

Further information about IDBR sources, structure and updating for publications

The UK Business and Business Demography Publications use data that is taken directly from the Inter-Departmental Business Register (IDBR).

More detail on methodologies applied to produce these publications can be found within the relevant publications;

[UK Business
Business Demography](#)

The following information provides users of these publications with a high level overview of how the IDBR is structured and updated to assist users with making informed decisions about the sources of information held within these publications.

Summary

The UK Business and Business Demography publications are taken from the live IDBR at set points in time, March and May respectively.

IDBR employment data is updated from administrative sources (Her Majesty's Revenue & Customs (HMRC) Pay As You Earn (PAYE) and Value Added Tax (VAT) records) and Office for National Statistics (ONS) Surveys. It is recommended that Business Register Employment Survey (BRES) estimates are used as the main source of employment information for detailed industry and geographical employment comparisons. The only time that IDBR employment should be considered for use is for very small area, or fine cross tabulations, below the level of BRES publication.

IDBR turnover is updated via administrative sources (HMRC VAT and PAYE records) and ONS Business Surveys. It is recommended that the Annual Business Survey (ABS) turnover estimates are used as the main source of turnover information for detailed industry and geographical turnover comparisons. The only time that IDBR turnover should be considered for use is for very small area, or fine cross tabulations, below the level of ABS publication.

For data relating to business births, deaths and survivals, it is recommended that the ONS Business Demography publication is used as the main source of information.

The use of the IDBR classification in publications has to be considered carefully depending on the level of information required. Enterprise level information will provide the activity of most of the employees within the enterprise, i.e. the dominant activity of the employees at the local units, else the administrative source. Local Unit level will provide the activity from the dominant activity of the employees at the associated site.

Introduction to the IDBR

Introduced in 1994, the IDBR, which is the comprehensive list of UK businesses that is used by government for statistical purposes, is fully compliant with the European Union of Regulation on Harmonisation of Business Registers for Statistical purposes. It provides the main 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 IDBR covers over 2 million businesses in all sectors of the UK economy, other than some very small businesses (those without employees, and with turnover below the tax threshold) and some non-profit making organisations.

Sources of Information

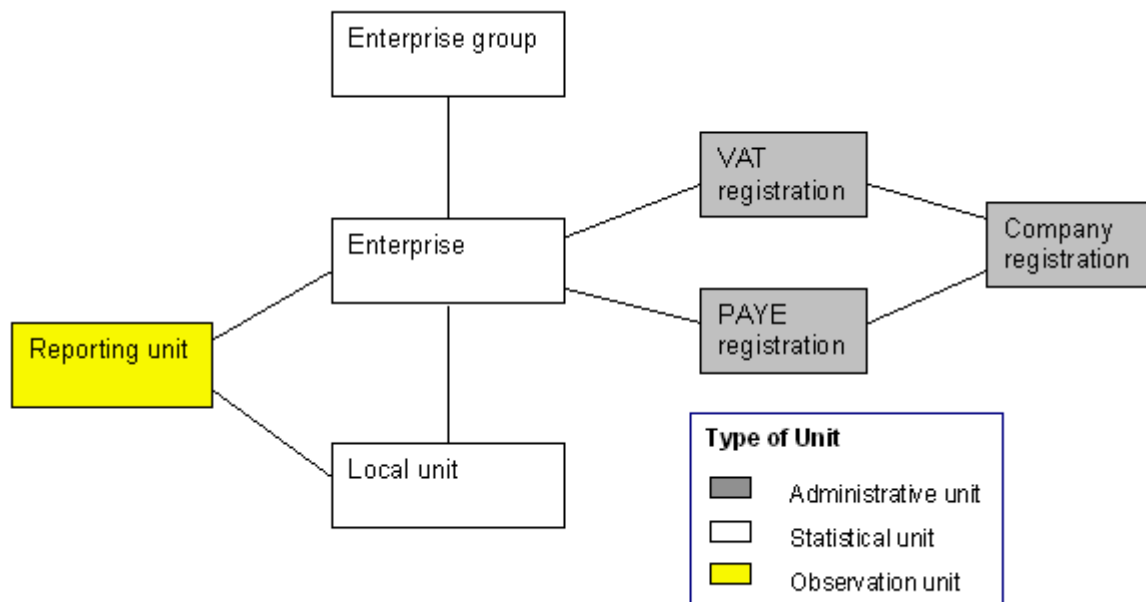
The information used to create and maintain the IDBR is obtained from the five main administrative sources below. These data are provided under various legislation.

1. HMRC VAT - Traders registered for VAT purposes with HMRC
2. HMRC PAYE - Employers operating a PAYE scheme, registered with the HMRC
3. Companies House - Incorporated businesses registered at Companies House.
4. Department for Environment, Food and Rural Affairs (DEFRA) farms
5. Department of Finance and Personnel, Northern Ireland (DFPNI)

As well as the five main sources listed above, a commercial data provider, Dunn and Bradstreet, is used to supplement the IDBR with Enterprise Group information.

In addition the ONS BRES and other surveys supplement these administrative sources, identifying and maintaining the business structures necessary to produce detailed industry and small area statistics. BRES is the only source of local unit (site) information.

Types of IDBR Units and how they fit together.



The business units held on the IDBR can be grouped into 3 types:

I. **Administrative Units:**

VAT trader and PAYE employer information supplemented with incorporated business data from Companies House.

2. **Statistical Units:**

A group of legal units under common ownership is called an Enterprise Group.

An Enterprise can be defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.

A local unit is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. Local Unit information is collected directly via an ONS Survey called BRES. There is currently no administrative source that provides this level of information.

3. Observation Units:

Reporting Units hold the mailing address to which the survey questionnaires are sent. The questionnaire can cover the enterprise as a whole, or parts of the enterprise identified by lists of local units.

Each type of unit on the IDBR will hold the following information:-

- Name
- Address including postcode
- Birth date
- Death date
- Standard Industrial Classification (UK SIC 2007 and UK SIC 2003)
- Employment and employees
- Turnover*
- Legal status (company, sole proprietor, partnership, public corporation/nationalised body, local authority or non-profit body)
- Enterprise group links
- Country of ownership
- Company number

* Turnover is not available at local unit level.

Linking administrative data and IDBR Units together

VAT information is used to generate an Enterprise and Reporting Unit.

PAYE information is used to generate an Enterprise and Reporting Unit

Company Record Number (CRN) is initially not used, but the data are stored on a table in background in readiness for matching.

As the ONS uses administrative data from different sources to maintain its business register, the possibility exists for a single business to have more than one record created for it on the register, in effect causing duplication of statistical units. Such duplication is more probable for sole proprietorships and, to a lesser extent, partnerships where the business may register its name in one form for VAT and another for PAYE. Eg. Robert Alan Smith may be recorded as Rob Smith, R A Smith, Smith Robert and any one of a number of variants.

Data matching establishes a relationship between two statistical units where these conditions of uncertainty exist. Generally, data matching works best if the data are used as supplied. Editing input

data can cause false matches if the editing assumptions are wrong. This is particularly so for addresses. If two addresses are identical, it is likely that they refer to the same data source. ONS uses a data linking tool to run matching processes that are based on business names and addresses.

Employment Sources and Updating

The main sources of employment on the business register are HMRC PAYE and BRES. These key sources are described below.

The BRES sample is addressed to approximately 80,000 businesses each year, covering around 500,000 local units. The BRES design covers all complex and large businesses each year. For example any business with sites in more than one region or industry is covered each year. Additionally, any business with employment of over 100 is covered each year. The employment information requested refers to a reference date in mid September. Data returned via BRES are taken onto the IDBR on monthly basis. Any data that has been validated and is declared 'error free' will be brought forward onto the live IDBR.

DFPNI carry out a Census of Employment (CoE) Survey every 2 years (biennially) and conduct a Northern Ireland BRES (NI BRES) survey in the years in-between which samples approximately 8,000 businesses. Business data returned via these surveys are taken onto the IDBR annually, updating the employment for the Northern Ireland businesses. The reference point for employment for both of these surveys is the first Monday in September in the reference year.

The Short Term Employment Survey (STES) consisting of the Monthly Business Survey, Retail Sales and Construction are also used to update IDBR employment. Where businesses are not selected for BRES, but are selected for one of the STES Surveys, their employment will be updated from the STES return. The reference point for employment will be the latest data returned in the relevant surveys reference month.

HMRC supply ONS with PAYE information for all businesses registered for PAYE that meet the [HMRC PAYE threshold](#). The employment that is held on the IDBR businesses in these cases, is an average of the last four quarters PAYE returns. If a business has less than four quarters PAYE information, the latest quarter's data is held. There is no employment reference date for the PAYE returns, it is the total number of persons on the payroll within that quarter.

Businesses with no PAYE scheme, but with a VAT record, will have their employment imputed from the VAT turnover, using turnover per head ratios which are updated on an annual basis during November of the reference year.

A set of priority rules are used to determine which data source should be put onto the enterprise/reporting unit where there is more than one data source.

In summary the priority is:

- I. BRES (GB & NI)/ NI CoE.
- II. STES
- III. PAYE
- IV. Imputation from VAT

Application of these rules mean:

- I. All large business employment is updated annually.
- II. Medium size businesses with a recent BRES return, will keep their BRES returned employment for up to 4 years. After 4 years, if the unit is not selected for BRES immediately, those businesses with a PAYE will revert to the latest PAYE figure. Those without a PAYE will revert to an imputed employment, based on the turnover per head ratios.

- III. Smaller businesses , with a PAYE scheme, but not selected for BRES within the last 4 years will be updated by PAYE on a quarterly basis
- IV. Small businesses , not in BRES and not operating a PAYE scheme will have employment updated by an annual imputation , based on turnover per head ratios (calculated by averages from other smaller businesses)

The use of IDBR employment in publications and for employment analysis has to be considered carefully. Generally ONS would recommend using BRES employment estimates for detailed industry and geographical employment comparisons. The only time that IDBR employment should be considered is for use is for very small area, or fine cross tabulations, below the level of BRES publication.

Turnover Sources and Updating

The main sources of turnover information on the business register are VAT and ABS data. For IDBR purposes the term 'turnover' relates to income received by a business from the 'sales of goods and or services charged to third parties'.

The GB ABS sample is addressed to approximately 62,000 businesses each year. The ABS design covers all large businesses (250+ employments) with a random sample of smaller businesses used to cover the small/medium size businesses. The turnover question refers to a reference date which is the calendar year for the reference year. Data returned via ABS are taken onto the IDBR annually in September of each year.

DFPNI conduct their own ABS. Data is returned and taken onto the IDBR annually, updating the turnover for the Northern Ireland businesses. The reference point for this turnover is the same as GB i.e. the calendar year in the reference year.

HMRC supply ONS with VAT information for all businesses registered for VAT that meet the [HMRC VAT registration threshold](#). Despite this threshold, businesses can voluntarily register for VAT below this threshold should they wish to do so. Information from HMRC is provided to ONS over various frequencies (dependant on the trader returns)

Those businesses not selected for ABS and with no VAT scheme, but possess a PAYE record, will have their turnover imputed from PAYE employment, using turnover per head ratios which are updated on an annual basis during November of the reference year.

It should be noted that turnover data is not held at local unit level.

ONS do not clerically update any information received from administrative sources. Any changes to turnover for administrative units come directly via the administrative source. For an enterprise, turnover is the sum of the turnovers of the Reporting Units within the enterprise structure. This is updated automatically.

A set of priority rules are used, to determine which data source should be put onto the enterprise/reporting unit where there is more than one data source.

In summary the priority is:

- I. ABS (GB & NI)
- II. VAT
- III. Imputation from PAYE

Application of these rules mean:

- I. All large business employment is updated annually.
- II. Medium/Small size businesses with a recent ABS return, will keep their ABS returned turnover for up to 2 years. After the 2 years, if the unit is not selected for ABS immediately,

those businesses with a VAT will revert to the latest VAT figure. Those without a VAT will revert to an imputed turnover, based on the turnover per head ratios

- III. Small businesses , not in ABS and not operating a VAT scheme will have turnover updated by an annual imputation , based on turnover per head ratios (calculated by averages from other smaller businesses)

The use of IDBR turnover data in publications and for turnover analysis has to be considered carefully. Generally ONS would recommend using the ABS turnover estimates for detailed industry and geographical turnover comparisons. The only time that IDBR turnover should be considered for use is for very small area, or fine cross tabulations, below the level of the ABS publication.

Classification Sources and Updating

The industrial classification (the activity) of any business held on the IDBR is based upon the UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007).

The SIC 2007 classification system is based upon the European classifications system, NACE (Nomenclature generale des Activities economiques dans les Communautes Europennes) (Rev 2).The SIC2007 reflects NACE (rev2) except for the extension to 5 digit level which is a UK specific breakdown. For detailed SIC2007 classification descriptions please refer to the [ONS Classifications webpage](#).

The IDBR is populated with classification information from administrative sources supplemented with survey information collected by ONS. These data sources which already contain an activity classification code in some format are:

- I. HMRC Pay As You Earn
- II. HMRC Value Added Tax
- III. Companies House information
- IV. ONS Surveys

ONS do not clerically update any information received from administrative sources. Any changes to classification for these administrative units come directly via the administrative source.

The allocation of a classification to a business will be based on it's reporting structure. Where an enterprise is unproven (has no local units), the classification will be provided by an administrative source i.e. VAT, PAYE or Companies House.

Where an enterprise is proven (has one or more local units, predominantly collected via BRES) the classification will be calculated from the dominant activity of the attached local units based on employees. i.e. the activity carried out by the greater number of employees.

The dominant activity of a business is driven by the local unit employees (not employment) and is calculated using a 'top down' method on a digit by digit basis for multiple activity enterprises. The methodology considers units based on their SIC section letter then works down 2, 3, 4 and 5 digit level until a clear classification is determined.

A set of priority rules are used, to determine which data source should be put onto the enterprise/reporting unit where there is more than one data source.

In summary the priority is:

1. ONS Surveys
2. VAT
3. Companies House

4. PAYE

The use of IDBR classification in publications has to be considered carefully depending on the level of information required. Enterprise level will provide the activity of most of the employees within the enterprise, i.e. the dominant activity of the local units else the administrative source. Local Unit level will provide the activity from the dominant activity of the employees at the associated site.

Further Information

For information relating to the UK Business and Business Demography publications please contact: +44 (0) 1633 456902 or email: IDBRDAS@ons.gov.uk

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