

High Level Summary of Statistics

Business and Innovation

Growing Businesses	2
Businesses in Scotland	2
Business Registrations	3
Innovation and Research & Development	5
R&D Gross Expenditure	5
R&D Business Expenditure	6
Growth Sector Statistics.....	7
Growth Sector Statistics – Employment	7

Growing Businesses Businesses in Scotland

Last updated: November 2020

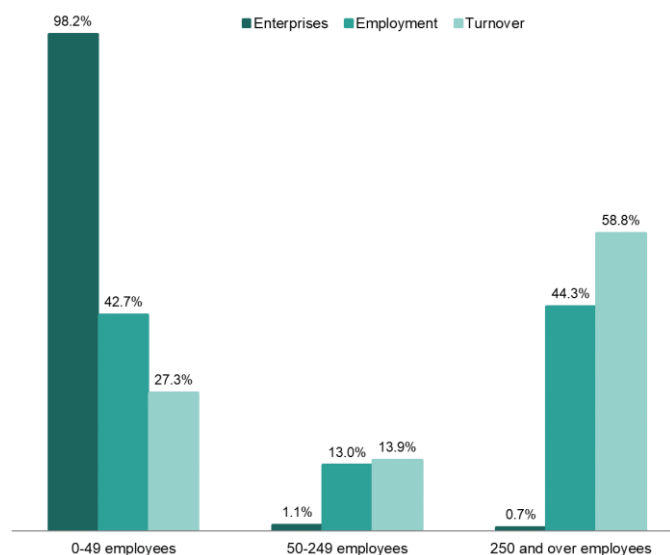
As at March 2020, there were an estimated 364,310 private sector businesses operating in Scotland – the highest point in the current time series (which goes back to 2000). Between March 2019 and March 2020, the estimated number of businesses increased by 2.2% (+7,760 businesses).

The increase over the latest year was driven by a rise in the number of unregistered businesses (those not registered for VAT and/or PAYE). The number of unregistered businesses increased from 177,770 as at March 2019 to 184,850 as at March 2020 – an increase of 7,080 unregistered businesses (4.0%).

The number of registered businesses (those registered for VAT and/or PAYE) also increased over the latest year – up by 680 businesses (0.4%) from 178,780 as at March 2019 to 179,460 as at March 2020 – similarly the highest point in the series.

Overall, the number of businesses in Scotland with at least one employee (i.e. employers) has increased by 80 businesses (0.1%) from 109,490 in 2019 to 109,570 in 2020 – there are now more private sector businesses with at least one employee operating in Scotland than at any other time in the series (back to 2000).

As at March 2020, there were 361,875 Small and Medium-sized Enterprises (SMEs) operating in Scotland, providing an estimated 1.2 million jobs. SMEs accounted for 99.3% of all private sector businesses, 55.7% of private sector employment and 41.2% of private sector turnover as at March 2020.



Source: Scottish Government, Office for National Statistics (Inter Departmental Business Register)
Note: Includes unregistered enterprises, excludes central and local government. Turnover figures exclude financial intermediation services.

Web link

[Businesses in Scotland](https://www.gov.scot/publications/businesses-in-scotland-2020/)

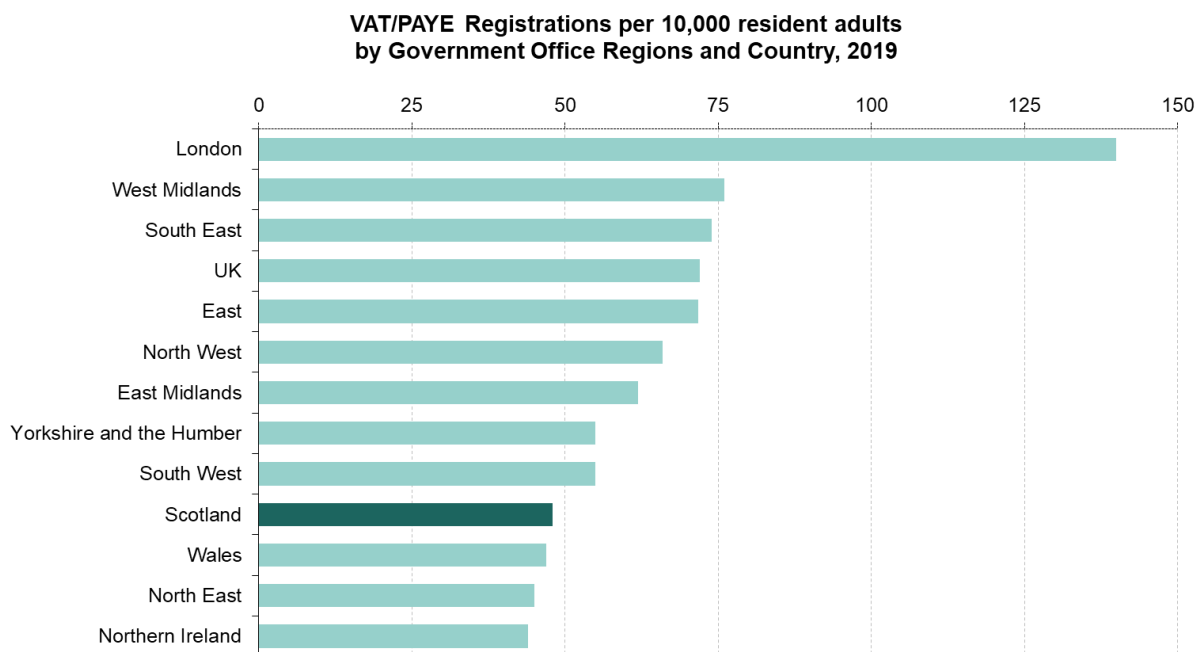
<https://www.gov.scot/publications/businesses-in-scotland-2020/>

Business Registrations

Last updated: November 2020

New business formation is one of the key drivers of economic growth. A high business birth rate drives up levels of innovation, competitiveness and productivity, as firms are replaced by more competitive enterprises in the important process of business churn. VAT/PAYE registrations are the most reliable official indicator of business start-ups but exclude the very smallest businesses.

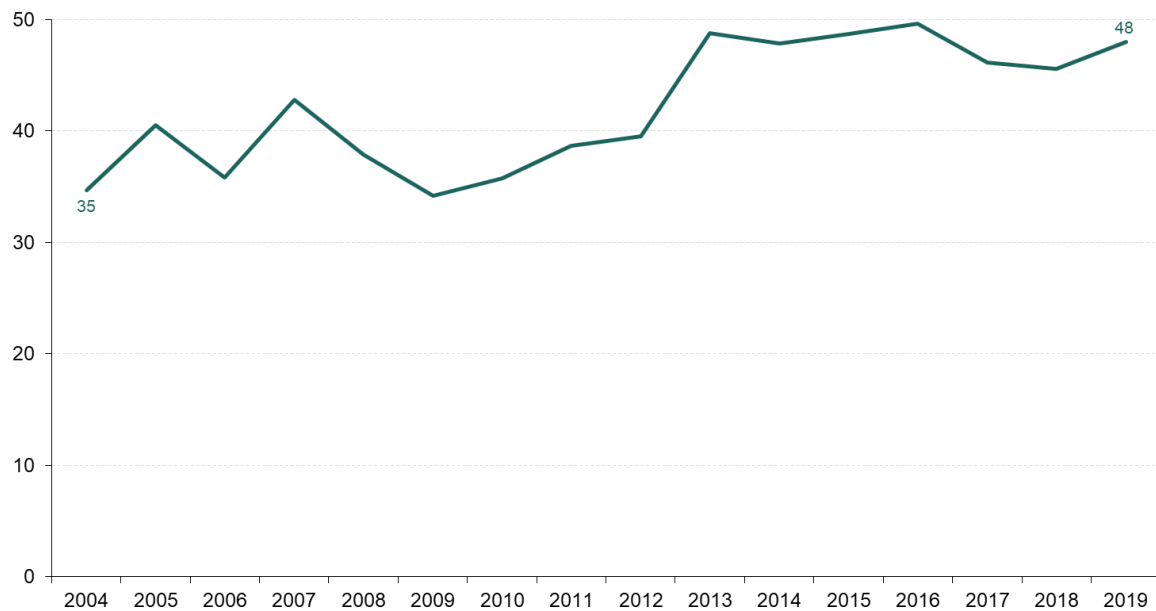
In 2019, Scotland had 48 new business registrations per 10,000 of the adult population in comparison to the UK figure of 72. Excluding London, the UK figure would be 62 per 10,000 resident adults.



Source: Office for National Statistics

Between 2004 and 2019, the Scottish registration rate per 10,000 adults has varied between 34 and 50 per 10,000 resident adults. The figures showed a substantial increase between 2012 and 2013.

**VAT/PAYE registrations per 10,000 resident adults in Scotland,
2004 to 2019**



Source: Office for National Statistics

Notes:

1. The source for measuring business registrations changed in 2009 from the Department for Business, Enterprise and Regulatory Reform VAT-only series to the Office for National Statistics (ONS) VAT/PAYE series. The information above is based on the new ONS VAT/PAYE series. Note that the increase between 2006 and 2007 was, in part, a reflection of a change in business behaviour in response to a change in tax legislation in 2007 and therefore was not sustained in 2008.

Web link

[ONS Business Demography, UK: 2019](https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/business-demography/2019)

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/business-demography/2019>

Innovation and Research & Development

R&D Gross Expenditure

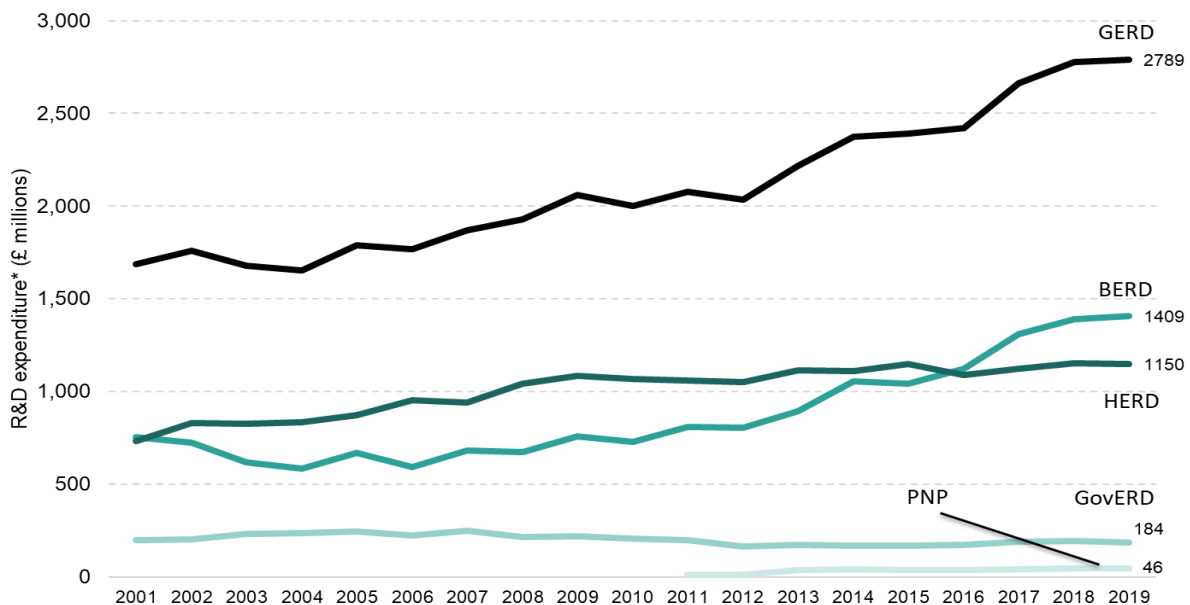
Last updated: August 2021

Innovation and Research & Development (R&D) are important both for individual firms, and for the economy as a whole. R&D is a component part of the innovation process, characterised as work that increases the stock of knowledge or results in the creation of new products. The introduction of new products or processes, or improvements to existing ones, is a prerequisite for firms to survive, evolve and grow in an increasingly competitive environment. The ongoing process of innovation improves and increases the rate of technical progress in the economy and is recognised in empirical studies as an important source of productivity growth, which is ultimately a key determinant of regional economic growth.

Gross Expenditure on R&D (GERD) comprises R&D undertaken by the Business Enterprise (BERD), Higher Education (HERD), Government (GovERD) and Private Non-Profit (PNP) sectors.

Scotland's GERD was £2,789 million in 2019, 7.2% of the UK total. For Scotland this represents an increase of 0.4% in real terms on 2018 (+£11 million) - UK GERD increased by 0.9%. In Scotland, GERD is at its highest level in the series (which goes back to 2001).

Scotland's GERD forms the basis of the National Performance Framework (NPF) Indicator: Spend on Research and Development, which measures Scotland's GERD as a percentage of GDP. In 2019, Scottish GERD was 1.66% of GDP; the same share as in 2018.



*2019 prices

Source: ONS and the Scottish Government

Publication

[Gross Expenditure on Research and Development Scotland 2019](https://www.gov.scot/publications/gross-expenditure-on-research-and-development-scotland-2019/)

<https://www.gov.scot/publications/gross-expenditure-on-research-and-development-scotland-2019/>

R&D Business Expenditure

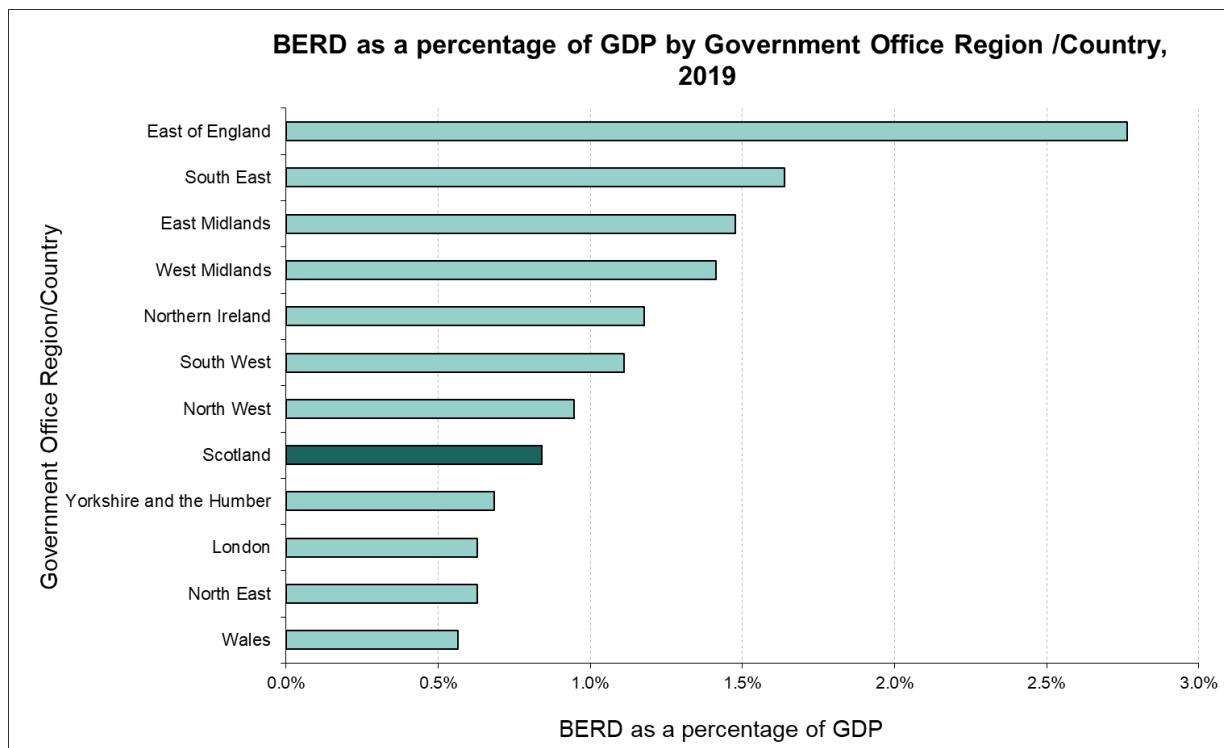
Last updated: April 2021

Scottish Business Enterprise Research & Development (BERD) expenditure was £1.409 billion in 2019, up by 1.5% in real terms compared to 2018 figures. UK expenditure increased by 0.8% in real terms over this period.

BERD expenditure was 0.84% of Scottish GDP in 2019, the comparable figure was 1.17% for the UK.

Within the UK, a high share of BERD expenditure takes place within the East of England (20.7%) and the South East (20.5%) regions, which together are responsible for 41.2% of all R&D expenditure in the UK. Scottish BERD expenditure represents 5.4% of the UK total of £25.9 billion. In terms of expenditure as a percentage of GDP, Scotland ranked eighth out of the 12 UK regions/countries in 2019.

The graph below shows how Scotland compares against other areas of the UK – in terms of BERD expenditure as a share of GDP.



Source: Scottish Government

Publication:
[Business Enterprise Research and Development Scotland 2019](#)

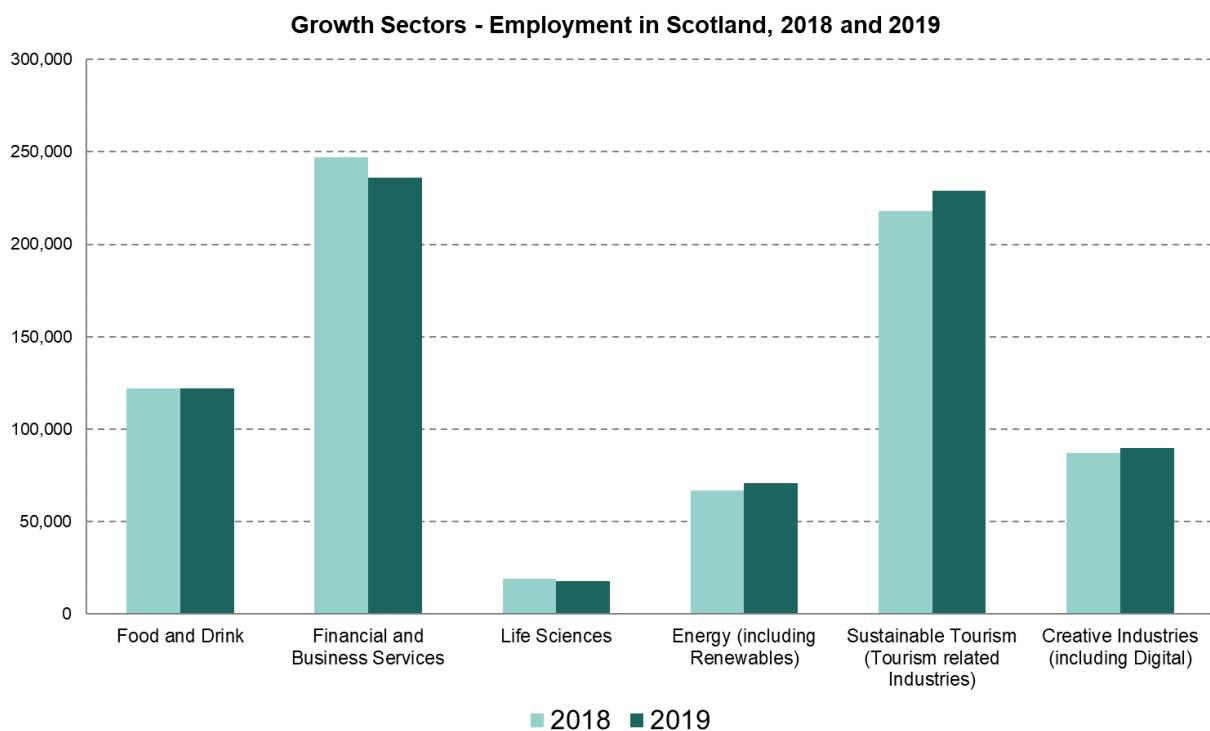
Growth Sector Statistics

Growth Sector Statistics – Employment

Last updated: April 2021

[Scotland's Economic Strategy](#) identifies those sectors where Scotland has a distinct comparative advantage:

- Food & Drink (including agriculture & fisheries)
- Creative Industries (including digital)
- Sustainable Tourism
- Energy (including renewables)
- Financial & Business Services
- Life Sciences



Source: Scottish Government, ONS, Business Register and Employment Survey (BRES).
Source for Agriculture is the Agricultural Census.

Notes: 1. Employment includes employees plus the number of working owners who receive drawings or a share of the profits but are not paid via PAYE. However, the employment estimate does not include those that are self-employed operating below the VAT threshold with no employees i.e. the smallest sole proprietors and partnerships.

2. Estimates for 2019 are provisional.

Web link

[Growth Sector Statistics](https://www.gov.scot/publications/growth-sector-statistics/)

<https://www.gov.scot/publications/growth-sector-statistics/>