

GUIDE TO THE BUSINESS POPULATION AND DEMOGRAPHICS STATISTICS PUBLICATIONS

Summary

This paper summarises the key features of the three National Statistics publications on the UK business population. It explains how they relate to each other and points out differences in coverage, to enable users to make an informed choice about which publication they should use.

Background

There are three National Statistics publications that provide information on the total UK business population.

The BIS ***Business Population Estimates*** publication provides the only estimate of the total UK business population, whilst the ONS ***UK Business*** publication provides more detail on the registered section¹ of the business population and the ONS ***Business Demography*** includes levels of business start-ups and closures, as well as providing an alternative measure of the registered business population.

In addition to these publications, similar related National Statistics are released by the three devolved administrations for their countries, the Insolvency Service publishes National Statistics for corporate and individual insolvency and Companies House publishes statistics based on activity on their register.

After describing the key features of the three UK business population publications in Section 1, this paper recommends the most appropriate source that should be used to answer a range of different questions in Section 2. The main characteristics and methodology used to produce each publication are summarised in Section 3. This section will explain the key differences between them and highlight issues to be aware of when using each source, to help users decide which one is most appropriate for their needs. Finally, the key characteristics of the publications by the devolved administrations, the Insolvency Service and Companies House are described in Section 4.

¹ The registered business population are those VAT or PAYE registered businesses that appear as active on the ONS-administered Inter-departmental Business Register (IDBR).

1. Key features

	BIS Business Population Estimates	ONS UK Business: Activity, size and location	ONS Business Demography
Measure	Population at start of calendar year (1 January), together with their associated employment and turnover.	Population at end financial year (30 March).	Business births, deaths and population 'active' at any point within the year.
Coverage	VAT and/or PAYE registered businesses plus estimate of unregistered population.	VAT and/or PAYE registered businesses and local units.	VAT and/or PAYE registered businesses.
Data source	Inter-departmental Business Register, ONS Labour Force Survey and HMRC self-assessment tax data.	Inter-departmental Business Register.	Inter-departmental Business Register.
Timeliness	Released about 10 months after reference point (data for January published October).	Released about 6 months after reference point (data for March, published September/October).	Released about 11 months after reference period (data for 2010 published Dec 2011).
Geography	Data available at UK level, with country and regional breakdowns.	UK, down to county/district, parliamentary constituency.	UK, down to county district.
Legal Status	With exception of Whole Economy table, focus is on Private Sector – companies, public corporations, sole proprietorships and partnerships.	Company, public sector, non profit, partnership, sole proprietors.	Company, public corporations, non profit, partnership, sole proprietors.
Industry	Data available at SIC 2007 3 digit level.	Data available at SIC 2007 4 digit level.	Data available at SIC 2007 4 digit level.
Other disaggregations	Employee size band.	Age of business, turnover and employment size band.	Survival of businesses.
Exclusions	a) Public administration, private households, extra-territorial businesses b) Composite Management Service Companies and businesses registered at an Official Receivers address.	a) Composite Management Service Companies (see http://www.hmrc.gov.uk/employment-status/details.htm) for more details).	a) Agriculture , public administration b) Composite Management Service Companies.

2. Which publication should I use if.....

The BIS ***Business Population Estimates*** publication provides the only estimate of the total UK business population, whilst the ONS ***UK Business*** publication provides more detail on the registered section of the business population and the ONS ***Business Demography*** includes levels of business start-ups and closures, as well as providing an alternative measure of the registered business population.

Each publication will be appropriate for different purposes, therefore this section recommends the best source to answer common questions.

.....I want to know how many businesses there are in the UK?

The BIS *Business Population Estimates (BPE)* publication provides the most comprehensive source for this information, since it combines information on registered businesses (i.e. those registered for VAT and/or PAYE²) with an estimate of the number of unregistered businesses in the UK.

The ONS *UK Business* and *Business Demography* publications provide information on the size of the registered business population and so will not include the smallest, non-employed businesses, which are included in the *BPE*.

As highlighted in Section 1 and described in Section 4, these two ONS publications provide different information on the business population – a count of the number of businesses at a point in time (*UK Business*) and a count of the number of businesses active at any point during the year (*Business Demography*).

.....I want to know how the number of businesses in the UK has changed over time?

The *BPE* publication should be referred to for consistent estimates of the total number of businesses in the UK since 2000. Previously, the BIS *Small and Medium sized Enterprise Statistics* provided estimates for 1994 to 2009, but these are not comparable with the *BPE* series due to methodological changes³. Unfortunately, it was not possible to produce an equivalent time series of the employment and turnover associated with these businesses.

Alternatively, ONS *Labour Force Survey* data provides estimates of the self-employed population and is available back to 1984⁴. Note, however, that this information does not capture employee-managers of companies and it estimates numbers of individuals, not businesses (i.e. some individuals will be running business in partnership with others).

.....I want to know how many business start-ups and closures there have been in the UK?

² For latest VAT threshold see <http://www.hmrc.gov.uk/vat/forms-rates/rates/rates-thresholds.htm> and PAYE threshold see <http://www.hmrc.gov.uk/payee/rates-thresholds.htm>

³ For more details, see <http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/april-2011/economic-and-labour-market-review.pdf>

⁴ See data table 'EMP01' in <http://www.ons.gov.uk/ons/publications/all-releases.html?definition=tcm%3A77-21589>

There are no official statistics on the total number of business start-ups and closures in the UK. The ONS *Business Demography* publication provides information on the number of registered business births and deaths based on a harmonised European definition, described in Section 3 below. This will exclude the smallest, non-employing businesses that are not VAT- or PAYE-registered. Birth date refers to the time when the business is first identified as being 'active' on the IDBR (in terms of having recent VAT or PAYE activity), but the actual date the business started trading could have been some time earlier.

.....I want to know how many local sites there are in the UK?

The ONS *UK Business* publication provides detailed data on the number of local sites (or 'local units') of registered businesses in the UK, as well as information at the business level. Note that this will exclude information on the smallest, non-employing unregistered businesses.

.....I want to know how many businesses there are in local areas?

The BIS *BPE* estimates for the total (registered and unregistered) business population are only available down to a regional level, since the estimates of the unregistered population become less robust at lower level geographies.

There are three alternative measures of business activity at a local level:

- i) Counts of registered businesses based on 'head office' location. The ONS *UK Business* and *Business Demography* publications provide information on the number of registered businesses down to county or district level geography (based on where the business is registered, the 'head office' when the business has more than one local site).
- ii) Counts of individual local sites of registered businesses. Additionally, the ONS *UK Business* publication provides information on the number of local sites (or 'local units') belonging to these registered businesses down to county or district level geography.
- iii) Counts of businesses with activity in devolved administrations. A third measure relating to the number of businesses operating in Scotland, Wales or Northern Ireland (regardless of where the business is registered or how many local sites they have), is provided in the individual publications for each of these countries. These are viewed by the devolved administrations as their preferred estimates (see Section 4 for more information).

.....I want to compare the number of businesses in the UK with other countries?

Eurostat publish comparable data for each European country on business births, deaths and 'active' population, which have been produced based on a harmonised methodology⁵.

⁵http://epp.eurostat.ec.europa.eu/portal/page/portal/european_business/special_sbs_topics/small_medium_sized_enterprises_SMEs

Business Demography is based broadly on this harmonised European methodology, but there are some differences compared to the UK figures on the Eurostat website, because of small differences in coverage (introduced to better suit user needs in the UK).

Therefore, to make robust international comparisons, the UK data provided on the Eurostat website should be used to compare to data from other countries, rather than the *Business Demography* data.

It is also worth noting that since the UK has the highest VAT threshold in Europe, the UK will have fewer businesses on the register⁶.

.....I want to know the level of employment in SMEs in the UK?

The *BPE* contains this information, along with the share of private sector employment accounted for by SMEs.

.....I want to know the level of employment in the UK?

To find out about how many people are in employment in isolation (i.e. not employment in combination with size of enterprise), the ONS *Labour Market Statistics*⁷ (*LMS*) should be used. This is the preferred source of statistics on employment at the whole economy level.

The *LMS* concept of employment differs from the concept of jobs, since a person can have more than one job, and some jobs may be shared by more than one person. The *Workforce Jobs* (*WFJ*) series⁸ provides estimates of the number of jobs in the UK economy and is the source recommended by ONS for both the number of jobs and the industrial composition of jobs.

The ONS *Business Register Employment Survey*⁹ (*BRES*) publishes employee and employment estimates at detailed geographical and industrial levels. *BRES* is regarded as the definitive source of official Government employee estimates at a detailed regional and industrial level.

.....I want to know how much turnover SMEs in the UK account for?

The *BPE* contains this information.

.....I want to know how much turnover is generated in the UK?

To find out about the level of turnover in isolation (i.e. not turnover in combination with size of enterprise), the ONS *Annual Business Survey*¹⁰ (formerly the *Annual Business Inquiry*) is the preferred source.

.....I want to know how many businesses are run by women in the UK?

Information on the characteristics of business owners is not available for the total businesses population. Demographic information is not captured for owners of registered businesses on the IDBR.

However, the BIS *Small Business Survey*¹¹ provides some demographic information on the owners of small and medium sized enterprises (SMEs), for instance an estimate of the proportion of SMEs which are majority women-led.

⁶http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_ec_annexi.pdf

⁷ <http://www.ons.gov.uk/ons/publications/all-releases.html?definition=tcm%3A77-21589>

⁸ <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/index.html> (see 'JOBS01' table)

⁹ <http://www.ons.gov.uk/ons/rel/bus-register/business-register-employment-survey/index.html>

¹⁰ <http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/index.html>

Also, the ONS *Labour Force Survey* provides demographic information for the self-employed population (which represents a combination of registered and unregistered business owners).

3. Detailed description of UK publications



[BIS Business Population Estimates for the UK and Regions](#)

Purpose

There is no single database in the UK which contains details of every active business. The BIS National Statistics publication *Business Population Estimates for the UK and Regions (BPE)* therefore combines information on registered businesses with an estimate of the number of very small unregistered businesses to produce an estimate of the total business population for the UK. The estimates are used by a wide range of users to analyse the scale, structure and significance of the total business population in the UK and to monitor change over time.

Methodology

The main source for this publication is the Inter-Departmental Business Register (IDBR), administered by the Office for National Statistics (ONS), which is used to provide the number of registered enterprises in the UK. The estimate of the number of very small businesses (with no employees and which aren't registered for VAT) that do not appear on the IDBR is produced by BIS by combining information about people who report they are self-employed on the ONS *Labour Force Survey*¹² (*LFS*) and HM Revenue & Customs self-assessment tax returns data. See the Methodology Note that accompanies each publication for more detail.

Coverage

BPE provides an estimate of the total number of businesses at the start of each calendar year, together with estimates of their associated employment and turnover. However, there are time lags associated with the employment and turnover variables so any comparisons should be made with caution.

A single person may run more than one business and each of these businesses will be counted separately in the *BPE* publication.

Whilst the main focus of the *BPE* publication is the UK private sector, summary information is provided for the whole economy (including central and local government and not-for-profit organisations). Data for the private sector is provided by legal status, industry, region and country, broken down by employee size-band.

¹¹ <http://www.bis.gov.uk/policies/enterprise-and-business-support/EEDA/research-and-evaluation/cross-cutting-research>

¹² <http://www.ons.gov.uk/ons/guide-method/surveys/respondents/household/labour-force-survey/index.html>

A time series of the total number of UK private sector businesses by employee size-band is provided back to 2000, to enable robust comparisons over time, given changes in the methodology over this period (specifically, prior to the 2010 estimates, data were released in the *Small and Medium sized Enterprise Statistics*¹³ series).

Businesses that have sites (and employees) in more than one region or country are counted here only in the region or country where they are registered (i.e. usually where the head office is located). These estimates may therefore differ from actual employment in a region, since some employees in one region will work for enterprises that are registered in another region.



ONS UK Business: Activity, Size and Location

Purpose

UK Business is published to enable users to analyse the registered business population by detailed geography or industry. This publication has been released since the early 1970's, although the content and coverage has changed many times over this period.

Methodology

UK Business provides detailed information about registered businesses that were 'live' on the IDBR in March each year. An extract is taken from the IDBR which matches the definitions used by most ONS surveys. This means that some businesses which are considered out of scope for surveys (for reasons such as to avoid risk of duplication) are also excluded from this publication.

Since the publication is an extract from the IDBR, which is based on administrative records, there is no estimation or imputation. However, it is important to note that underlying the extracts are the IDBR processing rules, which impact on the timeliness and classification of businesses for example.

The publication is in two parts: enterprise and local unit. These are tabulated by industry and geography, with industry detail down to SIC 4 digit and geographies including county, district and parliamentary constituency. There are also tables by employment size band and turnover size band, but no employment or turnover values from the register are included in this publication. Additionally tables by legal status and age of business are also produced.

Coverage

The most notable recent change to *UK Business* was the extension from covering VAT registered businesses only, to VAT and PAYE registered

¹³<http://webarchive.nationalarchives.gov.uk/20110920151722/http://stats.bis.gov.uk/ed/sme/index.htm>

businesses in 2008, which extended the coverage by around 450,000 businesses. The decision to broaden the criteria was taken to reflect the move from the old business register to the IDBR (which covers both VAT and PAYE registered businesses).

The product includes private and public sector businesses, all legal statuses, and covers the whole economy.



[ONS Business Demography](#)

Purpose

Business Demography is a relatively new publication, introduced as a result of the Structural Business Statistics Regulation (Annex IX) in 2008. The publication provides data on births, deaths and survivals of business and is different from the other publications in that the main focus is on change, rather than the size of the business population.

Business births and deaths are presented by industry and geography. In addition, a series on business survival is also presented, with 1 to 5 year survival rates by industry and geography.

Methodology

Eurostat specifies the variables required and states that data should be produced from the business register. There is also a joint Eurostat/OECD methodology manual, which provides more detailed guidelines on how to produce this data. *Business Demography* is based on the concept of an active population, i.e. a business active at any time during the reference year. Comparisons of this active population between two periods are used to derive births, and deaths. The headline figures are birth and deaths of businesses, with the population being primarily used as a denominator for calculation of birth and death rates.

The very smallest enterprises (with no employees and which aren't registered for VAT) are not covered within *Business Demography*. A business only becomes listed as a birth once it reaches the tax threshold. This could be in a later period than the point in time when the business started to trade.

Coverage

Business Demography is based on the principle of businesses that are active during the year, so has wider coverage than *UK Business*, which selects businesses that are active on a single date within the year. The coverage is also greater because of the Eurostat requirement to use a very broad definition when extracting files from the IDBR. Thirdly, public sector organisations and the agricultural sector are excluded, since the publication is aimed at measuring entrepreneurship.

4. Related statistics



[Scottish Government Scottish Corporate Sector Statistics](#)

The annual Scottish Corporate Sector Statistics (SCSS) provides information about the total number of enterprises (registered and estimates of the unregistered) operating in Scotland broken down by various groupings including industry, company size, local authority area, and country of ownership.

SCSS includes all enterprises that operate in Scotland regardless of where the enterprise is based. Therefore SCSS gives a complete picture of the full business stock that operates in Scotland. The *BPE*, *UK Business* and *Business Demography* publications only allocate enterprises to Scotland if the enterprises' main registered address is in Scotland.

More information on the differences between the SCSS and the BIS/ONS business stock publications is available at:
<http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/Corporate/ukbusiness>



[Welsh Government Size Analysis of Welsh Businesses](#)

Similar to the SCSS, this annual publication provides an estimate of the total number of businesses (registered and estimates of the unregistered) operating in Wales, regardless of where the head office is based. The *Size Analysis of Welsh Businesses (SAWB)* publication is regarded as the official source of statistics on Welsh businesses by the Welsh Government.

The *SAWB* publication includes all enterprises that operate in Wales regardless of where the enterprise is based. Therefore, *SAWB* gives a complete picture of the full business stock that operates in Wales. The *BPE*, *UK Business* and *Business Demography* publications only allocate enterprises to Wales if the enterprises' main registered address is in Wales. This under-estimates the employment of businesses in Wales, particularly in respect of larger employers.

However for UK-wide comparisons the BIS *BPE* or ONS *UK Business* or *Business Demography* statistics should be used.



Northern Ireland Statistics and Research Agency *Facts and Figures from the IDBR*

The annual Northern Ireland *Facts and Figures from the IDBR* bulletin is a compendium publication comprising the Northern Ireland elements of key tables from the ONS *Business Demography* and *UK Business* publications and the BIS *BPE* estimate of the total business population in Northern Ireland (registered and unregistered). It additionally provides analyses from the IDBR on Foreign Owned Businesses operating in Northern Ireland and information on the business population operating in Northern Ireland.

Like the publications for Scotland and Wales, the additional analysis in this publication includes all enterprises that operate in Northern Ireland regardless of where the enterprise is based. However, this analysis only includes VAT and/or PAYE registered businesses and so will exclude very small businesses operating in Northern Ireland.

The analysis provides information on the Northern Ireland business population grouped by industry, employee sizeband, public/private sector split, legal status and country of ownership.



Insolvency Service *Insolvency Statistics*

The Insolvency Service publishes quarterly statistics on personal and corporate insolvencies for England & Wales, Scotland and Northern Ireland, and trends over the last 10 years. Broad industrial breakdown for corporate insolvency procedures, as well as trading related bankruptcies are included and additional breakdowns for personal insolvency procedures.

The headline figures are for England and Wales and these contain unadjusted and seasonally adjusted series. The statistics for Scotland and Northern Ireland are published on behalf of the devolved administrations to provide a more complete coverage of the UK. Scotland also publish their own Official Statistics.¹⁴

Corporate insolvency statistics include compulsory and creditors' voluntary liquidations, administrations, receiverships and company voluntary arrangements. Individual insolvencies include bankruptcy, debt relief orders (DROs) and individual voluntary arrangements (IVAs). Businesses are represented under both categories, as the owners or partners of small businesses which are not incorporated may be declared bankrupt or be subject to an IVA. For bankruptcies, the statistics for E&W identify these

¹⁴ <http://www.aib.gov.uk/scottish-insolvency-statistics-quarter-4-2011-12>

separately as 'self-employed' but the same breakdown is not available for IVAs.

The business population most closely related to the corporate insolvency statistics is the Companies House register figures (see below) and this is the basis currently used to calculate the 'rate' of company failures, however this is to be reviewed in the near future. For small businesses, these are more closely related to the legal status definitions covering sole traders or partnerships, though some partnerships would be liquidated as a registered company.

It is also worth noting that a company may progress through more than one form of insolvency; the most common route is from administration to liquidation, but other combinations of two or more types occur. This means that it is not appropriate to add the numbers of corporate insolvencies together to produce a total for the number of companies in insolvency, as the same company may then be counted more than once.

Companies House register

Companies House publish statistics relating to activity on their register on a monthly basis, with a summary report at the end of each financial year.

A company is a specific type of legal form of business, covering those businesses that are registered (incorporated) at Companies House. The BIS *BPE* publication reported that companies accounted for 28 per cent of the total business stock at the start of 2011.

Whilst the *BPE* reported that there were 1.26 million companies at the start of 2011 (sourced entirely from the ONS Inter-departmental Business Register), the Companies House (CH) register statistics reported 2.46 million companies at the end of 2010/11.

The four main reasons for this difference between the *BPE* and CH register statistics are described below. It is important to remember that the IDBR exists primarily as a sampling frame for business surveys, so the filtering of company registrations is designed to fit survey requirements.

- 1) The ONS only including 'active' businesses on the IDBR (which they define as those who have recent VAT and/or PAYE activity), whilst the CH data will include some companies they define as 'dormant' (i.e. those with no significant accounting transactions in the year, estimated at 18-20 per cent of register).
- 2) ONS note that many companies are set up for purposes which are not directly related to economic activity, such as the protection of names, or by clubs and societies which are not required on the business register and so are excluded.

- 3) Another factor is that the ONS IDBR combines information from CH and other government departments to create 'enterprises'¹⁵, which may in some cases combine several CH registrations, where the financial links are close - this is in line with EC regulations on the formation of business registers.
- 4) Additionally, some companies on the CH register will be those that are registered in the UK, but all their activity occurs abroad, so they are not identified as being 'active' by the ONS.

Other ONS business publications

The ONS has published an interactive guide to the business publications they produce which provides further useful information¹⁶.

¹⁵ An enterprise is defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) which has a certain degree of autonomy within an Enterprise Group.

¹⁶ <http://www.ons.gov.uk/ons/guide-method/understanding-ons-statistics/business-statistics---interactive-user-guide/index.html>