

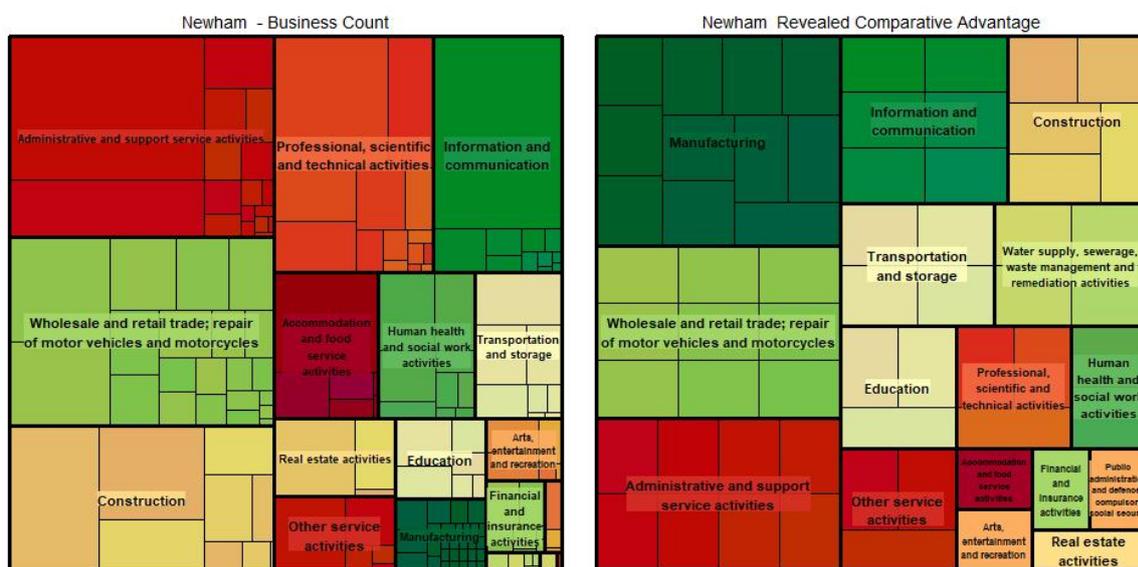
## Borough Overview

Measure	Description	Borough	London
<b>Business count</b>	The number of registered business in the borough.	<b>14,005</b>	<b>568,200</b>
<b>Business density</b>	The number of registered businesses per resident employee. A score of 1 indicates an equal number of business and employees based in the borough. A low score suggests that resident employees are out-commuting or work for a few large companies, a high score indicates low levels of out-commuting and/or smaller businesses.	<b>0.16</b>	<b>0.21</b>
<b>Micro-share</b>	The share of registered business that are micro-businesses - defined as those businesses that have between 0-9 employees.	<b>89%</b>	<b>87%</b>
<b>Rateable properties per business</b>	The number of rateable properties per registered business. A low ratio indicates that there are more businesses than rateable properties in the borough suggesting smaller businesses in industries that may not have a fixed place of work e.g. consultancy or construction.	<b>0.49</b>	<b>0.48</b>
<b>GVA per business (£m)</b>	The borough's total economic output (Gross Value Added) per registered business.	<b>0.54</b>	<b>0.75</b>
<b>Business diversity</b>	A measure of the industry concentration of the total business count. Higher scores indicate the business population is more concentrated in a few industries.	<b>0.31</b>	<b>0.32</b>
<b>Complexity</b>	<p>The complexity score measures the number of industries in which the borough 'punches above its weight' i.e. where the share of businesses in that industry exceeds the borough's share of all businesses in the country. The borough holds a 'comparative advantage' in these industries.</p> <p>The final score is the count of industries in which the borough has a comparative advantage, scaled by how widespread the industry is nationally, as measured by the count of local authorities that also punch above their weight in that industry.</p> <p>A score of 0 indicates no industry specialism. Higher scores indicate more specialist and unique economic activity.</p>	<b>0.51</b>	<b>0.90</b>

Sources: ONS Interdepartmental Business Registry, Annual Survey of Hours and Earnings, Cebr calculations

# Business count and areas of comparative advantage

The charts below illustrate the business count and relative comparative advantage of businesses in Newham by industry. The different colours represent the broad industry sectors whereas the smaller rectangles within each coloured rectangle reflect industries that make up each sector<sup>1</sup>. The area of each rectangle represents the relative size of each element in the borough’s business base.



The image to the left displays Newham’s business count data. The image to the right highlights the comparative advantage of various sectors within the borough. The comparative advantage considers whether an industry business count is large relative to its own business base and the size of the industry nationally. Larger rectangles imply more of a sectoral strength and opportunities for future growth.

Sector Rank	Business count	Comparative advantage
1	Administrative and support services	Manufacturing
2	Wholesale and retail trade	Wholesale and retail trade
3	Construction	Administrative and support service
4	Professional, scientific and technical	Information and communication
5	Information and communication	Transportation and storage

The administrative and support services sector is the most prominent in Newham when measured by total business count with strong representation from office administrative and support firms. Wholesale and retail and construction firms are also well represented in Newham’s business base.

Newham has 11 industries within manufacturing that hold a relative comparative advantage over local authorities nationally.

<sup>1</sup> Industries defined according to their 3-digit Standard Industrial Classification code

## Top industries

Industry	Total borough business count	Total share of borough business count
82110 : Combined office administrative service activities	1300	12%
62020 : Computer consultancy activities	860	8%
70229 : Management consultancy activities	620	6%
82990 : Other business support service activities	520	5%
41202 : Construction of domestic buildings	475	4%

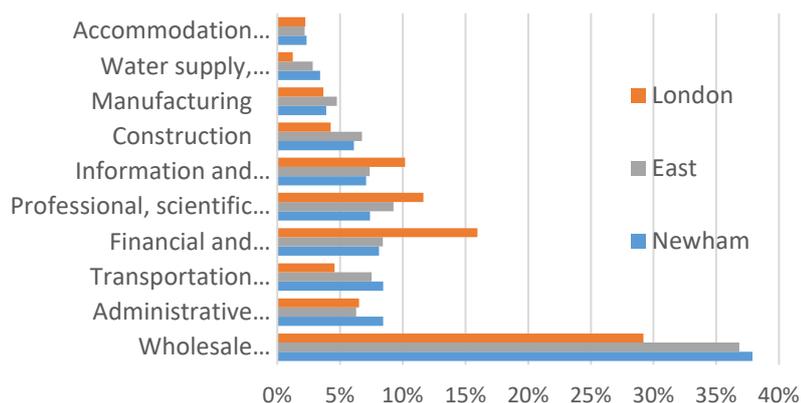
Combined office administrative activities followed by computer consultancy activities have the highest number of businesses in terms of local units in Newham. Together the top five industry groupings account for more than a third of all registered businesses in the borough.

## Turnover

Total business turnover in Newham is dominated by the wholesale and retail sector which accounts for 38% of the total (40% of turnover among micro-businesses).

This compares to 37% of turnover across the East London subregion and 29% across London.

Top 10 sectors by % of total turnover



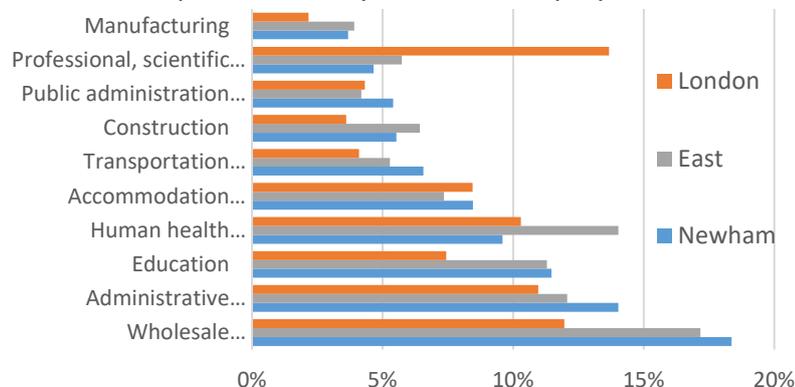
## Employment

The top ten sectors by employment account for 88% of total employment in Newham.

The equivalent sectors account for 87% of employment across the East London sub-region and 77% of employment in London.

The wholesale and retail sector is the largest, accounting for 18% of all employment in the borough.

Top 10 sectors by % of total employment



# Clustering

Sector	Industry	Cluster score	Business count across borough	MSOA Dominance <sup>2</sup>	Dominant MSOA name	Knowledge Intensive industry	Share of micro-business
Administrative and support service activities	Combined office administrative service activities	11.730	1,300	100%	Newham 012	No	99%
Wholesale and retail trade; repair of motor vehicles and motorcycles	Retail sale of clothing in specialised stores	0.278	175	34%	Newham 013	No	65%
Professional, scientific and technical activities	Management consultancy activities (other than financial management)	0.149	620	13%	Newham 037	Yes	99%
Information and communication	Computer consultancy activities	0.143	860	13%	Newham 037	Yes	99%
Wholesale and retail trade; repair of motor vehicles and motorcycles	Retail sale of cosmetic and toilet articles in specialised stores	0.132	30	67%	Newham 013	No	67%

A business cluster can be defined as a geographic concentration of related businesses in a particular field. Business clusters are known to increase competition and productivity. There are numerous famous business clusters around London such as the tailors situated on Saville Row to the jewellery shops in Hatton Gardens. The table above is a snapshot of the geographical clusters<sup>3</sup> present in Newham.

The most geographically clustered industries in Newham are outlined in the table above. The industry with the highest cluster score of 11.73 is combined office administrative service activities. More specifically, of the 1,300 local business units, nearly all of them (1,295) are located in the same MSOA indicating that there exists a strong geographical cluster of office administrative service businesses registered in Newham 012.

The clustering table also identifies whether the industry is classified as Knowledge Intensive<sup>4</sup> and the share of businesses in the industry operating in the borough that are defined as micro-businesses (fewer than 10 employees).

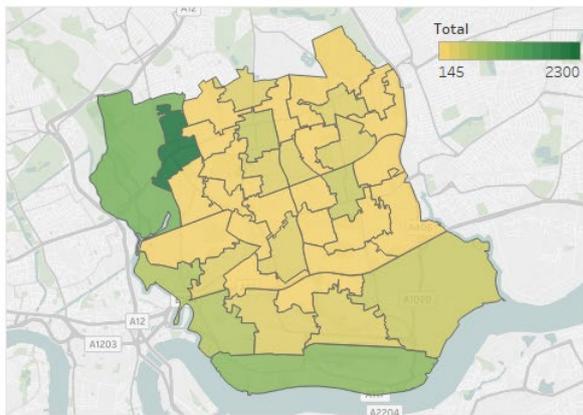
<sup>2</sup> Proportion of industry local units found in the dominant MSOA.

<sup>3</sup> The cluster score is calculated as the proportion of businesses with the same 5-digit SIC code operating in the same MSOA divided by the sum of all the businesses with the same 5-digit SIC code in the borough. The higher the score the more geographically clustered the industry.

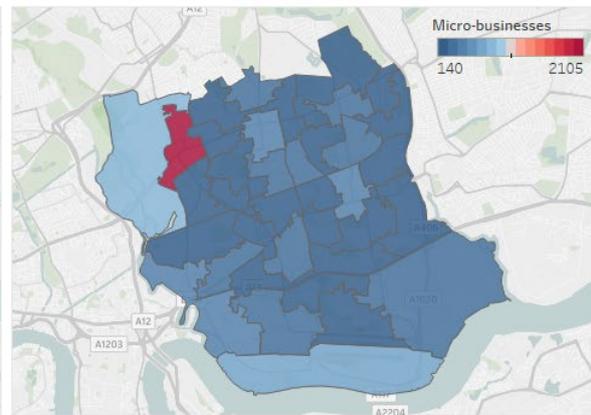
<sup>4</sup> The Office for National Statistics has categorised certain Standard Industry Classification (SIC) codes as Knowledge Intensive service industries. This categorisation is based on the proportion of tertiary-educated people employed in the industry.

# Mapping the business base

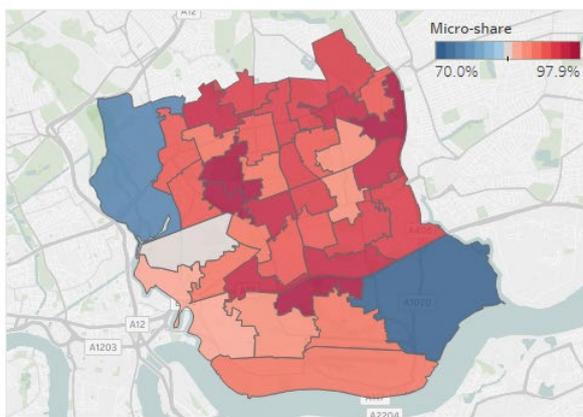
Local Units



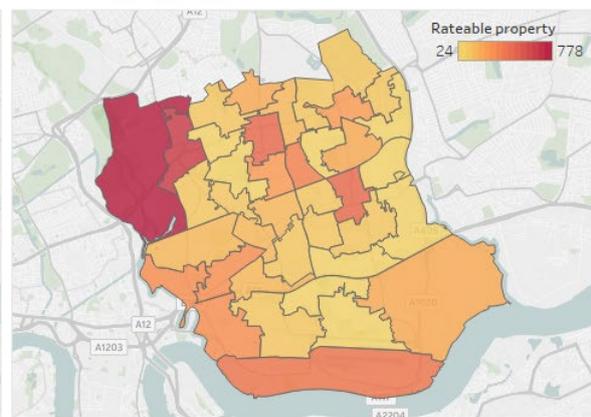
Micro-businesses



Micro-share



Rateable property



**Local units:** There are 14,000 businesses (in local units) across Newham. As illustrated on the map in the left corner, the businesses are relatively evenly spread out across the borough with a higher density of businesses located in the North West corner of the borough. The MSOA with the highest concentration of businesses is Newham 012 which contains 16% (2,300 local units) of all local units in Newham.

**Micro-businesses:** Of the 14,000 businesses located in Newham, 12,520 are microbusinesses with 0-9 employees. Unsurprisingly, the MSOA with the highest number of microbusinesses is Newham 012 with 2,105 local units. The map in the top right corner displays the distribution of micro-businesses across Newham. Similar to the local units map to the left, there is a high concentration of micro-businesses in the North West corner of Newham.

**Micro-share:** The average share of microbusinesses across MSOAs in Newham is 89%. Newham 016 and 032 have the highest share of microbusinesses at 98%. In contrast, Newham 012 who have the highest number of microbusinesses in local units only have 75% share of microbusinesses because most of the larger businesses are also located in this MSOA.

**Rateable property:** Newham has 6,830 rateable properties the majority of these properties are located in Newham 013 and 012. This aligns with other results as Newham 013 and 012 have the highest number of businesses local units.

# MSOA reference map

The map below indicates the three-digit reference number for each of Newham's MSOAs.

