



Department  
for Environment  
Food & Rural Affairs

Statistical Digest of Rural England

# Businesses

This document is part of the larger compendium publication the [Statistical Digest of Rural England](#), a collection of rural statistics on a wide range of social and economic government policy areas.

The Statistical Digest of Rural England is an official statistics publication meaning these statistics have been produced to the high professional standards set out in the Code of Practice for Official Statistics.

More information on the Official Statistics Code of Practice can be found on the [Code of Practice web pages](#).

These statistics allow comparisons between the different rural and urban area classifications. The Rural-Urban Classification is used to distinguish rural and urban areas. The Classification defines areas as rural if they fall outside of settlements with more than 10,000 resident population.

More information on the Rural-Urban Classification can be found on the [Rural-Urban Classification web pages](#).

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Last updated: 26<sup>th</sup> May 2022

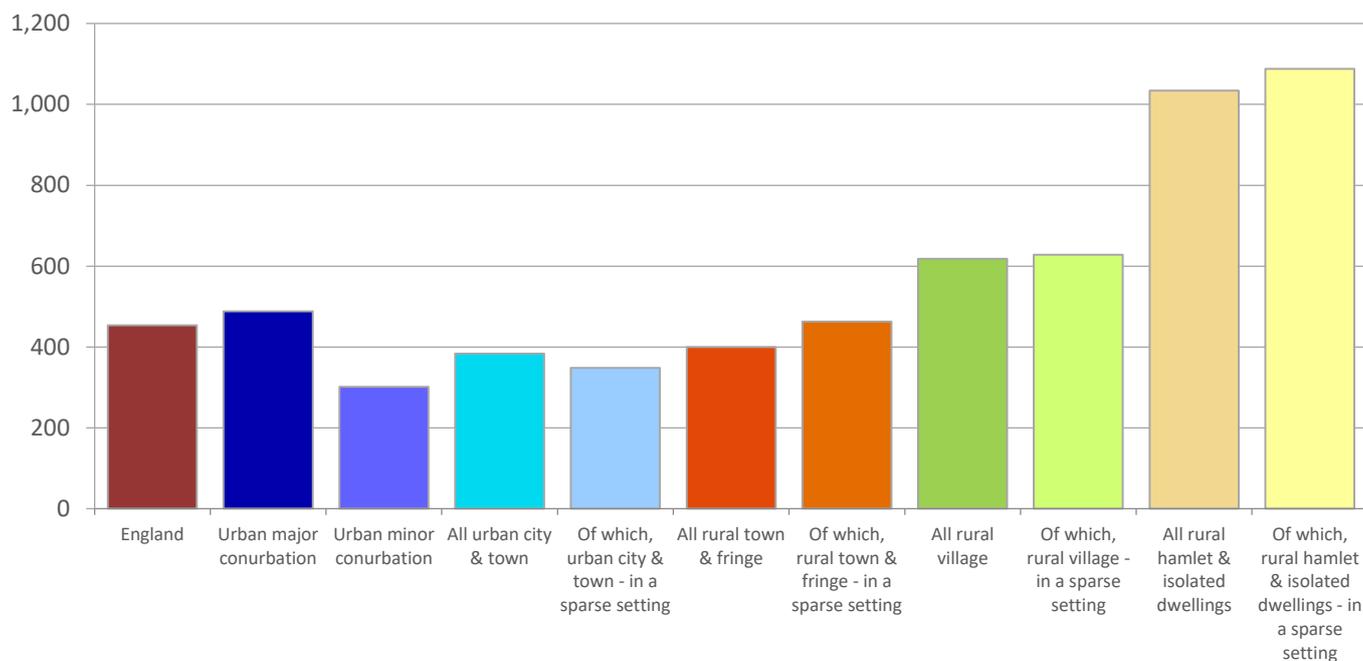
## Businesses

- In 2020/21 there were 549,000 businesses registered in rural areas, accounting for 23 per cent of all registered businesses in England.
- Businesses registered in rural areas employed 3.6 million people, accounting for 13 per cent of all those employed by registered businesses in England.
- There are more registered businesses per head of population in Predominantly Rural areas than in Predominantly Urban areas (excluding London).
- There are proportionately more small businesses in rural areas.
- In 2020 there were 52 registered business start-ups per 10,000 population in Predominantly Urban areas (excluding London) compared with 42 per 10,000 population in Predominantly Rural areas.

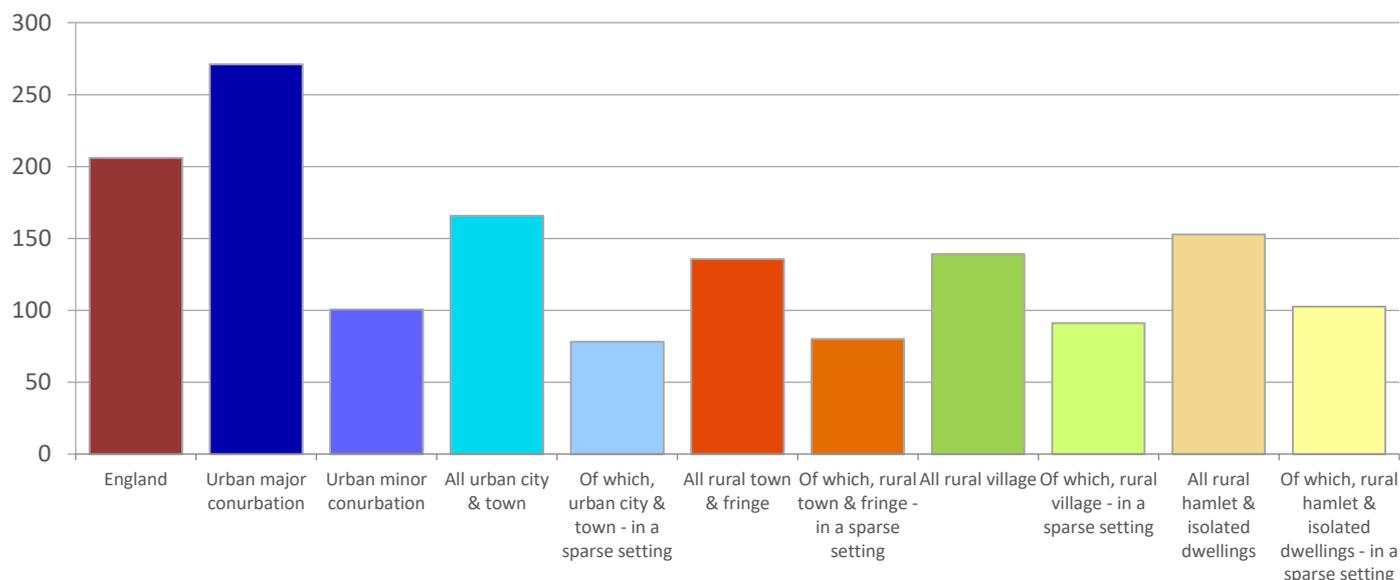
## Business composition

**Important note:** ‘Business composition’ is based on Enterprises, which is the level at which businesses are registered for Value Added Tax and or PAYE. In the case of a business operating at only one address, it will be registered at that address, but for businesses operating in several locations, it will be the location of the headquarters that is registered. If a business has branches in rural areas, but the headquarters are registered within an urban area, then the statistics for all the outlets will be registered at the headquarters, and not counted as “rural”. The later sections on ‘Businesses by industry type’, ‘Employment by industry type’ and ‘Businesses by size band’ are based on Local Unit data, which distinguishes the location of branches.

### Number of registered businesses (single-site or headquarters) per 10,000 population, by rural-urban classification, in England, 2020/21



## Average turnover per person employed, by rural-urban classification, in England, 2020/21



- In 2020/21 there were 549,000 businesses registered in rural areas, accounting for 23 per cent of all registered businesses in England.
- Businesses registered in rural areas employed 3.6 million people, accounting for 13 per cent of all those employed by registered businesses in England.
- There are more registered businesses (single-site or headquarters) per head of population in rural areas than in urban areas. The more 'rural' an area is, the higher the number of registered businesses per head of population.
- The average turnover per person employed is greater in urban areas, especially *Urban Conurbations*, and lower in rural areas, especially those in a *sparse setting*.
- A table containing further key 2020/21 statistics on registered businesses including number of registered businesses, number of people employed and turnover is available broken down by detailed rural-urban classification in the [rural economy supplementary data tables](#).

### Notes:

On the Inter-Departmental Business Register (IDBR), 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. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.

Turnover relates to income received by a business from the 'sale of goods and or services charged to third parties'. The IDBR does not include businesses whose turnover is below the tax threshold. As turnover is reported at the enterprise level it is affected by where businesses report their headquarters to be. As such there can be variation from year to year as a result of businesses relocating

Further information: [see this ONS document about the Inter-Departmental Business Register](#)

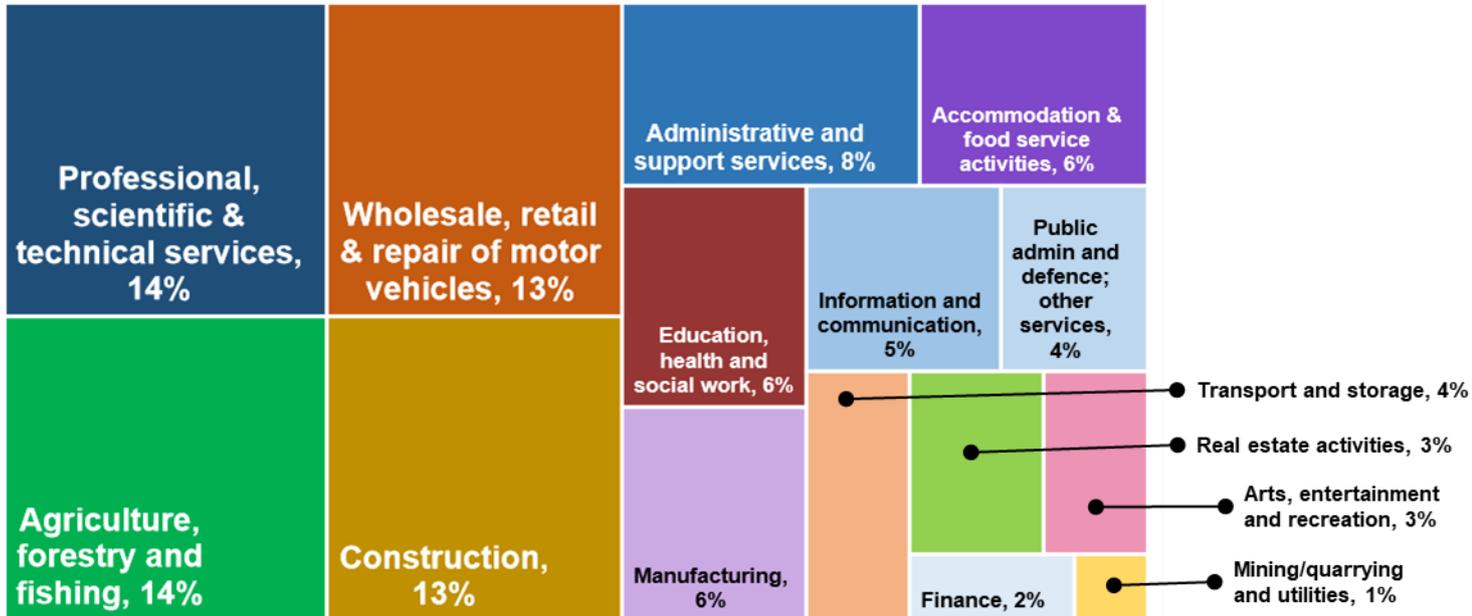
Source: ONS, Inter Departmental Business Register (IDBR), 2020/21

## Businesses by industry type

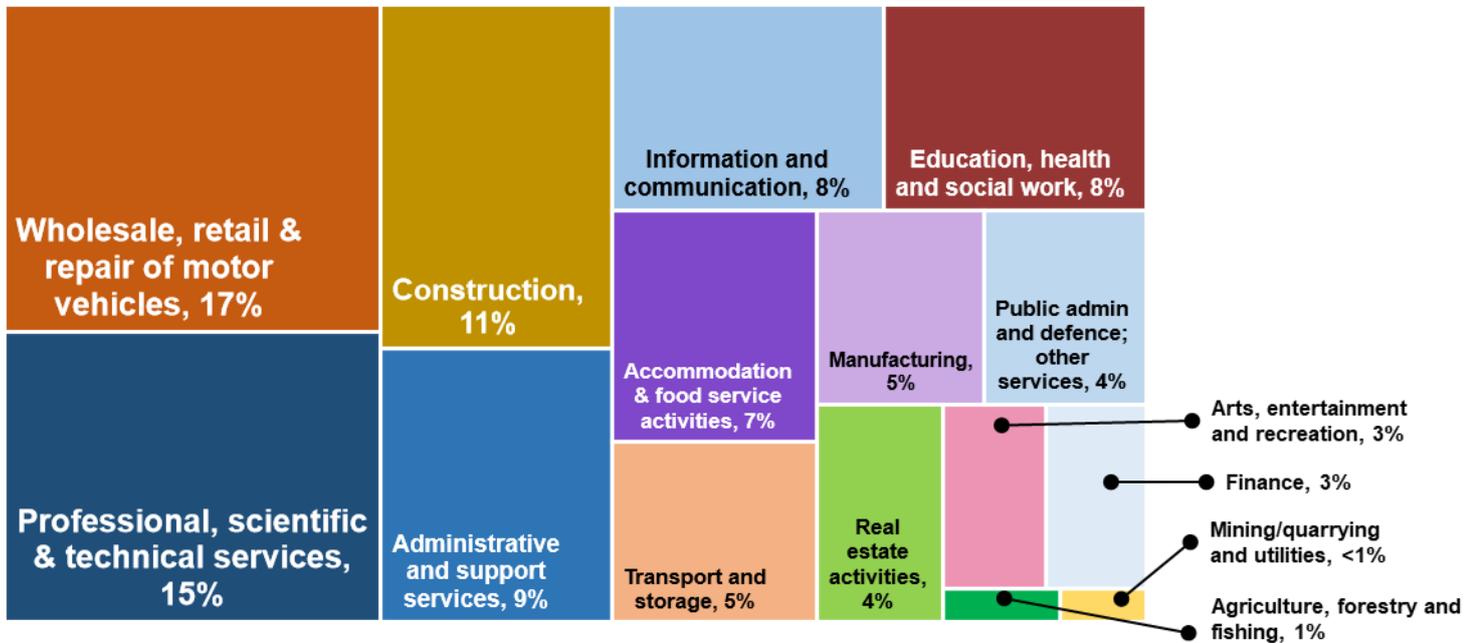
Important note: 'Businesses by industry type' and 'Businesses by size band' are based on Local Unit. This better reflects the make-up of rural businesses as there can be many local business units in rural areas whose headquarters are elsewhere (although this can apply vice versa).

Percentage of local unit registered businesses by industry, by rural-urban classification, in England, 2020/21

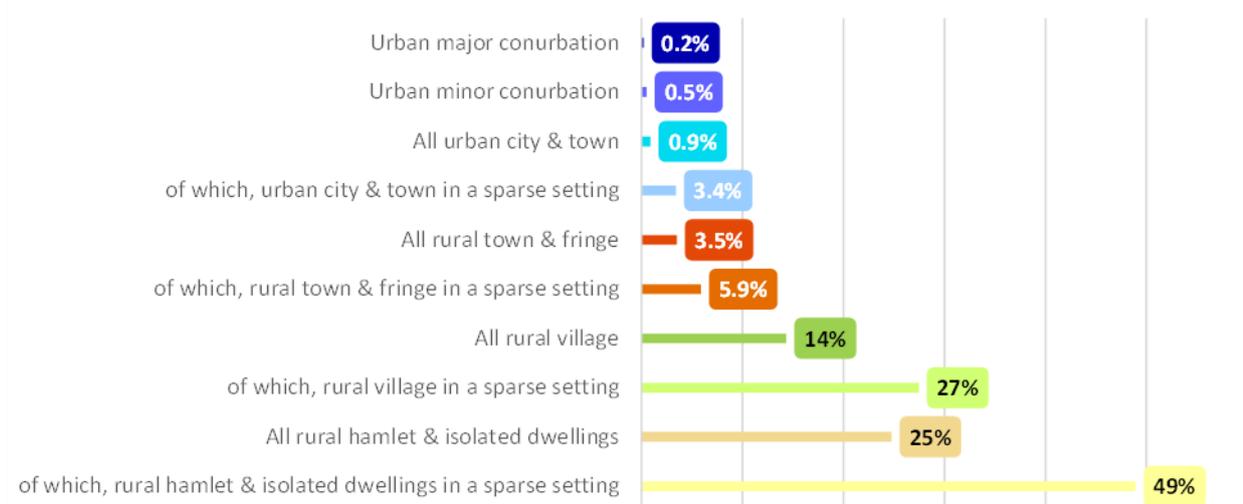
All rural areas:



All urban areas:



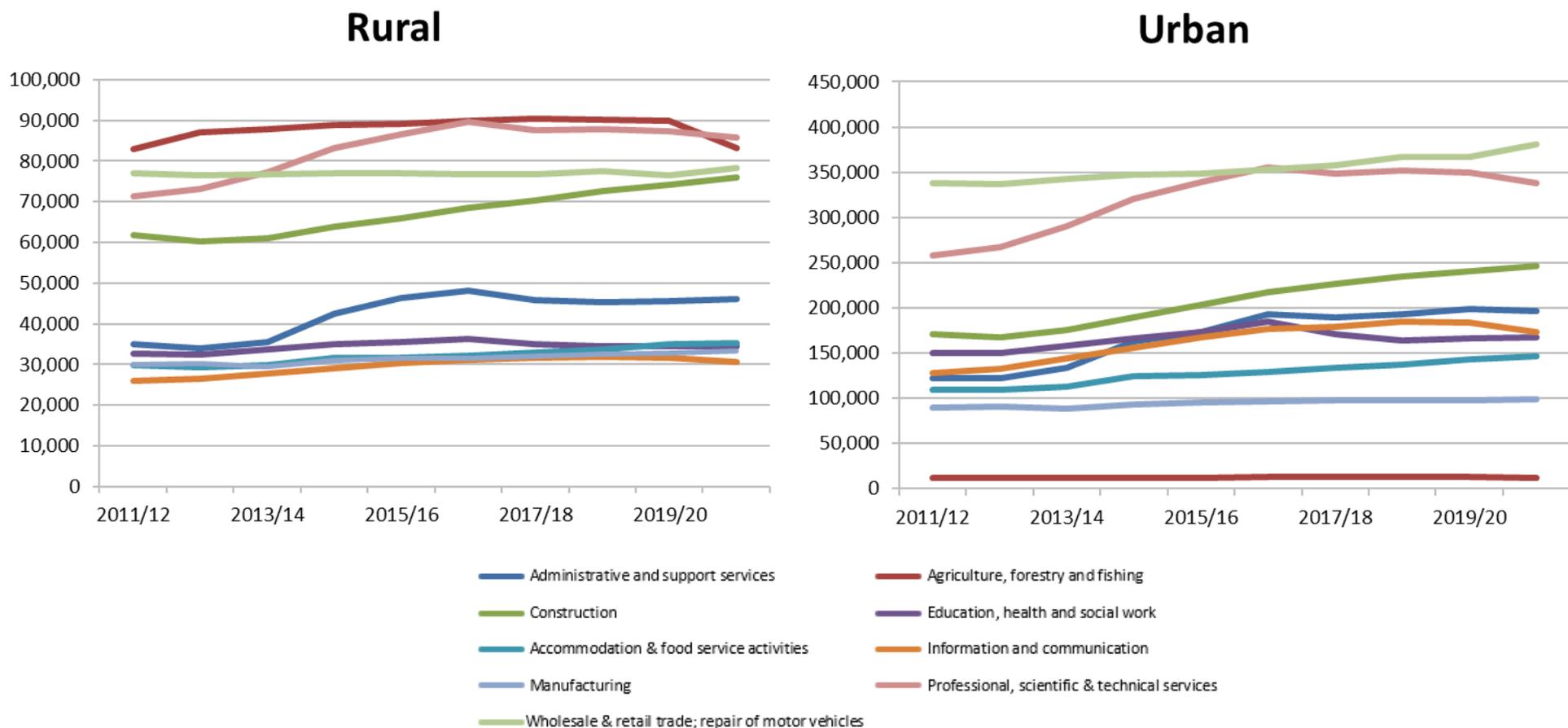
**Agriculture, Forestry & Fishing businesses as a percentage of total local units of registered businesses by rural-urban classification, in England, 2020/21**



- In 2020/21 'Agriculture, forestry & fishing' accounts for 14 per cent of the local units of registered businesses in rural areas overall (30 per cent in Rural areas in a sparse setting). They are dominant sectors in rural hamlets and Rural Villages. In Rural Hamlets & Isolated Dwellings in a sparse setting, just under half the registered businesses are in these industries. In England overall the 'Agriculture, forestry & fishing' sector accounts for 3.4 per cent of the local units of registered businesses.
- Other prominent sectors in rural areas are: 'Professional, scientific & technical services' (14 per cent of businesses), 'Wholesale & retail trade; repair of motor vehicles' (13 per cent) and 'Construction' (13 per cent).
- A table of 2020/21 business figures broken down by industry and detailed rural-urban classification is available in the [rural economy supplementary data tables](#).

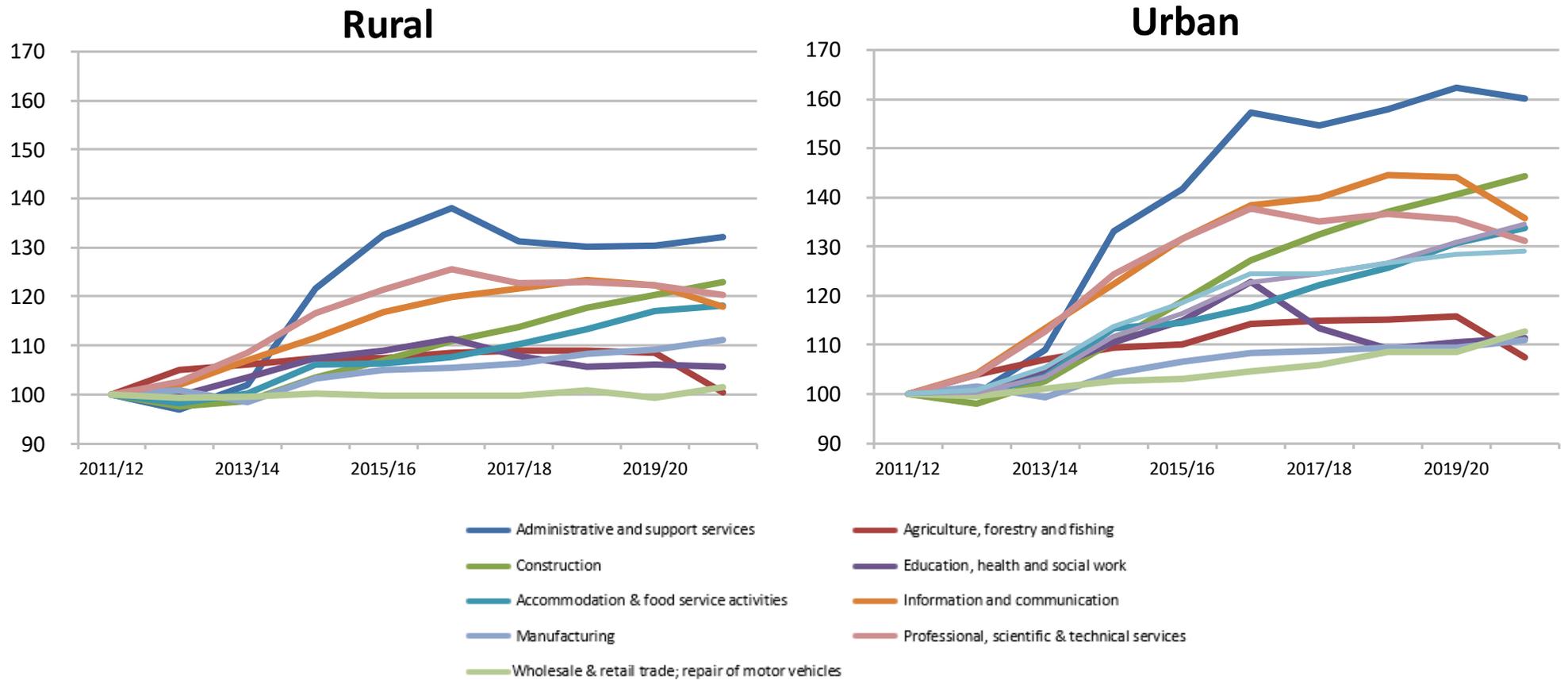
## Numbers of local units of registered businesses in rural and urban areas by industry between 2011/12 and 2020/21, in England

Please note, scales differ for the charts shown below as numbers of businesses are considerably higher in urban areas.



- A table of rural and urban business figures broken down by industry for 2011/12 to 2020/21 is available in the [rural economy supplementary data tables](#)

Index (2011/12 = 100) of change in numbers of local units of registered businesses in rural and urban areas by industry between 2011/12 and 2020/21, in England



- Various sectors saw a fall in local unit numbers between 2019/20 and 2020/21, in both rural and urban areas. In rural and urban areas the fall has been greatest for the 'Agriculture, forestry and fishing' sector where local unit numbers have fallen by 8 per cent (the 'Information and communication' sector also saw an 8 per cent fall in urban areas).
- The fall in rural areas for the 'Agriculture, forestry and fishing' sector sees local unit numbers drop back to 2011/12 levels.
- An indexed table of rural and urban business figures broken down by industry for 2011/12 to 2020/21 is available in the [rural economy supplementary data tables](#).

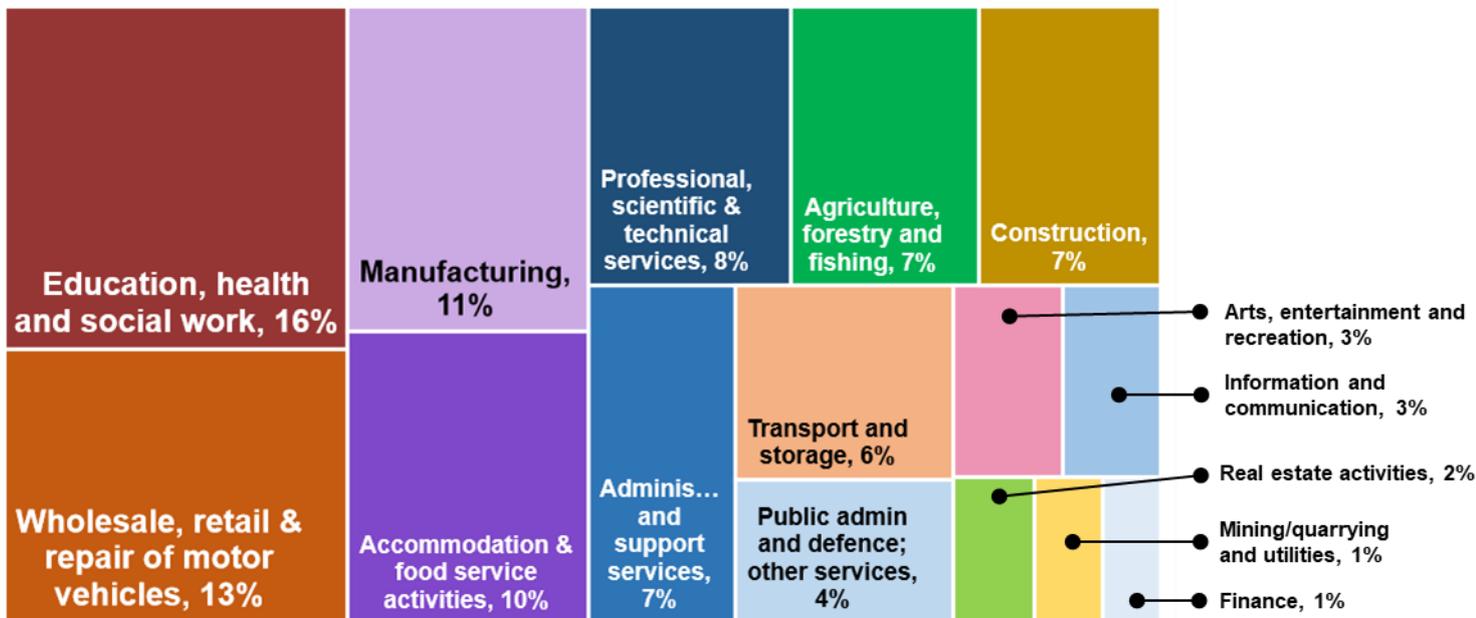
## Employment by industry type

The number of **employees** refers to the number of people working within the business under a contract of employment in return for a wage or salary. A business can have no employees, if all the business is conducted by people classed as being working proprietors (i.e. sole traders or partnerships).

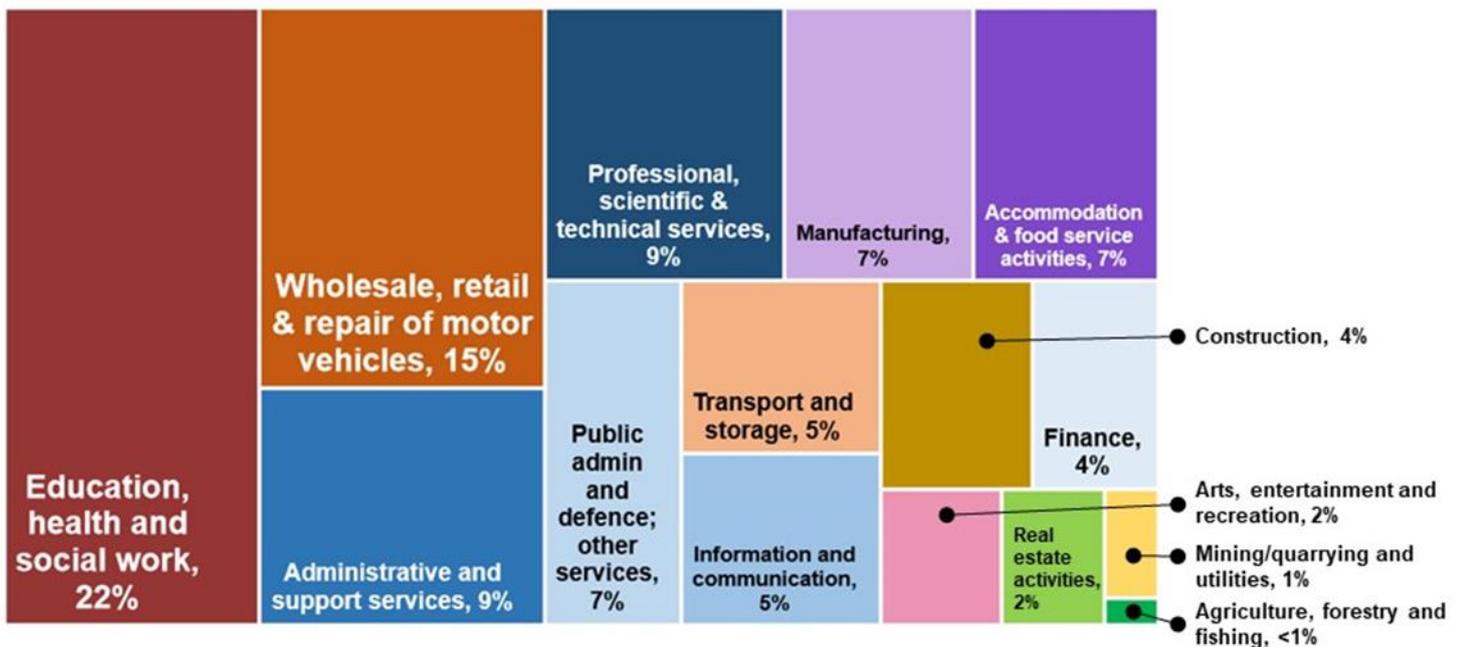
The number of people **employed** is a sum of employees and self-employed people who run the business.

## Percentage of employment within local units of registered businesses by industry, by rural-urban classification, in England, 2020/21

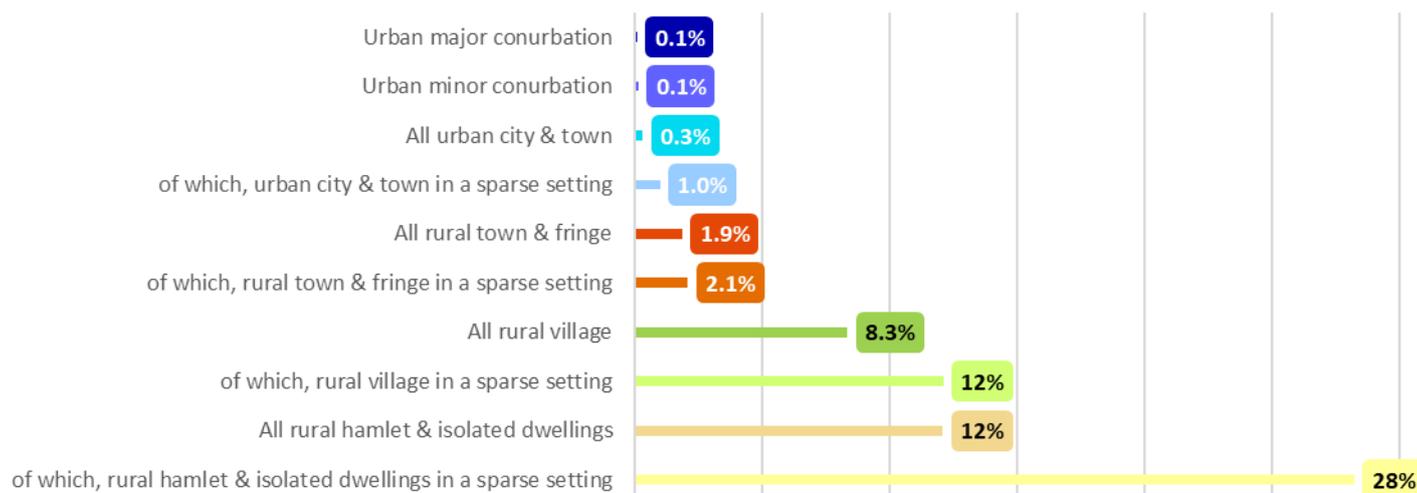
### All rural areas:



### All urban areas:



**Employment in *Agriculture, Forestry & Fishing* businesses as a percentage of total employment in local units of registered businesses by rural-urban classification, in England, 2020/21**



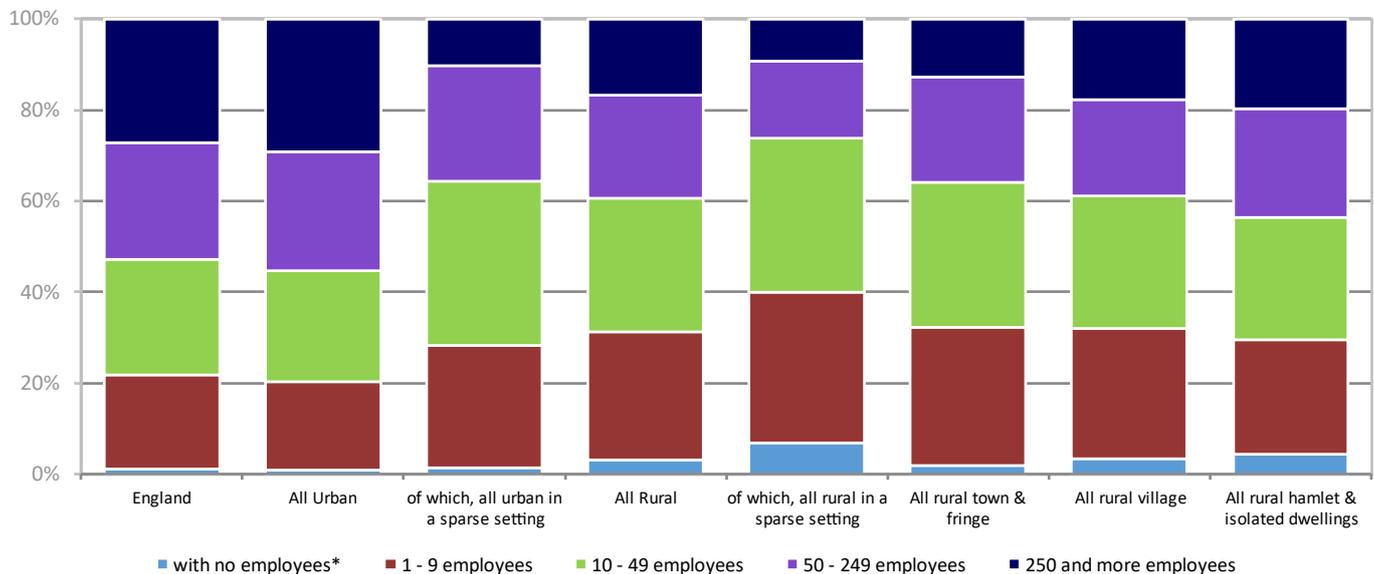
- The three sectors with the highest percentages of employment in rural areas are ‘Education, health & social work’, ‘Wholesale and retail trade; repair of motor vehicles’ and ‘Manufacturing’ (16 per cent, 13 per cent and 11 per cent respectively).
- ‘Agriculture, forestry & fishing’ is the only sector that is greater in terms of actual employment numbers in rural areas than urban areas, with employment figures of 300,500 in rural areas compared with 45,000 in urban areas. All other sectors have greater employment numbers in urban areas than rural areas
- A table of 2020/21 employment figures broken down by industry and detailed rural-urban classification is available in the [rural economy supplementary data tables](#).

## Businesses by size band

The number of **employees** refers to the number of people working within the business under a contract of employment in return for a wage or salary. A business can have no employees, if all the business is conducted by people classed as being working proprietors (i.e. sole traders or partnerships).

The number of people **employed** is a sum of employees and self-employed people who run the business.

### Percentage of people employed within local units by size bands of registered businesses and rural-urban classification, in England, 2020/21



\* 'With no employees' comprises mainly sole proprietorships and partnerships. This category also includes around 23,200 businesses classed as 'Other' – with no employees and no employment (about 0.8 per cent of the total business count).

- In urban areas 29.2 per cent of people employed in the local units of registered businesses are employed in those businesses with 250 or more employees overall, and in rural areas the proportion is 16.7 per cent.
- In regard to smaller businesses, in urban areas 19.4 per cent of people employed in local units of registered businesses are employed in micro businesses (those with between 1 and 9 employees overall), whilst in rural areas the proportion is 28.1 per cent.
- When looking at numbers of local units of registered businesses the category with the greatest proportion of total businesses is those with between 1 and 9 employees, with 77.5 per cent of businesses in this size band in urban areas and 72.0 per cent in rural areas.
- In urban areas 7.1 per cent of businesses have no employees (e.g. sole traders and partnerships), compared with 16.3 per cent in rural areas.
- A table of 2020/21 employment figures and businesses numbers broken down by business size band and detailed rural-urban classification is available in the [rural economy supplementary data tables](#).

Notes: The statistics are based on individual business units rather than the location of the headquarters of the enterprise. There may be many local business units in rural areas whose headquarters are elsewhere, and vice versa.

Source: ONS, Inter-Departmental Business Register (IDBR) 2020/21.

## Small and medium businesses

- Small and Medium Enterprises (SMEs) are businesses employing fewer than 250 people.
- In England in 2020/21, there are 2.4 million SMEs registered for PAYE and/or VAT, providing employment for 12.3 million people.
- However, it is estimated that in England there are an additional 2.5<sup>1</sup> million unregistered businesses i.e. those who are not registered for VAT and do not have employees registered for PAYE.
- For registered businesses, information is available on their location, principal activity, employment and turnover, and for those who operate on multiple sites, the location and employment in individual business units. Information on registered SMEs is presented below.
- Less is known of unregistered businesses and in particular until now there have been no estimates of how many are based in rural areas. However, analysis of data from the Longitudinal Small Business Survey, which included unregistered businesses, provides further insights on SMEs in rural areas. Some results from the analysis are presented later in this section. These suggest that 73.3 per cent of all SMEs in rural areas have no employees. Note that this includes both registered and unregistered businesses and hence is not comparable with statistics presented in this section for registered businesses as the majority of unregistered businesses will have no employees. Of registered SMEs in rural areas 17.5 per cent have no employees.

## Registered Small and Medium Enterprises

- Enterprises are considered rural registered businesses if their single site of operation or their headquarters, as registered for PAYE (Pay-As-You-Earn tax) and/or VAT (Value Added Tax) purposes, are located in a rural area. Enterprises where the headquarters are in an urban area are regarded as urban registered businesses, even if some business units are in rural areas.
- In 2020/21, there was 548,000 registered rural SMEs, representing 99.8 per cent of all registered rural enterprises, and 23 per cent of all registered SMEs in England. In urban areas SMEs represent 99.6 per cent of registered businesses.
- In 2020/21, 2.6 million people were employed in registered rural SMEs, representing 71 per cent of all those employed by registered rural enterprises. SMEs account for 42 per cent of those employed in registered urban enterprises.

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<sup>1</sup> Business population estimates for 2021 published by BEIS suggest there are 4.9 million business in England ([Business population estimates 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/business-population-estimates-2021)). Office for National Statistics estimate there are 2.4 million registered businesses in England. This suggests there are 2.5 million unregistered businesses in England.

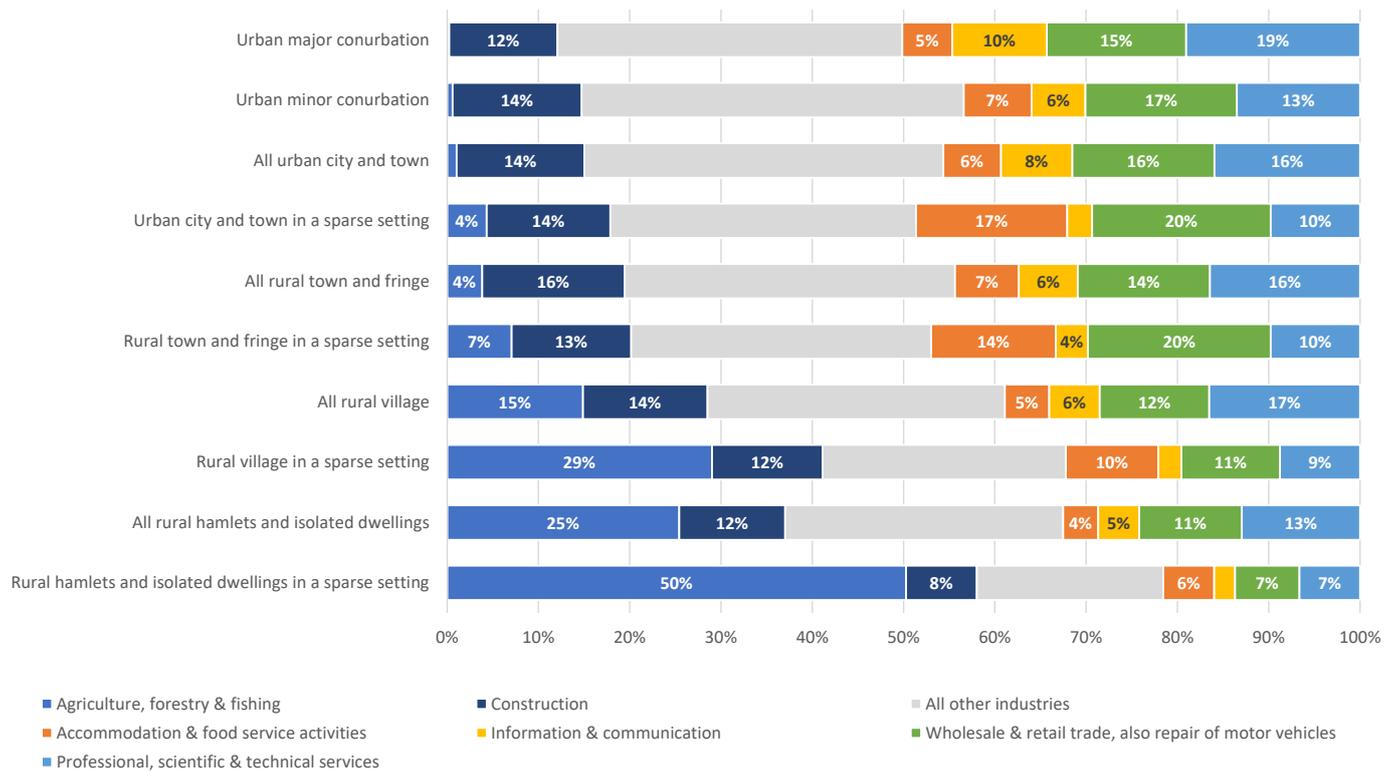
**Number of registered small and medium enterprises, employment and turnover, by rural urban classification, in England, 2020/21**

	Number of registered SMEs <sup>1</sup> (thousands)	Employment by registered SMEs <sup>1</sup> (thousands)	Employment by SMEs as a percentage of all employment by registered enterprises	Average turnover per person employed £000s
All urban	1,849	9,740	41.6	219
those in a sparse setting	3	20	85.7	79
All rural	548	2,578	70.8	125
those in a sparse setting	33	153	84.3	90
<b>England</b>	<b>2,397</b>	<b>12,317</b>	<b>45.5</b>	<b>199</b>

*SMEs are Small and medium enterprises (employing fewer than 250 people)*

- Although almost all registered businesses are small or medium enterprises (SME) in both rural and urban areas, a much higher proportion of people employed by rural registered businesses are employed by SMEs (71 per cent) than in urban areas (42 per cent).
- Average turnover per person employed is lower in rural registered SMEs (£125,000) than in urban registered SMEs (£219,000), which is dominated by those in Urban with Major Conurbations (£311,000). The average for registered SMEs in settlements in a sparse setting are somewhat lower and in particular is £79,000 per person employed in both Rural Town and Fringe in a sparse setting and Urban City and Town in a sparse setting.
- A breakdown of the table above using a more detailed rural-urban classification is available in the [rural economy supplementary data tables](#).
- A further table that breaks SMEs down by business size band (in terms of employment) and detailed rural-urban classification is also available.

## Percentage of registered small and medium enterprises by industry and rural-urban classification, in England, 2020/21



- The chart above displays those sectors where the business count proportions by sector for the individual rural urban classification differs the most from England averages. Primary sectors are shown on the left and service type sectors to the right. The 'all other industries' grouping is made up of: (1) Administrative and support services, (2) Arts, entertainment and recreation, (3) Education, health and social work, (4) Finance, (5) Manufacturing, (6) Mining/ quarrying and utilities, (7) Public admin and defence; other services, (8) Real estate activities, (9) Transport and storage and (10) Other service activities, including activities of households as employers.
- SMEs in 'Agriculture, forestry and fishing' sectors account for 14.6 per cent of rural registered SMEs rising to 33 per cent of SMEs registered in rural areas in a sparse setting. These percentages are slightly higher than when considering the sector representation at a local business unit level (see [Businesses](#))
- Other sectors that are dominant at the local business unit level are similarly dominant at the SME level, such as 'Professional, scientific and technical services' (15.3 per cent), 'Wholesale and retail trade; repair of motor vehicles' (12.6 per cent), and 'Construction' (13.6 per cent).
- 17.5 per cent of rural registered SMEs have no employees, compared with 8.4 per cent of urban registered SMEs. The majority of rural registered SMEs (74 per cent), have 1 to 9 employees, though this is lower than for urban registered SMEs (82 per cent).
- 30 per cent of registered SMEs in rural areas in a sparse setting have no employees
- A table of 2020/21 rural and urban business figures broken down by is available in the [rural economy supplementary data tables](#).

## Analysis of small and medium enterprises from the Longitudinal Small Business Survey

The Longitudinal Small Business Survey (LSBS) was commissioned by the Department for Business, Energy and Industrial Strategy (BEIS) and the Governments in Scotland, Wales and Northern Ireland.

Over 13,400 SMEs were interviewed in England in 2015, including over 3,500 (26.5 per cent) in rural areas. The Rural Enterprise UK team at Newcastle University's Centre for Rural Economy and Business School have undertaken additional rural-urban analysis of the data and some of their findings are presented below.

Comparisons between statistics on rural and urban businesses can be difficult to interpret and in particular it is difficult to identify whether any differences reflect variations in the profile of urban and rural economies in terms of business sectors, ages and sizes or factors related to their location. The analysis attempts to match similar rural and urban businesses to take account of this where practicable.

### LSBS: Number of responses from small and medium enterprises with percentage by size and rural-urban classification, England excluding London, 2015

	with no employees		1 - 9 employees		10 - 49 employees		50 - 249 employees		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
Urban	6,361	77.7	1,480	18.1	300	3.7	49	0.6	8,190	100.0
Rural	2,687	73.3	828	22.6	133	3.6	19	0.5	3,667	100.0
<b>Total</b>	<b>9,048</b>	<b>76.3</b>	<b>2,308</b>	<b>19.5</b>	<b>433</b>	<b>3.7</b>	<b>68</b>	<b>0.6</b>	<b>11,857</b>	<b>100.0</b>

- The proportion of businesses with no employees is considerably higher for both rural, 73.3 per cent, and urban areas, 77.7 per cent, in the LSBS sample compared with the proportions represented as registered businesses with no employees (19.8 per cent and 9.3 per cent respectively).
- However, this is consistent with Business population estimates suggesting that enterprises with no employees, whether registered or unregistered, account for around 76 per cent of enterprises in England.
- The survey suggests that enterprises with no employees are proportionately fewer in rural areas (73.3 per cent) compared with urban areas (77.7 per cent), but that enterprises with 1-9 employees are proportionately higher in rural areas (22.6 per cent) compared with urban areas (18.1 per cent).

**LSBS: Number of responses from small and medium enterprises with percentage by broad sector and rural-urban classification, England excluding London, 2015**

	Production & construction		Transport, retail & food, accommodation		Business services		Other services		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
Urban	2,095	25.6	1,451	17.7	2,660	32.5	1,984	24.2	8,190	100.0
Rural	1,085	29.6	775	21.1	1,099	30.0	708	19.3	3,667	100.0
<b>Total</b>	<b>3,180</b>	<b>26.8</b>	<b>2,226</b>	<b>18.8</b>	<b>3,759</b>	<b>31.7</b>	<b>2,692</b>	<b>22.7</b>	<b>11,857</b>	<b>100.0</b>

- In the survey rural enterprises were more likely to be in production and construction sectors, and transport, retail and food, and accommodation sectors, while urban enterprises were slightly more likely to be providing business and other services.

**LSBS: Number of responses from small and medium enterprises with percentage by level of turnover, whether profitable and rural-urban classification, England excluding London, 2015**

**Turnover**

	Less than £82,000		More than £82,000		Don't know / refused		Total	
	Number	%	Number	%	Number	%	Number	%
Urban	5,279	64.5	1,938	23.7	973	11.9	8,190	100.0
Rural	2,011	54.8	1,192	32.5	464	12.7	3,667	100.0
<b>Total</b>	<b>7,290</b>	<b>61.5</b>	<b>3,130</b>	<b>26.4</b>	<b>1,437</b>	<b>12.1</b>	<b>11,857</b>	<b>100.0</b>

**Profit**

	Yes		No		Don't know / refused		Total	
	Number	%	Number	%	Number	%	Number	%
Urban	6,258	76.4	1,461	17.8	471	5.8	8,190	100.0
Rural	2,907	79.3	536	14.6	224	6.1	3,667	100.0
<b>Total</b>	<b>9,165</b>	<b>77.3</b>	<b>1,997</b>	<b>16.8</b>	<b>695</b>	<b>5.9</b>	<b>11,857</b>	<b>100.0</b>

- The survey results would initially suggest that rural enterprises were more likely to have an annual turnover of more than £82,000 than urban enterprises and were more likely to report a profit.
- However, this is in part likely to reflect differences in the characteristics of businesses in rural and urban areas. When similar businesses are compared analysis shows that rural enterprises were likely to have similar levels of turnover to their urban counterparts, though they were still more likely to report a profit.
- The study speculates that rural enterprises could be more likely to be profitable owing to a number of factors including lower wage levels, a higher proportion of home-based enterprises, lower rents/rates, and less local competition.

## LSBS: Number of responses from small and medium enterprises by age, whether family-owned and rural-urban classification, England excluding London, 2015

### Age

	0 - 5 years		6 - 10 years		11 - 20 years		More than 20 years		Don't know		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Urban	1,281	15.6	1,527	18.6	1,977	24.1	3,374	41.2	31	0.4	8,190	100.0
Rural	410	11.2	663	18.1	857	23.4	1,732	47.2	6	0.2	3,668	100.0
<b>Total</b>	<b>1,691</b>	<b>14.3</b>	<b>2,190</b>	<b>18.5</b>	<b>2,834</b>	<b>23.9</b>	<b>5,106</b>	<b>43.1</b>	<b>37</b>	<b>0.3</b>	<b>11,858</b>	<b>100.0</b>

### Family ownership

	Yes		No		Don't know / refused		Total	
	Number	%	Number	%	Number	%	Number	%
Urban	7,036	85.9	1,122	13.7	32	0.4	8,190	100.0
Rural	3,185	86.9	464	12.7	18	0.5	3,667	100.0
<b>Total</b>	<b>10,221</b>	<b>86.2</b>	<b>1,586</b>	<b>13.4</b>	<b>50</b>	<b>0.4</b>	<b>11,857</b>	<b>100.0</b>

- The surveyed rural enterprises were more likely than urban enterprises to be more than 20 years old.
- The majority of enterprises were family owned but there was no significant difference between rural and urban enterprises. 86.9 per cent of rural enterprises were family owned.

## LSBS: Number of responses from small and medium enterprises and percentage by major obstacles to businesses in general at the England level, by rural urban classification, England excluding London, 2015

		Urban	Rural	Total
Competition in the market	Number	3,788	1,476	5,264
	%	46.3	40.3	44.4
Regulations / red tape	Number	2,841	1,671	4,512
	%	34.7	45.6	38.1
Taxation, VAT, PAYE, National Insurance, Business rates	Number	2,297	1,157	3,454
	%	28.0	31.6	29.1
Late payment	Number	2,239	1,037	3,276
	%	27.3	28.3	27.6
Staff recruitment & skills	Number	1,348	718	2,066
	%	16.5	19.6	17.4
Obtaining finance	Number	1,375	663	2,038
	%	16.8	18.1	17.2
Availability / cost of suitable premises	Number	1,295	534	1,829
	%	15.8	14.6	15.4
Workplace pensions	Number	898	409	1,307
	%	11.0	11.2	11.0
Any other major issues or obstacles	Number	943	479	1,422
	%	11.5	13.1	12.0
None of these	Number	1,634	594	2,228
	%	20.0	16.2	18.8
<b>Total</b>	<b>Number</b>	<b>8,190</b>	<b>3,667</b>	<b>11,857</b>

Enterprises could give responses to multiple options

- When asked to identify major obstacles to businesses, rural enterprises were more likely than urban enterprises to cite 'Regulations / red tape', 'Taxation, VAT, PAYE, National Insurance, Business rates', and 'Staff recruitment and skills'.

The above is a selection of findings from the Newcastle University study. For more details and analysis refer to the full study report (see below).

Notes: On the **Inter-Departmental Business Register (IDBR)**, 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. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit. Turnover relates to income received by a business from the 'sale of goods and or services charged to third parties'. The IDBR does not include businesses whose turnover is below the tax threshold.

Further information: [www.ons.gov.uk/aboutus/whatwedo/paidservices/interdepartmentalbusinessregisteridbr](http://www.ons.gov.uk/aboutus/whatwedo/paidservices/interdepartmentalbusinessregisteridbr)

Source: ONS, Inter Departmental Business Register (IDBR), 2015/16

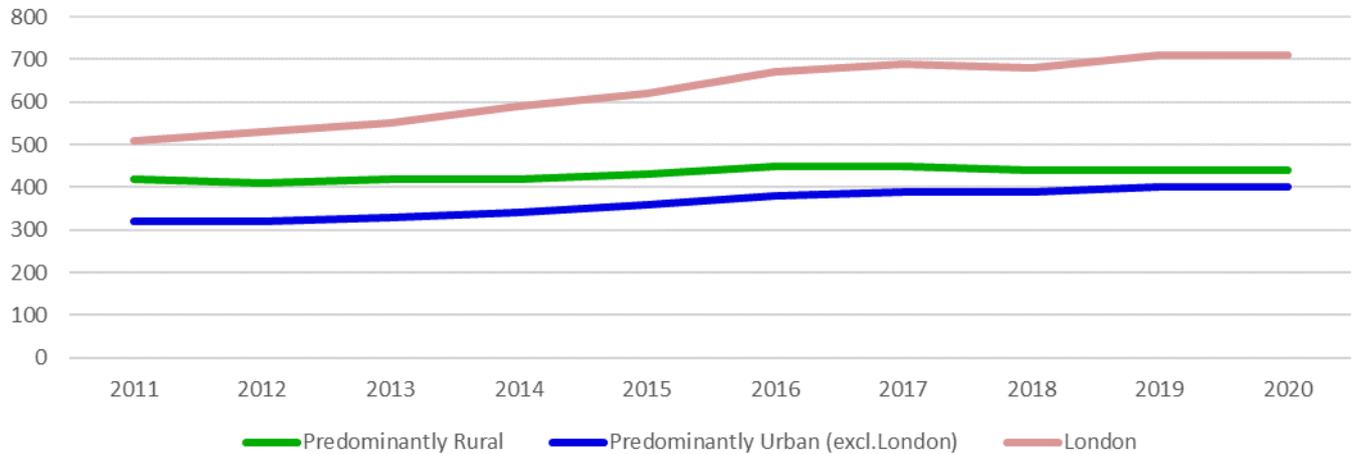
**Small Business Survey reports:** [www.gov.uk/government/collections/small-business-survey-reports](http://www.gov.uk/government/collections/small-business-survey-reports)

**Business Population Estimates:** <https://www.gov.uk/government/collections/business-population-estimates>

Phillipson J, Gorton M, Maioli S, Newbery R, Tiwasing P, Turner R. (2017) **Small rural firms in English regions: analysis and key findings from the UK Longitudinal Small Business Survey, 2015**. Newcastle upon Tyne: Newcastle University Centre for Rural Economy and Business School, September 2017 update: [//research.ncl.ac.uk/ruralenterpriseuk/](http://research.ncl.ac.uk/ruralenterpriseuk/)

## Business count

### Registered businesses per 10,000 population by Local Authority Classification, in England, 2011 to 2020



- The number of registered businesses per head of population is higher in Predominantly Rural areas (440 per 10,000 population in 2020) than in Predominantly Urban areas (excluding London) (400 per 10,000 population).
- Between 2019 and 2020 the number of businesses per head of population remained the same in both Predominantly Rural areas and Predominantly Urban areas (excluding London). Historically, there was an increase in the number of businesses in Predominantly Rural areas between 2012 and 2016 but there has been little change since then, whilst Predominantly Urban areas have shown a steady increase in businesses across the period.
- A table of business figures per 10,000 population broken down by detailed local authority rural-urban classification for 2007 to 2020 is available in the [rural economy supplementary data tables](#).

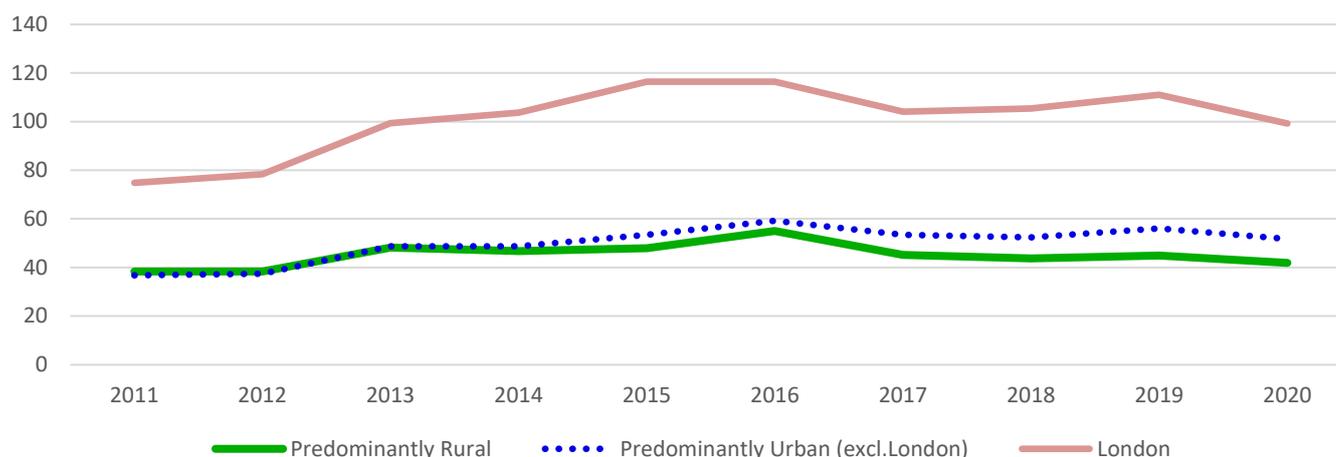
Notes: The data come from Business Demography, which includes businesses that are PAYE registered but not VAT registered. Registered businesses are based on the location of the registered head office, if in multiple locations.

Source:

[ONS - VAT Registrations and De-Registrations, ONS - Business Demography 2019: Enterprise Births, Deaths and Survivals, Tables 1.1 and 3.1](#)

## Business start-ups

Registered business start-ups per 10,000 population by Local Authority Classification, in England, 2011 to 2020



- During the last decade the numbers of registered business start-ups were initially higher (in relative terms) in Predominantly Rural areas than in Predominantly Urban areas (excluding London). However, since 2013 the numbers of start-ups in Predominantly Urban areas (excluding London) have overtaken those in Predominantly Rural areas.
- In 2020 there were 52 registered business start-ups per 10,000 population in Predominantly Urban areas (excluding London) compared with 42 per 10,000 population in Predominantly Rural areas. These numbers show a decrease on 2019 start-ups.
- A table of business start-up figures per 10,000 population broken down by detailed local authority rural-urban classification for 2007 to 2020 is available in the [rural economy supplementary data tables](#).

Notes: The data come from Business Demography, which includes businesses that are PAYE registered but not VAT registered.

Source:

[ONS - VAT Registrations and De-Registrations, ONS - Business Demography 2019: Enterprise Births, Deaths and Survivals, Tables 1.1 and 3.1](#)

Research on 'Drivers of rural business employment growth, decline and stability' can be found at the following link:

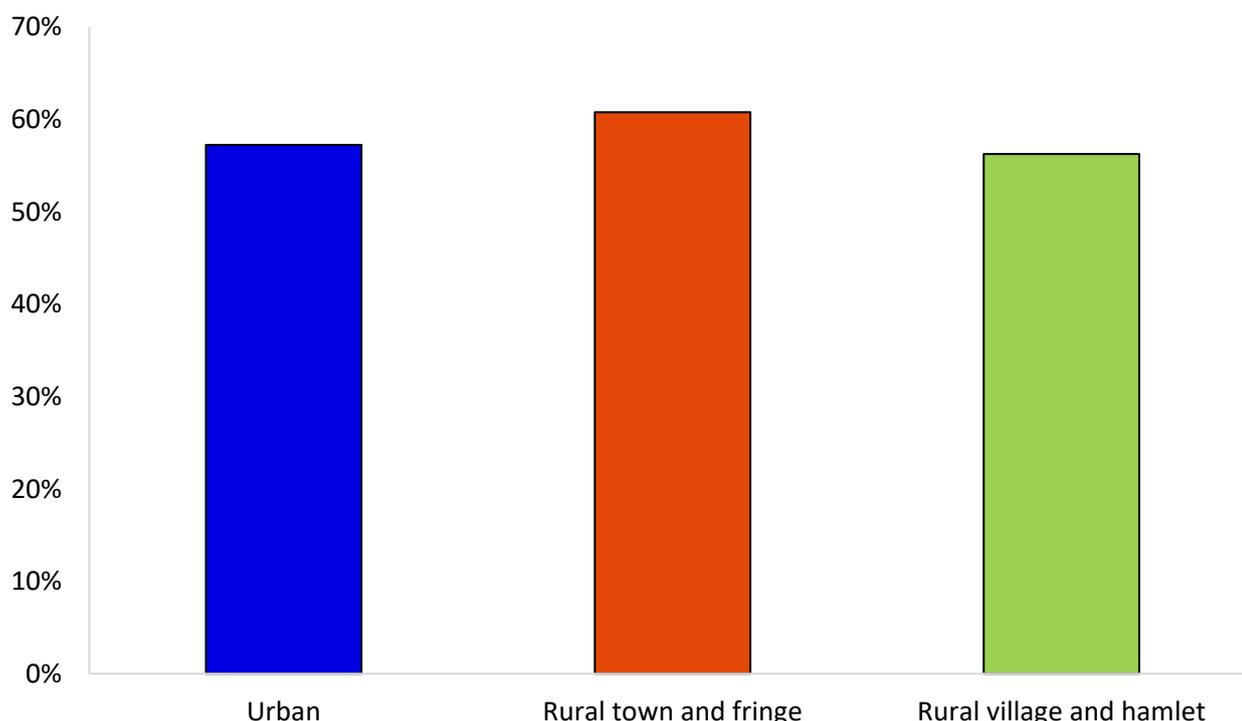
[//randd.defra.gov.uk/Default.aspx?Module=More&Location=None&ProjectID=18782](http://randd.defra.gov.uk/Default.aspx?Module=More&Location=None&ProjectID=18782)

# Innovation and investment

## Businesses engaged in innovation

- Broader innovation activities were undertaken by 58 per cent of rural businesses and 57 per cent of urban businesses surveyed between 2012 and 2014.
- This suggests that being situated in a rural or urban settlement had little effect on the innovation practices of businesses surveyed.
- There is a higher proportion of businesses involved in broader innovation located in areas of Rural Town and Fringe than in areas of Rural Village and Hamlet.

Percentage of businesses in England engaged in broader innovation-related activities, 2012 to 2014



Business involvement with broader-innovation-related activities, 2012 to 2014

	Broader innovators	Not broader innovators
Urban	57%	43%
Rural Town and Fringe	61%	39%
Rural Village and Hamlet	56%	44%
<b>Rural total</b>	<b>58%</b>	<b>42%</b>
<b>England total</b>	<b>57%</b>	<b>43%</b>

Notes: These results are based on the unweighted sample of businesses surveyed for England only (therefore the England percentage totals may not match the weighted results published by BEIS). The sample mainly includes enterprise units (i.e. headquarters of businesses) but also has a small number of local units (i.e. sites belonging to enterprises).

BEIS sampling methodology is described in their report and accompanying statistics:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/506953/bis-16-134-uk-innovation-survey-2015.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/506953/bis-16-134-uk-innovation-survey-2015.pdf). Owing to the small sample sizes achieved after application of the rural-urban definition, this analysis has been presented as the unweighted results from the surveyed sample. Some settlement types were underrepresented in the sample and should be treated with caution: *rural town & fringe* and *Rural Village & hamlet*. Furthermore, percentage totals for England may not match those published by BEIS due to minor discrepancies with postcode data.

The description of innovation activity in the chart and table above includes businesses that were engaged in any of the following:

1. introduced a new or significantly improved product (good or service) or process
2. engaged in innovation projects that have been abandoned or are not yet complete
3. undertaken new and significantly improved forms of organisation, business structures or practices, and marketing concepts or strategies
4. undertaken activities in areas such as internal research and development, training, acquisition of external knowledge or machinery, and equipment linked to innovation activities

A business engaged in any of the activities 1 to 4 is described as a 'broader innovator'.

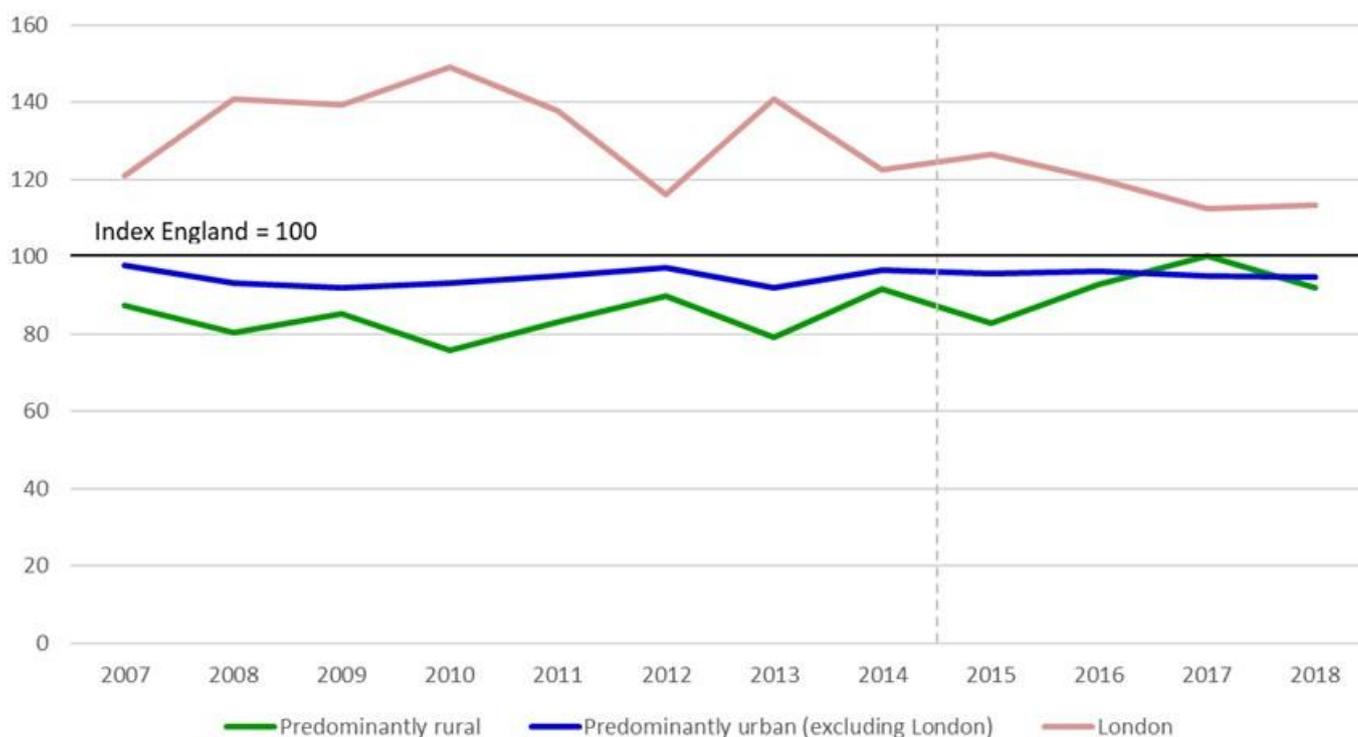
Data from the 2015 UK Innovation Survey may not be directly comparable with data from previous surveys due to changes in survey mode, methodology, sampling approach, questionnaire design and response rate. The rural-urban analyses presented here were performed by applying RUC11 to the data, RUC01 had been used previously for the 2011 UK Innovation Survey. As a result, a comparison cannot be made with previous rural-urban innovation analyses

Source: BEIS UK Innovation Survey 2015 covering innovation activity during 2012 to 2014.

## Capital investment per employee

- Companies undertake 'capital investment' when spending money on fixed assets (typically land, buildings or machinery) with the expectation that productivity will increase as a result of the investment.
- Continuing recent trends, capital investment per employee in 2018 was highest in London.
- In 2018 capital investment per employee in Predominantly rural areas was around 92 per cent of the level for England as a whole. This compares with 95 per cent in Predominantly urban areas (excluding London).
- Capital investment in absolute terms is only available at current prices so caution should be used when comparing over time. Comparisons below are presented as an index in relation to the level for England as whole.
- Tables of investment per employee, both in current prices and as a percentage of the level for England, broken down by detailed local authority rural-urban classification for 2007 to 2018 are available in the [rural economy supplementary data tables](#).

### Capital investment per employee as a percentage of the level for England, by local authority classification in England, 2007 to 2018



Dashed line: From 2015 employee numbers include estimates from businesses that are solely PAYE based with employment counts less than 20. These businesses were excluded from estimates of employee numbers in earlier years. This has had minimum impact on the data presented.

- Overall capital investment per employee in predominantly rural areas has been consistently lower than in other areas, except in 2017.
- In 2018, investment per head in London was around £5,800, compared with £4,900 in predominantly urban areas excluding London, and £4,700 in predominantly rural areas.

Notes: Total net capital investment is calculated as total proceeds from disposals subtracted from the total cost of acquisitions. The data is at current prices, so it has already taken account of inflation. Caution should be taken when interpreting this measure as capital investment is difficult to attribute at local authority level. The estimates are produced by taking data at a higher geographical level and apportioning it at local authority level based on employment levels. As ONS are not wholly confident that there is a sufficient correlation between investment and employment, they do not release the data as a National Statistic below National level. London has been separated out to allow a fair comparison of major urban against all other area classifications.

Source: Bespoke data request from the ONS, Annual Business Inquiry, and Business Register and Employment Survey (classified data); via Nomis ([www.nomisweb.co.uk](http://www.nomisweb.co.uk)).