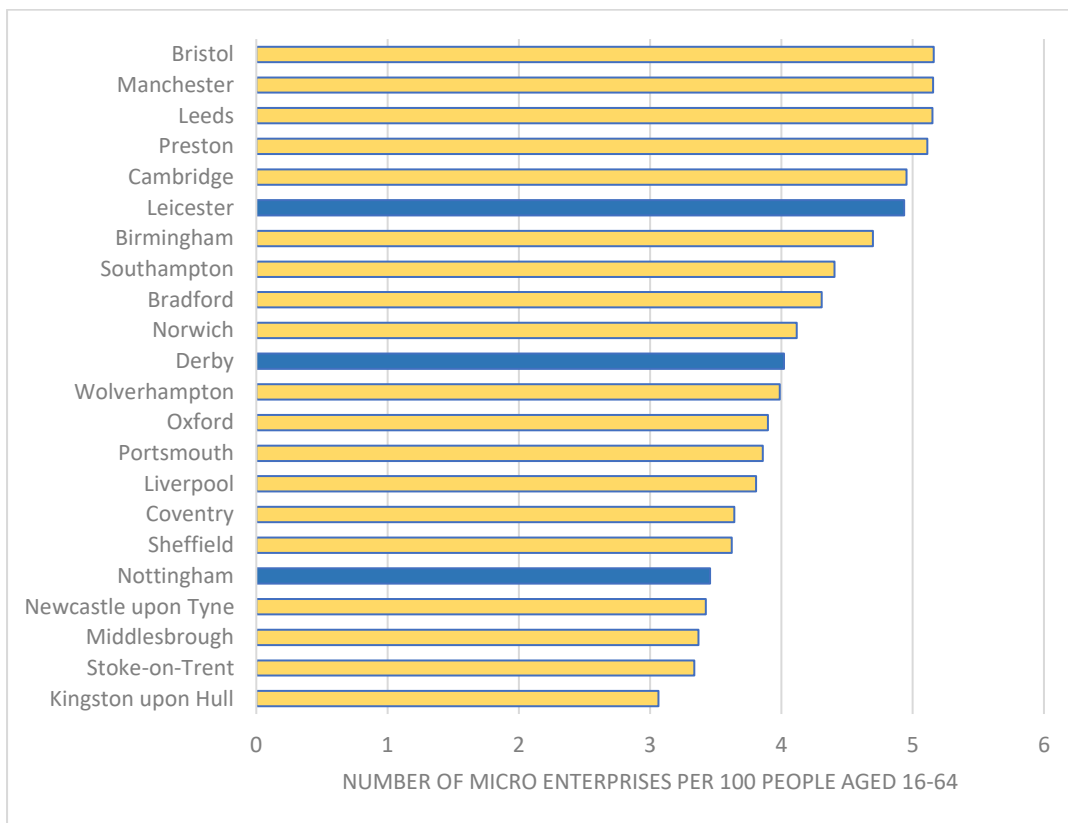
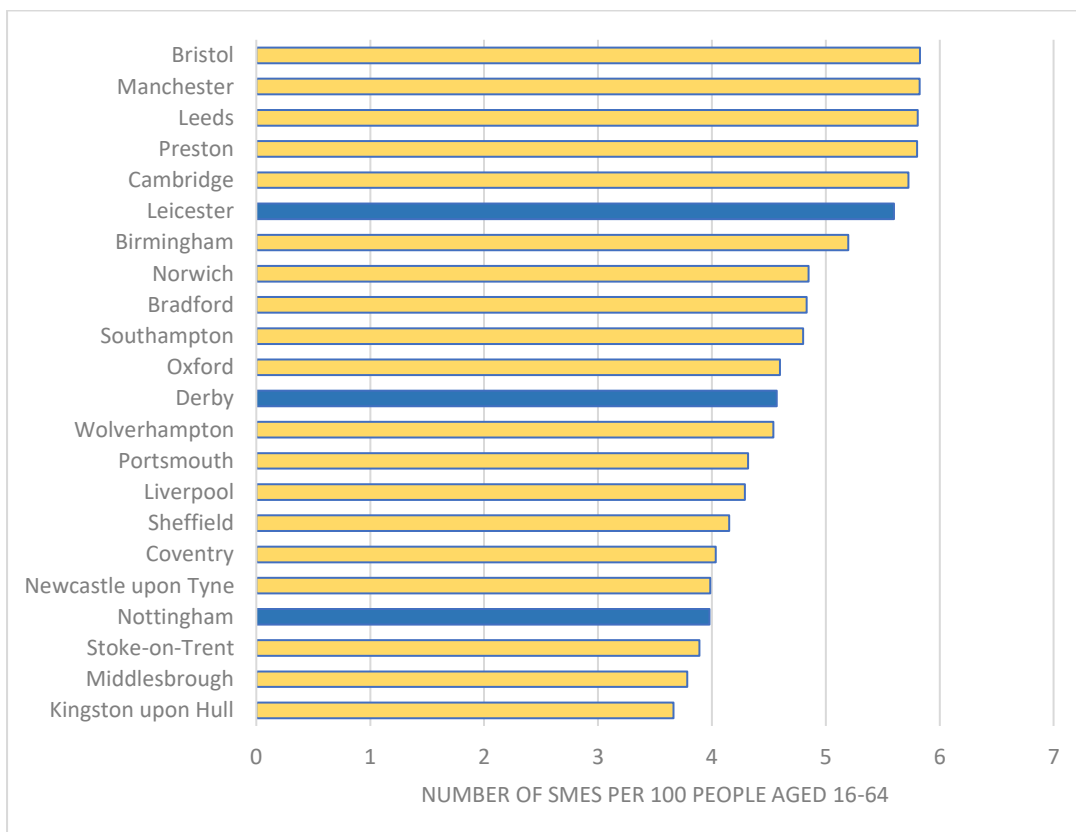


Figure 2: Number of SMEs per 100 people aged 16-64.



What sectors do SMEs operate in?

We begin our sector analysis by looking at the manufacturing and production sectors (SIC 5-39). In Tables 2 and 3 we detail the number of micro enterprises and SMEs respectively in the manufacturing and production sectors across the three cities. We omit sectors with less than 30 enterprises in total. You can see that Leicester has considerably more micro enterprises and SMEs in manufacturing and production than Derby and Nottingham. Indeed, the total number of businesses is over twice that of Derby and Nottingham. Particularly noteworthy is the textile and clothing industry in Leicester. This accounts for a large part (if not all) of the difference between Leicester and Derby and Nottingham. In particular, the textile and clothing sectors account for just over a third of manufacturing and production enterprises in Leicester while being essentially non-existent in Derby and Nottingham.

Table 2: Number of micro enterprises by city and sector in manufacturing and production sectors .

Industry	Derby	Leicester	Nottingham
14 : Manufacture of wearing apparel	10	265	20
25 : Manufacture of fabricated metal products, except machinery and equipment	95	105	55
18 : Printing and reproduction of recorded media	25	70	50
33 : Repair and installation of machinery and equipment	70	40	35
13 : Manufacture of textiles	5	115	20
32 : Other manufacturing	30	45	40
16 : Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	25	20	35
10 : Manufacture of food products	5	45	20
28 : Manufacture of machinery and equipment	20	30	15
31 : Manufacture of furniture	10	35	15
26 : Manufacture of computer, electronic and optical products	15	25	15
38 : Waste collection, treatment and disposal activities; materials recovery	15	15	15
22 : Manufacture of rubber and plastic products	10	20	10
35 : Electricity, gas, steam and air conditioning supply	5	10	25
29 : Manufacture of motor vehicles, trailers and semi-trailers	10	10	10
Total	410	900	435

Table 3: Number of SMEs by city and sector in manufacturing and production sectors.

Industry	Derby	Leicester	Nottingham
14 : Manufacture of wearing apparel	15	450	25
25 : Manufacture of fabricated metal products, except machinery and equipment	110	140	80
13 : Manufacture of textiles	10	185	25
18 : Printing and reproduction of recorded media	35	95	70
33 : Repair and installation of machinery and equipment	70	45	40
32 : Other manufacturing	30	50	50
10 : Manufacture of food products	10	70	20
28 : Manufacture of machinery and equipment	30	35	30
16 : Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	30	20	40
22 : Manufacture of rubber and plastic products	20	40	20
26 : Manufacture of computer, electronic and optical products	25	30	20
31 : Manufacture of furniture	10	45	20
38 : Waste collection, treatment and disposal activities; materials recovery	20	20	20
01 : Crop and animal production, hunting and related service activities	20	15	10
27 : Manufacture of electrical equipment	15	15	15
35 : Electricity, gas, steam and air conditioning supply	5	10	30
23 : Manufacture of other non-metallic mineral products	10	5	15
29 : Manufacture of motor vehicles, trailers and semi-trailers	10	10	10
Total	520	1325	580

In Figures 3 and 4 we compare the manufacturing sectors in Derby, Leicester and Nottingham with other cities in England. Figure 3 looks at the number of SMEs per 100 people aged 16-64 and Figure 4 provides a raw count of SMEs. The importance of manufacturing in Leicester is readily apparent with it topping the chart when we weight for population size. Derby and Nottingham have a much smaller manufacturing sector.

Figure 3: Number of SMEs per 100 people aged 16-64 in manufacturing.

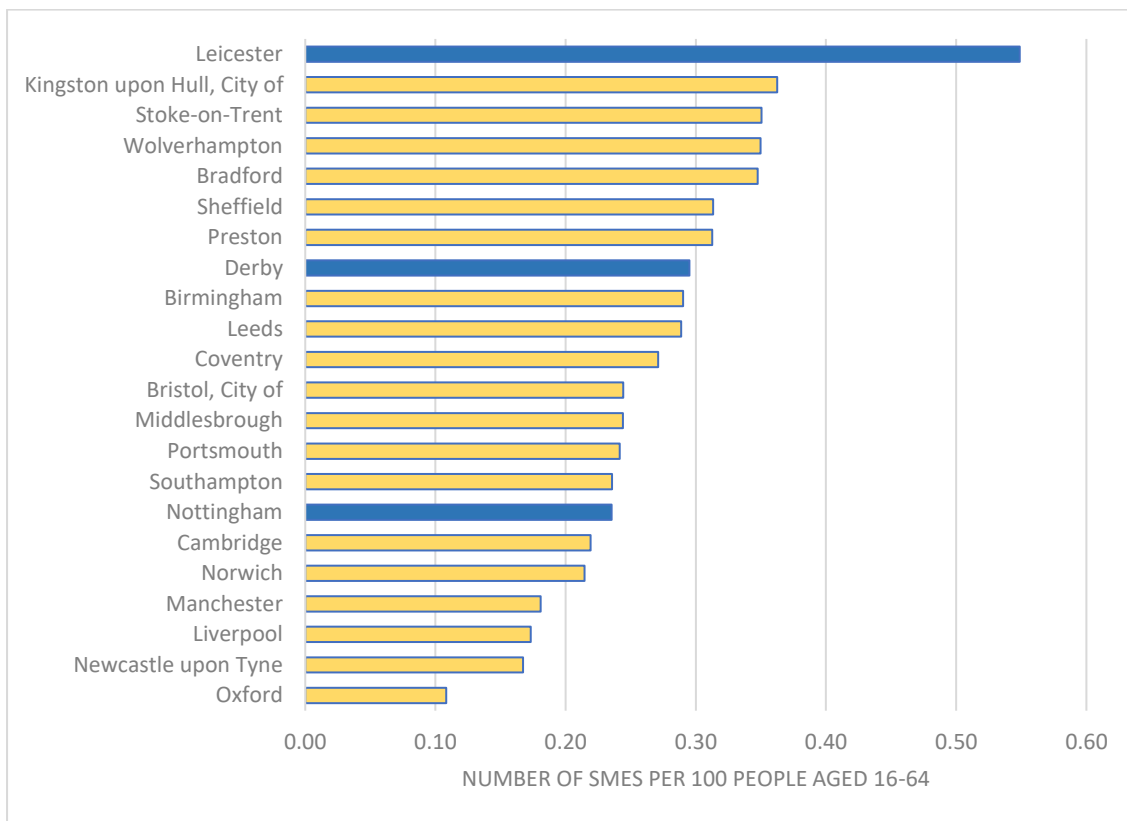
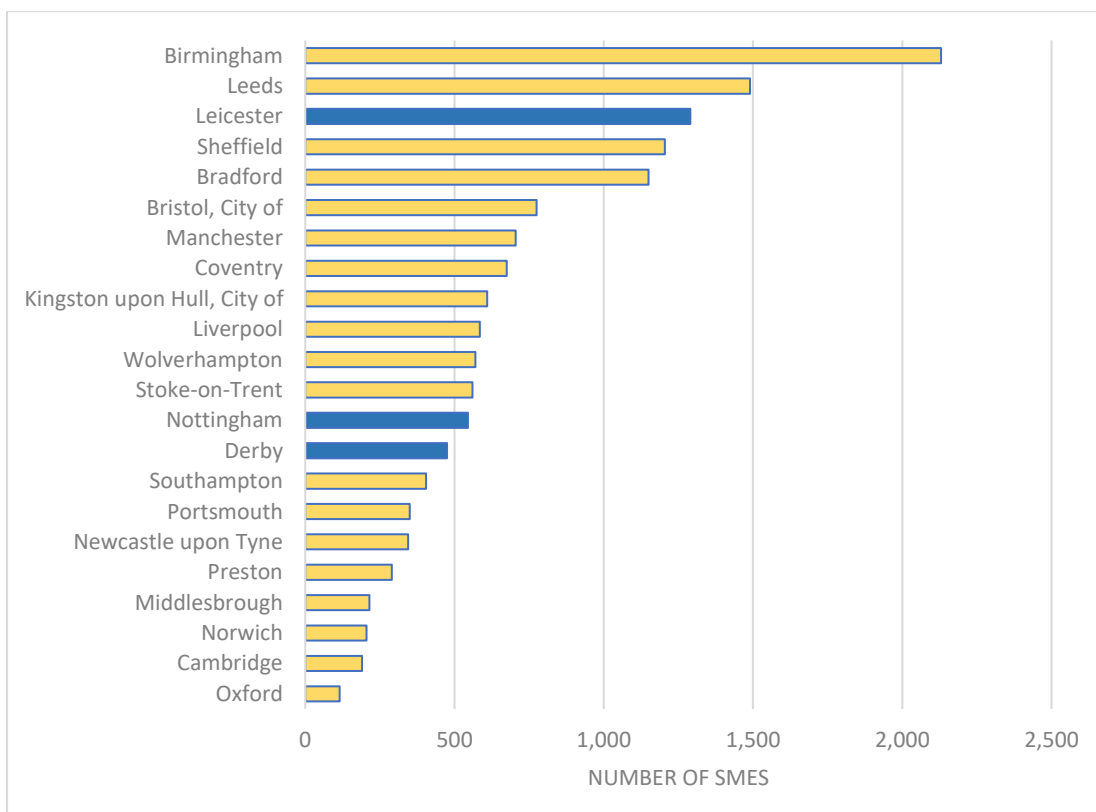


Figure 4: Number of SMEs in manufacturing.



We turn our attention now to the service sectors. In Tables 4 and 5 we detail the number of micro enterprises and SMEs respectively. Across the board we see a larger number of enterprises in Leicester compared to both Nottingham and Derby. Particularly noteworthy in Leicester are retail and wholesale trade and auxiliary financial services (e.g. mortgage advice) and insurance. Noteworthy in Derby is a relatively large architectural and engineering sector.

Table 4: Number of micro enterprises in service sectors.

	Derby	Leicester	Nottingham
47 : Retail trade, except of motor vehicles and motorcycles	555	1290	755
56 : Food and beverage service activities	385	640	470
62 : Computer programming, consultancy and related activities	395	620	395
82 : Office administrative, office support and other business support activities	315	640	360
68 : Real estate activities	235	635	405
70 : Activities of head offices; management consultancy activities	395	470	385
49 : Land transport and transport via pipelines	335	595	235
46 : Wholesale trade, except of motor vehicles and motorcycles	200	565	275
45 : Wholesale and retail trade and repair of motor vehicles and motorcycles	265	450	300
66 : Activities auxiliary to financial services and insurance activities	80	685	235
69 : Legal and accounting activities	160	310	350
71 : Architectural and engineering activities; technical testing and analysis	330	190	215
74 : Other professional, scientific and technical activities	180	290	250
65 : Insurance, reinsurance and pension funding, except compulsory social security	25	430	170
53 : Postal and courier activities	105	310	160
78 : Employment activities	60	100	110
64 : Financial service activities, except insurance and pension funding	60	70	105
81 : Services to buildings and landscape activities	60	75	90
Total	4140	8340	5380

Table 5: Number of SMEs in service sectors.

Sector	Derby	Leicester	Nottingham
47 : Retail trade, except of motor vehicles and motorcycles	615	1395	830
56 : Food and beverage service activities	480	775	620
62 : Computer programming, consultancy and related activities	425	645	455
68 : Real estate activities	250	655	430
70 : Activities of head offices; management consultancy activities	410	485	400
46 : Wholesale trade, except of motor vehicles and motorcycles	250	685	350
49 : Land transport and transport via pipelines	350	615	255
45 : Wholesale and retail trade and repair of motor vehicles and motorcycles	290	470	315
66 : Activities auxiliary to financial services and insurance activities	85	705	250
69 : Legal and accounting activities	195	350	395
71 : Architectural and engineering activities; technical testing and analysis	365	210	250
74 : Other professional, scientific and technical activities	190	305	260
65 : Insurance, reinsurance and pension funding, except compulsory social security	25	430	170
53 : Postal and courier activities	110	315	165
78 : Employment activities	75	170	140
81 : Services to buildings and landscape activities	80	90	105
64 : Financial service activities, except insurance and pension funding	65	70	110
52 : Warehousing and support activities for transportation	35	80	50
73 : Advertising and market research	35	50	65
77 : Rental and leasing activities	35	70	45
Total	4570	8835	5975

An overall picture of sectoral differences is provided in Figure 5. This looks at the number of SMEs per 100 people aged 16-64 relative to a benchmark, set at the minimum across the three cities (which in most sectors is Nottingham). We see that Leicester has proportionally far more SMEs than Derby or Nottingham in auxiliary financial services, insurance retail and wholesale trade, and manufacturing. The effect, however, is more general than that with Leicester ahead of Nottingham in almost all sectors. Derby has proportionally more SMEs in specialized construction and architectural and engineering activities. There are no sectors in which Nottingham has relatively more SMEs than Derby and Leicester except a small difference in legal and accounting services.

Figure 5: Number of SMEs per 100 people aged 16-64 compared to a baseline of the minimum across Derby, Leicester and Nottingham.

