

# Memorandum



**To:** Cabinet Scrutiny Committee

**From:** David Whittle, Policy Manager

**Date:** 6 Jan 2011

**Subject:** **Businesses in Kent**

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The definition of small and medium sized enterprises is set by the European Commission through Directive 2003/361/EC (and has done so since 1996) to ensure standardisation across the EU for common market purposes.

As I said at Cabinet Scrutiny, businesses with 250+ employees are categorised as large companies. Subdividing this is done on the basis of further definitions set out in the above EU directive. So that a business with less than 10 staff is considered a 'micro' business, businesses with between 10 and 50 staff are considered 'small' and businesses with between 50 and 249 are considered to be medium sized.

The Experian (a private sector data and financial management company) 'business database' shows the number of companies in the administrative county of Kent with between 1 and 249 employees as 41,820. Further sub-division from the Experian database isn't currently available.

According to the Office for National Statistics (ONS), the number of companies in the administrative county of Kent with between 1 and 249 employees is 60,155. The breakdown is as follows:

No. of Employees	0-4	5-9	10-19	20-49	50-99	100-249
No. of Businesses	40,015	9415	4930	3140	1100	55

The ONS data is calculated by the number of businesses registered to pay either 'value added tax' (VAT) or 'pay as you earn' (PAYE). For information the number of large companies is as follows:

No. of Employees	250-499	500-999	1000+
No. of Businesses	160	40	15

According to the ONS data, the total number of companies (all groups) in Kent is 60,370.

The difference in the two datasets is likely to be that the Experian database only accounts for active companies whereas the ONS data may also count dormant companies still registered for VAT or PAYE purposes. However, the overall trend of a very large number of small companies with a progressively smaller number of larger companies would likely be repeated across both datasets.

In regard to the activity already undertaken by KCC to support businesses, obviously the primary central government body is Business Link South East, KCC Regeneration and Economy have an important role as does 'Locate in Kent' (<http://www.locateinkent.com>) whose mandate not only includes direct investment into Kent but also expansion of pre-existing Kent businesses.

**Please note:** *The contents of this memo were provided to Mr Manning by e-mail on the 15 December ahead of 16 December County Council Meeting at his request.*