

Fife Business Base Report 2023



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Updated version February 2024

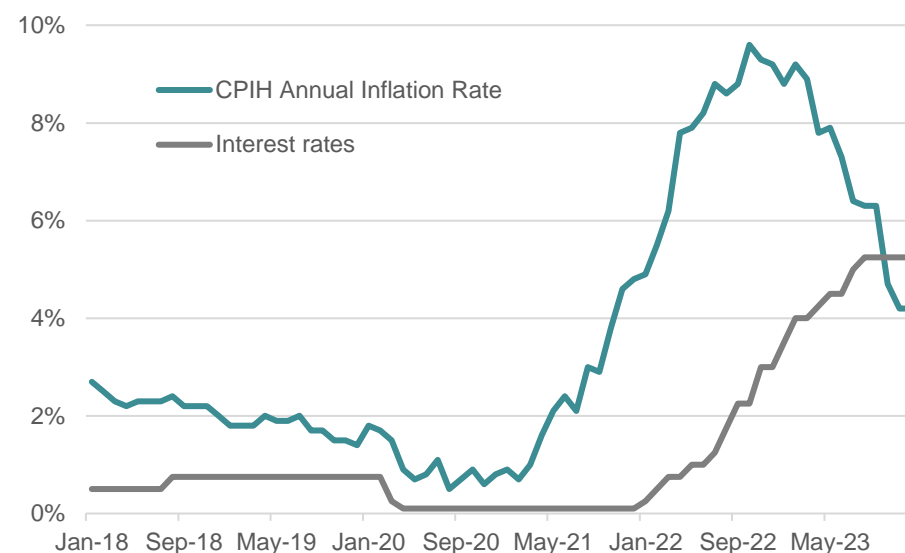
Preface

Throughout 2022 and 2023, doing business remained extremely challenging for companies in Fife, with ongoing global and national pressures including the continuing war in Ukraine, conflict in the Middle East and high rates of inflation (Figure 1) fuelling persisting higher costs of living and doing business. A tight labour market created constraints on recruitment in many sectors and high interest rates (Figure 1) and borrowing costs led to low or stagnant levels of business investment.

Economic growth in both the UK and Scotland has remained subdued and broadly flat since the start of 2022 and growth forecasts remain subdued for 2024.

The lag in the availability of most of the data used in this report (see the 'About this Report' section) means that the 2023 Fife Business Base Report provides an insight on only the initial impact of these challenges on Fife's business population

Figure 1: CPIH Annual Inflation Rates and Bank of England Interest Rates 2018-2023



Sources: Consumer price inflation, UK: December 2023, Office for National Statistics; Bank of England Official Bank Rate History.
Note: CPIH = Consumer Prices Index including owner occupiers' housing costs

About this Report

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

Most of the data is from:

- The Scottish Government's [*Businesses in Scotland: 2023 publication*](#). This gives data on the position of private sector businesses as at 12 March 2023.
- The Office for National Statistics (ONS) [*Business demography, UK:2022*](#), which provides annual data on the survival rates of new businesses and [*Business demography, quarterly, UK, low-level geographic breakdown, UK*](#) which provides quarterly statistics on business creations and closures.

This year's report analyses changes in the number and performance of Fife's business population between March 2022 and March 2023, and on changes in business survival rates between 2021 and 2022.

All datasets use data from the Inter-Departmental Business Register (IDBR), a database of all businesses in the UK registered for VAT and/or the PAYE income tax system with HMRC and Companies House. The database does not include information on unregistered enterprises (sole traders and partnerships who are not VAT and/or PAYE registered). In March 2023 the VAT registration threshold was a turnover of £85,000, the level it has been since 2017/18. The term 'business', 'enterprise' and 'company' are used interchangeably in this report.

Headline Results

Between March 2022 and March 2023 in Fife:

- The number of registered private-sector enterprises fell by 100 (-1.0%) to 9,545 businesses.
- Employment in these businesses increased by 3,150 jobs (+3.1%) and total annual business turnover increased by 6.9% to £13,856 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-sized businesses.
- *Real Estate Activities, Construction, and Transport & Storage* had the largest proportionate increases in business numbers while the *Information & Communication* and *Professional, Scientific & Technical Activities* sectors saw the greatest falls.
- *Wholesale, Retail & Repairs* saw the greatest increase in employment; *Financial & Insurance Activities, Administration & Support Services* and *Manufacturing* were the only sectors where employment numbers fell.

In 2022:

- Fife's 3-year business survival rate fell from 55.5% to 44.8%, the lowest level recorded over the last ten years.

In 2023:

- Although overall more businesses closed than started up, in the second two quarters of the year there were more business births than closures for the first time since the beginning of 2019.

Annual Change in Business Numbers & Employment

The number of businesses in Fife fell in 2021, 2022 and 2023.

As a result, the number of businesses decreased by -915 (-8.75%) between 2020 and 2023.

Although the number of jobs increased by 3,150 between 2022 and 2023, in 2023, there were still 915 fewer jobs (-0.6%) than prior to the Covid-19 pandemic in 2020.

In Scotland as a whole, the number of registered businesses fell by -3.4% and the number of jobs by -2.25% between 2020 and 2023.

These falls followed 7 consecutive years of growth in enterprise numbers in Fife, so that in 2023 there were still 615 more businesses and 8,100 more jobs in Fife than there were ten years previously in 2013.

Figure 2: Total enterprise stock & annual change in Fife (March 2013-March 2023)

Year	Total Number of Enterprises in Fife	Annual Change in the Number of Enterprises	Total Employment	Annual Change in Employment
2013	8,930		95,200	
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
2023	9,545	-100	103,300	+3,150
Total Change 2013 - 2023		+615 enterprises		+8,100 jobs

Source: Businesses in Scotland, Scottish Government (2023)

Annual Change by Sector

Some sectors saw business and job numbers grow between 2022 and 2023, whilst others saw numbers fall.

Real Estate Activities saw the largest proportionate growth in business numbers (+3.4%) followed by Construction (+3.3%) and Transport & Storage (+2.8%).

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

Wholesale, Retail & Repairs saw the greatest increase in employment - a growth of 1,750 more jobs (+7.8%).

Employment fell in three sectors: Financial & Insurance Activities; Admin & Support Services; and Manufacturing.

Figure 3: Change in the number of businesses in Fife and their employment by sector (March 2022 - March 2023)

Sector	Change in the Number of Enterprises in Fife 2022-2023		Change in Employment in Fife 2022-2023	
	Numbers	%	Numbers	%
Wholesale, Retail & Repairs	-15	-0.9%	1,750	7.8%
Manufacturing	-20	-3.1%	-30	-0.2%
Education, Human Health & Social Work	-5	-1.0%	80	0.6%
Accommodation & Food Service activities	-25	-2.9%	140	1.4%
Construction	45	3.3%	260	3.7%
Administrative & Support Service activities	-10	-1.3%	-120	-2.1%
Professional, Scientific & Technical activities	-80	-6.4%	200	3.9%
Primary Industries	5	0.7%	240	5.3%
Arts, Entertainment & Recreation	5	1.8%	80	2.4%
Information & Communication	-40	-10.7%	180	4.8%
Transport & Storage	10	2.8%	270	7.2%
Financial & Insurance activities	0	0.0%	-160	-5.4%
Other service activities	10	2.0%	200	6.7%
Real Estate activities	10	3.4%	40	3.0%
Total Change 2022-23	-100	-1.0%	3,150	3.1%

Source: Businesses in Scotland, Scottish Government (2023)

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

The number of small companies (those employing between 0 and 49 employees) fell by 105 businesses (-1.2%) between 2022 and 2023.

There was a slight increase in the number of medium-sized businesses in Fife.

Employment increased in all sizes of business. The largest increase was within large businesses where employment increased by 2,360 jobs (+4.9%).

Figure 4: Change in the number of registered businesses in Fife and their employment by size of business (March 2022 - March 2023)

Size of Business by Employment	Change in the Number of Enterprises 2022-2023		Change in Employment 2022-2023	
	Numbers	%	Numbers	%
Small (0-49 Employees)	-105	-1.2%	+240	-0.6%
Medium (50-249 Employees)	+5	+1.9%	+550	+4.1%
Large (250+ Employees)	0	0.0%	+2,360	+4.9%
Total Change 2022-23	-100	-1.0%	+3,150	+3.1%

Source: Businesses in Scotland, Scottish Government (2023)

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.

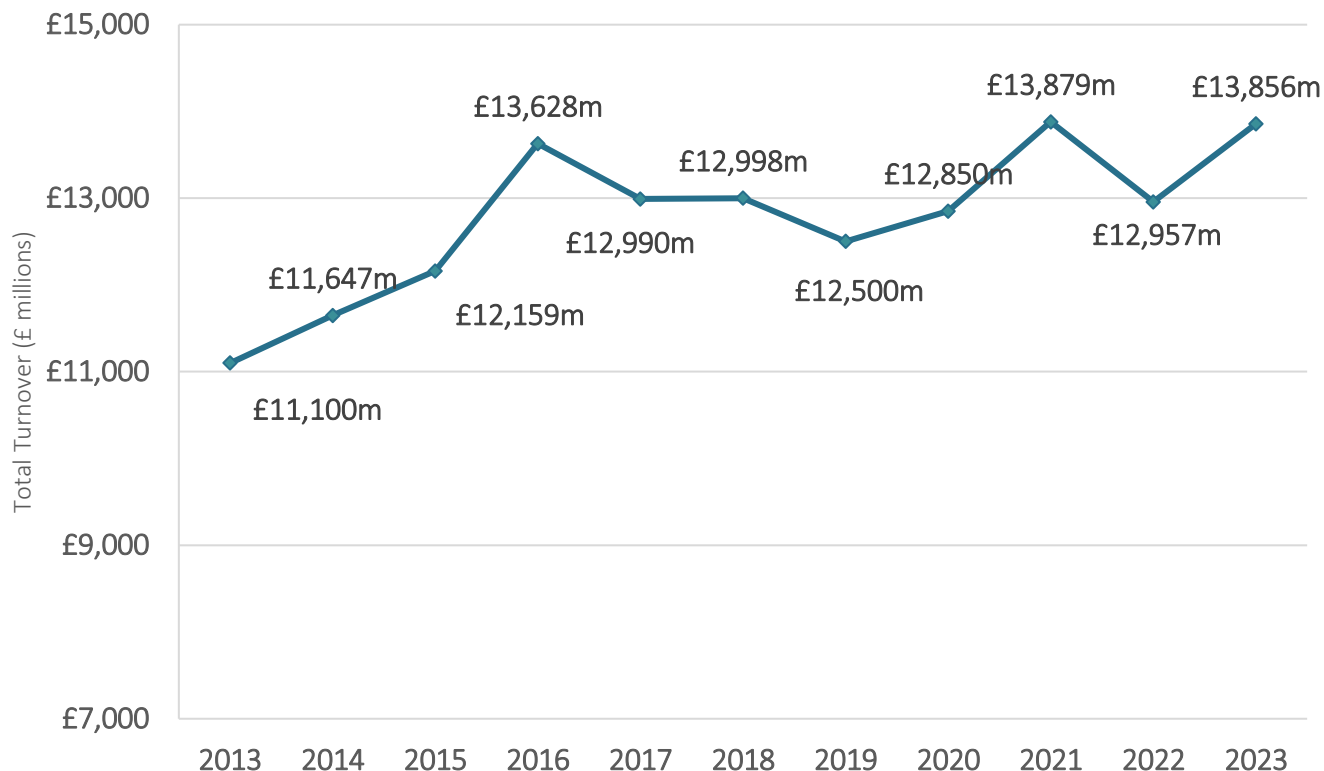
Annual Change in Business Turnover

Turnover from Fife’s enterprises increased by +6.9% between 2022 and 2023.

Despite falls in 2017, 2019 and 2022 the turnover generated by Fife businesses increased by +24.8% over the 10-year period from 2013 to 2023.

Around 5% of the turnover generated in Scotland as a whole is produced by Fife-based businesses. In 2023, Fife had the sixth highest turnover of Scotland’s 32 local authorities after Glasgow, Edinburgh, Aberdeen, Aberdeenshire and North Lanarkshire.

Figure 5: Total turnover (£ millions) of Fife enterprises (March 2013-March 2023) (unadjusted)



Source: Businesses in Scotland, Scottish Government (2023)

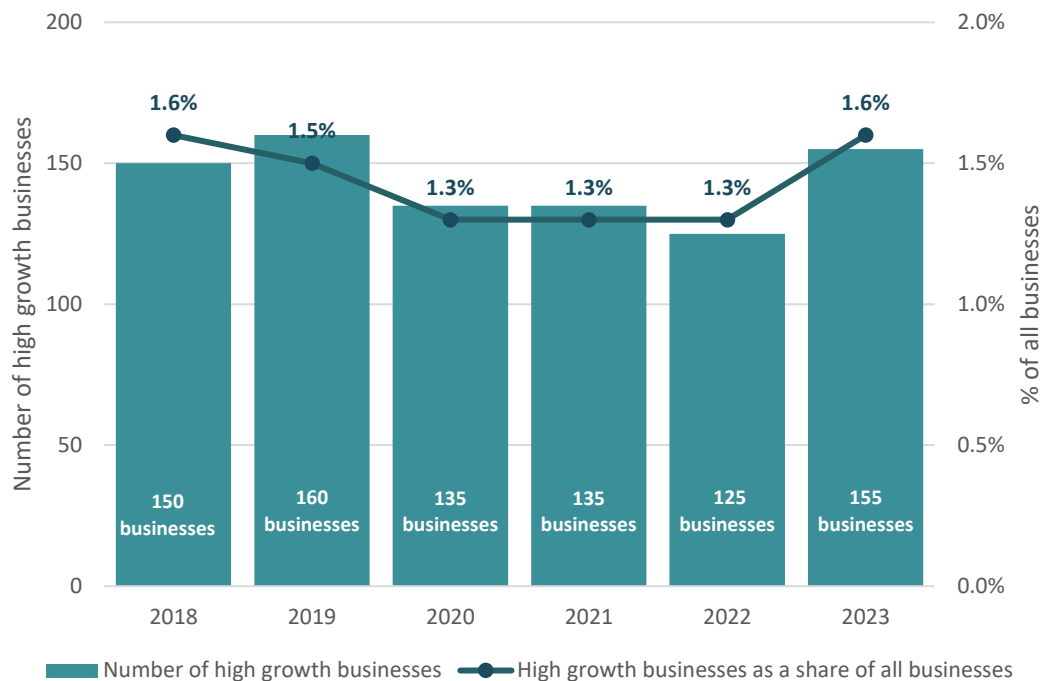
Note: These figures have not been adjusted to take inflation into account.

Annual Change in the Number of High Growth¹ Businesses

The number of ‘high growth¹’ businesses in Fife increased between 2022 and 2023 for the first time since 2019.

The proportion of Fife’s businesses which are ‘high growth’ also grew, increasing to the highest level since 2018. This proportion (1.6%) is higher than that for Scotland overall (1.1%).

Figure 6: Number and Proportion of high growth businesses in Fife



Source: Businesses in Scotland, Scottish Government (2023)

Notes: 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 2023 will be for either the 12 months ending Dec 2021 or Jan/Feb 2022, depending on the reporting pattern of the trader so that the increase in high growth businesses between 2022 and 2023 is really reflecting the rise in business turnover between 2020 and 2021..

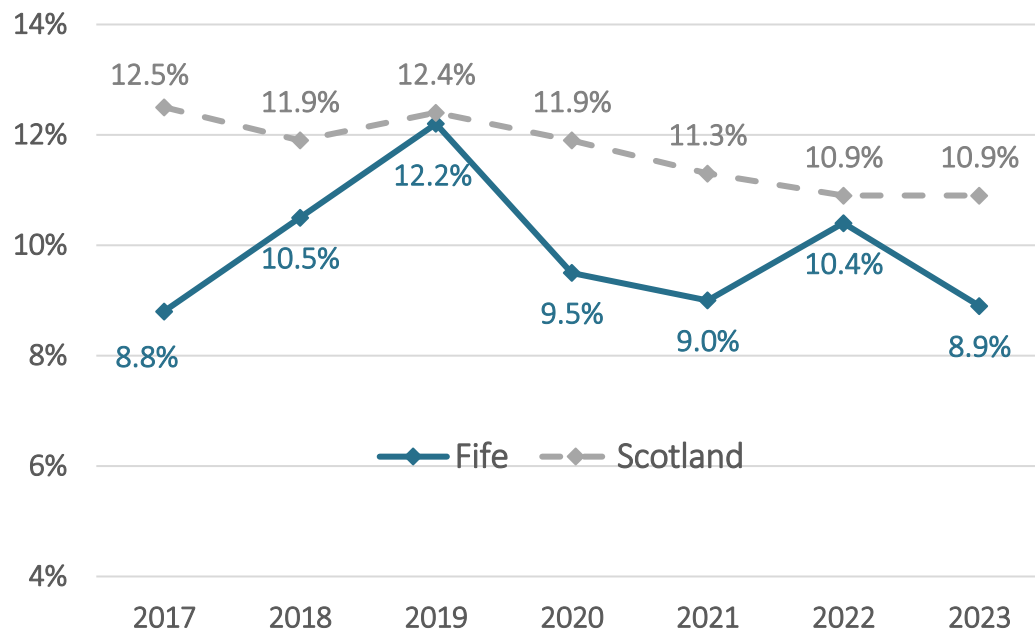
Annual Change in Self-Employment

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 2023, Fife’s self-employment rate fell from 10.4% to 8.9%, as the estimated number of people who were self-employed in the region fell from 17,000 to 14,400.

As shown in Figure 7, Fife’s self-employment rate appears much more volatile than that of Scotland as a whole, possibly as a result of the smaller sample size at the local authority level. As a result of this volatility, the figures should be treated with care.

Figure 7: Self-Employment in Fife as a percentage of the total working age population (16-64 years) who are employed (2017 - 2023)



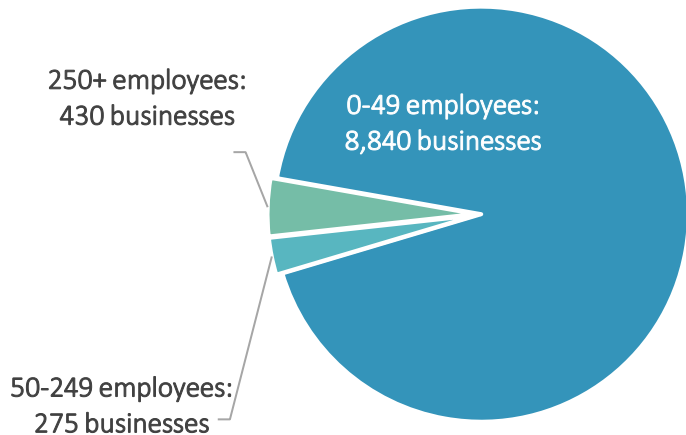
Source: ONS Annual Population Survey

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% (9,115) of Fife’s businesses employing fewer than 250 employees and 94% (8,840) employing fewer than 50 employees (Figure 8). This is a slightly lower proportion than in Scotland as a whole, where 98.6% of registered enterprises are SMEs and 96.4% employ fewer than 50 employees.

Figure 8: Number of Enterprises in Fife by Employee Size Band (March 2023)

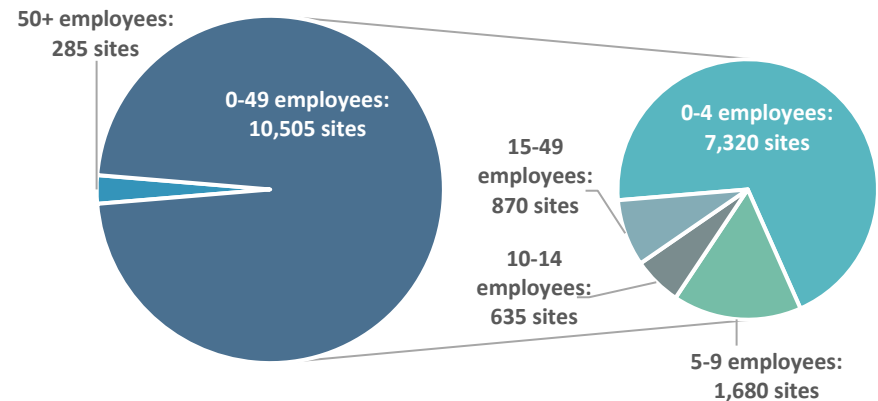


Source: Businesses in Scotland, Scottish Government (2023)

The region’s 10,795 *business sites* are dominated by micro enterprises employing fewer than 10 employees (Figure 9):

- 7,320 (67%) employ between 0-4 people
- 1,680 (15%) employ between 5-9 people
- 635 (6%) employ between 10-14 people
- 870 (8%) employ between 15-49 people
- Only 285 (3%) employ 50 or more people

Figure 9: Number of Business Sites in Fife by Employee Size Band (March 2023)



Source: Businesses in Scotland, Scottish Government (2023)

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

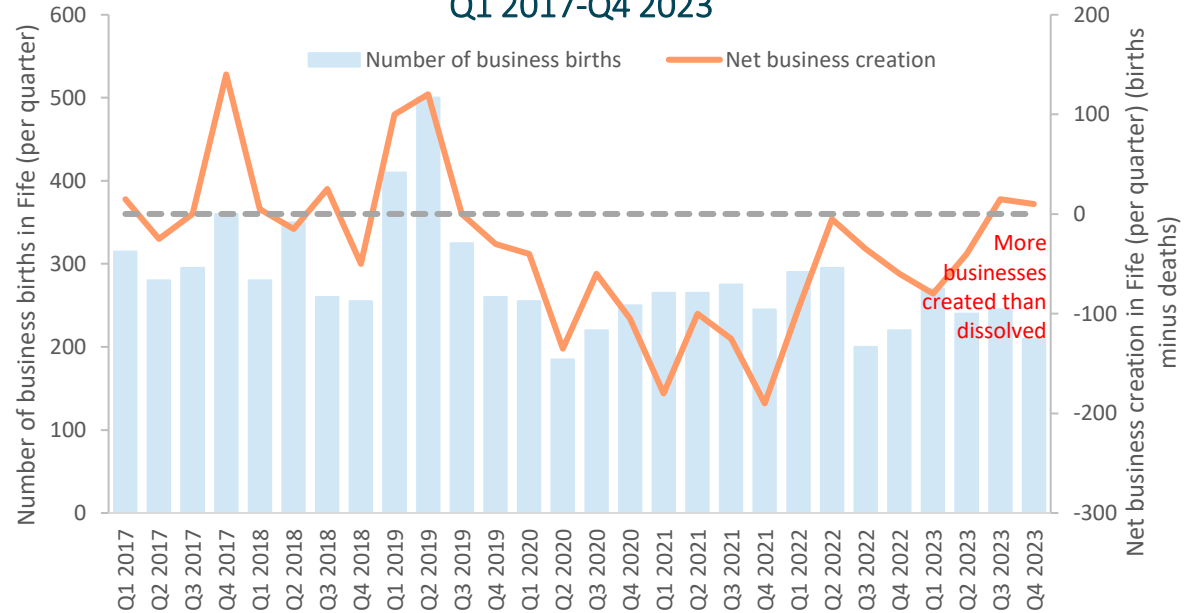
Performance of Fife’s Business Base – business births and closures

A total of 965 new businesses started up in Fife in 2023. This was 40 fewer than in 2022, and 530 fewer than in 2019 when 1,495 new start-ups were recorded (the highest number recorded for Fife in the time-series of this dataset going back to 2009).

As seen in Figure 10, between Q2 2019 and Q2 2023, Fife had negative net rates of business creation ie the number of business closures exceeded the number of business births. In the final two quarters of 2023, there were more business births than closures for the first time since the beginning of 2019.

Business closures 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, eg some of the temporary online enterprises that were set up during the Covid pandemic.

Figure 10: The number of business births and net business creation in Fife Q1 2017-Q4 2023



Source: Business demography, quarterly, UK, low-level geographic breakdown, UK, ONS

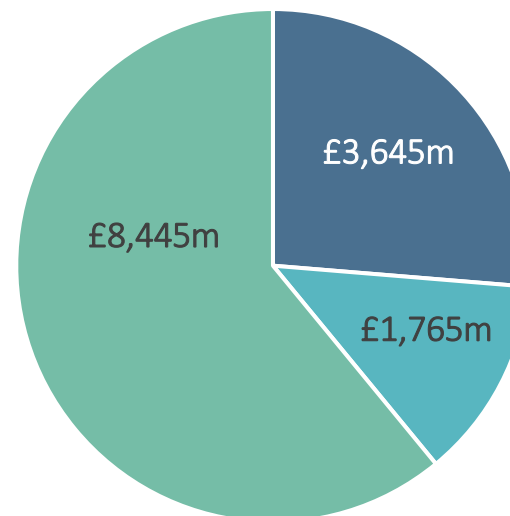
Notes: This dataset measures the number of business births (new business registrations at HM Revenue and Customs for VAT and/or PAYE and at Companies House) and the number of business closures (businesses whose turnover and employment are zero for several periods or who the ONS is told has ceased trading). Quarterly data from this dataset are not entirely consistent with the ONS Annual Business Demography data which is a more accurate reflection of business births and deaths but which does not release figures for 2023 until November 2024. These statistics do not represent Business Gateway Fife’s performance in relation to the number of business start-ups supported.

Performance of Fife's Business Base by Size of Business

61% 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 for Scotland as a whole (59%).

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

Figure 11: Turnover Generated by Fife Businesses, by Size of Business (March 2023)



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

Source: Businesses in Scotland, Scottish Government (2023)

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 2023)

'Wholesale & Retail Trade; Repair of Motor Vehicles and Motorcycles' was the largest industry sector in Fife in terms of both employment and number of enterprises. This sector also had the largest turnover.

The Manufacturing sector, the third largest employing sector in Fife, had the second largest turnover and was the most productive, with a turnover of £294,692 per employee in 2023.

Business Sector	Number of Fife Businesses	Total Employment	Turnover (millions)	Productivity (Turnover per Employee)
Wholesale, retail and repairs	1,690	24,320	£4,043	£166,242
Education, human health and social work activities	505	14,290	£605	£42,337
Manufacturing	615	13,000	£3,831	£294,692
Accommodation and food service activities	825	10,070	£375	£37,239
Construction	1,410	7,270	£1,133	£155,846
Administrative and support service activities	735	5,520	£507	£91,848
Professional, scientific and technical activities	1,175	5,350	£675	£126,168
Primary Industries	690	4,780	£1,380	£288,703
Transport and storage	370	4,020	£333	£82,836
Information and communication	335	3,920	£524	£133,673
Arts, entertainment and recreation	280	3,420	£209	£61,111
Other service activities	505	3,170	£109	£34,385
Financial and insurance activities	105	2,800	N/A	N/A
Real estate activities	300	1,360	£132	£97,059
Totals	9,545	103,300	£13,856	£134,134

Source: Businesses in Scotland, Scottish Government (2023)

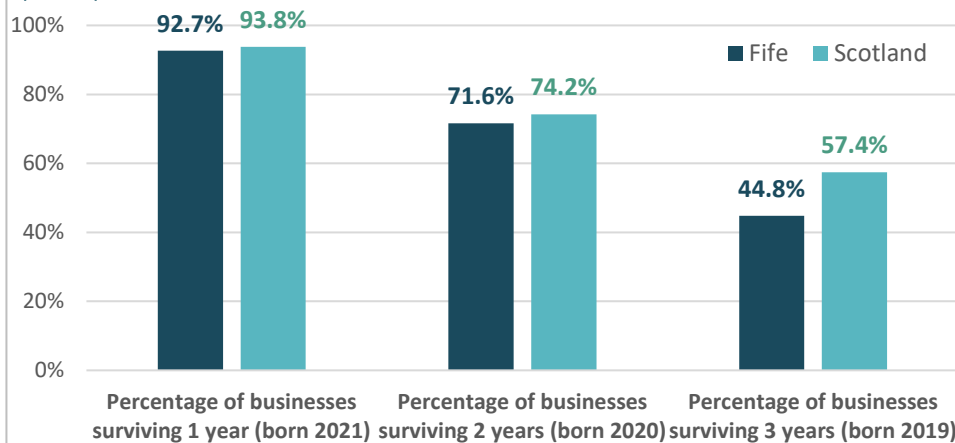
Note: Turnover figures for the Financial and Insurance Activities sector are not available.

Performance of Fife’s Business Base: Survival of New Enterprises

Fife and Scottish Business Survival Rates

Figure 13 shows that in 2022 for the first two years after starting up, Fife’s business survival rates were slightly below the national survival rates. For the third year after starting up, Fife’s business survival rate was -12.6 percentage points lower than the Scottish rate.

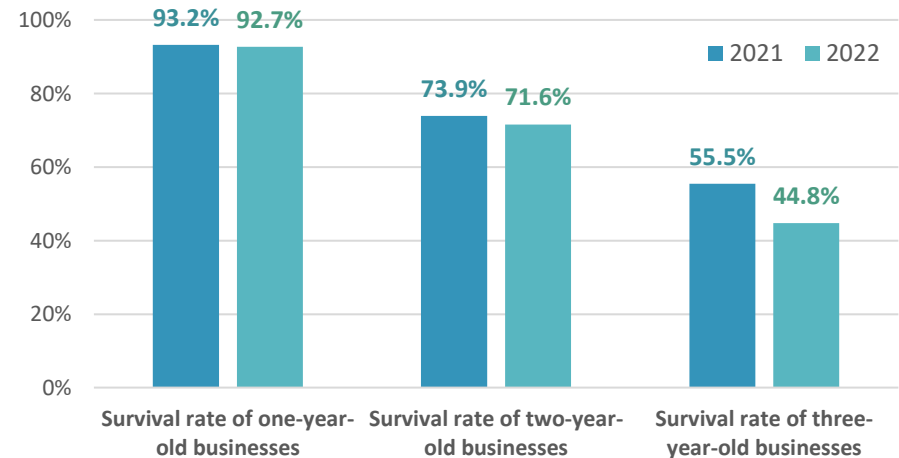
Figure 13: Survival Rates for Fife and Scottish Newly-Born Businesses (2022)



2021 & 2022 Fife Business Survival Rates

In 2022, the proportion of new businesses surviving for their 1st and 2nd years after start-up fell slightly compared with in 2021 (Figure 14). The proportion surviving for three years fell more significantly from 55.5% to 44.8%. This is the lowest three-year survival rate recorded for Fife in the 10-year period since this dataset began (2012).

Figure 14: Survival Rates for new Fife Businesses (2021 and 2022)



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 for example a number of temporary online enterprises were set up during the Covid pandemic.

Job Density

In 2022, Fife had a job density of 0.69, ie there were 0.69 jobs in the region 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 Dunfermline Scottish Parliamentary Constituency Area (SPCA) has the highest number of jobs per working age residents and is the only part of Fife where the job density is higher than the Scottish job density. Cowdenbeath SPCA has the lowest job density in Fife.

All parts of Fife saw job densities increase between 2018 and 2022 apart from Mid-Fife & Glenrothes and Cowdenbeath.

Figure 15: Job Densities, Scottish Parliamentary Constituency Areas (SPCA), Fife and Scotland (2018-2022)

Area	2018	2019	2020	2021	2022
Cowdenbeath	0.56	0.54	0.52	0.51	0.55
Dunfermline	0.75	0.75	0.72	0.78	0.83
Kirkcaldy	0.62	0.61	0.63	0.64	0.70
Mid Fife & Glenrothes	0.81	0.82	0.80	0.79	0.77
North East Fife	0.57	0.57	0.54	0.56	0.60
Fife	0.66	0.66	0.64	0.65	0.69
Scotland	0.82	0.82	0.80	0.81	0.81

Source: ONS Job Density 2018-2022.

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.

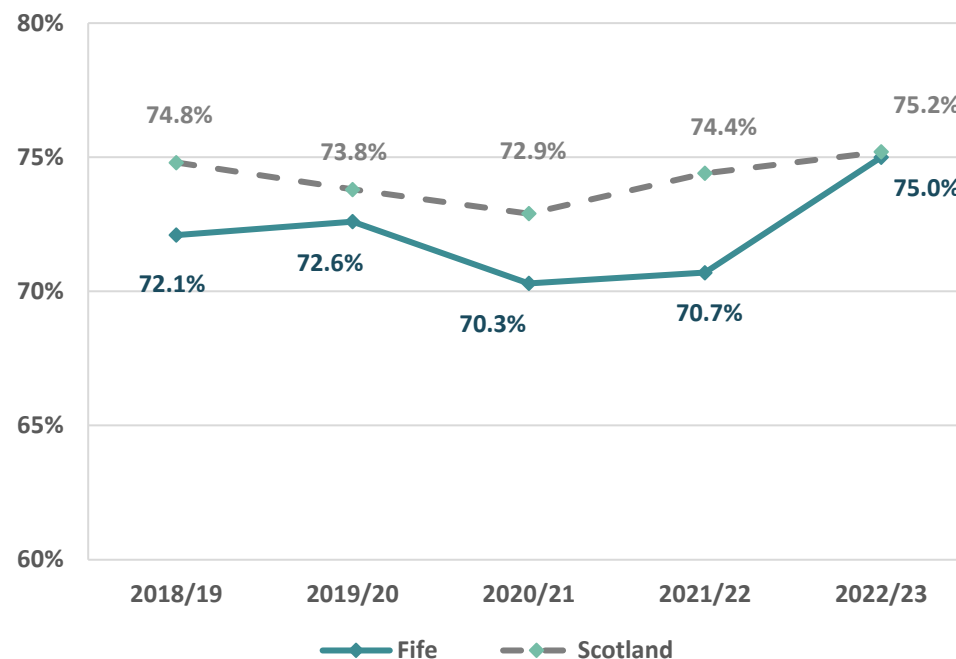
Fife's Labour Market: Employment Rate

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 in 2021/22 and 2022/23 after falling in 2020/21. The latest Fife rate (for the 12 months to September 2023) is the same as that for Scotland as a whole (75%).

Fife's unemployment rate for the same period (3.7%) was lower than prior to the pandemic, as was the proportion of the working age population who were economically inactive (22.3%).

Figure 16: Employment Rate (Aged 16-64 years), Fife and Scotland (2018/19-2022/23)



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

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

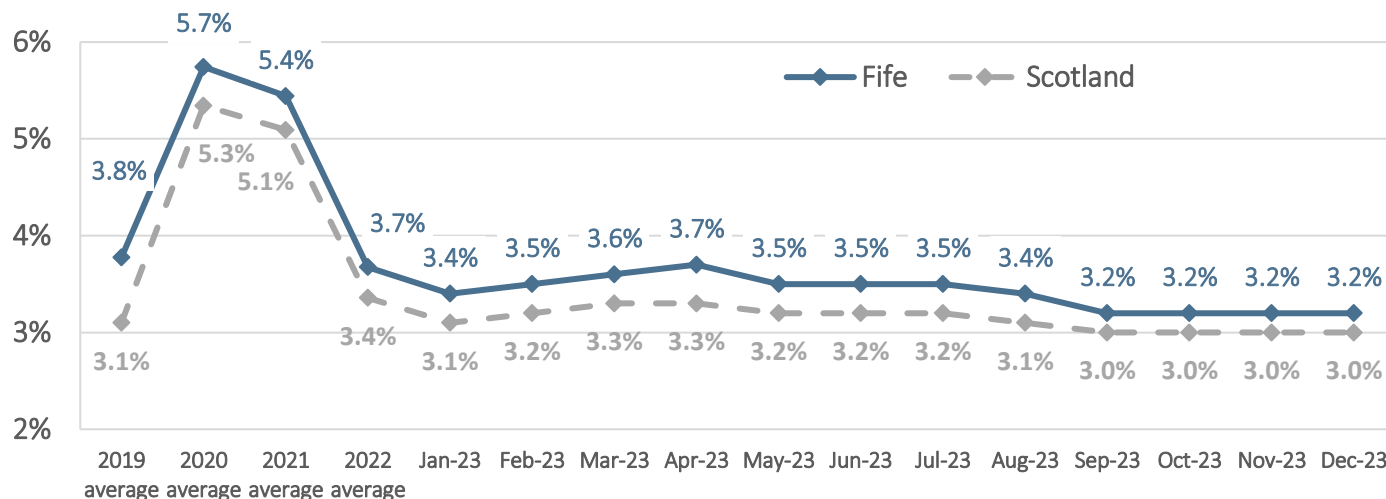
Fife’s Labour Market: Out-of-Work Benefit Claimants

After falling in 2021 and 2022, claimant rates¹ in Fife remained fairly steady throughout 2023.

Fife’s claimant rate has been below the 2019 pre-pandemic rate of 3.8% since September 2022 (Figure 17).

Fife’s December 2023 claimant rate was -0.6 percentage points lower than the pre-pandemic rate, with around 7,450 people claiming out-of-work benefits.

Figure 17: Claimant Rate, Fife and Scotland (2019-Dec 2023)



Source: ONS Claimant Count

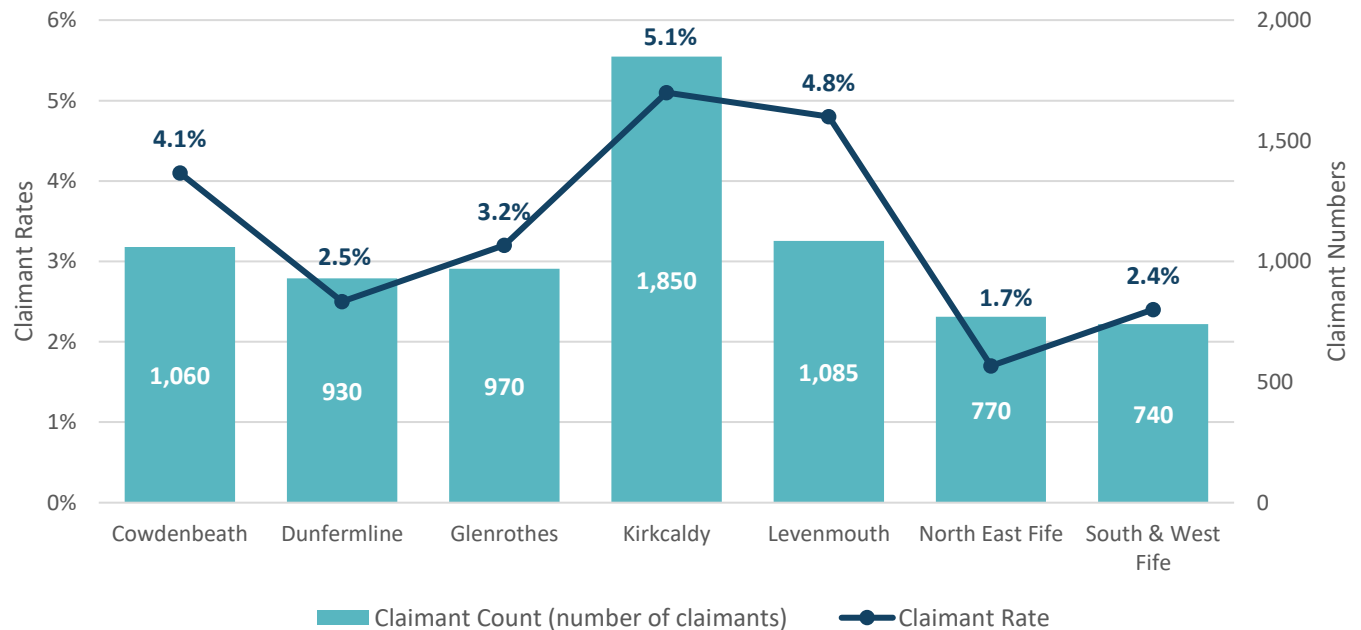
Note: ¹ Claimant rate = the % of working age (16-64) residents claiming out-of-work benefits (ie Job Seekers Allowance or Universal Credit) and who are seeking work.

Fife’s Labour Market: Out-of-Work Benefit Claimants (continued)

Fife’s claimant rate is higher than the Scottish rate (Figure 17).

There are also significant sub-regional variations (Figure 18), with the highest rate and number of claimants in the Kirkcaldy area and lowest rate and number in the NE Fife area.

Figure 18: Claimant Counts and Rates, Fife Council’s Area Committees (December 2023)



Source: ONS Claimant Count

Note: Claimant rate = the % of working age (16-64) residents claiming out-of-work benefits (ie Job Seekers Allowance or Universal Credit) and who are seeking work.

Fife’s Labour Market: Economic Inactivity

An estimated 50,200 people in Fife aged between 16 and 64 years (22.3% of the area’s labour market) were economically inactive in the 12 months to September 2023. This was less than the year before when an estimated 57,000 people (a quarter of the working age population) were neither in work nor seeking work.

Over a third (20,200 people) of those economically inactive were aged 50-64; 14.2% (16,900) were aged 24-49 years; and 11.3% (13,100) were aged 16-24 years (Figure 19).

As estimated 18,100 people were inactive due to long-term ill-health and 10,400 were students (Figure 20).

Figure 19: Estimated numbers of economically-inactive people in Fife by age group, Oct 2022-Sept 2023

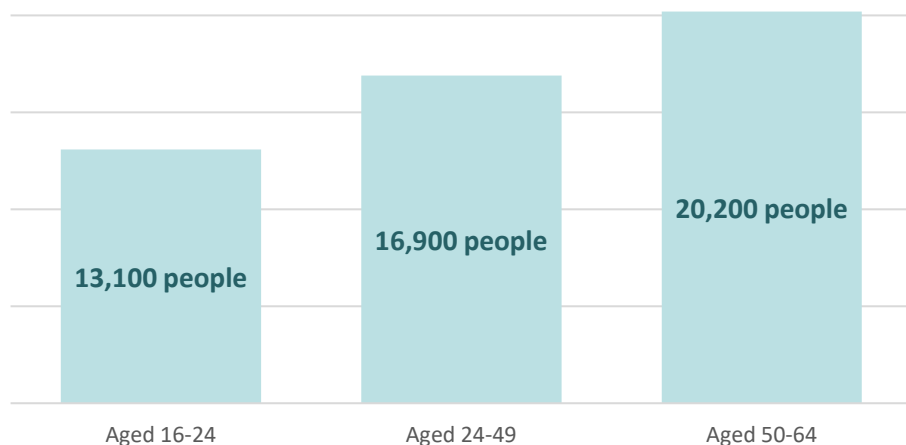
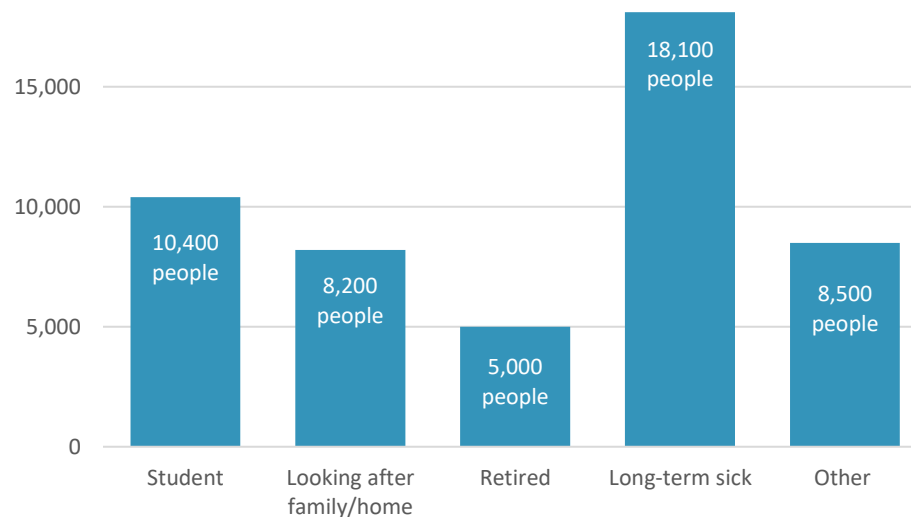


Figure 20: Reasons for economic inactivity



Source: ONS Annual Population Survey, October 2022 – September 2023.

Note: Those who are economically inactive are people aged 16 and over without a job who have not sought work in the last four weeks and/or who are not available to start work in the next two weeks, ie they are neither employed nor unemployed.

Fife's Labour Market: Qualifications

Over half (54%) of Fife's working age population (age 16-64 years) is qualified to RQF4 (HNC or Advanced Higher) or above, the same rate as that for Scotland as a whole.

7.7% of Fife's working age population (age 16-64 years) has no qualifications. This is slightly lower than the Scottish rate (8.0%), but higher than the UK rate (7.0%).

Figure 21: Qualifications in Fife, Scotland & the UK (2022)

Qualifications	Fife (Estimated number of people)	Fife (%)	Scotland (%)	UK (%)
RQF4 and above	117,500	54.0%	54.2%	45.5%
RQF3 and above	154,000	70.7%	72.8%	66.7%
RQF2 and above	185,900	85.4%	86.0%	85.6%
RQF1 and above	192,000	88.2%	87.5%	88.3%
Other Qualifications	9,100	4.2%	4.5%	4.7%
No Qualifications	16,700	7.7%	8.0%	7.0%

Source: ONS Annual Population Survey Jan-Dec 2022

Note: RQF=Regulated Qualifications Framework; RQF4=HNC or Advanced Higher; RQF3=Higher, RQF2=National 5.

Data Sources and Further Information

[Businesses in Scotland: 2023](#), Scottish Government

[Business demography, quarterly, UK, low-level geographic breakdown, UK](#), Office for National Statistics

[Business Demography, UK: 2022](#), Office for National Statistics

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

Job Density , Office for National Statistics, accessed via [NOMIS](#)

Claimant Count, Office for National Statistics, accessed via [NOMIS](#)

[Regional Skills Assessment Fife, October 2023](#), Skills Development Scotland

For further information about the statistics used in this report, please contact: fifemeansbusiness@fife.gov.uk

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