

Summary Quality Report for UK Business: Activity, Size and Location

1 Introduction

This report is part of a rolling programme of quality reports being introduced by the Office for National Statistics (ONS). The full programme of work being carried out on [Statistical Quality](#)¹ is available on the National Statistics website. Summary Quality Reports are overview notes which pull together key qualitative information on the various dimensions of quality as well as providing a summary of methods used to compile the output.

The Business Registers Strategy and Outputs Unit produce 42 reference tables which combine to create the UK Business: Activity, Size and Location publication. This publication presents a snapshot of businesses in the UK as at March of each year.

2 Summary of Quality

2.1 Relevance

The degree to which the statistical product meets user needs for both coverage and content.

The UK Business: Activity, Size and Location datasets present analysis of VAT and/or PAYE registered businesses by business activity, their size of employment or turnover and their geographical location.

The Inter-Departmental Business Register (IDBR) is a comprehensive list of UK businesses that is used by government for statistical purposes. It provides a sampling frame for surveys of businesses carried out by the ONS and by other government departments. It is also a key data source for analyses of business activity.

The key users of these data are Government administration and departments, Local Authorities, Health Authorities and Fire & Police Authorities. The data are also widely used for research purposes.

The IDBR combines administrative information on VAT traders and Pay As You Earn (PAYE) employers with ONS survey data in a statistical register comprising over two million enterprises. These comprehensive administrative sources combined with ONS survey data contribute to the coverage on the IDBR, representing nearly 99 per cent of UK economic activity. The IDBR misses some very small businesses without VAT or PAYE schemes (self employed and those with low turnover and without employees).

The IDBR complies fully with all European Union legislation relating to the structure and use of business registers, including:

- [Regulation \(EC\) No 177/2008](#)² of 20 February 2008 establishing a common framework for business registers for statistical purposes
- [Council Regulation \(EEC\) No 696/93](#)³ on statistical units for the observation and analysis of the production system in the Community
- [Council Regulation \(EC, Euratom\) No 58/97](#)⁴ of 20 December 1996 concerning structural business statistics, supplemented by [Commission Regulation \(EC\) No 1618/99](#)⁵ of 23 July 1999 concerning the criteria for the evaluation of quality of structural business statistics

Business activity is classified using the [United Kingdom Standard Industrial Classification of Economic Classifications \(UKSIC\(2007\)\)](#)⁶. The system is identical to the EUROSTAT system [NACE Rev. 2.0](#)⁷ at the four digit class level which in turn, though more disaggregated, corresponds with the United Nations system [ISIC Rev. 4](#)⁸.

The legal status of units is classified in accordance with [National Accounts Sector Classifications](#)⁹ in conjunction with information received from [Companies House](#)¹⁰ and the administrative sources - Value Added Tax (VAT) and Pay As You Earn (PAYE) schemes – from [HM Revenue & Customs](#)¹¹.

The geographical location of the unit is driven by the postcode of the unit as provided by the administrative sources (VAT and/or PAYE) or the business directly (through survey returns). This postcode is then mapped to the full range of geography classifications via the [National Statistics Postcode Directory \(NSPD\)](#)¹²

2.2 Accuracy

The closeness between an estimated result and the (unknown) true value.

These data are a National Statistics product, and are therefore produced to a high standard. Every effort has been made to ensure that the data are as accurate as possible. The quality of data on the IDBR is continually checked from the time of arrival (via HM Revenue & Customs, ONS Survey Forms, etc) to final tabulation.

Checks are performed:

- Between time periods to identify and verify movements;
- For UKSIC(2007) to ensure accurate classification; and
- For geographical information to ensure the correct geographies are applied to each level.

The [National Statistics Quality Review](#)¹³ of the IDBR found it to be among the leading statistical business registers in the world. The report shows that the IDBR is of good quality and is fit for purpose. It provides the means to produce consistent statistics and to minimise the compliance cost to businesses.

2.3 Timeliness and Punctuality

Timeliness refers to the lapse of time between publication and the period to which the data refer. Punctuality refers to the time lag between the actual and planned dates of publication.

The [National Statistics Release Calendar](#)¹⁴ is available via the National Statistics website and provides twelve months advance notice of releases. In the event of a change to the release schedule, an announcement will be made in accordance with the [Code of Practice for Official Statistics](#)¹⁵. The UK Business: Activity, Size and Location publication has consistently met the target publication deadlines.

The dataset relates to a snapshot of VAT and/or PAYE registered businesses on the IDBR, taken in March of each year, and updates are available annually. This is the optimum time to take an extract from the IDBR in terms of quality and is in line with the requirements of EU legislation.

The IDBR is based on a comprehensive range of data from the administrative sources. This is updated frequently, daily in the case of information on VAT traders and quarterly for information on PAYE employers, both from [HM Revenue & Customs](#)¹¹. Additional information from survey returns, notably the Business Register Survey, is brought live onto the IDBR annually in July.

2.4 Accessibility and Clarity

Accessibility is the ease with which users are able to access the data, also reflecting the format(s) in which the data are available and the availability of supporting information. Clarity refers to the quality and sufficiency of the metadata, illustrations and accompanying advice.

This publication is available free of charge for download from the National Statistics website as either an Adobe PDF file or, via a link within the PDF file, as MS Excel tables.

In addition to this publication, ONS produce a suite of tables at a lower geographic level via the Neighbourhood Statistics Service (NeSS). These datasets are available free of charge for download from the Neighbourhood Statistics website via the following link: <http://neighbourhood.statistics.gov.uk/dissemination/>

A bespoke analysis service is also available which allows users to tailor analysis to their own requirements, specifying in detail those units to be included in the analysis. The link below provides details of the type of data available via the Data Analysis Service: <http://www.statistics.gov.uk/idbr/nondisclosive.asp>

In addition to the information presented in this document, further details about the data and its source can be found via the following link, including contact details for further enquiries: <http://www.statistics.gov.uk/idbr>

2.5 Comparability

The degree to which data can be compared over time and domain.

These analyses are based on VAT and/or PAYE registered enterprises & local units and are consistent with the figures for England and Wales within the Neighbourhood Statistics data, produced from the IDBR.

The 2008 publication onwards includes businesses based on PAYE employers that are not also registered for VAT, extending the scope from the previous VAT-based tables.

The 2005 to 2007 publications differ from the 2004 publication in respect of geography used. The 2005 to 2007 publication use geographies derived from Middle Layer SOA (MSOA) for England and Wales whereas the 2004 publication use Census Area Statistical (CAS) wards for England and Wales. The geographies for Scotland and Northern Ireland are comparable across the full range of years.

2.6 Coherence

The degree to which data that are derived from different sources or methods, but which refer to the same phenomenon, are similar.

VAT and/or PAYE enterprise totals differ from the number of VAT-registrations published by HM Revenue & Customs due to timing, the inclusion of solely PAYE based units and differences in definitions. The exclusion of Composite and Managed Services Companies and the treatment of divisional VAT registrations by the ONS will reduce the total, though the splitting of VAT group registrations into separate enterprises will increase it. Identification of Composite and Managed Services Companies may be incomplete, inflating business counts primarily in the Property and Business Services Sector.

For 2009 approximately 41,265 Composite and Managed Services Companies are excluded from the dataset where the address does not represent the location of the activities of the business, to avoid giving a false impression of the growth in these locations. Further details on Composite and Managed Services Companies can be found on the [HM Revenue & Customs](#)¹¹ website.

Business Demography data published by ONS report a higher number of Active businesses due to differences in methodology. Business Demography takes into account businesses that were active at any time during the reference year, whereas UK Business is based on a snapshot of the IDBR at a point in time in March.

Small and Medium Enterprise (SME) statistics, published by the [Department for Business Innovation & Skills \(BIS\) Enterprise Directorate Analytical Unit](#)¹⁶, are based on the IDBR but include an estimate of the number of small businesses not registered for VAT or PAYE.

3 Summary of methods used to compile the output

Statistical Disclosure

Statistical disclosure control methodology is also applied to data. This ensures that information attributable to an individual organisation is not disclosed in any publication. The Code of Practice for official Statistics, and specifically Principle 5: Confidentiality set out practices for how we protect data from being disclosed. The Principle includes a guarantee to survey respondents to “ensure that official statistics do not reveal the identity of an individual or organisation, or any private information relating to them”. More information can be found on the ONS Statistical Disclosure Control Methodology page.

http://www.statistics.gov.uk/about/data/methodology/general_methodology/sdc.asp

4 References

	Title of Reference	Website location
1	Statistical Quality Programme	http://www.ons.gov.uk/about-statistics/methodology-and-quality/quality/qual-info-economic-social-and-bus-stats/index.html
2	Regulation (EC) No 177/2008	http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:061:0006:0016:EN:PDF
3	Council Regulation (EEC) No 696/93	http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31993R0696:EN:NOT
4	Council Regulation (EC, Euratom) No 58/97	http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31997R0058:EN:HTML
5	Commission Regulation (EC) No 1618/99	http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31999R1618:EN:HTML
6	Standard Industrial Classification (UKSIC(2007))	http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14012
7	EUROSTAT NACE Classification (NACE Rev. 2.0)	http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_NOM_DTL&StrNom=NACE_REV2&StrLanguageCode=EN&IntPcKey=&StrLayoutCode=HIERARCHIC&CFID=3650761&CFTOKEN=44c8bcd4f22b9e6-44F0F940-09FB-4FC4-50A9A8329867BF61&jsessionid=f90032ebcf27294979
8	International Standard Industrial Classification (ISIC Rev. 4.0)	http://unstats.un.org/unsd/cr/registry/isic-4.asp
9	National Accounts Sector Classifications	http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=7163&Pos=&ColRank=1&Rank=240
10	Companies House	http://www.companieshouse.co.uk
11	HM Revenue & Customs	http://www.hmrc.gov.uk
12	National Statistics Postcode Directory (NSPD)	http://www.ons.gov.uk/about-statistics/geography/products/geog-products-postcode/nspd/index.html
13	NSQR Series No 2 – Review of the Inter-Departmental Business Register	http://www.statistics.gov.uk/methods_quality/quality_review/commerce.asp
14	Release Calendar	http://www.statistics.gov.uk/hub/release-calendar/index.html
15	Code of Practice for Official Statistics	http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html
16	Department for Business Innovation & Skills (BIS) – Enterprise Directorate Analytical Unit	http://www.berr.gov.uk/whatwedo/enterprise/enterprisesmes/research-and-statistics/statistics/page38563.html

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