

Borough Overview

Measure	Description	Borough	London
Business count	The number of registered business in the borough.	19,215	568,200
Business density	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.	0.21	0.21
Micro-share	The share of registered business that are micro-businesses - defined as those businesses that have between 0-9 employees.	86%	87%
Rateable properties per business	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.	0.68	0.48
GVA per business (£m)	The borough's total economic output (Gross Value Added) per registered business.	1.55	0.75
Business diversity	A measure of the industry concentration of the total business count. Higher scores indicate the business population is more concentrated in a few industries.	0.36	0.32
Complexity	<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>	0.96	0.90

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 Tower Hamlets by industry. The different colours represent the broad industry sectors whereas the smaller rectangles within each coloured rectangle reflect industries that make up each sector¹. The area of each rectangle represents the relative size of each element in the borough's business base.



The image to the left displays Tower Hamlets' 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	Professional, scientific and technical	Manufacturing
2	Information and communication	Administrative and support services
3	Wholesale and retail trade	Information and communication
4	Administrative and support services	Professional, scientific and technical
5	Accommodation and food services	Financial and insurance activities

The professional, scientific and technical sector is the most prominent in Tower Hamlets when measured by total business count with strong representation from management consultancies, architectural and engineering firms. Information and communication and wholesale and retail firms are also well represented in Tower Hamlets' business base.

Tower Hamlets has 17 industries within manufacturing that hold a relative comparative advantage over local authorities nationally.

¹ Industries defined according to their 3-digit Standard Industrial Classification code

Top industries

Industry	Total borough business count	Total share of borough business count
70229 : Management consultancy activities	1685	10%
62020 : Computer consultancy activities	1590	10%
82990 : Other business support service activities	850	5%
62012 : Business and domestic software development	520	3%
74100 : Specialised design activities	370	2%

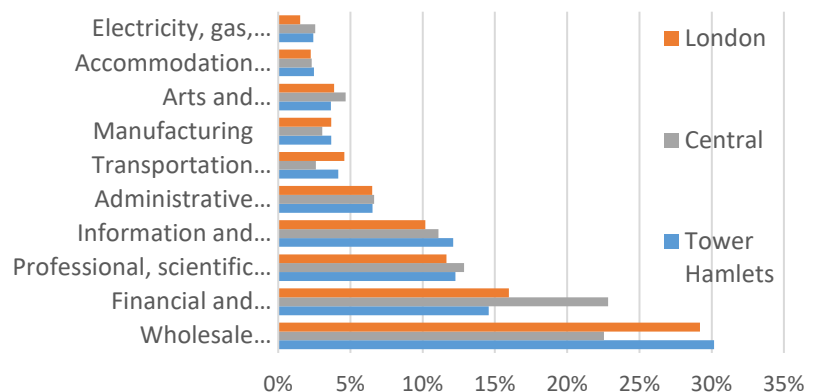
Management consultancy activities followed by computer consultancy activities have the highest number of businesses in terms of local units in Tower Hamlets. Together the top five industry groupings account for 30% of all registered businesses in the borough.

Turnover

Total business turnover in Tower Hamlets is dominated by the wholesale and retail sector which accounts for 30% of the total (36% of turnover among micro-businesses).

This compares to 23% of turnover across the Central London subregion and 29% across London.

Top 10 sectors by % of total turnover



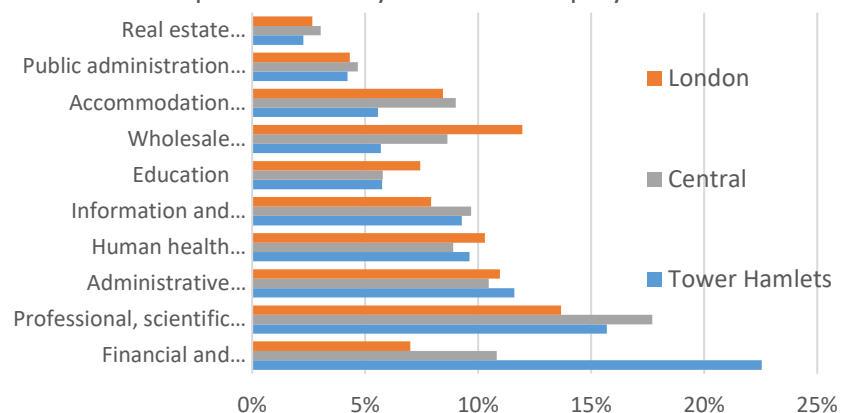
Employment

The top ten sectors by employment account for 92% of total employment in Tower Hamlets.

The equivalent sectors account for 89% of employment across the Central London sub-region and 85% of employment in London.

The financial and insurance sector is the largest, accounting for 23% of all employment in the borough.

Top 10 sectors by % of total employment



Clustering

Sector	Industry	Cluster score	Business count across borough	MSOA Dominance ²	Dominant MSOA name	Knowledge Intensive industry	Share of micro-business
Electricity, gas, steam and air conditioning supply	Production of electricity	0.433	70	100%	Tower Hamlets 028	No	87%
Transportation and storage	Taxi operation	0.305	145	59%	Tower Hamlets 014	No	100%
Wholesale and retail trade; repair of motor vehicles and motorcycles	Wholesale of clothing and footwear	0.257	165	45%	Tower Hamlets 021	No	89%
Wholesale and retail trade; repair of motor vehicles and motorcycles	Retail sale via mail order houses or via Internet	0.240	255	41%	Tower Hamlets 021	No	96%
Information and communication	Computer consultancy activities	0.191	1,590	11%	Tower Hamlets 028	Yes	95%

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 clusters³ present in Tower Hamlets.

The most geographically clustered industries in Sutton are outlined in the table above. The industry with the highest cluster score of 0.433 is production of electricity. More specifically, of the 70 local business units, all of them are located in the same MSOA indicating that there exists a cluster of businesses within electricity production in Tower Hamlets 028. There is also a geographical cluster of clothing wholesalers and online retailers in Tower Hamlets 021.

The clustering table also identifies whether the industry is classified as Knowledge Intensive⁴ and the share of businesses in the industry operating in the borough that are defined as micro-businesses (fewer than 10 employees).

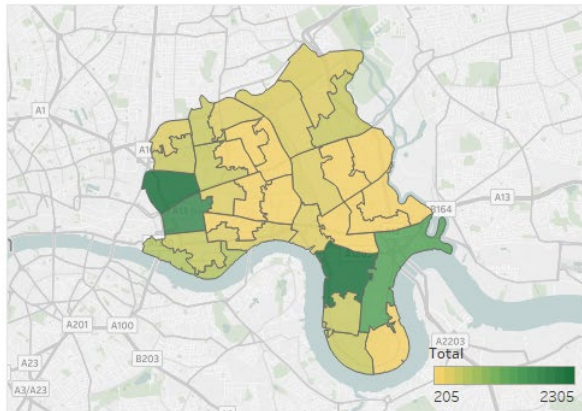
² Proportion of industry local units found in the dominant MSOA.

³ 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.

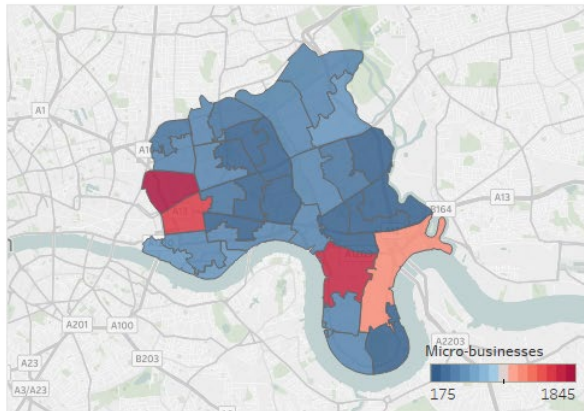
⁴ The Office for National Statistics has categorised certain Standard Industry Classification (SIC) codes as Knowledge Intensive service industries. This categorisation is based on the proportion of tertiary-educated people employed in the industry.

Mapping the business base

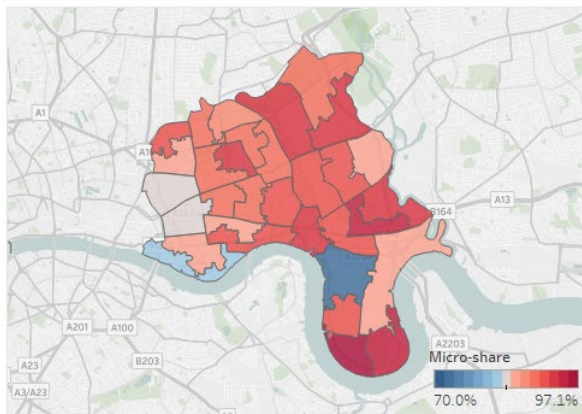
Local Units



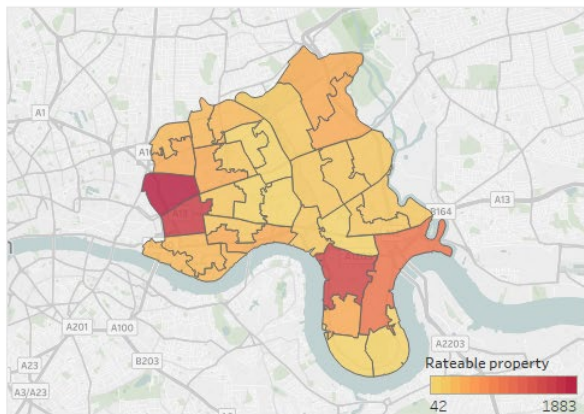
Micro-businesses



Micro-share



Rateable property



Local units: There are 19,215 businesses (in local units) across Tower Hamlets. 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 close to the City of London and in Canary Wharf. The MSOAs with the highest concentration of businesses is Tower Hamlets 033 and 015 which together contain 24% (4,530 local units) of all local units in Tower Hamlets.

Micro-businesses: Of the 19,215 businesses located in Tower Hamlets, 16,470 are microbusinesses with 0-9 employees. Unsurprisingly, the MSOA with the highest number of microbusinesses are Tower Hamlets 033 and 015 with 1,845 and 1,670 local units respectively. The map in the top right corner displays the distribution of micro-businesses across Tower Hamlets. Similar to the local units map to the left, there is a high concentration of micro-businesses close to the City of London and around Canary Wharf.

Micro-share: The average share of microbusinesses across MSOAs in Tower Hamlets is 86%. Tower Hamlets 031 has the highest share of microbusinesses at 97%. In contrast, Tower Hamlets 033 who have the highest number of microbusinesses in local units only have a 72% share of microbusinesses because most of the larger businesses are also located in this MSOA.

Rateable property: Tower Hamlets has 13,160 rateable properties the majority of these properties are located in Tower Hamlets 015. This aligns with other results as Tower Hamlets has the second highest number of businesses local units.

MSOA reference map

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

