

Fife Business Base Report 2021



CessCom Decom EPF Decom Facility, Methil



Kalopsia Collective, Dunfermline



Yes Recycling, Glenrothes

December 2021

Preface

From early 2020 and throughout the whole of 2021, the unprecedented impact of the global Covid-19 pandemic and consequences of the UK's exit from the European Union have continued to create longer-term economic uncertainties for both the UK and Scotland.

The success of the UK Covid vaccination rollout and gradual easing of Covid restrictions during 2021 have offered some encouraging signs of economic recovery, with high demand for goods and services, but the emergence of the highly transmissible Omicron variant in November 2021 has again highlighted ongoing uncertainties.

Furthermore, despite the scale of impact of the pandemic, some economic commentators are warning that the consequences of Brexit could have even greater long-term implications.

Although unemployment has been far more stable than initially anticipated, the combined impact of Covid and EU Exit has led to critical workforce shortages in key sectors, supply chain disruption, a spike in fuel and energy prices, and a significant shortage and increase in costs for raw materials. The cost of living has surged by 5.1% in the 12 months to November 2021 and is at the highest level since September 2011, with inflation predicted to hit a 30-year peak in mid-2022.

The 2021 Business Base Report therefore provides one of the first insights into the combined initial impact of Covid and EU Exit on Fife businesses, key sectors and the local economy.

About this Report

This report provides information on the number and characteristics of companies operating in Fife, their sectors, size and performance.

Most of the data is from:

- The Scottish Government's [*Businesses in Scotland: 2021 publication*](#). This uses data from the Inter-Departmental Business Register (IDBR) which recorded the position of businesses as at 12 March 2021, a year after the start of the Covid-19 pandemic and three months after the end of the EU Exit transition period, but prior to the easing of restrictions and end of the CJRS furlough scheme on 30 September 2021.
- The Office for National Statistics (ONS) [*Business demography, UK:2020*](#) which provides annual data on births, deaths and survivals of businesses between December 2019 and December 2020.

This year's report therefore focuses on changes in the number and performance of Fife's business population between March 2020 and March 2021, and on changes in business births, deaths and survival rates between 2019 and 2020.

Both datasets provide information on VAT and/or PAYE registered enterprises and therefore do not include unregistered enterprises (sole traders and partnerships who are not VAT and/or PAYE registered). From 1 January 2021 the VAT registration threshold was a turnover of £85,000.

Headline Results

Between 2020 and 2021:

- The number of registered enterprises in Fife fell by -375 or -3.6% to 10,085.
- Employment fell by -3,460 jobs or -3.3%.
- Total annual business turnover rose by +8% to £13,879 million.
- *Information & Communication, Professional, Scientific & Technical Activities* and *Manufacturing* saw the greatest falls in business numbers.
- The largest falls in job numbers were in *Manufacturing, Professional, Scientific & Technical Activities* and *Accommodation & Food Services*, while *Arts, Entertainment and Recreation* saw the largest proportionate fall (-9.0%).
- Fife's self-employment rate fell from 10.5% to 7.7%.

In 2020:

- 985 new businesses started up in Fife, 545 or 35.6% fewer than in 2019.
- The 3-year business survival rate fell from 59.2% to 57.4%.
- There were more business deaths than births.

Annual Change in Business Numbers & Employment

Between 2020 and 2021, the number of registered businesses in Fife decreased by 375 (-3.6%). The number of jobs in these businesses fell by -3,460 (-3.3%).

In Scotland as a whole, the number of businesses fell by -0.4% and the number of jobs by -1.5%.

This fall followed 7 consecutive years of growth in enterprise numbers, so that in 2021 there were still 1,370 more businesses and 5,620 more jobs in Fife than there were in 2011.

Figure 1: Total enterprise stock & annual change in Fife (March 2011-March 2021)

| Year | Total Number of Enterprises in Fife | Annual Change in the Number of Enterprises | Total Employment | Annual Change in Employment |
|---------------------------------|-------------------------------------|--|------------------|-----------------------------|
| 2011 | 8,715 | | 94,860 | |
| 2012 | 8,995 | +280 | 94,000 | -860 |
| 2013 | 8,930 | -65 | 95,200 | +1,200 |
| 2014 | 9,290 | +360 | 96,770 | +1,570 |
| 2015 | 9,540 | +250 | 100,360 | +3,590 |
| 2016 | 9,760 | +220 | 102,420 | +2,060 |
| 2017 | 10,105 | +345 | 102,770 | +350 |
| 2018 | 10,295 | +190 | 106,000 | +3,230 |
| 2019 | 10,355 | +60 | 103,790 | -2,210 |
| 2020 | 10,460 | +105 | 103,940 | +150 |
| 2021 | 10,085 | -375 | 100,480 | -3,460 |
| Total Change 2011 - 2021 | | +1,370 enterprises | | +5,620 jobs |

Source: Businesses in Scotland, Scottish Government (2021)

Annual Change by Sector

Information & Communication, Professional, Scientific & Technical Activities and Manufacturing saw the greatest falls in business numbers over the period.

Wholesale, Retail & Repairs; Education & Health; and Construction were the only three sectors to see a growth in business numbers.

Only three sectors saw an increase in employment over the period: Construction; Transport & Storage; and Real Estate Activities.

The largest falls in job numbers were in Manufacturing; Professional, Scientific & Technical Activities; and Accommodation & Food Services. Arts, Entertainment & Recreation saw the largest proportionate fall in employment (-9.0%).

Figure 2: Change in the number of registered businesses in Fife and their employment by sector (March 2020 - March 2021)

| Sector | Change in the Number of Enterprises in Fife 2020-2021 | | Change in Employment in Fife 2020-2021 | |
|---|---|--------------|--|--------------|
| | Numbers | % | Numbers | % |
| Wholesale, Retail & Repairs | +60 | +3.8% | -360 | -1.6% |
| Manufacturing | -120 | -14.1% | -540 | -3.9% |
| Education, Human Health & Social Work | +5 | +1.0% | -280 | -2.1% |
| Accommodation & Food Service activities | -20 | -2.3% | -460 | -4.4% |
| Construction | +5 | +0.4% | +150 | +2.2% |
| Administrative & Support Service activities | -15 | -1.9% | -290 | -4.6% |
| Professional, Scientific & Technical activities | -135 | -8.3% | -510 | -8.6% |
| Primary Industries | -20 | -2.9% | -60 | -1.3% |
| Arts, Entertainment & Recreation | 0 | 0.0% | -330 | -9.0% |
| Information & Communication | -80 | -14.8% | -370 | -8.6% |
| Transport & Storage | -40 | -8.2% | +40 | +0.8% |
| Financial & Insurance activities | -5 | -4.2% | -160 | -4.8% |
| Other service activities | -20 | -3.8% | -280 | -8.6% |
| Real Estate activities | 0 | 0.0% | +10 | +0.8% |
| Total Change 2020-21 | -375 | -3.6% | -3,460 | -3.3% |

Source: Businesses in Scotland, Scottish Government (2021)

Note: Figures are rounded to avoid disclosure. Values may be rounded to zero and may not necessarily be true zeros. Data may therefore not add up to totals shown.

Annual Change by Size of Business

The largest decrease in business numbers (-350 businesses) was within small companies (ie those employing between 0 and 49 employees).

The highest fall in employee numbers was amongst large enterprises employing over 250 people (an overall loss of -1,350 employees); although the highest proportionate decrease in employment was within medium-sized businesses where the overall number of employees fell by -8.7%.

Figure 3: Change in the number of registered businesses in Fife and their employment by size of business (March 2020 - March 2021)

| Size of Business by Employment | Change in the Number of Enterprises 2020-2021 | | Change in Employment 2020-2021 | |
|--------------------------------|---|--------------|--------------------------------|--------------|
| | Numbers | % | Numbers | % |
| 0-49 Employees | -350 | -3.6% | -900 | -2.2% |
| 50-249 Employees | -10 | -3.6% | -1,200 | -8.7% |
| 250+ Employees | -15 | -3.4% | -1,350 | -2.7% |
| Total Change 2020-21 | -375 | -3.6% | -3,460 | -3.3% |

Source: Businesses in Scotland, Scottish Government (2021)

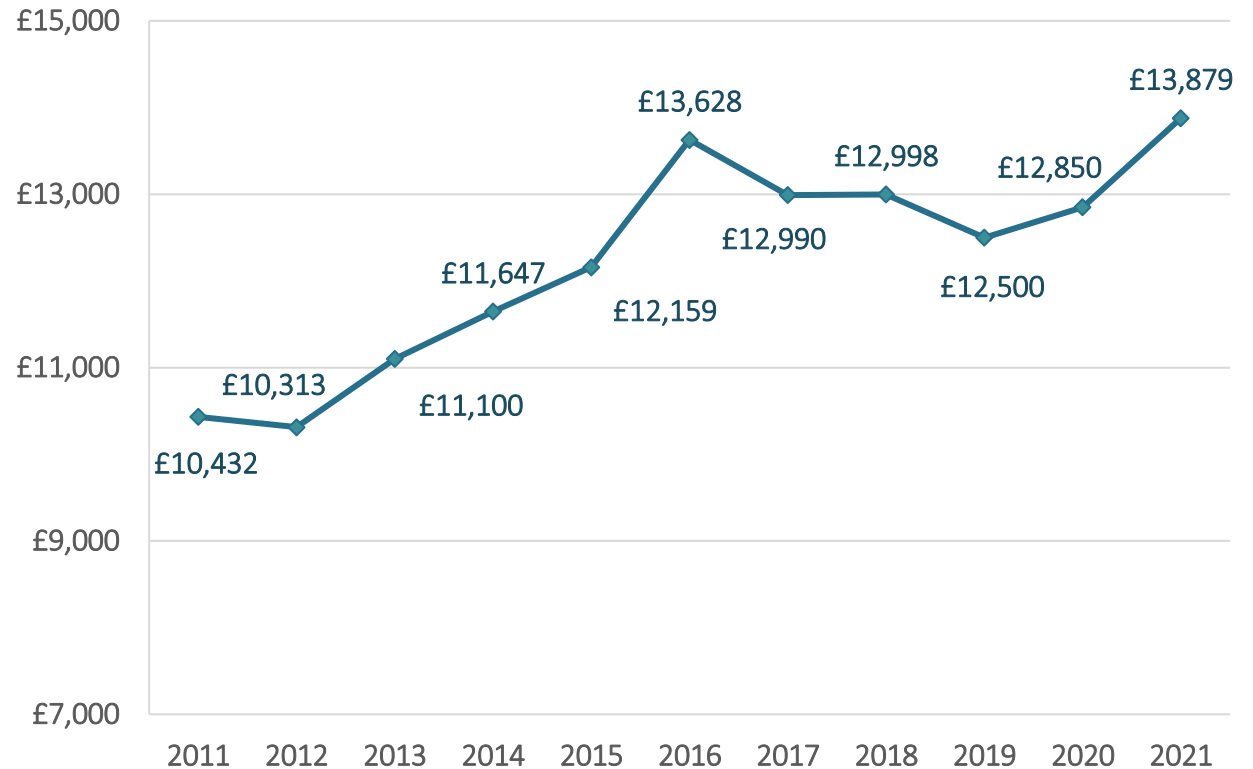
Note: Figures are rounded to avoid disclosure. Values may be rounded to zero and may not necessarily be true zeros. Data may therefore not add up to totals shown.

Annual Change in Business Turnover

Figure 4: Total turnover (£ millions) of Fife enterprises (March 2011-March 2021) (unadjusted)

Despite a fall in the number of enterprises and their employment, turnover from Fife's enterprises increased by 8% between 2020 and 2021.

The turnover generated by Fife businesses increased by 33% over the 10-year period from 2011 to 2021.



Source: Businesses in Scotland, Scottish Government (2021)

Note: These figures have not been adjusted to take inflation into account.

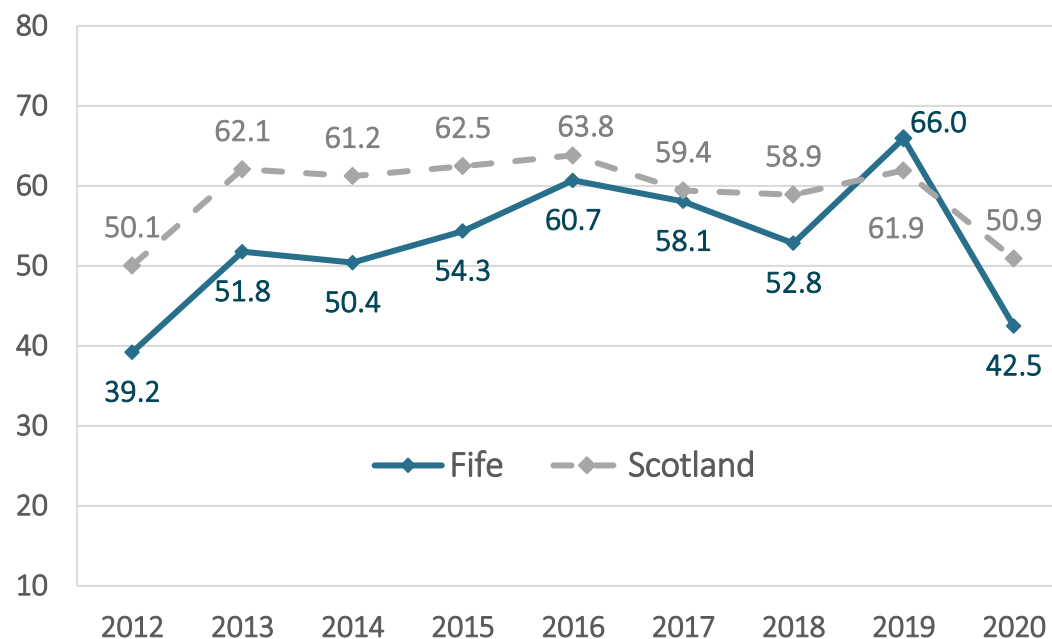
Annual Change in the Number of Business Births

A total of 985 new businesses started up in Fife in 2020. This was 545 (-35.6%) fewer than in 2019 when 1,530 new-starts were recorded (the highest number recorded for Fife in the time-series of this dataset going back to 2009).

In 2020 the business birth rate also fell to the lowest it has been since 2012 (Figure 5).

Whilst the number of start-ups also fell in Scotland as a whole, the rate of decrease between 2019 and 2020 (-17.9%) was lower than in Fife (-35.6%). As a result, Fife's start-up rate fell back below the Scottish rate, having exceeded it for the first time in 2019 (Figure 5).

Figure 5: The number of business start-ups per 10,000 working age adults (16-64) in Fife and Scotland (2012 - 2020)



Source: Business Demography, UK 2020, ONS

Notes:

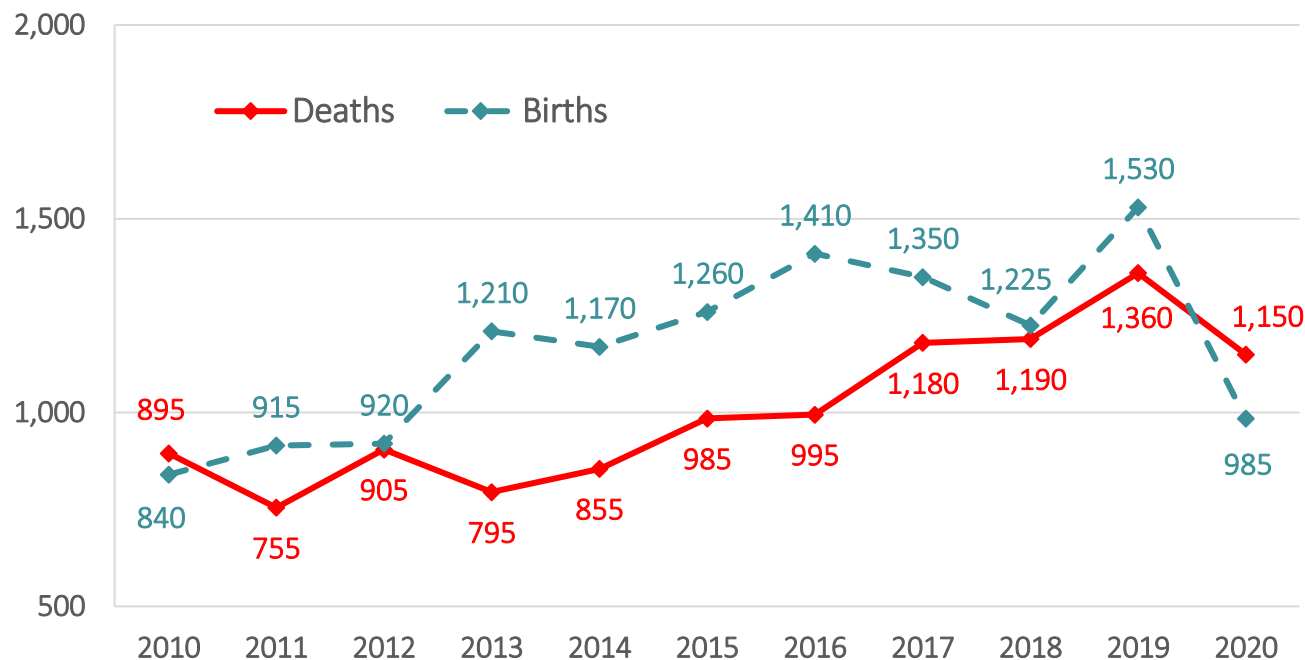
1. These statistics do not represent Business Gateway Fife's performance in relation to business start-ups supported.
2. This dataset measures business activity from December to December; data for 2021 is therefore not yet available.

Annual Change in the Number of Business Deaths

Although the number of business deaths fell from 1,360 in 2019 to 1,150 in 2020, the number of business deaths exceeded the number of business births for the first time since 2010.

Business deaths should only be viewed as an indicative measure of the health of the business base, however, as not all enterprises are set up to remain open indefinitely.

Figure 6: The number of business births and business deaths in Fife (2010 - 2020)



Source: Business Demography, UK : 2020, ONS

Note: This dataset measures business activity from December to December; data for 2021 is therefore not yet available.

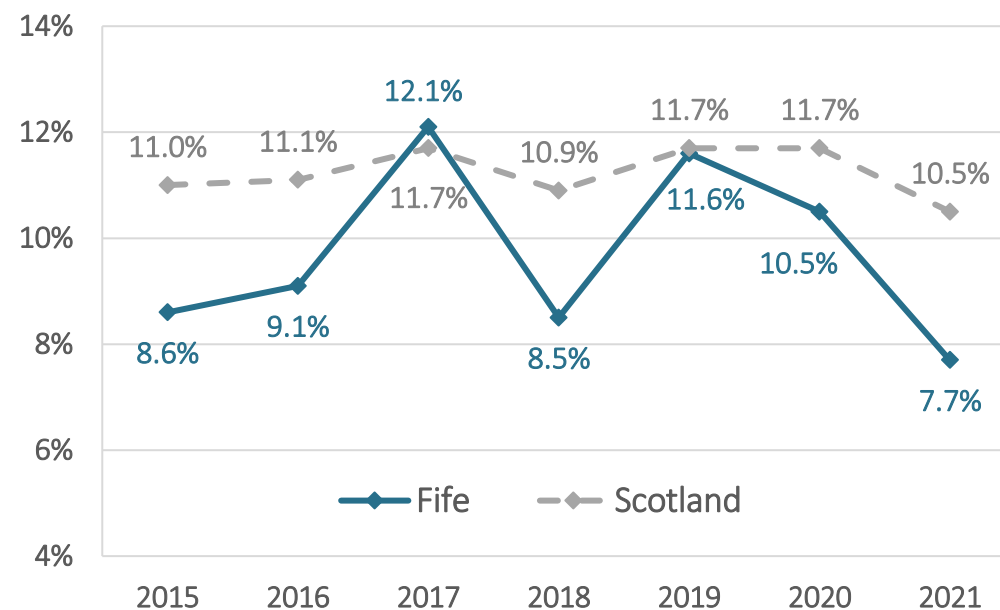
Annual Change in Self-Employment

Micro-enterprises (firms employing fewer than 10 workers) and self-employment are an important part of the business base. Most data sources do not capture such businesses as they only measure firms whose turnover exceeds the VAT registration threshold of £85,000.

Figure 6 shows that on the whole, Fife has had a lower proportion of its working age population who were self-employed compared to the national average. In 2021, 7.7% of Fife's working age population was self-employed, compared with 10.5% in Scotland as a whole. The rate fell in both 2020 and 2021, at a higher rate than the fall in Scotland, so that the gap between the Fife and Scottish rates widened.

Fife's self-employment rate appears much more volatile than Scotland's, suggesting that self-employment in Fife may react differently to external factors, though this could also be a result of the smaller sample size at the local authority level.

Figure 7: Self-Employment in Fife as a percentage of the total working age population (16-64 years) who are employed (2015 - 2021)



Source: ONS Annual Population Survey

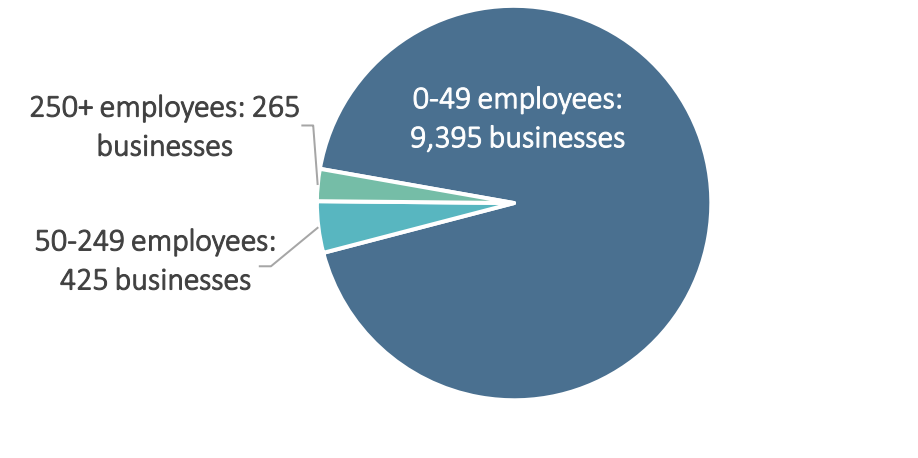
Notes:

1. Figures are for the 12 months to June each year.
2. These statistics do not represent Business Gateway Fife's performance in relation to people supported into self-employment.

Composition of Fife’s Business Base by Size of Business

Fife’s business base is dominated by small-to-medium enterprises (SMEs), with 96% (9,660) of Fife’s businesses employing fewer than 250 employees and 93% (9,395) employing fewer than 50 employees (Figure 8). A total of 98.7% of registered enterprises in Scotland are SMEs.

Figure 8: Number of Enterprises in Fife by Employee Size Band (March 2021)

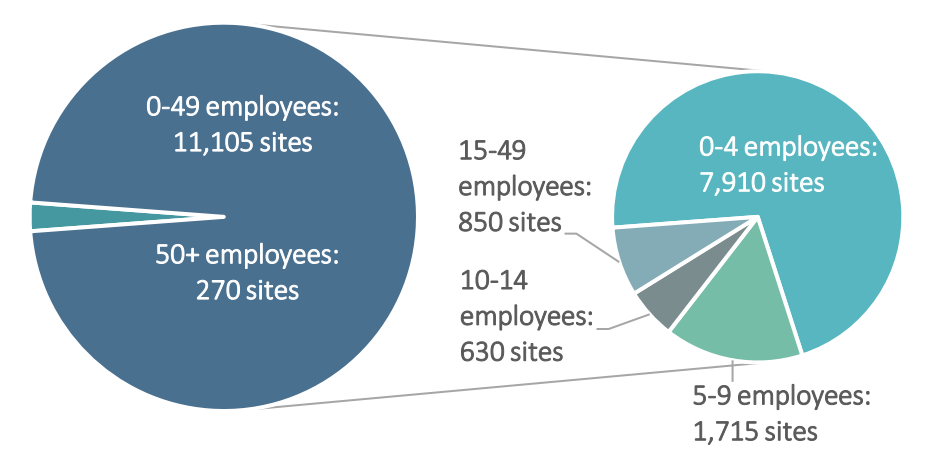


Source: Businesses in Scotland, Scottish Government (2021)

The region’s 11,380 *business sites* are also dominated by micro enterprises (Figure 9):

- 7,910 (70%) employ between 0-4 people
- 1,715 (15%) employ between 5-9 people
- 630 (6%) employ between 10-14 people
- 850 (7%) employ between 15-49 people
- Only 270 (2%) employ 50 or more people

Figure 9: Number of Business Sites in Fife by Employee Size Band (March 2021)



Source: Businesses in Scotland, Scottish Government (2021)

Note: A business site is a local unit (eg a factory, shop or workplace). A business may have more than one unit / site.

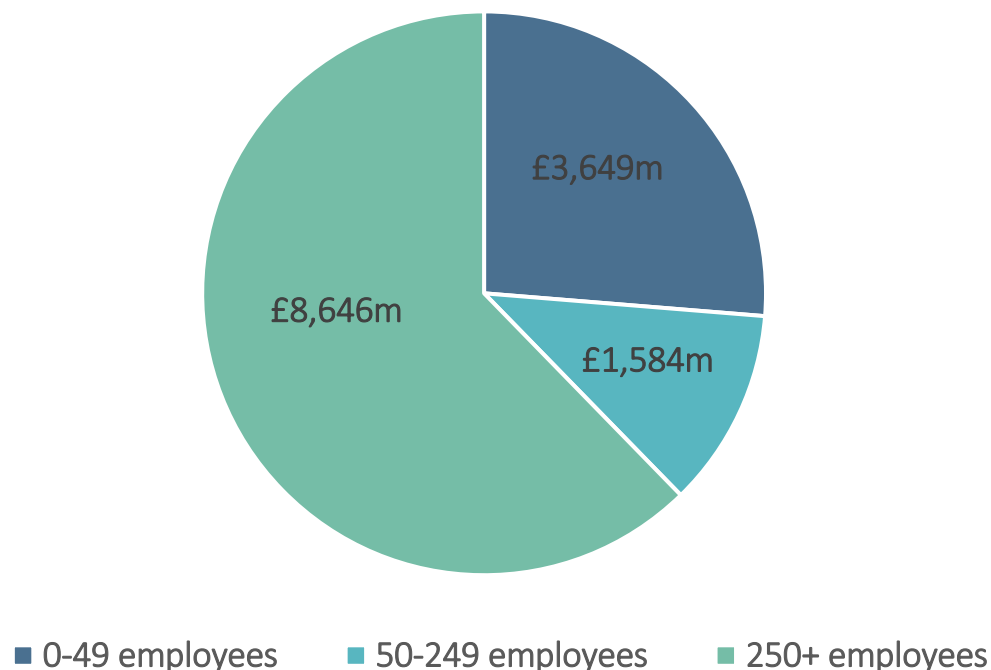
Performance of Fife's Business Base by Size of Business

62% of the total turnover generated by Fife's businesses came from its largest employers (those employing more than 250 people). This is similar to Scotland as a whole (61%).

Whilst 93% of Fife's businesses employ between 0-49 employees, they are responsible for only 26% of Fife's total enterprise turnover.

About 5% of the turnover generated in Scotland as a whole is produced by Fife-based businesses.

Figure 10: Turnover Generated by Fife Businesses, by Size of Business (March 2021)



Source: Businesses in Scotland, Scottish Government (2021)

Note: A breakdown of turnover by size of enterprise is not available below these employee size bands.

Composition & Performance of Fife's Business Base by Sector

Figure 11: Number of registered private sector businesses in Fife and their Employment and Turnover by Sector (March 2021)

Wholesale, Retail & Repairs was the largest sector in Fife in terms of both employment and the number of enterprises and had the second largest turnover.

The Manufacturing sector generated the most turnover and was the most productive, with a turnover of £322,532 per employee in 2021.

| Business Sector | Number of Fife Businesses | Total Employment | Turnover (millions) | Productivity (Turnover per Employee) |
|--|---------------------------|------------------|---------------------|--------------------------------------|
| Wholesale, retail and repairs | 1,660 | 22,100 | £3,882 | £175,656 |
| Manufacturing | 730 | 13,270 | £4,280 | £322,532 |
| Education, human health and social work activities | 505 | 12,900 | £538 | £41,705 |
| Accommodation and food service activities | 835 | 9,900 | £413 | £41,717 |
| Construction | 1,330 | 6,840 | £1,017 | £148,684 |
| Administrative and support service activities | 785 | 6,010 | £473 | £78,702 |
| Professional, scientific and technical activities | 1,490 | 5,430 | £734 | £135,175 |
| Primary Industries | 675 | 4,480 | £1,124 | £250,893 |
| Arts, entertainment and recreation | 260 | 3,340 | £423 | £126,647 |
| Information and communication | 460 | 3,910 | £457 | £116,880 |
| Transport and storage | 450 | 4,840 | £273 | £56,405 |
| Financial and insurance activities | 115 | 3,160 | N/A | N/A |
| Other service activities | 505 | 2,970 | £134 | £45,118 |
| Real estate activities | 285 | 1,330 | £128 | £96,241 |
| Totals | 10,085 | 100,480 | £13,879 | £138,127 |

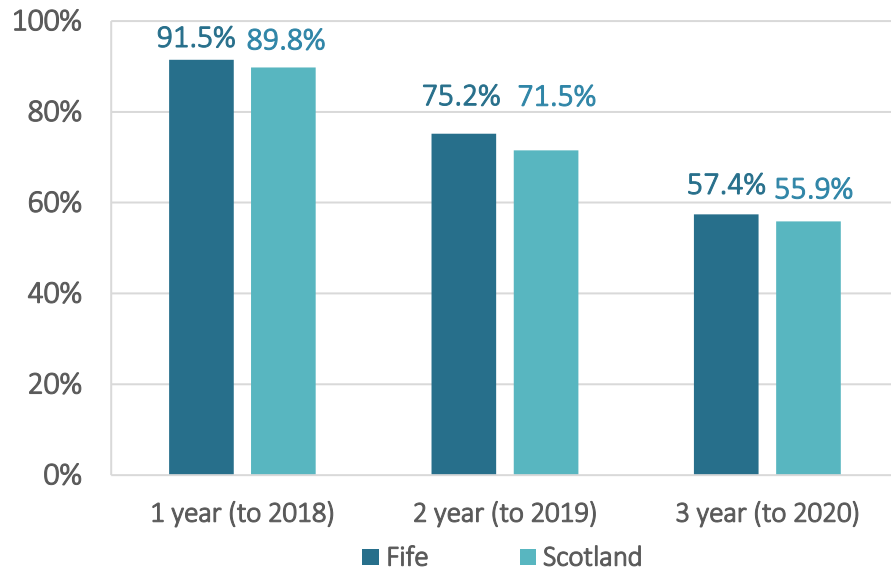
Source: Businesses in Scotland, Scottish Government (2021)

Note: Turnover figures for the Financial and Insurance Activities sector are not available.

Performance of Fife’s Business Base: Survival of Newly-Born Enterprises

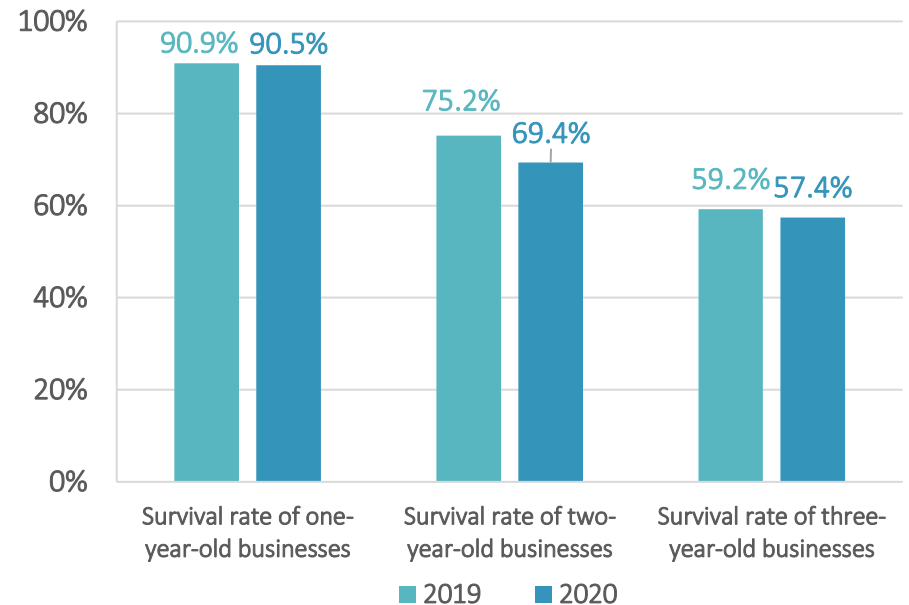
Figure 12 shows that for each of the first three years after starting up in 2017, Fife’s business survival rates were above the Scottish average.

Figure 12: Survival Rates for Fife and Scottish Businesses Born in 2017



In 2020, the proportion of new businesses surviving for their first one, two and three years after setting-up fell slightly compared with in 2019 (Figure 13).

Figure 13: Survival Rates for new Fife Businesses (2019 and 2020)



Source: Business Demography, UK 2020, ONS

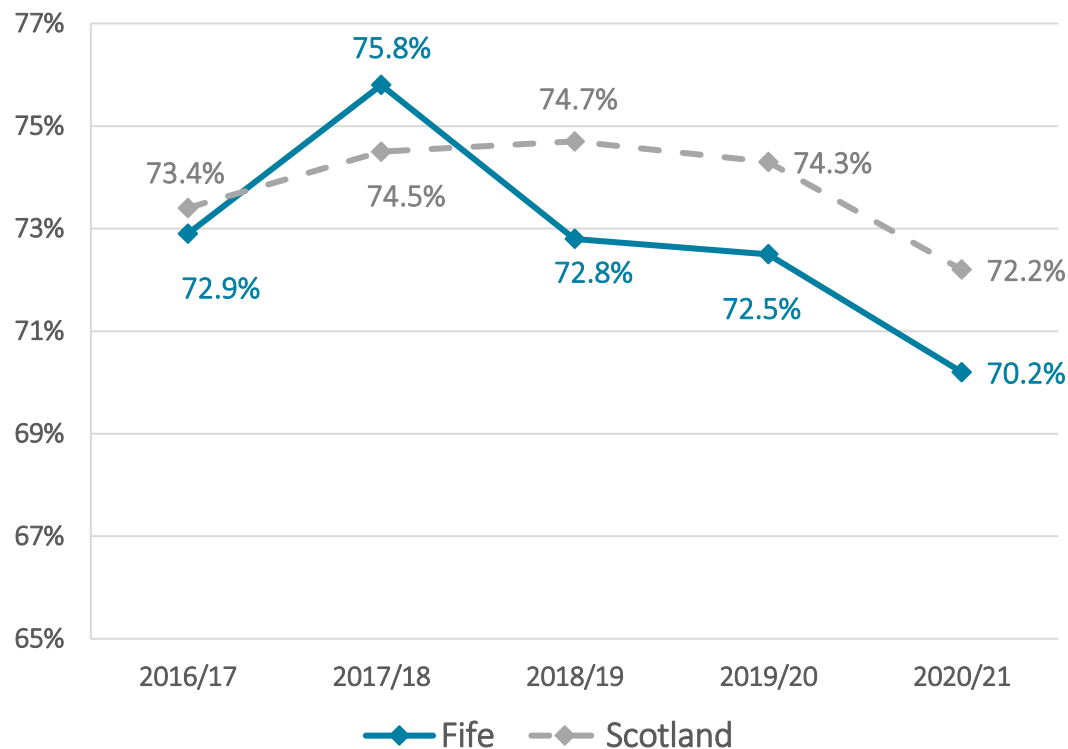
Notes: These statistics do not represent Business Gateway Fife’s performance in relation to the aftercare service it provides to businesses. Survival rates should only be viewed as an indicative measure of the local business environment, as not all enterprises are set up to remain open indefinitely.

Fife’s Labour Market – Employment Rate

Fife has an estimated population of 374,130¹. Its working age population (aged 16-64 years) is 231,800 people, representing 62.0% of the total population.

Fife’s employment rate in the 12 months to June 2021 was 70.2%, compared to the Scottish rate of 72.2% for the same period. Prior to the Covid-19 pandemic the employment rate for Fife was around 73%.

Figure 14: Employment Rate (Aged 16-64 years), Fife and Scotland (2016/17-2020/21)



Source: ONS Annual Population Survey. Figures are for the 12 months to June annually.

Note 1. Mid-2020 Population estimates, National Records of Scotland.

Fife's Labour Market – Out-of-Work Benefit Claimants

Claimant rates¹ in Fife increased in 2020 and remained considerably higher than pre-pandemic levels until they started to fall in April 2021 (Figure 15).

The latest rate (November 2021) is 0.8 percentage points higher than the pre-pandemic rate, with just over 1,500 more people claiming out-of-work benefits.

Fife's claimant rate is higher than that the Scottish rate (Figure 15) and has significant sub-regional variations (Figure 16).

Figure 15: Claimant Rate, Fife and Scotland (2019-Nov 2021)

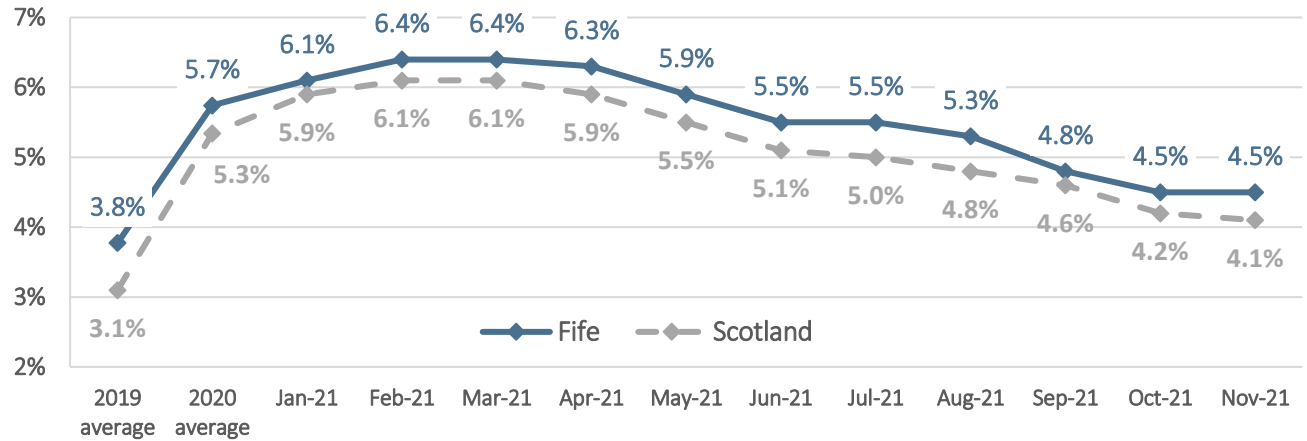
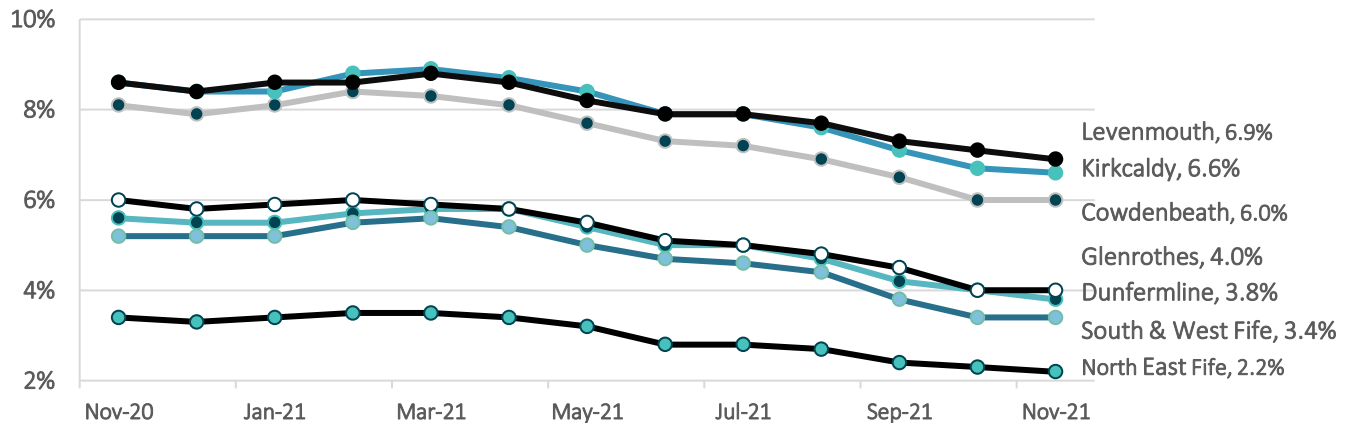


Figure 16: Claimant Rate, Fife Council's Area Committees (Nov 2020-Nov 2021)



Source: ONS Claimant Count

Note 1: Claimant rate = the percentage of working age (16-64) residents claiming out-of-work benefits (ie Job Seekers Allowance or Universal Credit).

Fife's Labour Market – Qualifications

Over half of Fife's working age population (age 16-64 years) is qualified to NVQ4 or above. This is a higher proportion than in 2019 (43.3%) and higher than the figure for Scotland as a whole.

5.9% of Fife's working age population (age 16-64 years) has no qualifications. This is much lower than the national rate (8.1%) and is an improvement of 2.3 percentage points on the 2019 figure of 8.2%.

Figure 17: Qualifications in Fife, Scotland & Great Britain (2020)

| Qualifications | Fife (Number of people) | Fife (%) | Scotland (%) | GB (%) |
|----------------------|----------------------------|-------------|-----------------|-----------|
| NVQ4 and above | 116,600 | 51.3% | 49.0% | 43.1% |
| NVQ3 and above | 149,500 | 65.7% | 63.7% | 61.3% |
| NVQ2 and above | 181,300 | 79.7% | 79.2% | 78.1% |
| NVQ1 and above | 204,000 | 89.7% | 86.2% | 87.7% |
| Other Qualifications | 9,900 | 4.3% | 5.7% | 5.9% |
| No Qualifications | 13,500 | 5.9% | 8.1% | 6.4% |

Source: ONS Annual Population Survey Jan- Dec 2020

Fife's Labour Market – Occupational Skills

The proportion of Fife's workforce employed in Sales, Plant and Elementary occupations was slightly higher than the Scottish average in 2020.

Over the last decade, the proportion of Fife's workforce in Managerial & Professional occupations increased from 36.0% in 2010 to 46.5% in 2020. Over the same period, the proportions employed in Admin, Skilled Trade & Personal Services occupations and Sales, Plant & Elementary occupations fell (by 5.9 and 4.4 percentage points respectively). This suggests a positive trend towards employment in higher-added-value jobs.

Figure 18: Occupational Classifications in Fife and Scotland (2019-2020)

| Occupational Skills Category | Percentage of All Employed | | | |
|--|----------------------------|----------|-------|----------|
| | 2019 | | 2020 | |
| | Fife | Scotland | Fife | Scotland |
| Senior Managers, Professional & Associated Professionals (SOC 1-3) | 45.4% | 44.2% | 46.5% | 47.0% |
| Admin, Skilled Trade & Personal Services (SOC 4-6) | 28.1% | 30.0% | 27.4% | 28.6% |
| Sales, Plant & Elementary (SOC 7-9) | 26.3% | 25.5% | 25.9% | 24.1% |

Source: ONS Annual Population Survey (Jan-Dec 2019 / Jan-Dec 2020)

Business Enterprise R&D

Business expenditure on research and development (R&D) is crucial to the competitiveness of Scotland’s and Fife’s economies. Business Enterprise Research & Development (BERD) expenditure is the only available estimate of business spending on R&D broken down to local authority level.

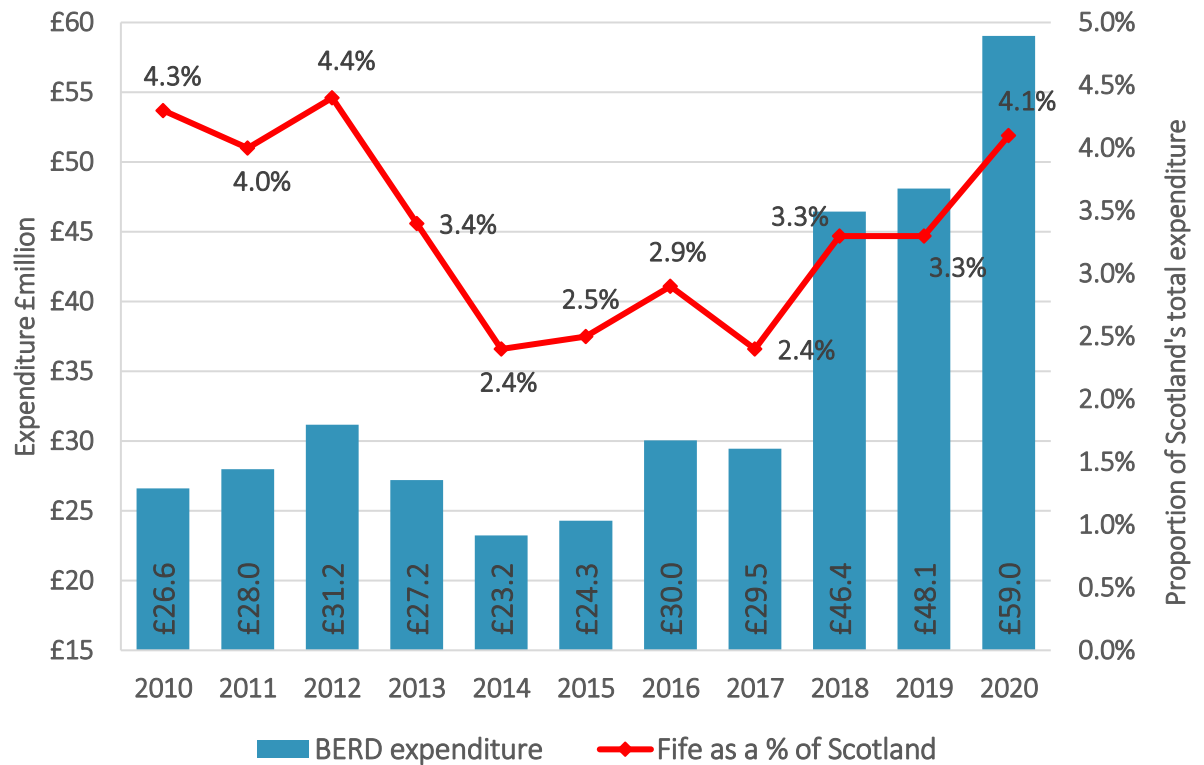
In 2020, Fife businesses spent £59.04m on R&D, representing 4.1% of Scotland’s £1.4bn total spend.

R&D expenditure by Fife businesses increased by 11% (£10.95m) between 2019 and 2020 and its share of Scottish R&D expenditure rose from 3.3% to 4.1%.

In 2020, 66% of R&D expenditure in Fife was attributable to the Manufacturing sector, compared to 47% in Scotland as a whole and 77% in 2019.

In Fife, BERD expenditure per head of population was £158 in 2020, considerably lower than the £263 spent per head of population by businesses in Scotland as a whole.

Figure 19: Expenditure by Fife Businesses on R&D (2010-2020)



Source: Business Enterprise Research & Development (BERD): 2020, Scottish Government

National Figures on Current Trading and Turnover

Figure 20: Current Trading and Turnover Status by Sector (Nov 2021)

National figures show that both the proportions of businesses currently fully trading, and those experiencing decreased turnover varies according to sector (Figure 20).

According to the figures for November 2021, the Arts, Entertainment & Recreation and Accommodation & Food Services sectors had the lowest proportions of businesses currently fully trading (76.4% and 85.8%) and the highest percentages of businesses experiencing a decrease in turnover compared with what is normally expected (65.5% and 40.2%).

| Business Sector | Number of Businesses in Fife | Total Employment in Fife | Turnover (£millions) in Fife | Estimated share of businesses that are currently fully trading (Scotland) | Estimated share of businesses with decreased turnover (Scotland) |
|---|------------------------------|--------------------------|------------------------------|---|--|
| Wholesale, Retail & Repairs | 1,660 | 22,100 | £3,882 | 96.9% | 27.0% |
| Manufacturing | 730 | 13,270 | £4,280 | 98.8% | 31.2% |
| Education, Human Health & Social Work | 505 | 12,900 | £538 | N/A | N/A |
| Accommodation & Food Service Activities | 835 | 9,900 | £413 | 85.8% | 40.2% |
| Construction | 1,330 | 6,840 | £1,017 | 98.4% | 20.7% |
| Administrative & Support Service Activities | 785 | 6,010 | £473 | 96.2% | 30.4% |
| Professional, Scientific & Technical Activities | 1,490 | 5,430 | £734 | 97.9% | 27.4% |
| Primary Industries | 675 | 4,480 | £1,124 | N/A | N/A |
| Arts, Entertainment & Recreation | 260 | 3,340 | £423 | 76.4% | 65.5% |
| Information & Communication | 460 | 3,910 | £457 | 100.0% | 20.9% |
| Transport & Storage | 450 | 4,840 | £273 | 96.7% | 27.0% |
| Financial & Insurance Activities | 115 | 3,160 | N/A | N/A | N/A |
| Other Service Activities | 505 | 2,970 | £134 | N/A | N/A |
| Real Estate Activities | 285 | 1,330 | £128 | N/A | N/A |
| Total | 10,085 | 100,480 | £13,879 | 95.0% | 28.5% |

Sources: Businesses in Scotland (2021), Scottish Government; and Business Impact of Coronavirus Survey (BICS) Weighted Scotland Estimates [Data to Wave 44 : 15-28 Nov 2021], Scottish Government

Data Sources and Further Information

[Businesses in Scotland: 2021](#), Scottish Government

Business Demography, UK, Office for National Statistics (ONS)

Annual Population Survey, Office for National Statistics (ONS) accessed via [NOMIS](#)

[Business Enterprise Research & Development \(BERD\): 2020](#), Scottish Government

[Business Impact of Coronavirus \(Covid-19\) Survey \(BICS\) Weighted Scotland Estimates](#), Scottish Government

[Regional Skills Assessments Fife, July 2021](#), Skills Development Scotland

For further information about the statistics used in this report, please contact:

Alison Laughlin, Economy Adviser, Fife Council Business & Employability Service (E: Alison.Laughlin@fife.gov.uk)

Disclaimer: Fife Council believes that the information contained within this publication was accurate as at 15 December 2021. The Council is acting as a distributor (not publisher) of content supplied by third parties and does not guarantee the reliability of the data and is not liable for any party's reliance on the information contained.