Local sites and numbers of employees linked to businesses involved in international trade in goods, by subnational areas of the UK, 2019

About this release

HMRC experimental statistics showing the regional (NUTS3) distribution of local sites and employees for the businesses within the UK Trade in Goods by Business Characteristics data.

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Summary

This is an ad hoc experimental release that subdivides the businesses behind the published 2019 Trade in Goods by Business Characteristics data into their component local sites within the NUTS3 areas of the UK. This release reports on the number of local sites within each NUTS3 area that can be linked to a business carrying out international trade in goods, and the number of employees at these local sites.

Tables Produced

The tables produced in this release are:

1. **Notes:** a summary of the methodology and data sources used for compiling the statistics.

2. **Exports of goods by NUTS3**: For each NUTS3 region, the number/proportion of local sites and employees that are linked to:

    - businesses exporting goods
    - businesses exporting goods only to the EU
    - businesses exporting goods only to non-EU
    - businesses exporting goods to both EU and non-EU
    - any businesses exporting goods to the EU
    - any businesses exporting goods to non-EU

3. **Imports of goods by NUTS3:** For each NUTS3 region, the number/proportion of local sites and employees that are linked to:

    - businesses importing goods
    - businesses importing goods only from the EU
    - businesses importing goods only from non-EU
    - businesses importing goods from both EU and non-EU
    - any businesses importing goods from the EU
    - any businesses importing goods from non-EU

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Definitions

Key definitions

Terms used within this release:

- [Inter-Departmental Business Register (IDBR)](#) - the comprehensive list of UK businesses that is used by government for statistical purposes.

- Enterprise – the primary business unit on the IDBR, which in most cases equates to a single VAT-registered business. Larger enterprises may be comprised of a number of VAT-registered businesses.

- Business – for the purposes of this release, the term 'business' denotes an enterprise that has been linked to one or more VAT-registered businesses.

- Local unit – a statistical unit on the IDBR which denotes a geographical location for each site at which an enterprise has a presence. Each local unit has an associated employee count.

- Single-site enterprise – an enterprise that is based at a single geographical location and has no local units.

- Multi-site enterprise – an enterprise that is comprised of a number of local units, each based at a different geographical location.

- Local site – this is an umbrella term covering any local unit or single-site enterprise.

Data presented here are estimated counts of local sites that are linked to VAT-registered businesses which imported or exported goods in the calendar year 2019, together with their associated number of employees. These are compared with the baseline counts of all local sites/employees that are linked to VAT-registered businesses on the IDBR.

The IDBR structure has at its heart the 'enterprise' as the primary business unit, with the local units forming the geographical sites at which an enterprise has premises. The main administrative data sources feeding into the IDBR are the VAT and PAYE registration information collected by HMRC. These are complemented by survey data contributed by reporting units of businesses, which are based at one or more geographical locations:

IDBR Structure:
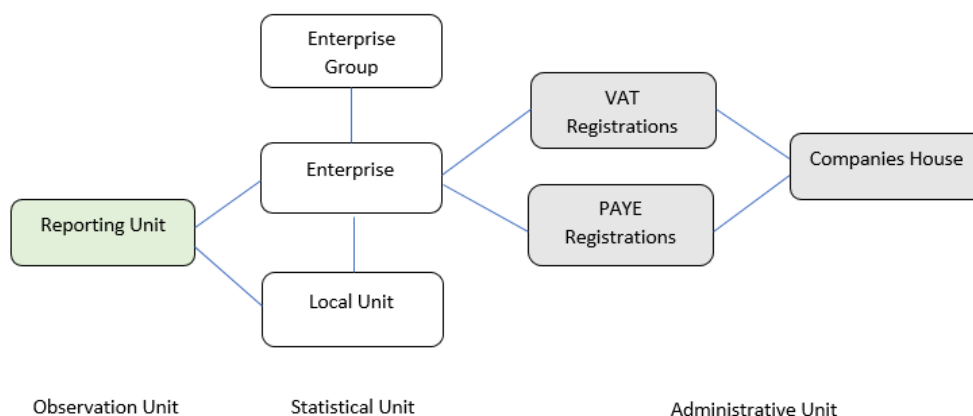
For the purposes of this release, only enterprises that comprise one or more VAT registrations have been included (i.e. we exclude PAYE-only enterprises). This is because the VAT registration is necessary for linking to the HMRC Trade in Goods data, which is the key information source used in this release. As an

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example of business structure: a national supermarket chain might be comprised of a single VAT registration, which would appear on the IDBR as a single enterprise, while the individual supermarket branches would each form a separate local unit.

More information about the IDBR methodology and structure can be found in the [UK business activity, size and location methodology](#), published by the Office for National Statistics.

Key assumptions

This release relies on two key assumptions:

1. **If an enterprise is trading (importing and/or exporting goods), it is assumed that all of its local sites are involved in international trade.** While we know that this is not the case for the majority of businesses (e.g. a business may carry out exports from one location and have its administrative office at another location) there are currently no means of assessing whether or not individual local sites are involved in importing or exporting goods.

2. **If an enterprise is trading (importing and/or exporting goods), it is assumed that all of its employees are involved in the activity of international trade.** While we know that this is not the case for the majority of businesses (e.g. employees working in a local supermarket branch may be employed by a business that imports or exports, but this does not mean they are directly involved in the importing/exporting activity), there are currently no means of assessing which employees within a business are actively involved in international trade.

Geography

In line with other HMRC subnational publications such as the Regional Trade in Goods Statistics (RTS) and the Regional Trade in Goods Statistics disaggregated by smaller geographical areas (RTSD), we have continued to use the EU standard Nomenclature des unités territoriales statistiques (NUTS) classification. Whereas the RTS is currently published at NUTS1 level (English regions plus Wales, Scotland and Northern Ireland) this release uses the more detailed NUTS3 level. An example hierarchy is:

> NUTS1 – North East

> NUTS3 – North East is made up of Darlington, Durham County Council, Hartlepool and Stockton-on-Tees, Northumberland, South Teesside, Sunderland and Tyneside.

The UK is comprised of 179 NUTS3 regions. A detailed list and pictorial illustration of the [NUTS regions within the United Kingdom](#) has been published on the Eurostat website.

As from January 2021 the NUTS geographical classification system for the UK was replaced by International Territorial Levels (ITLs). For the purposes of this release we have chosen to retain the NUTS3 classification as 2019 data is being presented. Since ITL3 areas have been designed to mirror the NUTS3 regions, we anticipate there will be very little difference between ITL3 areas and the equivalent NUTS3 regions.

Allocation of local sites and employees to geographical areas

This release is based on counts of local sites listed on the IDBR, and their employees. This is a different approach to other HMRC trade publications, which are usually based on counts of VAT-registered businesses or enterprises. This output does not attempt to provide enterprise or business counts – counting local sites is a more granular way of counting business activity. The local sites of a business are counted at the level of the postcode, so the number of local sites for each business equates to the number of different postcode locations at which the business has physical premises. The number of employees associated with each local site is the number of people employed at that physical location.

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Each local unit listed on the IDBR is associated with an overarching enterprise. However, the majority of enterprises (80%) are single-site businesses that do not possess local units; for the purposes of this release, each of these single-site enterprises is counted as a single local site. The remaining minority of multi-site enterprises (20%) are broken down into their component local units, with each local unit counted as a single local site.

Matching of local sites to HMRC trade in goods businesses

The base population of 2.4 million local sites was derived from the IDBR data by including all local units linked to a VAT-registered business, together with all single-site enterprises linked to a VAT-registered business. Each local site is linked with its postcode and hence with its NUTS3 region, using the National Statistics Postcode Lookup (NSPL) and ONS Geography data.

Each local site's associated enterprise is used to link it to a business within the published [Trade in Goods by Business Characteristics](#) dataset where possible, enabling a count of those local sites that are linked to a business trading goods. Data is then aggregated at the NUTS3 level to obtain the total number of local sites and employees per NUTS3 region that are linked to a business trading goods.

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Explanatory Notes

Introduction

1. HM Revenue & Customs (HMRC) is responsible for collecting the UK's international trade in goods data, which are published as two National Statistics series - the Overseas Trade in Goods Statistics (OTS) and the Regional Trade in Goods Statistics (RTS). Alongside these National Statistics releases, HMRC publishes the experimental dataset Trade in Goods by Business Characteristics (TIGBC) as an annual release.

2. The data being published here are ad hoc experimental statistics that provide counts of local sites and employees for the enterprises within TIGBC, disaggregated by NUTS3 areas of the UK.

Overseas Trade Statistics

3. Data to assess whether a business is trading is taken primarily from Customs systems (for non-EU trade) and the Intrastat survey (for EU trade). HMRC does not receive information in respect of goods that move wholly within the UK, nor in intangibles and services such as banking or tourism.

4. OTS is published on a Special Trade basis, following changes to the methodology from May 2016 account onwards. Details of this can be found in the Overseas trade Statistics methodology document. The RTS and TIGBC are also published on this basis.

5. Trade in non-monetary gold (NMG) is included in the OTS data, but is excluded from RTS data. This is because the majority of NMG trade would be assigned to the London region and this would distort the RTS figures. For this release, businesses trading in NMG are included: the risk of distortion is considered to be low, since no information on trade value is being released.

ONS Publications

6. ONS has recently released a similar subnational dataset for Trade in Services. While the methodologies for the HMRC and ONS releases were developed in tandem, there are some differences between the two publications:

   - Trade in Goods (HMRC) and Trade in Services (ONS) are each collected on a different basis: HMRC uses a 'physical movement' basis for trade in goods, whereas ONS uses a 'change of ownership' basis for trade in services;

   - Different 'snapshots' of IDBR data are provided to each government department, depending on when the data was requested;

   - ONS data is published under the new International Territorial Levels geographical classification system, whereas HMRC uses the NUTS system;

   - ONS data excludes businesses situated in the Channel Isles, whereas HMRC data includes these in the 'Unknown' category.

   This has resulted in some differences between the local site counts and employee counts in the HMRC and ONS publications.

Methodology for this release

7. Each local unit is linked to a parent enterprise on the IDBR. Each enterprise is identified as 'trading' or 'not trading' depending on whether it can be linked with a VAT registered business within HMRC's trade in goods data. A 'trading' enterprise may be importing goods and/or exporting goods.

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8. All local units within an enterprise are treated identically for the purposes of identifying their trade pattern. Trade information is only available at the level of the enterprise, so it is assumed that all local units within an enterprise are trading in the same manner.

9. Each local site has its own employee count and its own postcode, which can be linked to a NUTS3 region. Each local site is given a count of 1 when the local sites within a region are summed, while its associated employees are added to the total employee count for the region.

10. If a local site is identified as 'trading' (importing and/or exporting goods) based on the activity of its parent enterprise, the local site and employee count are included in the relevant counts/sums, according to the trade in goods pattern of the parent enterprise.

11. The tabulated data in this release is based only on trade data that was successfully linked to an enterprise on the IDBR. In terms of trade coverage, this methodology captures around 94% of all trade in goods. The remaining 6% of trade value is excluded as it cannot be linked to an enterprise; this is usually due to either:

    - Invalid business identifiers on non-EU trade data;
    - Non-VAT-registered businesses that are not included on the IDBR;
    - Bulk trade and estimates within the trade data that cannot be attributed to individual businesses.

12. **Missing postcode estimation**

    The vast majority of local sites had a genuine NUTS3 region assigned from their postcode (obtained from the National Statistics Postcode Lookup (NSPL) together with the ONS Geography file). However, for a small proportion of local sites (1.7%) it was not possible to assign a NUTS3. Of these, around a quarter were assigned an estimated NUTS3 (see below for methodology), leaving around 1.3% of local sites with a missing NUTS3.

    For the 0.4% of local sites for which NUTS3 was estimated, this was achieved using a two-stage estimation methodology:

    - The first stage assigned the most prevalent NUTS3 region for all other postcodes within the same postcode sector (first part of postcode + first digit of 2nd part).

    - If this did not yield a result, the local site was passed through to the second stage, which used wider criteria: looking for and assigning the most prevalent NUTS3 for the postcode district only (first part of postcode).

    This estimation methodology resulted in an additional 10,000 local sites being assigned to a NUTS3 region, leaving 30,000 with a completely unknown region. The vast majority of these were Non-established Taxable Persons (NETPs), which are foreign-owned businesses with no physical presence in the UK apart from that required for tax purposes. The remainder were mainly businesses based in the Isle of Man and Channel Isles. For this release, all NETPs have been assigned to the unknown region category, in line with the methodology used for RTS. The employee count has been adjusted to zero for all NETPs within this release.

13. Local sites listed on the IDBR as having zero employees are those where no business proprietors/workers are linked to the PAYE system. We assume here that any such business will necessarily support at least one job, so each of these businesses is given an employee count of 1. The only exception is in the case of NETPs (see above), where the zero-employee status is upheld and the employee count therefore remains as zero.

14. Data has been compiled on a Special Trade basis, excluding trade that enters a customs warehouse but does not enter free circulation in the UK. This is in line with the trade basis used for TIGBC.

15. All data are based on the 2019 IDBR local unit file and enterprise file. The base population of local sites includes all local units and all single-site enterprises that can be linked to a VAT-registered business; each local site is given a count of 1. Where possible, 2019 trade data is matched to a local site via the enterprise.

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16. 2019 EU trade data is only collected from VAT-registered businesses. In contrast, 2019 non-EU trade data is collected from both VAT-registered and non-VAT-registered businesses. As this release is restricted to VAT-registered businesses, there will be some non-EU trade that is not covered.

17. Trade data for businesses trading below the Intrastat threshold in 2019 (£1.5m for EU imports and £250,000 for EU exports) are estimated from VAT data.

18. The data supplied are not directly comparable to those published in RTS, RTSD or TIGBC because:

    - The data presented in this release is at the level of the local site, whereas other HMRC releases are presented at the level of the enterprise or VAT-registered business.

    - Businesses exclusively trading non-monetary gold have been included in this release, whereas RTS data excludes such businesses.

    - There are methodological differences in the way trade data is linked to IDBR data.

19. Data excludes estimates for late or missing trade, estimates for Missing Trader Intra-Community (MTIC) fraud and estimates for trade in oil, gas and electricity that are published as part of the Overseas Trade Statistics on uktradeinfo.com. This is because it is not possible to allocate these estimates to individual businesses.

20. Trade in goods data extracted is subject to change given amendments over time. This release does not include the corrections to 2019 OTS data that were published in November 2021.

Governance

21. Currently these statistics are labelled as experimental. These are new statistics that seek to address the HM Government need for a robust estimate of the number of employees linked to trade at a sub-national level. Our project is a first attempt to produce such estimates at low levels of UK geography, and will complement similar estimates for Trade in Services published by the ONS in collaboration with the Department for International Trade.

    For more information on the use of experimental statistics, please visit the Guide to Experimental Statistics on the ONS website.

22. HMRC applies Statistical Disclosure Control (SDC) to all its statistical releases to protect data providers. Therefore, requests for data relating to other geographies or greater detail are also subject to SDC so it is unlikely that these can be provided.

23. With the UK having left the EU, it is important that our statistics continue to be of high quality and are internationally comparable. All releases continue to be produced in accordance with the UK Statistics Authority's Code of Practice for Statistics and in accordance with internationally agreed statistical guidance and standards.

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