

New Startup Index

Business and Venture
Creation in the UK

Contents

01.

Foreword

02.

Executive summary

03.

Annual incorporations

04.

Quarterly incorporations

05.

Regional incorporation
analysis

06.

Local authority
incorporation analysis

07.

Sectoral incorporation
analysis

08.

All-female founding
directors

09.

Founding director gender

10.

Sole director companies

11.

Methodology

12.

About us

Foreword



James Holian, Head of Business Banking at NatWest

As we unveil this report on new company incorporations in the UK, it is hard not to feel a sense of pride in the resilience and dynamism of the UK's business landscape. Despite the formidable challenges that have marked recent times — from inflationary pressures to heightened operational costs — the UK's entrepreneurial spirit has not just endured; it has thrived.

A record 900k companies were established last year, a testament to the unyielding positivity of our business community. Notably, the record 164k companies incorporated by sole female directors or all-women teams is not just a statistic; it is a key step forward in the ongoing challenge to create a diverse and equitable business ecosystem.

At NatWest, we understand that small businesses are not merely legal entities; they are the lifeblood of our economy, accounting for three-fifths of employment and about half of the private sector's turnover. Our role as the UK's largest bank for startups goes beyond providing great business banking services. We believe we have a key role to play in fostering an ecosystem where businesses do not just start-up but are given the tools to scale and succeed.

“**Despite the formidable challenges that have marked recent times, the UK's entrepreneurial spirit has not just endured; it has thrived.**”

In 2023 alone, NatWest enterprise programmes supported 53k entrepreneurs, facilitating over 250k customer interactions aimed at nurturing the seeds of great business ideas into flourishing enterprises. The NatWest Accelerator stands as a beacon of this commitment. In the past 12 months alone, this initiative has supported 1,300 scale-up leaders of which more than half were female-led businesses and 21% ethnic minority-led ventures. As we grapple with 2024, it is clear that the path to a robust, high-growth economy requires us to take collective action. We must ensure we create an environment where businesses have the support, guidance and conditions they need to thrive — because when small businesses succeed, the UK succeeds.

Executive summary

Beauhurst

A record number of companies were incorporated in 2023. This is an 11.8% increase on the number incorporated in 2022. These incorporations contribute to the UK having a record number of active companies and given the year-on-year growth speaks to the continued growth in the UK's population of entrepreneurs.

5.31m

active companies at the start of 2024

The first quarter of 2023 saw the most companies incorporated out of any quarter in 2023, with subsequent quarters slowing. Nonetheless, the rolling average of quarterly company registrations peaked in the final

quarter of 2023. The rolling quarterly average was 225k companies registered per quarter at the end of the year.

900k

companies incorporated in 2023

The first quarters of 2022 and 2021 were also each the respective peaks of their calendar years so it's tempting to expect another record quarter at the start of 2024. Certainly the rolling average means we should be confident in seeing over 200k more incorporations.

164k

companies with all-female directors

**Centre
for
preneurs**

“

The all-time high for businesses operating in the UK is a positive indicator of the strength of our entrepreneurial economy and deserves to be celebrated.

The significance of the sectorial balance is hard to read but the strongest trends remain in services. Recent analysis has suggested small, expert-led, consultancies are increasingly vital to the UK economy and are a global strength. The categories shown growing here support that insight. Northern Ireland sees the largest percentage jump in new registrations, likely reflecting the unique EU-UK position it now occupies, but that needs further investigation.

The incredible level of activity in London is a sign of its global leadership among entrepreneurial clusters and is something in which we can all take pride. It is ranked regularly in the top two or three startup environments in the world and drives a large part of the national economy, benefitting everyone. Our analysis of national startup support infrastructure has shown that much of what has driven London's position is being replicated across the country but more could be done and regional policy makers should feel empowered to draw on those lessons.

Timothy Barnes, CEO at the Centre for Entrepreneurs

Annual incorporations

900,058

companies incorporated in 2023

A record number of companies were incorporated in 2023. This is an 11.8% increase on the number incorporated in 2022. These companies are a mixed cohort and not all are new businesses. They include entities restructuring, holding companies, and some are companies created in anticipation of a business starting. Each year compares like with like, so the trends are key.

Some companies are a flash in the pan. Of 2023's incorporations, 1.3% (nearly 12k companies) were dissolved in the same year that they were incorporated.

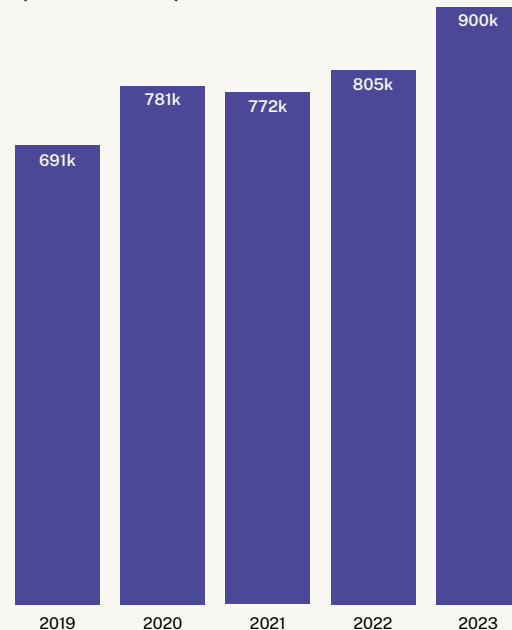
Companies can be incorporated by agents ahead of the formation of the business itself. Some

residential addresses are home to an unexpected number of companies. Of 2023's new companies, 0.7% (6.6k) are in the same postcode where nine or more other companies incorporated that year.

A new company being incorporated is not the same as a new venture created. Some companies are formed by directors with many other directorships. There are 1,277 people in the UK who are directors of 200 or more companies. Of the new companies, 6.2% (56k) were incorporated by a sole director who is also a director of five or more businesses. 4.5% (40.2k) of the companies incorporated in 2023 were subsidiaries of a larger business group.

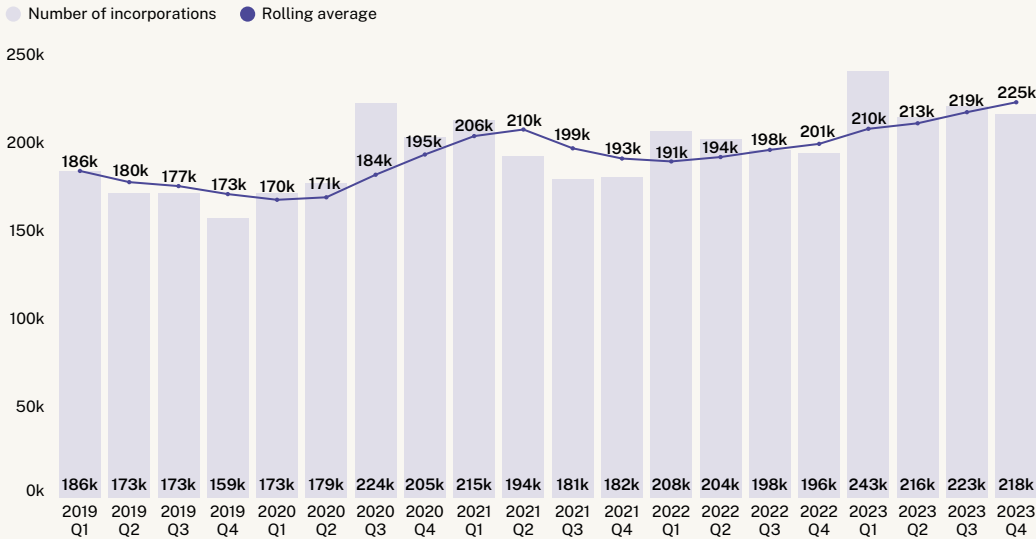
Some of these companies are possibly linked to fraud. Of the 900k new companies, 500k have only filed one document at Companies House so it's not yet possible to say how many.

Companies incorporated by year
(2019-2023)



Quarterly incorporations

Companies incorporated by quarter (2019-2023)



The first quarter of 2023 saw the most companies incorporated out of any quarter in 2023, with subsequent quarters slowing. Nonetheless, the rolling average of quarterly company registrations peaked in the final quarter of 2023. The rolling quarterly average was 225k companies registered per quarter at the end of the year.

225k

rolling quarterly average at end of 2023

The first quarters of 2022 and 2021 were also each the respective peaks of their calendar years so it's tempting to expect another record quarter at the start of 2024. Certainly the rolling average means we should be confident in seeing over 200k more incorporations.

Regional incorporation analysis

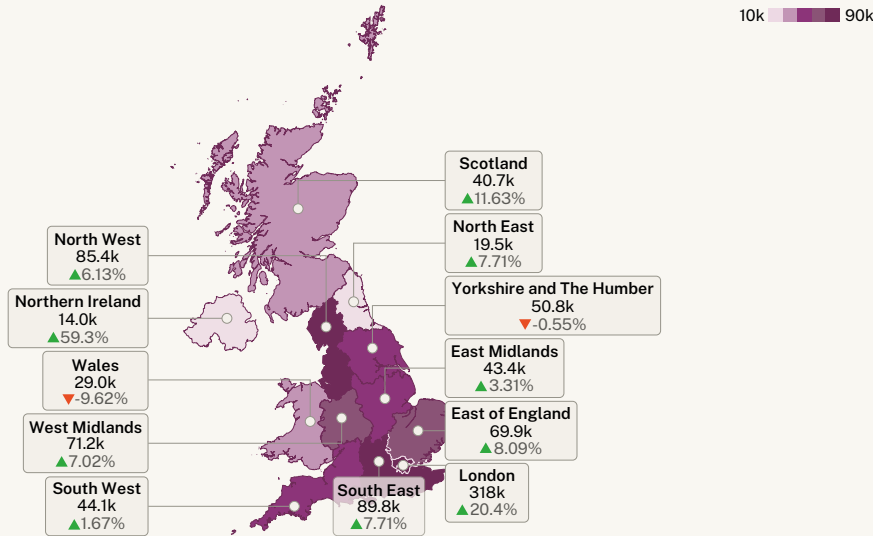
Northern Ireland saw the most year-on-year growth in newly registered companies between 2022 and 2023 (59.3%), followed by London (20.4%), and Scotland (11.6%).

14.0k

companies incorporated in Northern Ireland in 2023

Wales, and Yorkshire and the Humber were the only regions to see a year-on-year decline in the annual number of companies registered, falling by 9.62% and 0.55%, respectively. Despite these falls in the annual rates of incorporation, Wales still created 29k new companies, and Yorkshire and the Humber created 50.8k.

Companies incorporated by region (2023, year-on-year change from 2022)

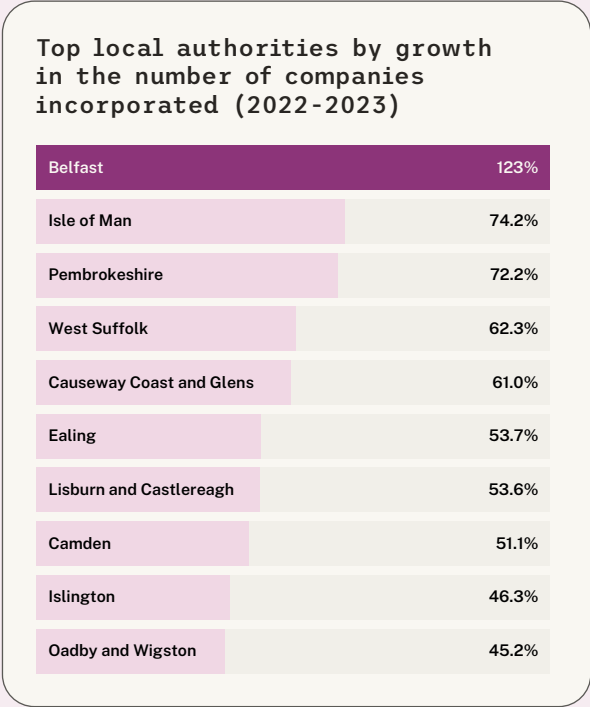


Local authority incorporation analysis

Six of the top 10 local authority areas for the number of new businesses incorporated are in London. Camden was home to the highest number of new incorporations. Outside of London, Birmingham saw the most incorporations.

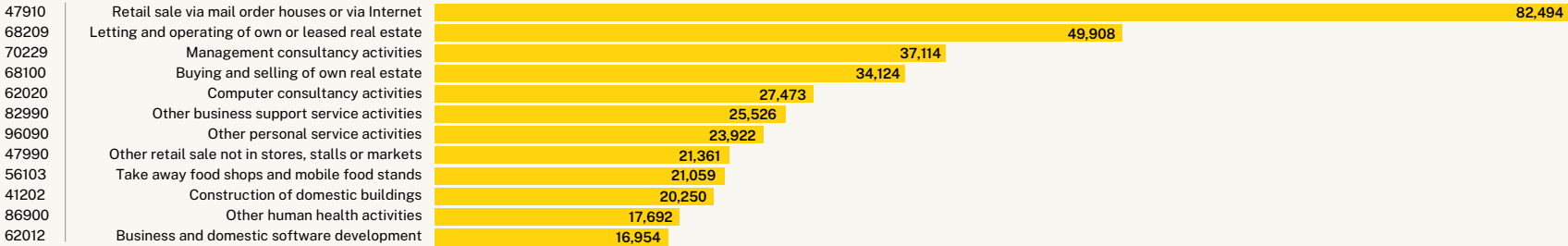
22.0k
companies incorporated in
Birmingham in 2023

Belfast saw the biggest increase and Cardiff saw the largest year-on-year decrease in new companies registered in 2023, influencing the rankings of those devolved nations in the previous page's analysis.



Sectoral incorporation analysis

Top 12 SIC codes by number of companies (2023)



27.5k

new companies involved in computer consultancy activities

The ever-increasing demand for goods via the Internet is helping drive the high number of companies being incorporated in the “Retail sale via mail order houses or via Internet” SIC code. It

is likely that a significant number of e-commerce companies will also be captured in “Other retail sale not in stores, stalls or markets”. The ongoing use of private companies for managing property is also reflected in the nearly 50k new companies incorporated with the “Letting and operating of own or leased real estate” SIC code.

While the high total number of companies by SIC code tells an interesting and broader story

about the opportunities that entrepreneurs and companies see in the UK, the year-on-year growth in incorporations sheds light on more recent trends. Between 2022 and 2023, there was a more than a five-times increase in the number of new companies involved in the manufacture of women’s underwear, growing from 125 new companies in 2022 to 665 last year. The number of companies involved in mining chemical and fertiliser minerals also trebled from 105 new companies to 303.

All-female founding directors

Last year saw a record 164k companies incorporated by sole female directors or by all-female director teams. This is a promising sign for female entrepreneurship in the UK. However, this is not the full picture; the proportional analysis on the following pages shows that the fraction of companies being incorporated by female directors is stable over time.

164k

companies incorporated by all-female director teams

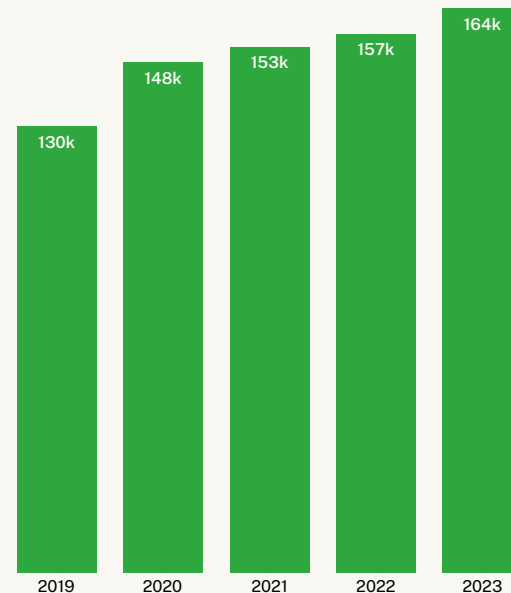
Of the 164k all-female director companies, 146k, or 88.8%, are sole director companies (compared to 87.4% of all-male director companies).

While sole director companies can be positive contributors to the economy and may offer flexible working structures and opportunities to leverage individual expertise, they are more likely than multiple director companies to be consulting or personal service companies. This suggests that while there is a growing presence of women within the UK's entrepreneurial landscape, many of the companies will be operating on a small scale.

26.2%

growth in all-female incorporations (2019-2023)

Companies incorporated with all-female directors (2019-2023)



Founding director gender

82.2k

companies with mix-gender director teams incorporated in 2023

The majority of new companies incorporated in the UK have entirely male boards. For example, in 2023, all-male directors incorporated 68.7% of all new companies.

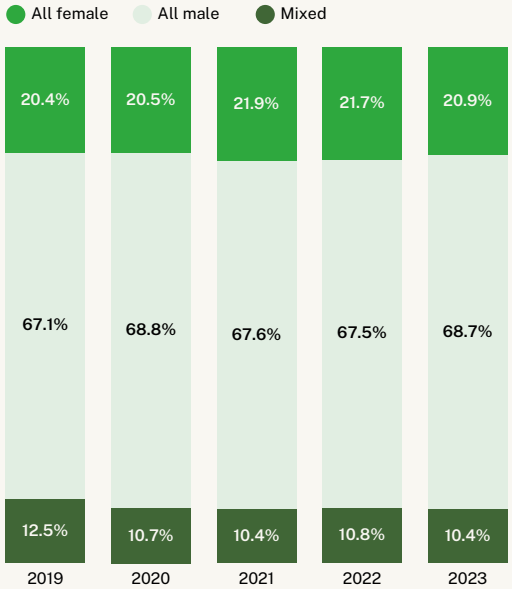
The proportion of companies in the gender categories has been reasonably stable over the last five years. Despite this, 2023 was a record year for all-female director company

incorporations and mixed-gender directorship team incorporations, with 164k and 82.2k companies, respectively. This reflects the record total number of companies incorporated in 2023. Companies with an unknown gender director have been excluded from this analysis. These companies comprise fewer than 10% of the total company incorporations per year for the last five years.

31.3%

companies with female or mixed-gender director teams incorporated in 2023

Proportion of companies incorporated by directorship team gender (2019-2023)



Sole director companies

146k

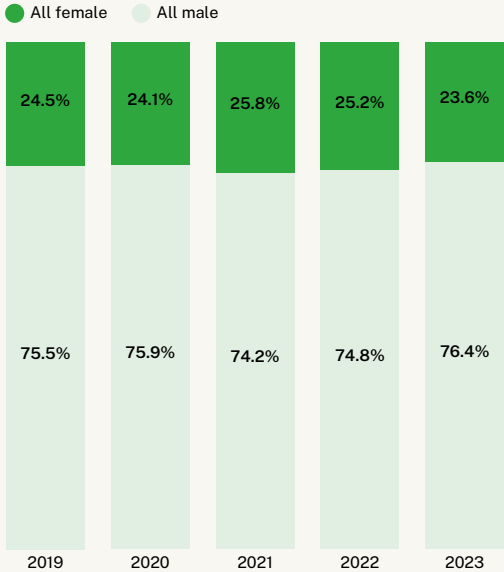
companies with female sole directors
incorporated in 2023

The bar chart presents a gender-based analysis of sole director companies. These are companies that only had a single director at the time of incorporation. The data shows a consistent proportion of male and female director companies incorporated each year. However, while the proportions are relatively stable, 2023 was a record year for companies incorporated by sole female directors, with 146k created during the year.

Sole director companies are an interesting measure for entrepreneurial activity, as a single director company is the next logical step for a sole trader who is looking to take their business to the next level. While the most positive trend for gender equality in entrepreneurship would be an increase in the proportion of sole female director companies, an absolute increase in the number of companies is an encouraging sign.

Companies with an unknown gender sole director have been excluded from this analysis.

Proportion of sole-director companies by director gender (2019-2023)



Methodology

Data source

Beaurest data is the primary data source for this report. Data on new company incorporations and the directors at these companies is derived from the official public records from Companies House. The dataset encompasses new company incorporations in the UK over a five-year period from 2019 to 2023.

Data integrity and limitations

Accuracy of self-reported data: The report's findings are based on the accuracy of the information provided by companies to Companies House. Discrepancies or inaccuracies in self-reporting may influence the data analysis.

Dynamic nature of SIC Codes: Companies may change their operational focus or expand into new sectors, leading to changes in SIC codes post-incorporation. The report captures the state of SIC codes at the time of incorporation.

Gender identification: The analysis is based on the gender information available at the time of incorporation in the form of titles and honorifics. It does not account for subsequent changes or non-binary gender identifications.

Key terms

Sole director companies: The term "sole director companies" describes entities that had exactly one director at the time of incorporation.

All female founding directors: This category includes companies where all listed directors were identified as female at the time of incorporation.

All male founding directors: Similarly, this includes companies with solely male directors at incorporation.

Mixed gender teams or directors: This category encapsulates companies where the founding team comprises both male and female directors.

Gender-based analysis

Companies lacking director information at the point of incorporation or with directors whose gender was not disclosed were omitted from gender-based analyses.

SIC code analysis

Self-nomination of SIC codes: Companies self-report their Standard Industrial Classification (SIC) codes during the incorporation process with Companies House. These codes indicate the company's intended primary business activities, though activities can change over time. Individuals may also not necessarily select the SIC code that most reflects their planned activities.

Multiple SIC codes: When incorporating a new company, individuals must select at least one SIC code; however, it is possible to select more than one. For this reason, companies will be counted multiple times in the SIC code analysis presented in this report.

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Beauhurst is a searchable database of the UK's high-growth companies.

Our platform is trusted by thousands of business professionals to help them find, research and monitor the most ambitious businesses in the UK. We collect data on every company that meets our unique criteria of high-growth; from equity-backed startups to accelerator attendees, academic spinouts and fast-growing scaleups.

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NatWest is a business that understands when customers and people succeed, communities succeed, and the economy thrives. As part of their purpose, they looking at how they can drive change for our communities in enterprise, learning and climate.

As one of the leading supporters of UK business, they are prioritising enterprise as a force of change. This includes focusing on the people and communities who have traditionally faced the highest barriers to entry and figuring out ways to remove these.

Learning is also key to their continued growth as a company in an ever changing and increasingly digital world.

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