

## 2020 Business Startup Index

Key findings from the 7<sup>th</sup> annual analysis of Companies House data

## Introduction

The Centre for Entrepreneurs' annual analysis of Companies House data provides a detailed snapshot of business formations over the previous year. It is launched each January.

Our unique analysis, which maps business formations to local authorities, allows policy-makers, journalists and other to gauge the state of entrepreneurial activity across the UK.

Our recent addition of sector analysis provides insight on emerging industry trends and context for the overall figures.

## Methodology

The index is produced using the Companies House Free Data Product (January 2021 release), a register of live UK limited companies. Postcodes of all companies incorporated in 2020 were used to produce the UK and local authority business formation figures.

A detailed methodology can be found in the index document.

## Total new businesses

# 772,002

new businesses in 2020

# 13.25%

growth from 2019



## The year in review

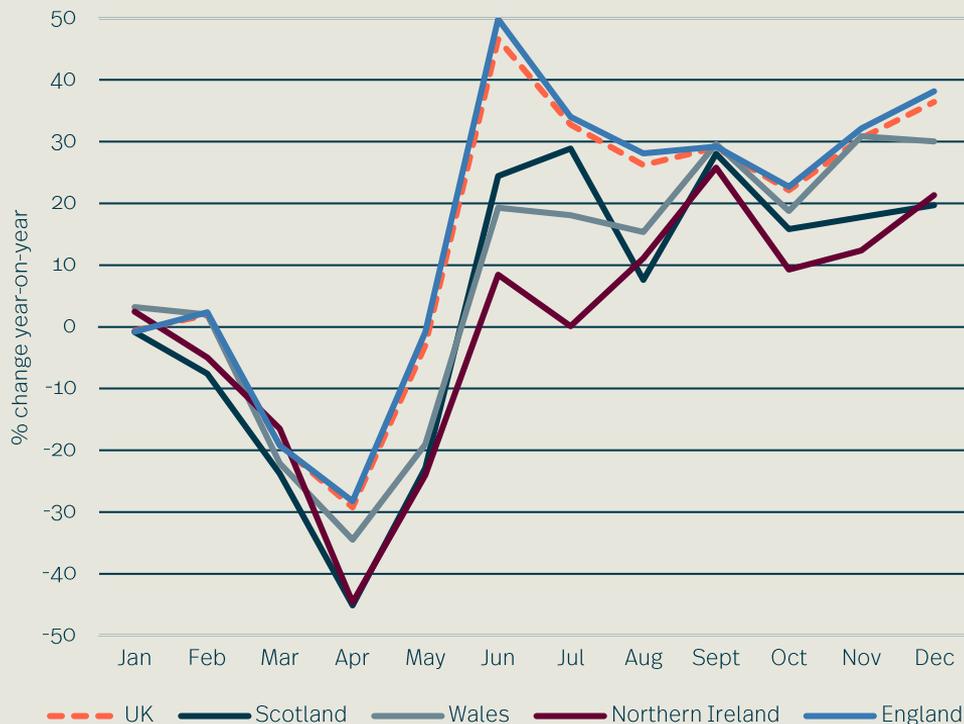
2020 was a year of highs and lows.

January saw 0.6% fewer businesses launched than in 2019.

By April as lockdown took hold, formations had fallen 29% year-on-year (with Scotland and Northern Ireland down 45%).

By June, all nations returned to year-on-year growth, averaging 47% across the UK.

Remarkably, from June onwards, all English regions and devolved nations experienced continual growth in business startups despite further lockdowns.



## The four nations

Recovery and growth were not evenly balanced. Northern Ireland, Scotland and Wales experienced sharper falls in business formations during Spring and slower recoveries in Summer.

Northern Ireland is the only nation to launch fewer businesses in 2020 than in 2019.

England	Wales	Scotland	Northern Ireland
<b>700,421</b> new businesses	<b>19,583</b> new businesses	<b>34,512</b> new businesses	<b>8,478</b> new businesses
<b>+14.3%</b> vs 2019	<b>+5.6%</b> vs 2019	<b>+2.1%</b> vs 2019	<b>-1.7%</b> vs 2019
<b>12.44</b> new businesses per 1,000 population	<b>6.21</b> new businesses per 1,000 population	<b>6.32</b> new businesses per 1,000 population	<b>4.48</b> new businesses per 1,000 population

Nb the total figure for the UK is larger than the sum of the four nations as it includes UK registered businesses that are not able to be mapped to a region due to new, incorrect, or missing postcodes.



## The English regions

Business formations in London remain far ahead of any other English region, growing 22% last year to a total 269,734.

London and the West Midlands had the strongest recoveries post-lockdown, with 62% growth in June.

The North East continues to experience the lowest business formation rate per capita within England (6.43 per 1,000).

The South West saw the lowest growth among English regions, though still higher than all devolved nations.

Region	Year-on-year growth	Number of new businesses in 2020	New businesses per 1000 population
East England	8%	60,117	9.64
East Midlands	11%	41,489	8.58
London	22%	269,734	30.1
North East	11%	17,180	6.43
North West	11%	76,088	10.36
South East	10%	87,677	9.55
South West	6%	40,888	7.27
West Midlands	11%	62,592	10.55
Yorkshire and Humber	17%	44,656	8.11

## The Covid economy

There is ongoing evidence of the growth of the 'Covid economy'.

The pandemic has led to major increases in manufacturing and retail of medical equipment, pharmaceutical goods, specialist clothing and PPE, and cleaning supplies. It has also boosted cleaning and disinfecting services.

222 company names featured the word 'Covid', 185 'PPE', and 32 'Coronavirus'.

Nature of business	Year-on-year growth	Number of new businesses in 2020
Disinfecting services	230%	313
Manufacture of workwear	167%	176
Retail sale of medical goods	146%	852
Manufacture of medical instruments and supplies	111%	671
Wholesale of pharmaceutical goods	100%	1,082
Manufacture of soap and detergents	93%	437
Specialised cleaning services	92%	3,733
Other building and industrial cleaning activities	65%	1,300
General cleaning of buildings	59%	5,524
Other cleaning services	56%	4,382

## The at-home economy

Consumer businesses increased significantly, with business startups in the wholesale and retail industry growing 60.5% year-on-year and totalling 190,379.

Online retail startups more than doubled, totalling 43,127 in 2020.

New businesses retailing computers, sporting goods, games and toys also grew strongly in 2020.

Nature of business	Year-on-year growth	Number of new businesses in 2020
Retail sale via mail order or Internet	105%	43,217
Retail sale of computers, peripheral goods and software	99%	1,337
Retail sale of sports goods, fishing gear, camping goods, boats and bicycles	98%	2,687
Other retail not in stores, stalls or markets	93%	13,056
Retail sale of games and toys	89%	1,149
Retail sale of bread, cakes, flour confectionary and sugar confectionary	77%	1,640
Retail sale of flowers, plants, seeds, fertilizers, pet animals and pet food	75%	1,737
Retail sale of fish, crustaceans and molluscs	68%	316

## Hospitality

Ongoing restrictions in the fight against Covid have severely harmed existing hospitality businesses and, in most categories, led to fewer formations in 2020 compared to 2019.

Clubs, pubs, hotels and restaurants all saw a fall in business formations between 2019 and 2020. As did conference organisers and tour operators.

With restaurants closed for months, takeaway food shops and mobile food stands grew significantly. And with international travel restricted, many new camp sites, chalets, guest houses, and B&Bs launched to cater for UK holidays.

Nature of business	Year-on-year growth	Number of new businesses in 2020
Other food services	45%	8,093
Take-away food shops and mobile food stands	21%	17,399
Other holiday and collective accommodation	19%	1,809
Recreational vehicle parks, trailer parks and camping grounds	14%	341
Unlicensed restaurants and cafes	5%	7,523
Licensed restaurants	-16%	7,895
Hotels and similar accommodation	-16%	2,036
Public houses and bars	-19%	5,457
Activities of conference organisers	-23%	559
Tour operator activities	-23%	818
Licensed club	-34%	358

## Stories

We've scoured the data to bring the statistics to life. Here's some of the hundreds of thousands of entrepreneurial journeys that started in 2020.

- **Port Isaac Lobster**  
Fifth-generation Cornish fishermen who, when local restaurants closed, started driving fresh lobsters to sell to South London residents
- **The Positive Organ Company**  
Northampton-based pipe organ manufacturer, founded by a former cathedral organist
- **House of Hass**  
Harrogate-based business set up by two friends producing handmade leather accessories for dogs
- **Yorkshire Wolds Pies**  
Launched by Huggate-based Wolds Inn to sell its renowned homemade Yorkshire pies online after lockdown forced them to temporarily close the pub.
- **Madehurst Vineyard**  
South Downs vineyard, launched by luxury hotel chain The Pig
- **Ineos Hygienics**  
Launched by the Ineos Group to supply millions of bottles of sanitiser to hospitals for free
- **Monty Campers**  
Welshpool-based bespoke camper van conversions
- **Crumb & Brew**  
Manningtree-based mobile specialty coffee van operating across Essex, Suffolk & beyond
- **The Garden Whisperer**  
Bishop's Stortford-based garden and plant designer business
- **Bare Naked Wood Company**  
Kettering-based family business making wooden play tents

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