

Fife Business Base Report 2022



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Preface

Throughout 2021 and 2022, an unprecedented coming together of global events – the ongoing pandemic, the UK's exit from the EU, war in Ukraine, energy, cost-of-living and cost-of-doing business crisis and the climate emergency – impacted national, regional and local economies.

The lag in the availability of most of the data used in this report means that whilst the 2022 Fife Business Base Report provides an insight on the impact of the initial post-pandemic period and the UK's exit from the EU on Fife's business population, it does not cover the period affected by the current cost-of-living and cost-of-doing business crisis.

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: 2022 publication*](#). This uses data from the Inter-Departmental Business Register (IDBR) which recorded the position of private sector businesses as at 12 March 2022, two years after the start of the Covid-19 pandemic and a year after the end of the EU Exit transition period.
- The Office for National Statistics (ONS) [*Business demography, UK:2021*](#) which provides annual data on births, deaths and survivals of businesses.

This year's report therefore focuses on changes in the number and performance of Fife's business population between March 2021 and March 2022, and on changes in business births, deaths and survival rates between 2020 and 2021.

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). In March 2021 and 2022 the VAT registration threshold was a turnover of £85,000.

Headline Results

Between March 2021 and March 2022:

- The number of registered private-sector enterprises in Fife fell by 440, or 4.4%, to 9,645 businesses.
- Employment in these businesses fell by 330 jobs or 0.3% and total annual business turnover fell by 6.6% to £12,957 million.
- The fall in business numbers was confined to small businesses employing fewer than 50 people. There was a slight increase in the number of medium and larger businesses.
- *Information & Communication, Professional, Scientific & Technical Activities, Transport & Storage and Manufacturing* saw the greatest falls in business numbers. The largest proportionate increases were in *Arts, Entertainment & Recreation, Wholesale, Retail & Repairs* and *Construction*.
- *Education, Human Health & Social Work* saw the greatest increase in employment while largest fall in job numbers was in *Transport & Storage*.

In 2021:

- 1,100 new businesses started up in Fife, 150 or 15% more than in 2020.
- The 3-year business survival rate fell from 58.7% to 55.5%.
- There were more business deaths than births.

Annual Change in Business Numbers & Employment

The number of businesses and jobs in Fife fell in both 2021 and 2022.

As a result, between 2020 and 2022, the number of registered businesses in Fife decreased by -815 (-7.8%).

The number of jobs in these businesses fell by -3,790 (-3.6%).

In Scotland as a whole, the number of registered businesses fell by -2.4% and the number of jobs by -2.3% between 2020 and 2022.

These falls followed 7 consecutive years of growth in enterprise numbers in Fife, so that in 2022 there were still 650 more businesses and 6,150 more jobs in Fife than there were ten years previously in 2012.

Figure 1: Total enterprise stock & annual change in Fife (March 2012-March 2022)

Year	Total Number of Enterprises in Fife	Annual Change in the Number of Enterprises	Total Employment	Annual Change in Employment
2012	8,995		94,000	
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
2022	9,645	-440	100,150	-330
Total Change 2012 - 2022	+650 enterprises		+6,150 jobs	

Source: Businesses in Scotland, Scottish Government (2022)

Annual Change by Sector

Some sectors saw business and job numbers grow between 2021 and 2022, whilst others saw numbers fall.

Arts, Entertainment & Recreation saw the largest proportionate growth in business numbers (+5.8%) followed by Wholesale, Retail & Repairs (+2.7%) and Construction (+2.6%).

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

Education, Human Health & Social Work saw the greatest increase in employment.

The largest fall in job numbers was in Transport & Storage – a fall of over 1,000 jobs or -22.5%.

Figure 2: Change in the number of registered businesses in Fife and their employment by sector (March 2021 - March 2022)

Sector	Change in the Number of Enterprises in Fife 2021-2022		Change in Employment in Fife 2021-2022	
	Numbers	%	Numbers	%
Wholesale, Retail & Repairs	+45	+2.7%	+470	+2.1%
Manufacturing	-95	-13.0%	-240	-1.8%
Education, Human Health & Social Work	+5	+1.0%	+1,310	+10.2%
Accommodation & Food Service activities	+15	+1.8%	+30	+0.3%
Construction	+35	+2.6%	+170	+2.5%
Administrative & Support Service activities	-40	-5.1%	-370	-6.2%
Professional, Scientific & Technical activities	-235	-15.8%	-280	-5.2%
Primary Industries	+10	+1.5%	+60	+1.3%
Arts, Entertainment & Recreation	+15	+5.8%	0	0.0%
Information & Communication	-85	-18.5%	-170	-4.3%
Transport & Storage	-90	-20.0%	-1,090	-22.5%
Financial & Insurance activities	-10	-8.7%	-200	-6.3%
Other service activities	-10	-2.0%	0	0.0%
Real Estate activities	+5	+1.8%	-10	-0.8%
Total Change 2021-22	-440	-4.4%	-3,460	-0.3%

Source: Businesses in Scotland, Scottish Government (2022)

Notes: Figures are rounded to the nearest zero or five to avoid disclosure. Zeros may not be true zeros and data may not add up to totals shown.

Annual Change by Size of Business

There was a slight increase in the number of medium and large businesses in Fife.

The number of small companies (those employing between 0 and 49 employees) fell by 450 businesses or -4.8%.

These companies also saw the highest fall in employee numbers.

Employment grew by 770 jobs or 6.1% within medium-sized businesses (50-249 employees) but fell within large businesses (250 or more employees).

Figure 3: Change in the number of registered businesses in Fife and their employment by size of business (March 2021 - March 2022)

Size of Business by Employment	Change in the Number of Enterprises 2021-2022		Change in Employment 2021-2022	
	Numbers	%	Numbers	%
0-49 Employees	-450	-4.8%	-720	-1.8%
50-249 Employees	+5	+1.9%	+770	+6.1%
250+ Employees	+5	+1.2%	-380	-0.8%
Total Change 2020-21	-440	-4.4%	-330	-0.3%

Source: Businesses in Scotland, Scottish Government (2022)

Notes: Figures are rounded to the nearest zero or five to avoid disclosure. Zeros may not be true zeros and data may not add up to totals shown.

Annual Change in Business Turnover

Turnover from Fife's enterprises fell by 6.6% between 2021 and 2022.

Despite this fall and falls in 2017 and 2019, the turnover generated by Fife businesses increased by 25.6% over the 10-year period from 2012 to 2022.

Figure 4: Total turnover (£ millions) of Fife enterprises (March 2012-March 2022) (unadjusted)



Source: Businesses in Scotland, Scottish Government (2022)

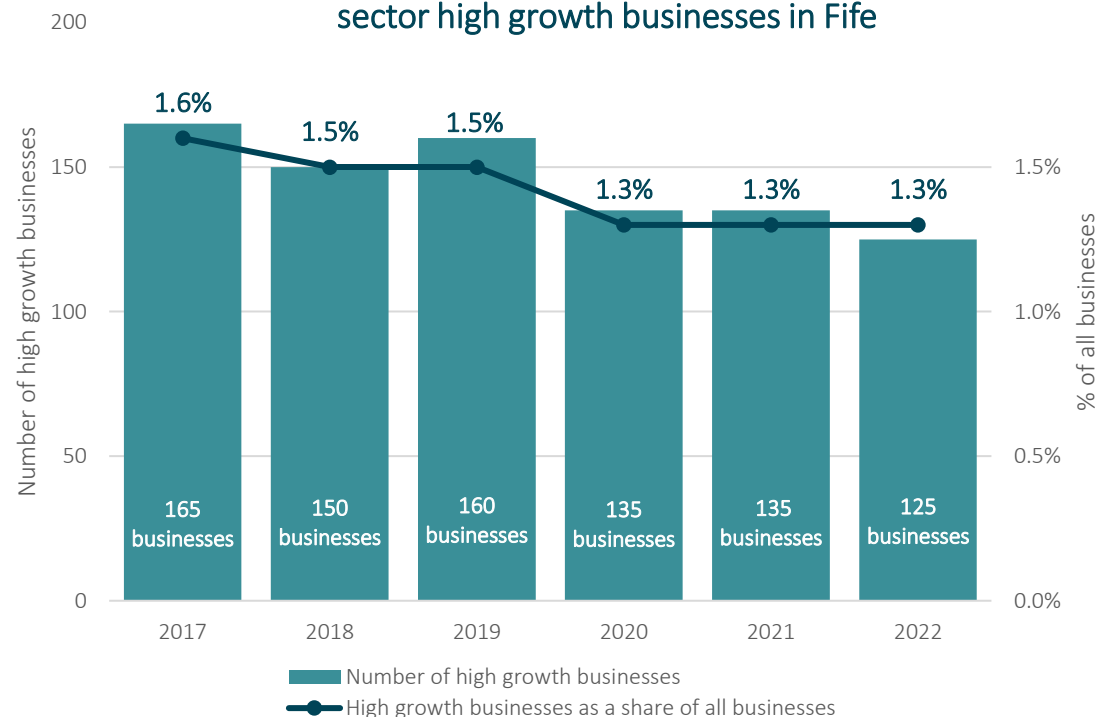
Note: These figures have not been adjusted to take inflation into account.

Annual Change in the Number of High Growth¹ Businesses

The number of 'high growth¹' businesses in Fife fell between 2021 and 2022 after falling between 2019 and 2020. The proportion of Fife's businesses which are high growth businesses has remained the same since 2020 however, and this proportion (1.3%) is higher than that for Scotland overall (0.9%).

In 2022, Fife had the 3rdth highest proportion of high growth businesses of Scotland's local authorities after Glasgow and East Lothian.

Figure 5: Number of registered private sector high growth businesses in Fife



Source: Businesses in Scotland, Scottish Government (2022)

Note: ¹ A high growth business is defined as a business with ten or more employees in the base year which exhibits an average 20% growth in turnover over three years. This definition excludes financial & insurance businesses. There are time lags associated with the turnover data used to measure high growth; the turnover data used in 2022 will largely be from 2020. For many businesses, turnover in 2020 would have been much lower than in previous years due to the Covid-19 national lockdowns and restrictions that impacted trading conditions.

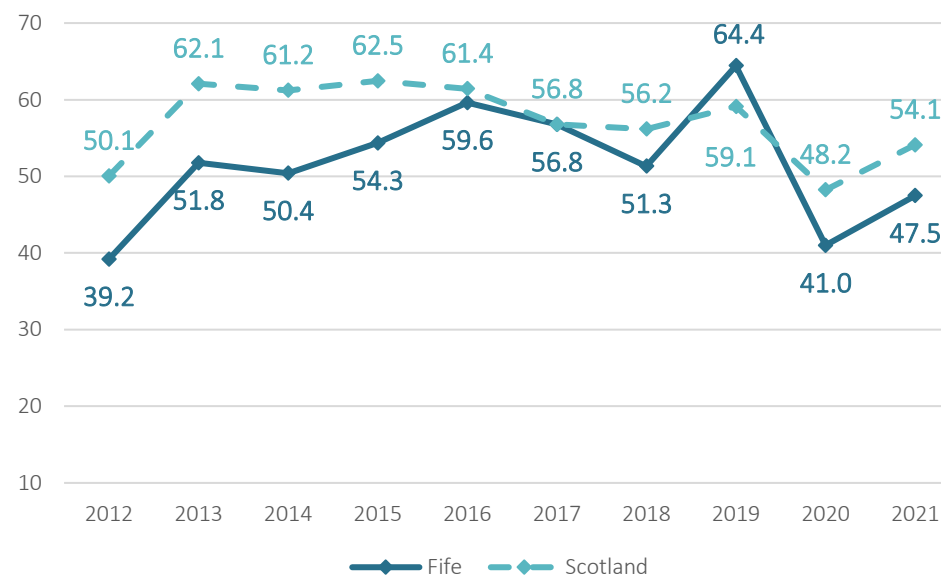
Annual Change in the Number of Business Births

A total of 1,100 new businesses started up in Fife in 2021. This was 150 more than in 2020 but 395 fewer than in 2019 when 1,530 new start-ups were recorded (the highest number recorded for Fife in the time-series of this dataset going back to 2009).

Although the business birth rate rose in 2021, it was the second lowest rate it had been since 2012 (Figure 6).

Whilst the number of start-ups also rose in Scotland as a whole, the national rate of increase between 2020 and 2021 (+12.2%) was lower than in Fife (+15.8%). As a result, the gap between Fife's and Scotland's start-up rates narrowed (Figure 6).

Figure 6: The number of business start-ups per 10,000 working age adults (16-64) in Fife and Scotland (2012 - 2021)



Source: Business Demography, UK 2021, ONS

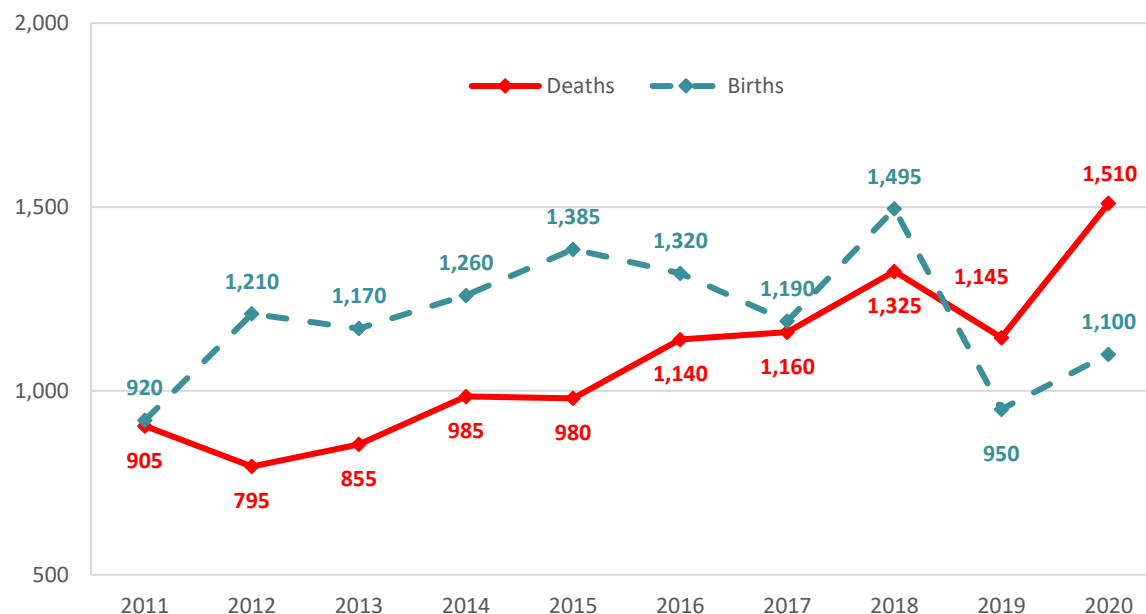
Notes: This dataset measures the number of new business registrations for VAT and/or PAYE from December to December; data for 2022 is therefore not yet available. These statistics do not represent Business Gateway Fife's performance in relation to the number of business start-ups supported.

Annual Change in the Number of Business Deaths

For the second year running, the number of business deaths in Fife exceeded the number of business births.

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 7: The number of business births and business deaths in Fife (2011 - 2021)



Source: Business Demography, UK : 2021, ONS

Note: This dataset measures business activity from December to December; data for 2022 is therefore not yet available.

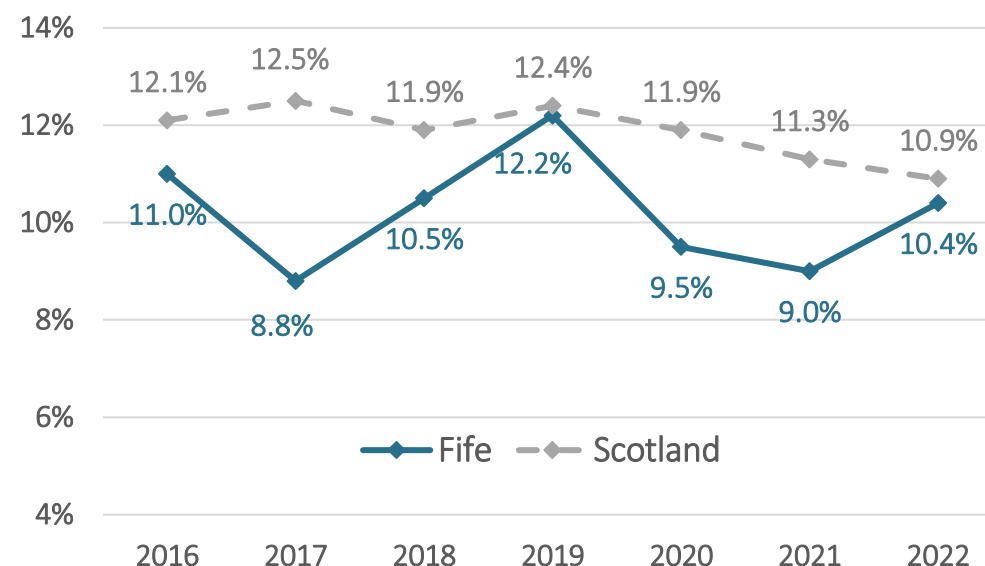
Annual Change in Self-Employment

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 at the local authority level as they only measure firms whose turnover exceeds the VAT registration threshold of £85,000.

In 2022, Fife's self-employment rate increased from 9.0% to 10.4% as the estimated number of people who were self-employed in the region rose from 14,600 to 17,00.

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 8: Self-Employment in Fife as a percentage of the total working age population (16-64 years) who are employed (2016 - 2022)



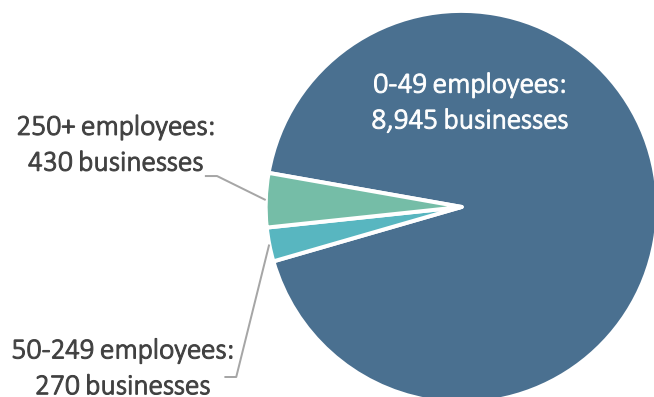
Source: ONS Annual Population Survey

Notes: Figures are for the 12 months to September each year. 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% (9,215) of Fife's businesses employing fewer than 250 employees and 93% (8,945) employing fewer than 50 employees (Figure 9). A total of 98.7% of registered enterprises in Scotland are SMEs.

Figure 9: Number of Enterprises in Fife by Employee Size Band (March 2022)

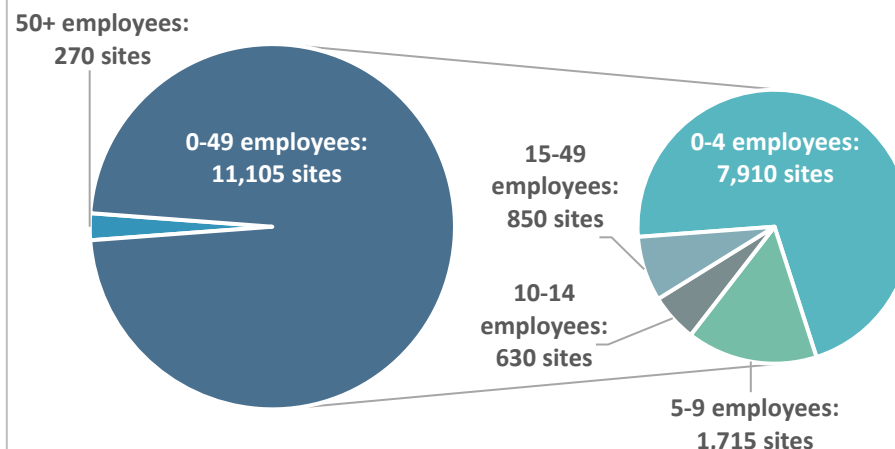


Source: Businesses in Scotland, Scottish Government (2022)

The region's 10,910 *business sites* are also dominated by micro enterprises (Figure 10):

- 7,480 (69%) employ between 0-4 people
- 1,665 (15%) employ between 5-9 people
- 625 (6%) employ between 10-14 people
- 860 (8%) employ between 15-49 people
- Only 285 (3%) employ 50 or more people

Figure 10: Number of Business Sites in Fife by Employee Size Band (March 2022)



Source: Businesses in Scotland, Scottish Government (2022)

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

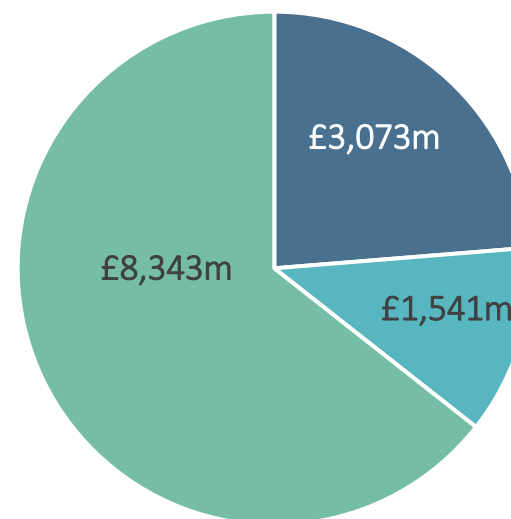
Performance of Fife's Business Base by Size of Business

64% of the total turnover generated by Fife's businesses came from its largest employers (those employing more than 250 people). This a slightly higher proportion than Scotland as a whole (61%).

Whilst 93% of Fife's businesses employ between 0-49 employees, they are responsible for only 24% of Fife's total enterprise turnover.

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

Figure 11: Turnover Generated by Fife Businesses, by Size of Business (March 2022)



■ 0-49 employees ■ 50-249 employees ■ 250+ employees

Source: Businesses in Scotland, Scottish Government (2022)

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 12: Number of registered private sector businesses in Fife and their Employment and Turnover by Sector (March 2022)

Wholesale, Retail & Repairs was the largest industry 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 £303,530 per employee in 2022.

Business Sector	Number of Fife Businesses	Total Employment	Turnover (millions)	Productivity (Turnover per Employee)
Wholesale, retail and repairs	1,705	22,570	£3,665	£162,384
Manufacturing	635	13,030	£3,955	£303,530
Education, human health and social work activities	510	14,210	£559	£39,338
Accommodation and food service activities	850	9,930	£290	£29,204
Construction	1,365	7,010	£947	£135,093
Administrative and support service activities	745	5,640	£428	£75,887
Professional, scientific and technical activities	1,255	5,150	£648	£125,825
Primary Industries	685	4,540	£1,293	£284,802
Arts, entertainment and recreation	275	3,340	£189	£56,587
Information and communication	375	3,740	£484	£129,412
Transport and storage	360	3,750	£276	£73,600
Financial and insurance activities	105	2,960	N/A	N/A
Other service activities	495	2,970	£110	£37,037
Real estate activities	290	1,320	£113	£85,606
Totals	9,645	100,150	£12,957	£129,376

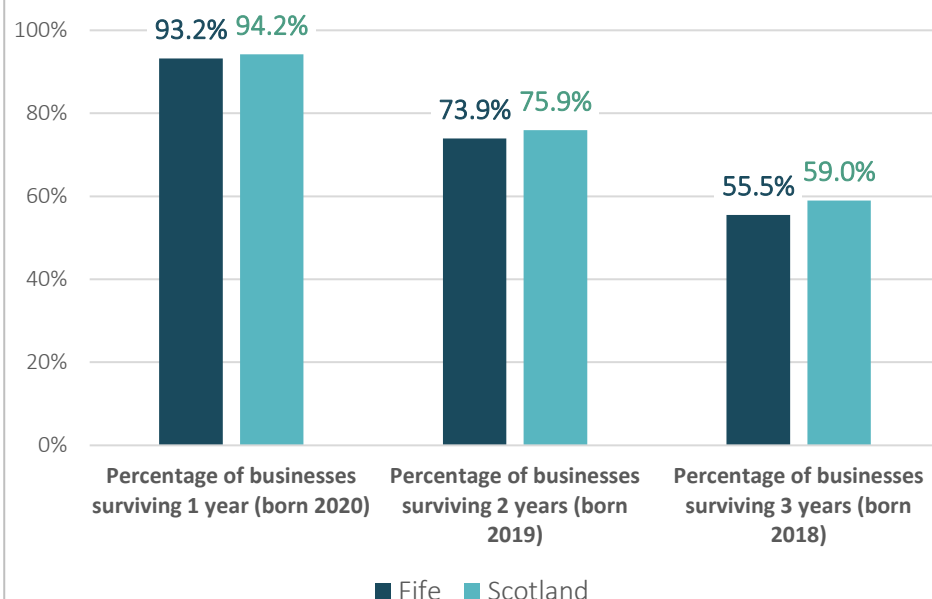
Source: Businesses in Scotland, Scottish Government (2022)

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 13 shows that in 2021 for each of the first three years after starting up, Fife's business survival rates were slightly below the national survival rates.

Figure 13: Survival Rates for Fife and Scottish Newly-Born Businesses (2021)

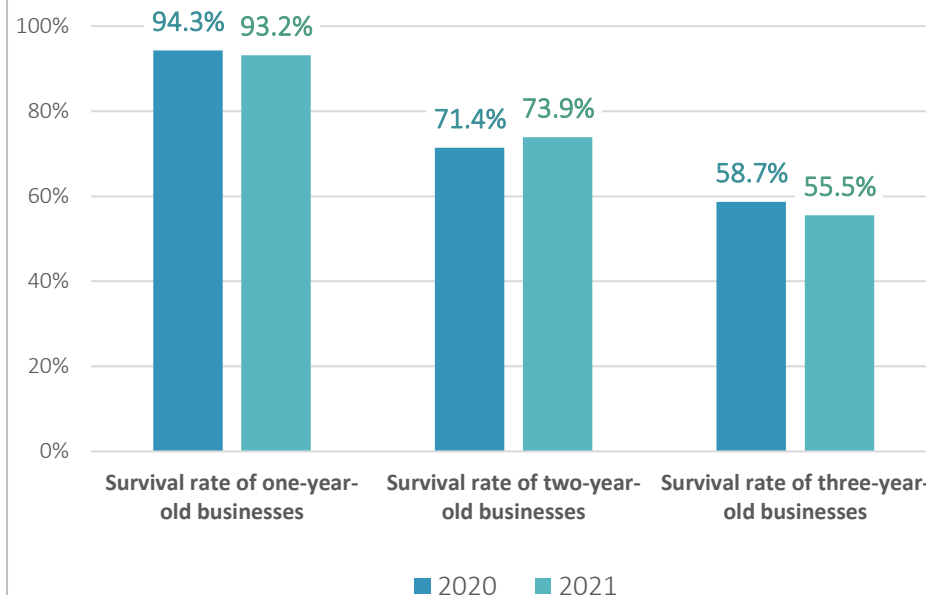


Source: Business Demography, UK 2022, ONS

Notes: These statistics do not represent Business Gateway Fife's performance in relation to the aftercare service it provides to new-start 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.

In 2021, the proportion of new businesses surviving for their first one, two and three years after setting-up fell slightly compared with in 2020 (Figure 14).

Figure 14: Survival Rates for new Fife Businesses (2020 and 2021)



Job Density

In 2021, Fife had a job density of 0.65, ie there were 0.65 jobs for every resident of working age (aged 16-64).

Fife's job density is lower than that for Scotland as a whole (0.81).

The Mid Fife & Glenrothes and Dunfermline UK Parliamentary Constituency Areas have the highest number of jobs per working age resident (0.79 and 0.78 respectively) and Cowdenbeath and North East Fife have the lowest (0.51 and 0.56).

All areas saw job densities fall 2019-20 apart from Kirkcaldy UKPCA. Densities increased 2020-21 apart from in the Cowdenbeath and Mid Fife & Glenrothes UKPCAs.

Figure 15: Job Densities, UK Parliamentary Constituency Areas (UKPCA), Fife and Scotland (2017-2021)

Area	2017	2018	2019	2020	2021
Cowdenbeath	0.54	0.56	0.54	0.52	0.51
Dunfermline	0.75	0.75	0.75	0.72	0.78
Kirkcaldy	0.60	0.62	0.61	0.63	0.64
Mid Fife & Glenrothes	0.85	0.81	0.82	0.80	0.79
North East Fife	0.57	0.57	0.57	0.54	0.56
Fife	0.66	0.66	0.66	0.64	0.65
Scotland	0.81	0.82	0.82	0.80	0.81

Source: ONS Job Density 2017-2021.

Notes: The job density figure represents the ratio of total jobs to population aged 16-64. Total jobs include employee jobs, self-employed, government-supported trainees and HM Forces. The number of residents aged 16-64 figures used are based on the relevant mid-year population estimates.

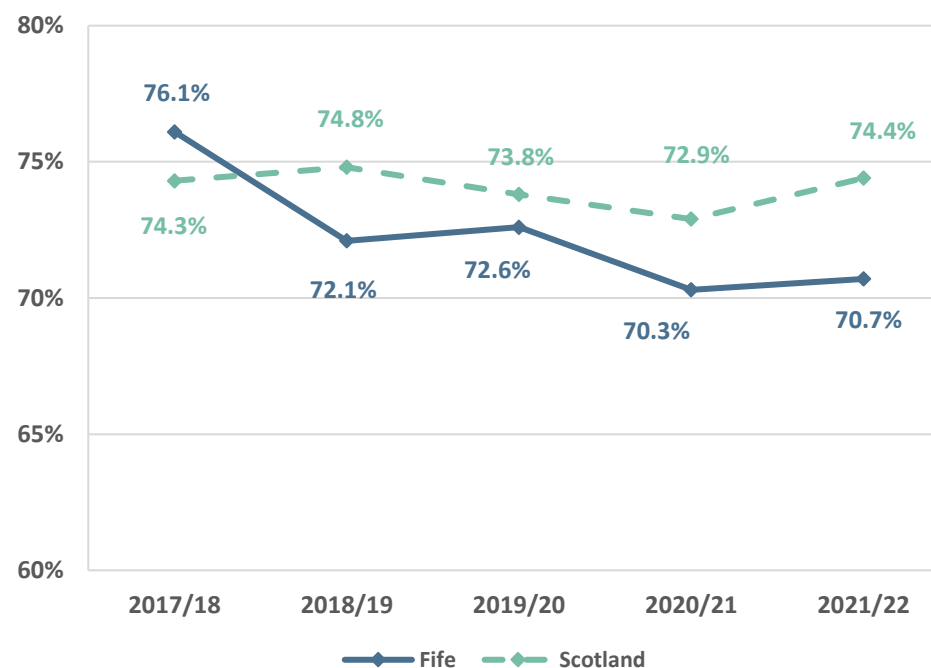
Fife's Labour Market – Employment Rate

Fife has an estimated population of 374,730¹. Its working age population (aged 16-64 years) is around 230,000 people, representing 61.8% of the total population.

Fife's employment rate increased slightly in the 12 months to September 2022 after falling in 2020/21.

Fife's unemployment rate for the same period (3.9%) was lower than prior to the pandemic but more people were economically inactive – an estimated 57,000 people – a quarter (25.3%) of the working age population.

Figure 16: Employment Rate (Aged 16-64 years), Fife and Scotland (2017/18-2021/22)



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

Note: ¹ Mid-2021 Population estimates, National Records of Scotland.

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

Claimant rates¹ in Fife continued to fall throughout 2021 and 2022 and since September 2022 have been below the pre-Covid rates (Figure 17).

The latest rate (December 2022) is 0.4 percentage points lower than the pre-pandemic rate, with around 7,900 people claiming out-of-work benefits.

Fife's claimant rate is higher than the Scottish rate (Figure 15) and has significant sub-regional variations (Figure 18).

Figure 17: Claimant Rate, Fife and Scotland (2019-Dec 2022)

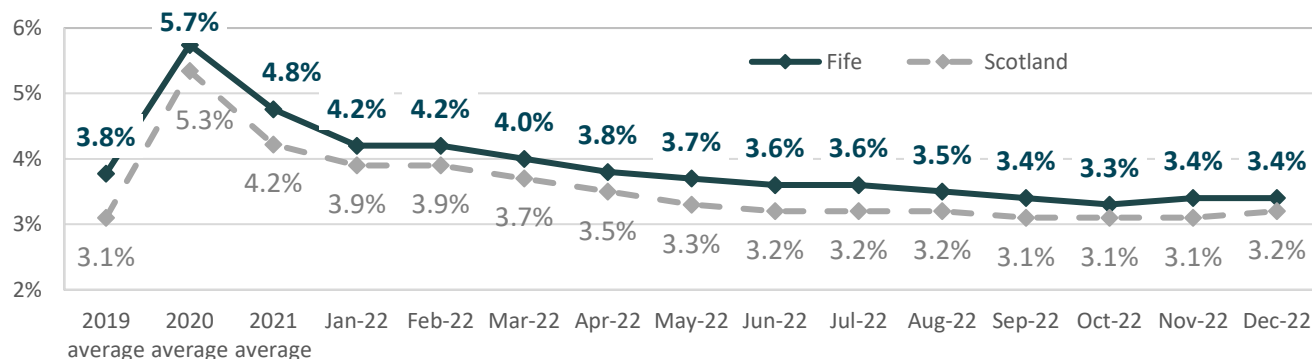
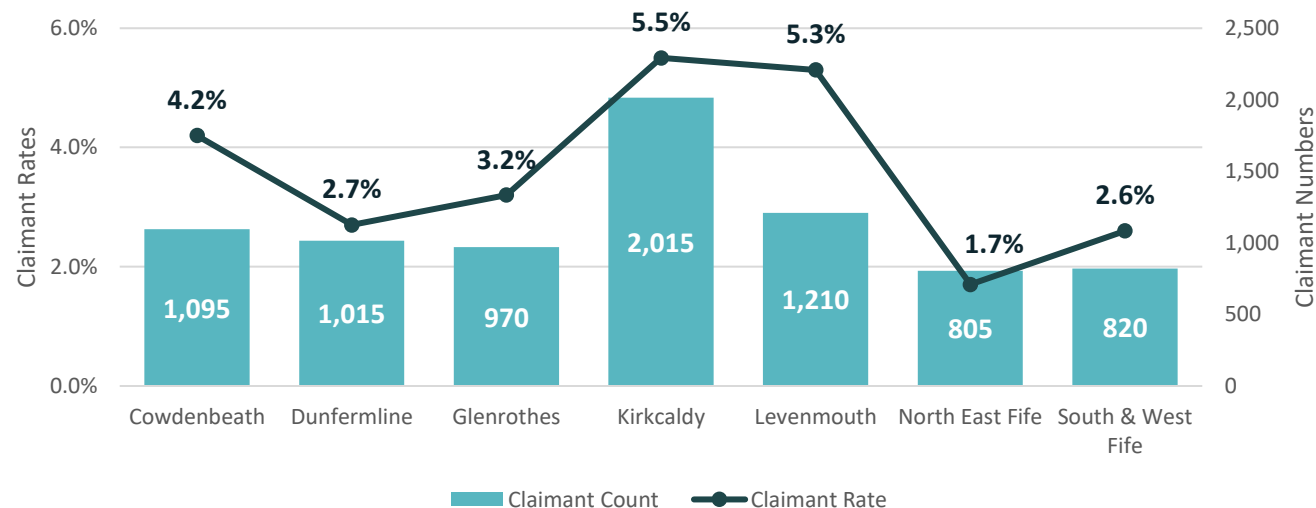


Figure 18: Claimant Counts and Rates, Fife Council's Area Committees (December 2022)



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, a slightly higher rate than the figure for Scotland as a whole.

7.0% of Fife's working age population (age 16-64 years) has no qualifications. This is slightly lower than the national rate (7.8%) but is higher than the rate in 2020 (6.0%).

Figure 19: Qualifications in Fife, Scotland & Great Britain (2021)

Qualifications	Fife (Number of people)	Fife (%)	Scotland (%)	UK (%)
NVQ4 and above	114,100	51.1%	50.0%	43.5%
NVQ3 and above	148,600	66.5%	64.8%	61.4%
NVQ2 and above	180,100	80.6%	79.6%	78.1%
NVQ1 and above	197,300	88.3%	86.4%	87.4%
Other Qualifications	10,600	4.8%	5.8%	5.8%
No Qualifications	15,600	7.0%	7.8%	6.8%

Source: ONS Annual Population Survey Jan- Dec 2021

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.

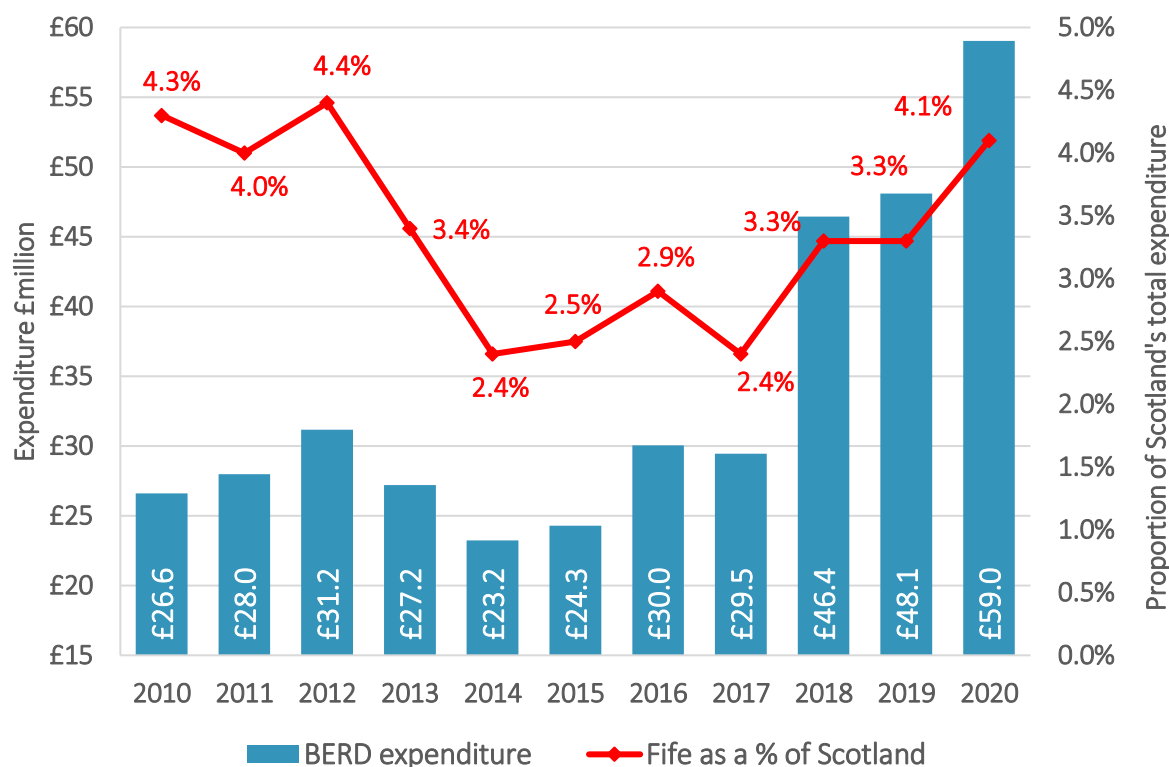
In 2020, Fife businesses spent £59.04m on R&D, representing 4.1% of Scotland's £1.4bn total spend.

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



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

Data Sources and Further Information

[Businesses in Scotland: 2022](#), Scottish Government

[Business Demography, UK: 2021](#), Office for National Statistics (ONS)

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

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

[Regional Skills Assessments Fife, November 2022](#), Skills Development Scotland

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

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