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DISSEMINATION OF INFORMATION ON BUSINESS REGISTERS IN THE UK

Invited paper submitted by the Office of National Statistics of United Kingdom*

Overview

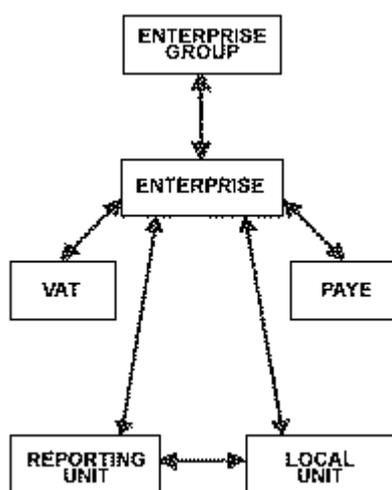
1. The Inter-Departmental Business Register (IDBR) is the key sampling frame for UK business statistics. It is maintained and developed by the Business Registers Unit within the Office for National Statistics (ONS). A large number of outputs (both data and metadata) are produced and disseminated to a wide range of users. Register data are also used as a source for information published by various public and private sector organisations. This paper starts by describing these information flows, and then discusses the issues and constraints concerning quality, dissemination policy and confidentiality. It also considers possible drivers for future developments.

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Sources and maintenance of the business register

2. The UK does not have a comprehensive business registration system but instead relies on registration for specific administrative purposes. The main administrative systems are Value Added Tax (VAT), employee income tax payments (made by employers through the PAYE, the "Pay As You Earn" system), and Company Registration (for businesses that wish to operate with limited liability). A register of Intrastat traders is linked to the VAT system. The IDBR is maintained by matching these four administrative sources.

3. VAT traders and PAYE employers are matched to generate the standard European Union "enterprise". For each enterprise, the ONS maintains lists of "local units" through its annual register survey. Enterprises are combined to form "enterprise groups" using information from Dun and Bradstreet supplemented by the VAT system. For survey purposes, enterprises may report for themselves as a single reporting unit or be split into reporting units defined by lists of local units within the enterprise.

Register data in the public domain

4. The administrative departments publish some information from their registers. VAT is managed by the Customs and Excise department, who produce some limited analyses of VAT traders (1). Companies House also publishes summaries from its Company Registration system (2). These outputs are limited by the rules governing the administrative systems and may not represent the economic reality.

5. The IDBR is the business survey frame for government statistical surveys. These surveys generate their own outputs, using the information from the IDBR to produce estimates from samples. The IDBR itself provides a rich source of information relating to business structures, location of business activity and business demography. The advantage of the business register is that it holds information for all units and analyses are available at the time of selection rather than after a delay (up to two years for annual surveys). The

disadvantage is the limited range of data that are held on the IDBR and possible quality problems: the quality of the IDBR is set for sampling purposes and not for analysis.

6. There are two ways to view the business register:
 - Counting live business units to represent the current situation for business activity;
 - Examining the birth and death dates to reconstruct the business situation at a point in time.
7. The benefit of the first approach is its immediacy. The disadvantage is that there will always be lags in registration and deregistration that can differ: registration of deaths tends to be slower than registration of births.
8. The benefit of the second approach is that, with careful estimation, it can produce estimates of the real situation at any point in time and revise these as the information improves. The disadvantage is that there will be some delay in producing the estimates.
9. The ONS publishes data mainly for enterprises and local units using the first approach: that is from a point in time snapshot of the IDBR. The main tool for disseminating IDBR data in the public domain was, from the early 1970s until 2000, a paper publication, Business Monitor PA1003 "Size Analysis of UK Businesses". During the late 1990s this publication was also made available through the ONS web site. A shift in demand from paper to electronic data has meant that since 2001 this publication has been produced purely as a web based output.
10. This publication contains detailed information on all VAT registered enterprises in the UK, including cross tabulations by size (employment and turnover), economic activity, legal form and location. Similar tabulations are also available at the local unit level (manufacturing only up to 2002, whole economy from 2003). Data for recent years can be found on the National Statistics web site (3).
11. In addition to this key publication, the IDBR provides an input to compendia of statistics, mainly at the sub-national level. A good example of this is the ONS Region in Focus publication for the South West (4).
12. The ONS also produces extracts and analyses for other organisations. The main example of this is the data supplied to the Small Business Service, an agency of the UK Department of Trade and Industry (DTI), to produce estimates of the number of small and medium-sized enterprises, business registrations, de-registrations and survival (5). This uses the second method: that is it takes an extract of units on the business register and, using birth and death dates, creates stock, birth and death estimates for a number of years. For this work, adjustments are made to the estimates for the latest years to reflect the delay in the registration process.
13. The ONS has also started to provide UK enterprise demography data to Eurostat to be published alongside data from other countries (6). Data are also provided to demonstrate

compliance with the EU Business Registers Regulation through an annual questionnaire, although Eurostat does not yet have permission from Member States to publish the results of this.

14. The Business Registers Unit also offers a bespoke data service to customers in the private sector, including academics, businesses and individuals, as well as to the UK Parliament. Non-disclosive tabulations of basic register data are provided for a fee based on the time taken to produce and check the required data. In the year to the end of March 2003, just over one hundred customers used this service, generating total revenue for the ONS of almost £38,000.

15. The demand for data has increased in recent years. To meet this increasing need, for mainly sub-national data, the content of the annual business register publication is being reviewed. More information on local units and a wider range of geographical areas are likely to be included.

16. The UK government has long recognised the need for data for informed decision-making. Management of its current social policy requires statistics for small areas. To do this, it has funded a programme for the development of "Neighbourhood Statistics". While primarily social, the economic background to the areas is important. This has meant some investment in improving the quality of the business register and the range of small area analyses. Coherence of the statistics for each geographic area is important and a standard geography based on building blocks created from the 2001 population census is being introduced. The range of outputs from the business register will increase during 2004.

Register data used within UK Government

17. Register data are used in various ways within the public sector in the UK. The IDBR is the sampling frame for official surveys of businesses in the UK. Therefore key outputs are stratified samples, and supporting population data. The de-centralised nature of official statistics in the UK means that there are many different customers in a range of government departments. The key issues concerning these data releases are confidentiality and legality. These are discussed in detail in the section on policy and protocols below.

Data available

18. The business register holds the information needed for efficient selection and despatch of samples.

Business Reference - This will be the VAT trader number, employer reference or company number for administrative units, the Dun and Bradstreet number for enterprise groups, and numbers generated within the ONS for enterprises, local units and reporting units. In addition, we hold business references for local units that are used by the businesses themselves in conducting their activities.

Name - This is the legal name of the business, if it is registered at Companies house, the name of the sole proprietor, the names of the partners in a partnership, the name of government bodies and non-profit organisation.

Trading Style - This will be the name by which the business wishes to be known to customers.

Address and postcode - The address complies with the British Standard (BS7666) and the postcode is that allocated by the postal authorities. All postcodes are validated against the postal authority address file.

Legal status - Seven categories of legal status are maintained: company, sole proprietor, partnership, public corporation, central government, local government, non-profit organisation.

Employees - This is the standard ILO definition. It counts each employee as one unit, irrespective of the hours worked within the business.

Employment - This is the sum of employees and working proprietors.

Turnover - This is held as £'000 and is the annual turnover, mainly from the VAT trader system. It is not available for local units.

Industrial classification - This is the UK five-digit implementation of the European standard NACE Rev. 1.1.

Location - This is based on the postcode. A comprehensive range of geographical areas is supported providing flexibility for analysis.

Selection and receipt information - This is held for all business units selected for surveys and provides the basis of selections, overlap control, response chasing and compliance planning and reporting.

Metadata

19. As well as data, a considerable amount of descriptive metadata is also disseminated. The aim of this is to help users understand and interpret data from the IDBR. A high level overview of the register is presented on the National Statistics web site (7), with links to more detailed information targeted at specific groups of users. Another key document that has been disseminated via the Internet is the National Statistics Quality Review of the IDBR (8). This was produced in 2001, which stated that the quality of the register was good, but also made a number of recommendations to improve quality further. Progress on these recommendations is also reported on the Internet.

20. Key public sector register users are represented on two committees, the IDBR User Committee, and the higher level IDBR Management Committee. Papers are circulated to committee members to help to keep users informed about register developments, and quality

issues. A monthly report on register quality is prepared and distributed to these committees and other public sector register users.

21. Detailed information on register practices and procedures are well documented, and have recently been transferred to the new ONS corporate "Standards and Guidance Database". This is available to all register users within ONS, and copies are taken periodically for key customers in other government departments.

Components of quality

22. The ONS is recognised as a supplier of world-class statistics. It has a well-developed quality framework. In the past two to three years, the ONS has developed a formal approach to presentation of quality. This comprises a programme of National Statistics quality reviews. The review of the business register was among the first in this programme. A quality protocol has been produced, which is linked to the National Statistics Code of Practice.

23. The components of quality are:

- Relevance;
- Accuracy;
- Timeliness and punctuality;
- Accessibility and clarity;
- Comparability;
- Coherence;
- Completeness.

Each is considered when producing and disseminating data from the business register.

24. Relevance is demonstrated through the increased demand for outputs. The Business Registers Unit has an active programme of consultation with customers. This includes an annual customer satisfaction survey. The survey results are used to ensure the continuing relevance of the outputs.

25. The accuracy of the business register is limited to some extent by its administrative data inputs. The Business Registers Unit conducted a major quality survey in 1999, which provided key measures of accuracy of the size of the register, the industrial classification and the employment estimates on the IDBR. The annual register maintenance survey now provides a source for updating those measures. Work is in hand to produce these in Summer 2003 and annually thereafter.

26. The IDBR is updated daily from its primary administrative source (VAT). Other sources provide a continual stream of updates to the system. The IDBR is quality-assured at the time of monthly co-ordinated selections. Extracts taken at that time provide the basis of a monthly report to users that, although not published, is circulated widely within government departments. This rapid source of information is required in support of the surveys conducted from the register. Other data are provided from the live IDBR at the time of request or from fixed extracts that are taken once a year in April. The systems permit immediate response

through existing extracts or within 24 hours, where specific extracts are required. Responsiveness is, however, limited by staff resources and, in some cases by the need to get approval for release.

27. Development of web-based outputs, commencing in the mid-1990s through the ONS Statbase product made electronic access possible. The 2000 edition of the annual register publication was made through the web (in addition to paper). Since then, we have extended the range of data and metadata on the web providing free access to data for which charges were previously made. We find that primary users of IDBR outputs rarely require paper, the main exception being public libraries. The majority of users require electronic outputs in a variety of formats (e.g. MS Excel).

28. By comparability, we mean consistency over time and between analyses for different customers. We apply standard definitions across the extracts and tabulations. Any changes are agreed through a user committee (for ONS customers) and an inter-departmental management committee (for the wider government community). Where a change is required, we measure the impact and provide, where possible, both old and new formats.

29. To ensure coherence, we check outputs against a range of other sources. For example, we reconcile our ONS register-based estimates with those produced by the DTI Small Business Service from our register data.

30. Any business register is only as complete as its sources. The IDBR is limited by VAT registration thresholds (currently £56,000 a year) and by exclusion of employers that have all employees below the income tax threshold. The lack of a single business registration system results in a further limitation, as matching of small VAT traders and PAYE employers is imperfect. The register comprises 2 million enterprises, out of an estimated total of 3.75 million but represents 99% of UK economic activity. The DTI Small Business Service publishes estimates of the total population of enterprises with input from the ONS. A limitation of the administrative registration process is a lack of registration of local units. We have developed the annual register inquiry as a tool for maintaining local units across the whole economy (other than for agriculture, which is still covered on the business register only at the enterprise level), and as a consequence we are publishing more complete information on local units.

Legal Issues

31. The UK does not have a statistical or registration law. For the conduct of its business surveys, it has the Statistics of Trade Act dating from 1947 for Great Britain and an equivalent Parliamentary Order for Northern Ireland. Together these place an obligation on businesses to provide data to government and an obligation on government to protect the confidentiality of the data collected.

32. The two main administrative sources that provide the input for the business register are also protected by legislation that limits their use to statistical purposes within UK government departments.

33. The UK has recently introduced a Code of Practice governing the use of data held by the statistics departments. This code makes public the operational rules by which we protect data.

34. In summary:

- Disclosive data can only be released to authorised outside bodies and contractors working for government departments.
- The ONS has set up a microdata release panel to make decisions on whether a release can be made.
- Release under the Statistics of Trade Act 1947 must be supported by a Ministerial Direction.
- Where release is permitted, a form must be signed by the recipient, limiting use to names persons.
- The data will be kept secure.
- The data will not be disclosed to any third party without the permission of the ONS.
- Legal sanctions against unlawful disclosure will be imposed.

35. Data can be sent by any secure media, usually by CD ROM, floppy diskette or paper. The security of email is a major concern. Within UK government departments, a secure email system has been set up, known as the Government Secure Intranet (or GSI). Where a department has such a system in place, individual and disclosive data can be sent by email. Organisations that are part of this system are identified by the inclusion of "gsi" in their email addresses.

36. Once data have been passed from the ONS to customers, they become the responsibility of the recipient. If confidential data are being passed to a third party under contract, then the ONS has to approve the relevant provisions of the contract before releasing the data.

37. Categories of users:

- ONS;
- Other government departments - business register data for sampling and other statistical purposes;
- Other government departments - for integration with ONS survey data;
- Other government departments - for other (administrative) purposes;
- Local authorities - for planning purposes;
- Eurostat;
- Other, business and research, customers.

38. The Code of Practice provides clear, public guidance for these customers. The ONS has published 13 protocols to support the Code of Practice. Those on confidentiality and release practice are most relevant (9).

39. To ensure that data are non-disclosive, counts are always rounded to the nearest multiple of 5, and employment and turnover are suppressed if the count is less than twenty, with additional suppression to prevent secondary disclosure if necessary.

Operational issues relating to release

40. Charges are in line with the ONS charging policy, and are currently £60 per hour (plus VAT where applicable). Additional charges can be made for data that will be published commercially or for resale.

41. The Business Registers Unit aims to despatch standard analyses within two weeks of confirmation of the requirement. The time-scale for special requests would be subject to discussion.

The register as a co-ordination tool

42. Data are collected from businesses through a range of surveys, around one hundred in the ONS alone. The register provides the focus for combining data from these sources. Where data are collected from people about their work patterns, through the labour force survey or the population census, it is then possible to relate employee to business.

43. Creation of a single business number has been under consideration within the UK for some time. Within the UK, the "joined-up government agenda" (guichet unique in French) requires closer working between departments, sharing of data and application of standards. Linked to this, there is a tight timetable for improving electronic communication between government and the business community. This is leading to better access to a wider range of data.

Drivers for future developments

44. The general increasing demand for information for decision making focussing on better targeting of service provision for the community is resulting in more demands on the business register outputs, as these requirements often cannot be met from sample sources. There is an increasing expectation of immediate delivery of information. The Internet or, within government the secure Intranet, is now the standard that is expected for access. Customers expect greater flexibility and to have interactive tools to produce their own views of the underlying data.

45. There is a wealth of administrative data that is currently difficult to access and integrate. For statistical purposes, the main driver is currently the government's Neighbourhood Statistics programme. The overall message is one of informed decision-making through joined-up data services. The increasing importance of the global economy is requiring common standards and better access to data from other countries.

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