



BUSINESS POPULATION ESTIMATES FOR THE UK AND REGIONS, 2023

METHODOLOGY & QUALITY NOTE

PUBLISHED 5th OCTOBER 2023

Contents

Introduction	Page 3	
Section 1 - Definitions and Coverage		Pages 4-6
Definitions use	ed in this publication	Page 4
Coverage		Page 5
Section 2 - Method	Pages 7-11	
Methodology i	n brief	Page 7
Methodology i	n detail	Page 8
Statistical disc	losure control	Page 10
Revisions Poli	су	Page 11
Section 3 – Quality		Pages 12-17
Relevance		Page 12
Accuracy		Page 13
Timeliness		Page 15
Accessibility a	nd Clarity	Page 15
Comparability		Page 16
Coherence		Page 17
Annexes		
A BPE 2010-2012 - discontinuities		Page 19
B ONS Inter Depart	Page 22	
C ONS Labour Ford	Page 24	
D HMRC Self-asses	Page 25	
E Links to sources	Page 27	

Introduction

- 1. Business Population Estimates for the UK and Regions (hereafter referred to as BPE) is produced by the Department for Business and Trade¹. It superseded the Small and Medium Enterprise (SME) Statistics for the UK and Regions series in 2010 using a revised methodology to improve the quality of estimates of the number of businesses. The two series should be used independently.
- 2. The BPE 2010 publication issued on 24 May 2011 was the first release based on this improved methodology. The BPE 2011 publication (released on 12 October 2011) incorporated a further improvement to the methodology (see Annex A for more information). This edition follows the methodology for BPE 2011.
- 3. There is no single database in the UK which contains details of every active business. Government's statistical business register, the Inter-Departmental Business Register (the IDBR)², contains all businesses operating VAT and/or PAYE schemes. This publication takes data on businesses on the IDBR, and then estimates the number of sole traders and partnerships *unregistered* for VAT or PAYE.
- 4. Therefore, this publication is the only official source for data that provides data on both registered and unregistered businesses in the UK.
- 5. The BPE is an accredited official statistic. Accredited official statistics are called National Statistics in the Statistics and Registration Service Act 2007. They are produced to high professional standards set out in the *Code of Practice for Statistics*. Further information on accredited official statistics can be found on the United Kingdom Statistics Authority (UKSA) website.
- 6. These statistics were <u>assessed</u> for accreditation against the *Code of Practice for Statistics* by UKSA during 2011-12. In October 2012 their accreditation was <u>confirmed</u>. Following an Office for Statistics Regulation (OSR) <u>compliance check</u> in August 2022, the accreditation was retained. Details of improvements since the 2011-2012 UKSA assessment and since the 2022 OSR compliance review can be found in the Statistical Release under the heading 'Official statistics accreditation'. Designation can, broadly, be interpreted to mean that the statistics: meet identified user needs, are well explained and readily accessible, are produced according to sound methods, and are managed impartially and objectively in the public interest. Once statistics have been accredited, it is a statutory requirement that the Code of Practice shall continue to be observed.
- 7. This document provides guidance for users on methods used and the quality of the publication. It describes how to interpret the data in the BPE publication, and how it differs from the previous SME statistics series and other data published by the government on the UK business population.
- 8. The <u>BPE</u> publications for 2010 to 2023 and <u>SME Statistics</u> publications for 1994 to 2009 are available from the GOV.UK website. For further information or to give feedback on the BPE publication please contact the production team using the email address given on the <u>BPE collection page</u>.

_

¹ Until 2023 the BPE was produced by the Department for Business, Energy and Industrial Strategy

² For more details, see Annex B

Section 1 - Definitions and Coverage

Definitions used in this publication

Business

- 9. A *business* may be VAT and/or PAYE registered and therefore appear on the government business register (the IDBR), or it may exist without being registered.
- 10. A *registered business* or *enterprise* is 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. A branch or office of a larger organisation is not in itself an enterprise.

For example, a supermarket chain will count as one business, with the employment and turnover of individual stores, distribution centres etc included within this.

- 11. *Unregistered businesses* are those businesses run by self-employed people that are not large enough to be VAT or PAYE registered and therefore will not appear on the IDBR.
- 12. A single person may run more than one business and each of these businesses will be counted separately in these estimates.

Employees

13. The number of *employees* refers to the number of people working within the business under a contract of employment in return for a wage or salary. A business can be classed as having no employees if all the business is conducted by people classed as being working proprietors. In the <u>detailed tables</u> for BPE 2023, Table 1 shows employment split out between working proprietors and employees.

For example, 20 partners in a partnership could all be defined as working proprietors if none of them were drawing a salary and therefore classed as an employee.

Employment

14. This refers to the number of employees plus the number of self-employed people (or 'working proprietors') who run the business. Individuals with two jobs in different businesses, and self-employed people running two businesses will be counted against each business. Both full-time and part-time employees are counted, and both are counted as an employee. Employment is provided, primarily for use in classifying businesses by employee size band and to calculate shares of employment across industrial sectors, regions, and legal statuses. Employment data in the BPE are indicative and ONS publishes other sources of employment data more suitable for monitoring total jobs and people in employment. See the Workforce Jobs series, the Business Registers Employment Survey (BRES), and wider Labour Market Statistics.

For example, a business with two partners and three employees will have five employment.

Turnover

15. This refers to the value of sales, work done and services rendered. It excludes VAT. Turnover data for registered businesses comes from the IDBR³. Turnover data for unregistered businesses is estimated (see 'Economic contribution' in Section 2). Turnover data in the BPE are indicative and for registered businesses the recommended source of turnover data is the Annual Business Survey.

Size of business

16. This refers to the number of employees within a business. In the Statistical Release, we refer to small as those with 0 to 49 employees, medium as 50 to 249 employees and large as 250 or more employees. We also use the term "SME" to cover all businesses with 0 to 249 employees.

Coverage

- 17. With the exception of the Whole Economy table (Table 2) in the <u>detailed tables</u>, the BPE publication covers private sector businesses⁴, even those that sell their products exclusively to the government. It excludes central and local government⁵, charities and other non-profit organisations, which are shown in Table 2 of the publication only.
- 18. Private households and extra-territorial bodies (SIC code sections T and U) are not included, as they are outside the scope of this publication.
- 19. There is no lower boundary of business activity for inclusion in the BPE publication. Even a small amount of business activity counts. However, many "no employee" businesses are labour-only sub-contractors; that is, self-employed people trading in their own skills or professional knowledge. They might work for just one customer. Many are genuine entrepreneurs or at least think of themselves as separate from the organisation to which they sell their skills. The improved BPE methodology used since the 2010 edition makes use of additional questions on the ONS Labour Force Survey around who pays the salary or wage of the self-employed and whether they pay their own National Insurance and Income Tax to better identify "true" self-employed activity (see Section 2).
- 20. Apart from Table 2 in the detailed data tables, which also includes Government and non-profit businesses, the BPE publication comprises businesses from three types of legal status only *sole proprietorships*, run by one self-employed person; *ordinary partnerships* (partnerships with unlimited liability we generally refer to these simply as 'partnerships'), run by two or more self-employed people; and *companies* (Companies

Page 5 of 29

.

³ Where there is an enterprise group, turnover for all the VAT enterprises within the group may be notified (to HMRC) by a reporting or 'standard' unit. If this is not updated from other sources the IDBR record will hold an unusually high turnover for the reporting enterprise and other enterprises within the group will hold an estimated turnover. Therefore, turnover in a small number of businesses may be too high.

⁴ The private sector includes a small number of public corporations and nationalised bodies.

⁵ The local and central government sector is comprised of all enterprises classed by ONS as having an institutional classification of either local or central government, and private sector enterprises with SIC2007 classification codes 841 (administration of the state and the economic and social policy of the community, 842 (provision of services to the community as a whole), and 843 (compulsory social security activities).

can take a range of legal forms, including Public Limited Companies, Private Limited Companies, Limited Liability Partnerships, and others such as public corporations and nationalised bodies) in which the working directors are classed as employees.

- 21. The methodology used includes all registered companies, sole traders and ordinary partnerships, along with unregistered sole traders and ordinary partnerships. Unregistered companies are not included in the BPE, as no existing procedure reliably distinguishes those that are active from those that are inactive on the basis of available data. A paper published alongside the 2023 BPE provides further details.
- 22. The most detailed industry tables provided in the publication are disaggregated to 3-digit SIC 2007 level for businesses identified as employers only. Estimates of businesses with no employees rely heavily on the ONS *Labour Force Survey (LFS)* which is a sample survey and insufficiently robust to provide accurate estimates at this level of detail.
- 23. Companies with only one PAYE employee on the IDBR are counted in the "with no employees" category, rather than the "1 employee" category, as the employee is treated as being equivalent to a "working proprietor". This is done to ensure that incorporations by individuals operating alone do not distort the overall numbers of businesses with employees in businesses run as sole proprietorships or ordinary partnerships, working owners pay income tax through self-assessment not PAYE, whereas in companies they will usually draw a salary through PAYE.
- 24. Companies without employees can be holding companies, investment trusts or pension funds and most of these will have no associated employment. In addition, a small number are companies where, for technical reasons, employee directors are already treated as working proprietors.
- 25. Around 900,000 companies with one PAYE employee have been counted in the "with no employees" data in the publication, while around 9,000 companies have no employees recorded on the IDBR, as shown in Table A.

Table A: Companies (including public corporations and nationalised bodies): number of businesses, employment and turnover by number of employees, UK, start of 2023

	Enterprises	Employment	Turnover ¹
All companies	2,052,305	22,352	4,196,329
All companies with PAYE employees	2,042,880	22,345	4,184,131
With no employees	9,425	7	12,199
1 PAYE employee	900,735	902	158,026
2+ PAYE employees	1,142,145	21,443	4,026,105

^{1: &}quot;All Industries" turnover figures exclude Section K (Financial and insurance activities) where turnover is not available on a comparable basis.

26. Composite and managed service companies set-up to take advantage of specific tax benefits were excluded from previous BPE and ONS publications until 2018. The exclusion was applied at postcode level. Since 2018, these postcodes have been included in the data, as there is no evidence to support their continued exclusion. Over 99.9% of the businesses that would previously have been excluded from the publication are small (0 to 49 employees), so their inclusion has a limited effect on headline small business figures

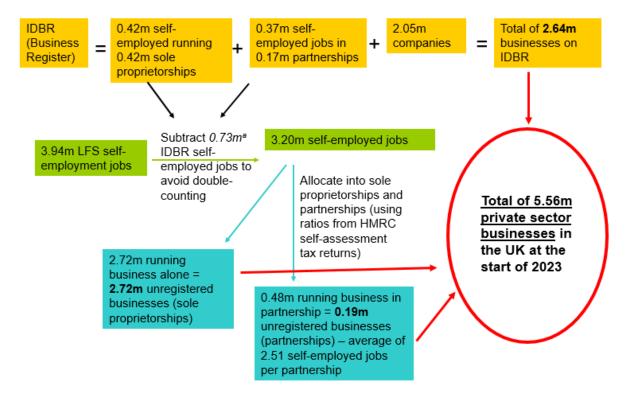
Section 2 – Methodology & Revisions

27. As there is no database of all businesses in existence in the UK, alternatives are used to estimate the number of businesses not on the IDBR (the business register). Further background on the IDBR can be found in Annex B.

Methodology in brief

- 28. The IDBR contains all VAT and/or PAYE registered businesses. Additional estimates of unregistered sole proprietors and partnerships run by self-employed people either alone (sole proprietorships) or with others (partnerships) are also made. No estimates of unregistered companies are included in the BPE. A paper providing further information on, and analysis of, such companies was published alongside the 2023 BPE
- 29. We first use the ONS Labour Force Survey (LFS) to provide a number of self-employed 'jobs' (counting self-employment in first and/or second declared jobs separately, where applicable)⁶. Alongside this we use the IDBR to count self-employed jobs in IDBR registered businesses (working proprietors). By subtracting the IDBR working proprietor jobs from the ONS LFS self-employed jobs total, we know how many self-employed jobs there are in unregistered sole proprietors and partnerships.
- 30. We then use a ratio of self-employed working alone or in partnership and the average number of partners per partnership (from HMRC self-assessment tax return data) to allocate self-employed jobs into businesses. This estimate is added to the IDBR count to give the estimated total business population in the UK, as shown in Figure A).

Figure A: Flowchart to illustrate the BPE methodology



⁶ Further background on the ONS *Labour Force Survey* can be found at Annex C.

•

Note to Figure A: Where IDBR information for self-employed sole proprietors and self-employed jobs in partnerships is greater than the total LFS self-employed for any 2-sigit SIC code, total remaining self-employed jobs is set to zero to avoid negative numbers. The IDBR is deemed to be a more accurate source than Labour Force Survey data. Hence the 0.73 million figure provided differs slightly from the sum for self-employed sole proprietors and self-employed jobs in partnerships.

Methodology in detail

Self-employment estimates from the ONS Labour Force Survey (LFS)

- 31. There were an estimated 3.94 million self-employed jobs in the UK at the start of 2023⁷. Self-employed jobs are calculated by combining data from the Q4 2022 and the Q1 2023 quarterly ONS LFS micro-data (seasonally unadjusted) files on the basis of tax paid (see paragraph 20 for further details).
- 32. The 3.94 million is made up of 3.49 million people self-employed in their main job and 0.45 million who had a second job with self-employed status. Some of those with self-employment as a second job may also have self-employment as a first job but these figures can be added together because it is the number of businesses in which we are interested, rather than the number of individuals.

Overlap of the IDBR and LFS self-employment count

- 33. Adding self-employed jobs estimated from the LFS to the IDBR count would lead to double counting of businesses in some instances since:
 - (i) not all self-employed people run businesses on their own some are in a partnership.
 - (ii) some of them run businesses that are VAT and/or PAYE registered and so already appear on the IDBR.
- 34. The LFS does not ask individuals whether they work alone or in a partnership, or whether their businesses are VAT or PAYE registered, so this must be estimated.

Self-employed on the IDBR

- 35. The first step is to estimate how many self-employed people (working proprietors) are registered for VAT and/or PAYE with HMRC and are therefore on the IDBR.
- 36. The IDBR records employment mainly via survey forms (currently, the *Business Register Employment Survey*). If there is no source of employment information (since BRES is a sample survey for the smallest units), then employment is taken from PAYE jobs where available otherwise it is imputed from turnover data. Then, to allocate imputed employment into working proprietors or employees, the number of working proprietors is assumed to be one per sole proprietorship, and around two per partnership.

•

⁷ These figures differ from those published by the ONS in their *Labour Market Statistics* release.

37. Since directors of a company are usually classed as employees of the business, all private sector self-employed on the IDBR will be either in "sole proprietorships" or "partnerships". At the start of 2023 there were 589,000 sole proprietorships and partnerships within the scope of the BPE on the IDBR, run by 788,000 self-employed people (see Figure A).

Self-employed not on the IDBR

- 38. The second step is to estimate how many businesses are run by people in the remaining 3.2 million self-employed 'jobs'.
- 39. HMRC's Self-Assessment Tax returns data (SA) is a further source of self-employment data⁸. A bespoke analysis of SA data is used to estimate the proportion of unregistered self-employed people working either as a sole proprietor or a partner. Unregistered businesses are approximated in the HMRC SA data by selecting those businesses with turnover below the VAT threshold and that don't have employee costs (as a proxy for businesses not registered for PAYE).
- 40. HMRC SA data consistently indicates that self-employed people who were in partnership, rather than acting alone, were in the minority. However, the ratio varies from industry to industry and in the BPE publication, specific ratios are applied for each industry division (2 digit SIC).
- 41. Each sole proprietorship is assumed to have only one working proprietor (self-employed person). Therefore, the number of unregistered sole proprietors is assumed to equal the number of unregistered sole proprietorships.
- 42. Partnerships are assumed to have two or more working proprietors. Using information from HMRC SA data, DBT calculate that the average number of working proprietors (self-employed partners) in each partnership was 2.51 (based on data for self-employed businesses operating below the current VAT registration threshold of £85,000 and with zero employment costs to approximate unregistered businesses). This ratio is then used to estimate the number of unregistered partnerships.
- 43. The results showed that amongst unregistered businesses, sole proprietorships were much more common than partnerships, making up 93% of unregistered businesses at the start of 2023, as shown in Table B.

Table B: Businesses and self-employment on and off the IDBR, millions (private sector; excludes SIC 2007 Sections O, T and U), start 2023

	On the IDBR, registered for either VAT and/or PAYE		Not on the IDBR	R. unreaistered
	Number of Self-employed			Self-employed
	businesses	people	businesses	people
Sole proprietorships	0.42	0.42	2.72	2.72
Partnerships	0.17	0.37	0.19	0.48
Companies	2.05	_	_	-
All	2.64	0.79	2.91	3.20

⁸ For more detail on the HMRC Self-Assessment data, see Annex D.

٠

- 44. Amongst IDBR registered businesses at the start of 2023, sole proprietorships represented around 16% of all businesses, partnerships 7% and companies 78%.
- 45. Unregistered businesses are clearly very small. It is assumed that they are all in the smallest size class (no employees), and are all self-employed people working alone or in partnership. Some may generate employment, but it is likely to be transitory or low paid, otherwise a PAYE scheme would be in operation.

Economic contribution

- 46. Turnover in unregistered businesses will generally be lower than that of registered businesses of the same size, as turnover in the former would usually be below the VAT threshold.
- 47. Turnover for unregistered businesses is imputed by calculating the average turnover per working proprietor for registered zero employee businesses at the 2-digit industry division level, and then halving it.
- 48. For some 2-digit industry divisions, this still left average annual turnover per unregistered sole proprietorship or partnership above the VAT threshold. In these cases, unregistered turnover was adjusted so that turnover per business was just below the current VAT threshold of £85,000.
- 49. The addition to total turnover from unregistered businesses at the start of 2023 was about £126 billion (only 2.8% of the overall turnover total).

Statistical disclosure control

- 50. The disclosure of data relating to individual undertakings without consent is prohibited under the Statistics of Trade Act 1947, the Value Added Tax Act 1994 and the Finance Act 1969.
- 51. Counts of businesses based only on IDBR data have been rounded to avoid disclosure using controlled rounding to base five. Controlled rounding means that cells are rounded up or down to the adjacent multiples of five in a way that retains the additivity of tables. For example, an original value of 23 will be rounded to either 20 or 25, and rounded values in a row or column always add up to the rounded row/column total. Original cell values of zero or multiples of the base are unchanged. Values may be rounded down to zero and so not all zeros are necessarily true zeros⁹.
- 52. As the BPE publication is sourced from both the IDBR and *Labour Force Survey*, there will be a few cases where the addition of estimates of unregistered businesses to the IDBR data means totals do not equal the sum of the data in columns. In addition, percentages may not always add to 100.
- 53. Employment and turnover information is suppressed where the count is deemed to be disclosive. To avoid disclosure by deduction additional values have been removed.

-

⁹ Controlled rounding is performed using Tau Argus software.

- 54. The "with no employees" size class estimates rely heavily on the ONS *Labour Force Survey*, which is a sample survey of around 28,000 households (60,000 people) in the UK every three months.
- 55. In April 2004, the Statistical Policy Committee expressed a strong preference for publishing data rather than suppressing data for reasons of quality. Since then, the previously applied threshold of 10,000 (in the region of 20 respondents), below which outputs were suppressed, was removed from labour market outputs. Therefore, such estimates are not suppressed in the BPE publication, although users should be aware that some estimates are based on small sample sizes which could explain volatility in certain estimates (for example, regional data at a broad sector level) from one year to the next.
- 56. The exception to this is where estimates are based on fewer than three respondents. These could potentially be disclosive, so they are still suppressed in the BPE publication, along with additional values to avoid disclosure by deduction.

Revisions Policy

Planned revisions

- 57. Until 2019, when re-weighted (for updated population estimates) ONS LFS data became available, revised headline estimates of the number of private sector businesses in the UK for the relevant years were provided. Updated estimates by size band were provided in Figure 3 and Table B of the Statistical Release and Table 25 of the detailed data tables, to reflect the impact on the unregistered business population estimate.
- 58. In the 2019 to 2023 publications, unlike previous editions, no updated estimates were published despite the availability of re-weighted LFS data. Investigating the effects of re-weighting on estimates of business numbers indicated such effects were very small given the degree of uncertainty present in the estimates.
- 59. DBT will make use of re-weighted LFS data only if such data is judged to have significant impacts on business counts.
- 60. If possible, DBT will revise previously released estimates if new sources of information become available that are shown to improve the robustness of the BPE. Any future substantial methodological changes of this nature will be consulted on and preannounced before they are implemented.

Unexpected revisions

61. These may occur due to the discovery of errors, unforeseen changes in methodology or the unexpected acquisition of new data. If an error is discovered, a corrected version of the publication will be placed on the website as soon as possible, together with an explanation of the reason for the change, where appropriate. In the case of implementation of unforeseen changes in the methodology or the unexpected acquisition of new data, it will not usually be possible to pre-announce the changes, but as far as possible we will produce a consistent headline back series to enable robust comparisons over time.

Section 3 - Quality

- 62. BPE is an accredited official statistic. Accredited official statistics are produced to high professional standards set out in the *Code of Practice for Statistics*. Further information is available from the United Kingdom Statistics Authority (UKSA).
- 63. These statistics were <u>assessed</u> for compliance against the *Code of Practice for Statistics* by UKSA between 2011 and 2012. In October 2012 their National Statistics (now called accredited official statistics) designation was <u>confirmed</u>. Following an Office for Statistics Regulation (OSR) <u>compliance check</u> in August 2022, the designation was retained. Details of improvements since the 2011/2012 UKSA assessment and since the 2022 OSR compliance review can be found in the Official accreditation section of the Statistical Release. Designation can, broadly, be interpreted to mean that the statistics: meet identified user needs, are well explained and readily accessible, are produced according to sound methods, and are managed impartially and objectively in the public interest. Once statistics are accredited official statistics, it is a statutory requirement that the Code of Practice shall continue to be observed.
- 64. Further information is provided on the quality of the Business Population Estimates, to enable users to judge whether or not the data are of sufficient quality for their intended use.

Relevance (the degree to which the statistical product meets user needs for both coverage and content)

- 65. As set out in paragraphs 3 and 4, there is no single database in the UK which contains details of every active business and this publication is the most comprehensive official source for data on the population of UK businesses.
- 66. The sources used to compile the estimates are the Inter-departmental Business Register, the ONS *Labour Force Survey* and HMRC self-assessment data. Further information on the primary purpose, uses and quality of these sources is available in Annexes B, C and D.
- 67. The IDBR is appropriate to use in compiling estimates for this publication because it provides comprehensive coverage of VAT/PAYE registered businesses.
- 68. The LFS is an effective way to estimate the number of sole proprietorships and ordinary partnerships not on the business register because it is an individual level survey that asks respondents about their current economic activity (with the option to cite multiple jobs), which therefore enables us to calculate the number of additional self-employed jobs not on the IDBR.
- 69. HMRC self-assessment data is appropriate to allocate these LFS self-employed jobs into businesses, because of its comprehensive coverage of the self-employed population, the ability to remove self-employed that are most likely running registered businesses and the information it gathers about whether the self-employed are operating in partnership or as a sole proprietorship.

- 70. The key users of this publication include central and local government, business owners, academics and students, business representative bodies, journalists and members of the public.
- 71. The key uses of this publication include informing policy making, policy monitoring, market research, impact assessments, facilitating academic research, etc.
- 72. Users have been consulted when considering changes to the BPE publication. In December 2008, BIS launched a <u>Public Consultation</u> on *SME Statistics* to get user views on the usefulness of the publication and suggestions for improvements. The consultation closed in March 2009 and was followed by the publication of a <u>Government Response</u> in June 2009.
- 73. Information on the changes introduced following the consultation can be found in the article <u>Business Population Estimates: introducing improved statistics on the UK enterprise population</u>.
- 74. In response to user feedback, most of the BPE tables DBT now provide specific estimates for unregistered businesses, separately from numbers of non-employing registered businesses. Previously the two were combined to provide only a total number of non-employing businesses.
- 75. DBT are aware that users would also like more information on the socio-demographic details of business owners. This is problematic since this information is not collected on the IDBR and businesses often have more than one owner-manager. Instead, users are advised to refer to surveys, such as the ONS LFS for characteristics of the self-employed population, or the DBT sponsored Longitudinal Small Business Survey, which provides estimates of the proportion of SMEs that are women-led or ethnic minority-led, for example.
- 76. Additionally, DBT are aware that users would be interested in a more detailed disaggregation of the estimates, for example to a more detailed geographic level, or industrial level for the zero-employing businesses. However, the estimate of the unregistered population with no employees relies partly on survey data and sample sizes are not sufficiently large to produce robust estimates at further levels of detail under the current methodology. The level of suppression to avoid disclosure in more detailed estimates would also be high.
- 77. Feedback on the BPE publication is positive. 71% of the 42 respondents to a user survey between May 2011 and May 2012 said they found the Statistical Release very useful or quite useful. A <u>summary of users views</u> of the publication gathered through the BPE User Survey is also available.
- 78. Further information relating to relevance is available elsewhere in this note, including the definition of key concepts (Section 1) and a description of the key sources used (Section 2).

Accuracy (including the closeness between an estimated or stated result and the [unknown] true value)

79. Producing robust information on the accuracy of the estimates in the BPE publication is complicated by the fact that it is based on a combination of survey and administrative data.

- 80. Information in the publication relating to registered businesses will not be subject to survey error since it is based on complete administrative information from the IDBR (see Annex C for more quality information on the IDBR). However, a range of other factors affect the quality of IDBR data, and although errors are likely to be small ,they will nevertheless be present.
- 81. Information in the publication relating to unregistered businesses is based on a combination of administrative data from the IDBR and HMRC self-assessment data and estimates from the ONS LFS. Since the LFS is a sampled survey, these estimates will be subject to error, as will estimates based on a combination of registered and unregistered business data.
- 82. The 2020 publication quantified uncertainty around point estimates of business numbers, using 95% confidence intervals (CIs) and coefficients of variation (CV), at the country and English region level, as well as for broad industry sections. From 2021 these estimates were extended to include information on uncertainty at the country/English region by industry section level.
- 83. To quantify uncertainty, the uncertainty around estimates of self-employed job counts deriving from LFS data were calculated, as these are the primary data source used to produce estimates of unregistered business numbers. Because estimates of self-employed jobs are based on two consecutive LFS datasets, the correlation between the two datasets must be calculated. Rather than calculating the correlation separately at each level for which uncertainty was quantified (that is for each region/country and each sector), the top-level correlation value (that is the correlation between the total self-employed job count) was used in all calculations. This method is more likely to produce robust estimates over successive editions of the publication than one in which correlations between LFS datasets are calculated separately for each level at which uncertainty is quantified.
- 84. Quantified uncertainty around estimates of self-employed job counts was then transformed to represent uncertainty around numbers of unregistered businesses. In doing so, no adjustments were made to account for uncertainty either in the HMRC data or inaccuracies in the IDBR data used transform estimates of self-employed job numbers into estimates of unregistered business numbers. Since the IDBR holds information on all registered enterprises it is not subject to uncertainty of a kind that can be quantified using measures such as confidence intervals. HMRC data provides a near census of the self-employed, though will still be subject to some uncertainty. However, the main source of uncertainty in the BPE estimates of business numbers derives from sampling error in the LFS and the CIs and CVs produced reliably capture this source of error in the estimates.
- 85. Information on the accuracy of the individual underlying data sources used to produce the BPE publication (ONS LFS, IDBR and HMRC self-assessment data) is available in Annexes B, C and D.
- 86. Most employment data for businesses registered on the IDBR come from PAYE data, some from the BRES conducted in September 2022, while other data will come from earlier BRES surveys, other ONS surveys or will be imputed. For the smallest businesses that are less likely to be surveyed by BRES, either PAYE jobs or imputed employment is used, based on sector average employment. For further information refer to Annex B. In BPE *2015* a time-series of employment in the private sector by size band (2010 to 2015) was included for the first time in the publication.

- 87. Turnover data for businesses registered on the IDBR is mostly based on VAT returns for a 12-month period. For BPE 2023, this means VAT returns relating to the 12-month period ending December 2021, or January/February 2022, depending on the reporting pattern of the business. However, for some businesses this data could be less timely or for newly registered businesses turnover will be based on estimates made by traders at the time of registration. Some turnover data comes from the annual ABS survey but if the business is small and not registered for VAT, turnover is imputed from sector average turnover per head. For further information refer to Annex B.
- 88. Employment and turnover data are also provided, primarily for use in classifying businesses by employee size band and to calculate shares of employment and turnover across industrial sectors, regions, and legal statuses. For registered businesses, the preferred source of turnover data is the <u>Annual Business Survey</u>, whilst ONS publishes other sources of employment data more suitable for monitoring total jobs and people in employment. See the <u>Workforce Jobs series</u>, the <u>Business Registers Employment</u> Survey (BRES), and the wider Labour Market Statistics
- 89. Cls for counts of all businesses are the same as those for unregistered businesses at any given level of breakdown. Such counts comprise a combination of estimated numbers of unregistered businesses and registered businesses numbers, which are not estimated. CVs for counts of all businesses will be smaller than for counts of unregistered businesses.
- 90. Information on revisions is provided in Section 2.

Timeliness and Punctuality (Timeliness refers to the elapsed 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)

- 91. The BPE provides an estimate of the number of businesses at the start of a calendar year, together with estimates of their associated employment and turnover. The estimates are published annually, approximately 9 months after the reference point, which is the earliest possible date after the data have been prepared and fully verified.
- 92. A count of IDBR businesses that were "live" at the start of the year is achieved by referring to each business recorded start date and, where appropriate, its closure date.
- 93. To produce the estimate of the number of unregistered businesses, information on the number of self-employed jobs is taken from the Office for National Statistics (ONS) *Labour Force Survey* (LFS). Pooled data for the two quarters either side of the start of the year are used in the production of the BPE estimate (that is, quarter 4 (October to December) and quarter 1 (January to March)).
- 94. The publication date for the next edition is pre-announced on the GOV.UK <u>Release Calendar</u>. The statistics have always been published on the pre-announced target date.

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

95. The BPE publication is available free of charge to the end user on the GOV.UK.

- 96. The BPE publication comprises a Statistical Release, in PDF and HTML format, containing key results and commentary to help interpret the data, detailed data tables in accessible Excel format since 2022 and in ODS, along with this Methodology and Quality Note which should be read in conjunction with the statistics. All elements published are in accessible format.
- 97. If you have any queries about the publication or would like it in an alternative format, please contact business.statistics@beis.gov.uk.

Comparability (the degree to which data can be compared over time and domain)

- 98. To enable a robust comparison over time, the BPE publication includes a headline time series of the estimated number of UK businesses each year since 2010, by employee size band. This has been produced on a consistent basis using the latest BPE methodology (see Annex A for more information). Please note that where consistent data was not available (some key LFS information prior to 2007), modelling has been used to estimate information to produce these counts.
- 99. Since 2014, a time series of businesses numbers for the English regions and UK countries has been published. This covers the years 2010 to the latest date DBT does not have sufficiently detailed data to produce consistent estimates for earlier years. Since 2015, a time-series of business numbers by legal status was also provided in the detailed tables.
- 100. As the IDBR is a live register that is continually updated each time a business registers or de-registers for VAT or PAYE, it provides a reliable record of the number of registered businesses in operation at any point in time. Since the BPE publication is always based on a March extract of the IDBR (and a combination of the fourth and first quarters ONS LFS data for unregistered businesses), comparisons of business counts from year to year can be considered reliable (though note the information in paragraphs 60 and 61 in relation to the 'with no employees' category).
- 101. The main purpose of the BPE publication is to provide information about the number of businesses which were operating in the UK at the start of each year, but the publication also includes information about their associated employment and turnover. Both turnover and employment information is updated on the IDBR via numerous sources and at different times (particularly for employment with the introduction of BRES in 2009). This makes it difficult to obtain accurate employment and turnover estimates on the IDBR because the figures for each business may not relate to the same point in time.
- 102. For this reason, the Office for National Statistics recommends that employment and turnover **changes** are measured using other headline indicators where available (see Annex E). The primary purpose of the employment and turnover data provided in BPE is to understand the overall contribution of SMEs including unregistered businesses, and to compare shares across different groups within the population, for example industrial sectors. The BPE has included an employment time series since 2015 as no other estimates of employment by size of business are currently available from ONS.
- 103. When making comparisons over time, consideration should be made of the discontinuities explained in Annex A.

104. In the BPE publication, the Standard Industrial Classification (SIC) 2007 is used to classify businesses by the type of economic activity in which they are engaged. This industrial classification system is used extensively by ONS in its' publications, and is fully consistent with the EU (NACE) and UN (ISIC) systems.

Coherence (the degree to which data which are derived from different sources or methods, but which refer to the same phenomenon, are similar)

- 105. For a comprehensive summary of the various accredited official statistics relating to the UK business population, their key characteristics and when to use each one, please refer to the User Guide
- 106. The headline estimate of self-employment published in the ONS Labour Market Statistics release (see Table 'EMP01') will differ from the estimate of self-employment used in the production of these estimates. This is because the ONS published measure describes the number of people who said they were self-employed in their main job (and is seasonally adjusted), whereas the BPE estimate counts self-employment in respondents' first and second jobs, and uses additional variables to ensure those included are 'true' self-employed jobs (by checking who pays the respondent's National Insurance, income tax and wage).
- 107. Further information on this can be found in the Economic and Labour Market Review article <u>Business Population Estimates: introducing improved statistics on the UK enterprise population</u>. A minor refinement to the process described here was introduced in 2013, using new LFS variables to directly identify 'true' second job self-employment, rather than imputing based on the relationship between self-reported and 'true' main job self-employment. This had only a marginal impact on the final figures.
- 108. The estimate of employment in the BPE publication will differ from other published sources from ONS. See the sections below on Workforce jobs and BRES for more information.

Workforce jobs

- 109. Workforce jobs is the ONS preferred source for the number of jobs and the industrial composition of these jobs.
- 110. The ONS publishes official estimates of Workforce Jobs (see Table 'JOBS01'), which totalled 36.8 million in March 2023. The total estimate of employment shown in most tables in Business Population Estimates 2023 is smaller because it is for the private sector only, and excludes employment in central and local government, charities and other non-profit organisations, HM Forces and participants on government training programmes who do not have a contract of employment.
- 111. The "Whole Economy" table (Table 2) will also show total employment as lower than the workforce jobs estimate above which also includes individuals on government training programmes.
- 112. Workforce jobs are drawn from a number of different sources, including employer surveys, and are seasonally adjusted.

Business Register Employment Survey (BRES)

113. BRES data published in Autumn 2022 shows UK private sector employment at 25.9 million in September 2021. BRES has the benefit of being able to provide subregional employee estimates but does not currently provide a size breakdown. It is the ONS preferred source for employee data at detailed regional and industrial level.

114. It should be noted that regional estimates in these two publications are fundamentally different since in BPE if a business has establishments in more than one region the total employment is allocated to the region where the business is registered, whilst in BRES allocation is based on the physical location of the jobs.

Annex A - Business Population Estimates methodology changes and discontinuities

- 1. This section provides useful information for those who wish to use the BPE series (2010 to 2023) to make comparisons over time.
- 2. Due to the significant methodological changes between *SME statistics 2009* and BPE *2010*, direct comparisons should not be made between *SME statistics* and the BPE series. For information on discontinuities within the *SME statistics* series, please refer to other sections of this Methodology Note.
- 3. Since 2023, the BPE publication includes a headline UK level time series of estimates of the business population between 2010 and 2023 (published in Figure 2 of the Statistical Release and Table 25 of the <u>detailed tables</u>. In earlier editions, the equivalent time series run from 2000. These UK level estimates revise and supersede those annual estimates previously published in earlier editions of the release. The time series has been produced on a consistent basis using the latest BPE methodology (although please refer to the section below on 'Discontinuities in the BPE time series 2000 to 2023' for further information).

Methodology changes in the Business Population Estimates series

- 4. The BPE 2023 publication has been produced using essentially the same methodology as that used for the 2022 edition (though see Annex D for information on changes made in 2023 relating to use of HMRC self-assessment data to estimate numbers of unregistered businesses). While there have been changes in methodology over time (detailed below), the time series included in BPE 2023 includes historical data consistent with the methodology used in 2011 onwards.
- For the BPE 2011 publication, there was a change in the methodology used to estimate the number of unregistered businesses. The main reason for this change was the availability of more detailed self-assessment data from HMRC. This allowed us to approximate to those individuals working within unregistered businesses by using information on turnover and employment costs as proxies for VAT and PAYE registrations. Because the data more closely represented the unregistered business population, and because of its comprehensive nature, the ratios of sole proprietors to partners and partners per partnership in unregistered businesses could be produced and used at a more detailed level. This meant that the calculation of the number of unregistered businesses became more accurate because it is based only on information on the unregistered businesses of interest. As a result, the ratio of sole proprietors to partners in the final estimate of these businesses is more in line with the source HMRC self-assessment data than was previously the case. The impact of this change was to increase the estimated number of unregistered partnerships and therefore reduce the estimated total number of unregistered businesses, so that at the start of 2011 the total estimated number of businesses was approximately 90,000 fewer than it would have been using the old methodology.
- 6. In the BPE 2011 publication, businesses in SIC 2007 Division 78 (Employment activities) were included for the first time. It had previously been thought their inclusion could lead to double counting of employees, who could be counted both as employees of the agency, and as employees of the business they are currently working for.

However, it was agreed with the Office for National Statistics that this was not the case and that robust estimates of both counts of businesses and employment in the 'Employment Agencies' sector can be provided from the IDBR. The impact of this change was to increase the total number of businesses in BPE 2011 by around 30,000. In the BPE 2012 and BPE 2013 publications, turnover for these businesses was also included, in line with ONS methodology for the *UK Business* publication.

Discontinuities in time series 2000 to 2023

- 7. In the publication, a time series of counts of businesses by size band at the UK level is provided (see Figure 2 in the Statistical Release and Table 25 of detailed data tables), produced using a consistent methodology (using some modelled data where real information was not available). Since 2023 these time series run from 2010, whereas in earlier editions, they start from 2000. More detailed time series are provided for country/regional level counts of businesses and for different legal forms, have always run from 2010, because insufficient data is available to produce this for earlier years. When interpreting these time series please bear in mind the discontinuities listed below (listed in reverse chronological order).
- 8. HMRC introduced a new Real Time PAYE reporting system (RTI) in 2014. Although it is possible that the change may have had marginal effects on employee numbers recorded through PAYE, HMRC found no evidence of behavioural changes in the timing of scheme registrations through the year and no clear impact on the IDBR has been identified.
- 9. In 2013, a minor refinement was made to the identification of 'true' second job self-employment. Rather than imputing based on the relationship between self-reported and 'true' main job self-employment, new LFS variables were used to directly identify this in line with the method used for main job self-employment. This had a minimal impact on the final figures.
- 10. In BPE 2012 and 2013, there was an increase in each year of just over 2,000 local and central government bodies that were registered for either VAT and/or PAYE. (see Table 2 'Whole Economy' in the detailed data tables that accompany the release). This increase was partly driven by changes in how parish council clerks are treated for tax purposes by HMRC. From April 2011, according to guidance issued by HMRC, Parish Clerks can never be considered self-employed for tax or National Insurance contribution purposes, must not be paid "gross" and also must be taxed under PAYE.
- 11. Some of the 50,000 extra businesses existed before 2011 and therefore should have been included in previous estimates of the total business population. In 2014 BIS worked with ONS to identify the correct year of birth for these businesses and include them at the correct point in the time series.
- 12. Because of the implementation of a new computing system at HMRC, there were no quarterly updates of the PAYE data between June 2010 and March 2011 (when the IDBR extract for BPE 2011 was taken). Therefore, in BPE 2011 employment data for many smaller businesses related to a period of time at least 6 months before the reference point of the publication, that is the start of 2011.
- 13. After the publication of BPE *2010*, ONS reclassified Further Education (FE) Corporations in England and Wales from Non-Profit Institutions Serving Households (NPISH) to Central Government, from their inception in April 1993. NPISH is often

known as the 'third sector'; in National Accounts. NPISH is part of the private sector. Consequently, in BPE 2011 over 400 FE colleges have been reallocated from the private sector to the central government sector. For further information refer to the <u>link</u> provided here.

- 14. Between 2000 and 2002, Primary Care Trusts and National Health Service trusts were classified as public corporations / nationalised bodies, and therefore included with the figures for companies and the private sector.
- 15. In 2003, the ONS reclassified these trusts, resulting in 275 businesses, with employment of 990,000 and turnover of £41 billion, being moved out of the figures for companies and private sector, and into the figures for Central Government. So, in the BPE headline time series before 2003, private sector figures will appear larger and Government figures will appear smaller than in subsequent years.

Annex B - ONS Inter-Departmental Business Register (IDBR)

- 1. The IDBR is a business register administered by the Office for National Statistics (ONS). It holds records of all businesses registered for Value Added Tax (VAT) and all businesses operating a Pay As You Earn (PAYE) scheme. The IDBR holds information on each enterprise's employment (and hence size), turnover and industry.
- 2. The IDBR is the main sampling frame for surveys of businesses carried out by the ONS and other government departments. It is also a key data source for analyses of business activity.
- 3. The main administrative source for the IDBR is HM Revenue & Customs (HMRC) for VAT information (passed to the ONS under the Value Added Tax Act 1994) and PAYE information (transferred under the Finance Act 1969). Use the links provided here for the information on both on the HMRC VAT and PAYE registration thresholds. Other information is added to the register, from various sources, if required for ONS statistical purposes.
- 4. Some of the employment information currently on the IDBR is drawn from the most recently available *Business Register Employment Survey* (BRES) data, whilst some will be drawn from earlier BRES survey or from PAYE data. BRES is a survey of 80,000 businesses, with survey forms being sent out in September every year. Therefore, some of the employment data on the IDBR will relate to a point about four months earlier than the reference point for BPE 2023 (the start of 2023), whilst some may be significantly more lagged.
- 5. Since the implementation of BRES in 2009, employment data is updated on the IDBR on a monthly basis rather than annually, as updates are made as completed surveys are returned. This means that, at any point in time, employment data on the IDBR will be as accurate and up to date as possible, *based on the survey returns that have been received at that time*. Because this is based on a sample of businesses, estimates from previous surveys and from other ONS surveys have also been used. For the smallest units, either PAYE jobs or employment imputed from VAT turnover is used. Where employment data for a single business is captured from both PAYE and BRES, then the BRES data is given precedence and is used to update the IDBR.
- 6. Turnover provided to the ONS for the majority of businesses at the start of 2023 is based on ONS surveys or VAT returns for a 12-month period ending in December 2021, or January / February 2022, according to the reporting pattern of the business. For other records, in particular VAT group registrations, turnover may relate to an earlier period or survey data. For businesses who have registered more recently, turnover represents the estimate made by businesses at the time of registration. For the PAYE-only records for which there are no data, turnover is imputed from employment.
- 7. The IDBR is continuously updated as new data from surveys are received and as businesses register or de-register for VAT and/or PAYE. In addition, a variety of checks on individual records improve the quality of the register on an ongoing basis. Thus, there will be differences in results taken at different times from the register as new data are added and other data revised.

- 8. Regular VAT and PAYE updates are received from HMRC and these updates are checked with the new VAT and PAYE registrations. Many of the PAYE-based businesses will have no VAT registration; some units may be waiting to be matched to existing VAT records on the IDBR.
- 9. Businesses that are neither registered for VAT, nor operate a PAYE scheme are excluded from the IDBR. The threshold for compulsory VAT registration for 2022/23 was an annual turnover of £85,000 in non-exempt goods. Below that some businesses will register voluntarily for VAT. Employers who have no employees earning above the lower earnings limit for PAYE and no other reasons for deducting PAYE (such as an employee having two jobs) do not need a PAYE scheme, although some may still have one.
- 10. On the other hand, businesses with a turnover above the threshold are not required to register if they trade exclusively in exempt goods. If a business has no employees or only low paid (perhaps part-time) employees, then it is unlikely to operate a PAYE scheme.
- 11. The IDBR provides all the data on registered businesses in this publication. It is also the key source for the ONS publications *UK Business: Activity, Size and Location* and *Business Demography*.
- 12. The ONS provides further information on the quality of the IDBR.
- 13. in 2021, following an Office for Statistical Regulation (OSR) <u>review of UK Business</u> <u>Demography</u>, the ONS published <u>plans to meet the review requirements</u>. These included an undertaking to further development of a new Statistical Business Register (SBR) to replace the IDBR. A <u>contract to perform the work</u> was awarded in March 2022.

Annex C - ONS Labour Force Survey

- 1. The Labour Force Survey (LFS) is a quarterly sample survey of around 28,000 households (60,000 people) living at private addresses in Great Britain and Northern Ireland. Its purpose is to provide information on the UK labour market that can then be used to develop, manage, evaluate and report on labour market policies. The questionnaire design, sample selection, and interviewing are carried out by the Social Survey Division of the Office for National Statistics (ONS) on behalf of the Statistical Outputs Group of the ONS.
- 2. ONS publishes full UK LFS results. However, the fieldwork is carried out separately by ONS for GB, and by the Central Survey Unit of the Northern Ireland Statistics and Research Agency (NISRA) on behalf of the Department of Finance and Personnel.
- 3. The survey seeks information on respondents' personal circumstances and their labour market status during a specific reference period, normally a period of one week or four weeks (depending on the topic) immediately prior to the interview.
- 4. The LFS collects data on economic activity, which is self-reported.
- 5. Additional questions on who pays the respondent's income tax and national insurance, and their wage or salary are also included in the survey.
- 6. This source is used by DBT to estimate the number of self-employed jobs in the economy. By excluding those already included on the IDBR (see Annex A) and converting these jobs into businesses, DBT is then able to estimate how many unregistered businesses there are.
- 7. In 2014 ONS undertook a major re-weighting exercise for LFS data to bring it the outputs in line with population estimates generated using results from the 2011 Census further details are available on the ONS website.
- 8. In 2016 and 2017 ONS re-weighted the LFS data again, so that LFS estimates would reflect the most recent population estimates available at the time of the re-weighting. The effect of this change means that the un-registered business population numbers published between 2013 and 2016 were revised in BPE 2016 and BPE 2017.
- 9. In March 2020, as a result of the COVID-19 pandemic, <u>housing tenure was introduced into the LFS weighting methodology</u>. Self-employed job estimates used in the BPE to underlie calculations estimates of unregistered business used the new tenure weights. ONS has since provided further information on the impact of this re-weighting on LFS key indicators.
- 10. ONS released <u>revised estimates of self-employed</u> worker numbers. The 2021 edition of the BPE does not reflect these revisions as there was insufficient processing time to incorporate them into the publication.
- 11. ONS provides further information on the quality of the LFS.
- 12. From the Autumn of 2023 ONS will replace the existing Labour Force Survey with a <u>transformed version of the survey</u>. This will affect estimates of unregistered businesses in the BPE.

Annex D - HMRC Self-Assessment Tax Returns data

- 1. Self-assessment data is collected by HM Revenue & Customs through tax returns completed by self-employed workers either as individuals or in partnership. Full detail of the different HMRC Self-Assessment forms is provided here.
- 2. Data coming from the self-assessment record offers several advantages over the previously used *Survey of Personal Incomes*. For example, it is a larger record, being a near-census of the self-employed. Self-assessment data also allows us to approximate to those individuals working within unregistered businesses by using information on turnover and employment costs as proxies for VAT and PAYE registrations.
- 3. DBT analyses HMRC Self-assessment data, for every 2-digit SIC classification (and for every region at 1-digit level), to produce an estimate of the ratio of sole proprietors to partners, enabling DBT to convert the number of unregistered self-employed individuals into numbers of actual businesses.
- 4. Fundamentally, we would expect HMRC Self-Assessment data to be high quality; there is a legal obligation for people to respond accurately and it is in HMRC's interests to ensure accurate information. But, as DBT is using the data for a purpose other than the main one for which the data are collected, there are other considerations. The main areas where there are quality considerations are as follows:
- i) Classification into SIC

The BPE calculations are carried out at 2-digit SIC 2007 and also at 1-digit SIC 2007 at regional level. However, at present HMRC use their own classification – the Trade Classification Number (TCN). DBT converts from TCN to SIC 2007 and this is a possible source of error.

TCN codes, or equivalent industrial classifications, are no longer used by HMRC in self-assessment datasets although historical TCN codes are retained for business which have them. Consequently, the quality of TCN data has gradually declined over a long period of time. Analysis of data HMRC from sole traders carried out in 2023 showed that in 2010-2011 around half of TCN codes fields associated with new businesses to new businesses were either left blank or assigned to either of 2 general categories (6616 – Building services not elsewhere specified or 3001 – General building and building contractors ¹⁰). The percentage unassigned or assigned to the general categories increased gradually between 2010-11 and 2013-14. There was then a big increase in 2014-15 and since then approximately 95% of TCNs have been recorded in these categories.

In response, in the 2023 BPE, estimates of the ratio of sole proprietorship to partnerships at the 1 and 2-digit SIC level was made using historical 2013-2014 self-assessment data, whilst the partners per partnership ratio, which does not use TCN values, was calculated using the most recent HMRC data. In previous years, the BPE used the latest available ratio of sole proprietorship to partnerships. Given ever increasing numbers of businesses with TCN fields either blank or allocated values of 6616 or 3001, this was judged to be the most appropriate course of action as it was the

٠

¹⁰ In BPE processing of HMRC self-assessment data TCN codes starting 66 are distributed equally between 2-digit SICS 62, 63, 70, 73, 78, 80 and 82, whilst TCN codes starting 30 are distributed equally into SICS 41, 42 and 43.

most recent data at which TCN fields were relatively well populated in the self-assessment data.

Using the 2013-2014 self-assessment data for 2023 unregistered business estimates, rather than the most recent available data to obtain ratio of sole proprietorship to partnership has little effect on overall estimates of unregistered businesses, which are 0.2% lower when the earlier self-assessment data is used. However, using this methodology estimates of numbers of sole proprietorships are 1.2% lower, whilst estimates of partnerships increased by 7.3%.

A potential weakness of this approach, that is using more robust though outdated self-assessment data, is the assumption that the ratio of sole proprietorship to partnerships has remained relatively constant since 2013-2014, which cannot be tested with available data.

It is important to note the absolute number of cases overall within the SA data does not matter other than the normal rule of thumb that more data is better. HMRC data is used solely to apportion numbers that we already have, so the missing TCN codes should not matter greatly, other than when it varies between sole traders and partners as described above.

ii) Regional data

As with TCN data, some of the regional data are missing. However, this is a much smaller problem with less than 2% missing and there is no obvious bias (e.g. concentration in certain TCN categories etc.).

iii) Partnership data

There are potentially different ways of looking at partnership data. One way is to look at the HMRC partnership return and take the number of partners reported on that. The alternative is to look at partner returns from individuals and the partnerships that they are linked to. The latter approach yields approximately 10% fewer partners. DBT follows this approach as HMRC advice is that this gives a better coverage of active partners, although it may exclude some valid partnership data.

Annex E - Links to other sources of Business and Employment data

There are three accredited official statistics publications that provide information on the total UK business population. In addition to these publications, similar related accredited official statistics are released by the three devolved administrations for their countries, the Insolvency Service publishes statistics for corporate and individual insolvency and Companies House publishes statistics based on activity on their register. The Guide To The Guide To The Business Population And Demographics Statistics Publications sets out key features of the different products to help users make an informed choice about which outputs they should use.

Small and Medium Enterprise Statistics for the UK and Regions: 1994 to 2009 (DBT)

For more information on the <u>SME statistics</u> please contact the Department for Business and Trade (DBT), Analysis Directorate, Data Analytics and Business Statistics Team.

- Contact DBT: 020 7215 8284
- Email: <u>business.statistics@beis.gov.uk</u>

UK Business: Activity, Size and Location (ONS)

This <u>annual publication</u> is compiled from the IDBR. The publication contains detailed information on VAT registered and/or PAYE registered businesses in the UK including size, classification (to 4-digit SIC), business age and location.

- Contact ONS: 01633 456902
- Email: idbrdas@ons.gsi.gov.uk

Business Demography (ONS)

This <u>annual publication</u> provides the best official guide to business births, deaths and survival rates. The figures cover businesses registered for either VAT and/or PAYE.

- Contact ONS: 01633 456902
- Email: idbrdas@ons.gsi.gov.uk

Quarterly Business Demography (ONS)

<u>Experimental quarterly statistics</u> on business births and deaths from the Inter-Departmental Business Register, with high-level breakdowns by industry and region.

- Contact ONS: 01633 456728
- Email: idbrdas@ons.gsi.gov.uk

VAT registrations and de-registrations series (DBT)

This former series based on <u>VAT registrations and de-registrations</u> alone was produced by the Department for Trade and Industry (DTI). The series provided data on VAT registrations and de-registrations between 1994 and 2007. Information on <u>survival rates</u> <u>for VAT registered businesses</u> was also produced. This series was superseded by the ONS <u>Business Demography</u> publication (see above) in 2007.

Workforce Jobs (ONS)

This <u>series</u> provides the best guide to employment at a national and regional level.

- Contact ONS: Debra Leaker 01633 455400
- E-mail: <u>labour.market@ons.gsi.gov.uk</u>

Business Register Employment Survey (ONS)

This <u>annual publication</u> provides the best guide to employment at a sub-regional level, and compliments figures available from Workforce Jobs at a national and regional level.

- Contact ONS: 01633 456741
- E-mail: bres@ons.gov.uk

Company Register Statistics (Companies House)

<u>Companies House</u> provides a monthly record of all companies registered in the UK, along with a range of other <u>statistical reports</u>.

- Contact Companies House: 0303 1234500
- E-mail: enquiries@companies-house.gov.uk

Labour Force Survey (ONS)

A wide range of labour market data including self-employment data is available from the Labour Force Survey, which is run by the Office for National Statistics. This is published in various formats, including the Labour Market Statistics release.

- Contact ONS: Debra Leaker 01633 455400
- E-mail: labour.market@ons.gsi.gov.uk

Inter-Departmental Business Register (IDBR) (ONS)

The <u>IDBR</u> is managed by the Office for National Statistics. More detail on the IDBR can be found at the website below.

• E-mail: idbr.helpdesk@ons.gov.uk

People in work (ONS)

Employment data covering employment rates, hours of work and earnings

Business Insights and Impact on the UK economy (ONS)

<u>Business insights and impact on the UK economy</u> provides fortnightly information on the impact of challenges facing the economy and other events on UK businesses.

• E-mail: bics@ons.gov.uk

The Insolvency Service

The <u>Insolvency Service</u> publish monthly company and individual insolvency statistics for England, Wales and Northern Ireland, as well as monthly company statistics for Scotland.

Contact The insolvency service: 0300 6780015

Census data (ONS)

The <u>Census 2021</u> is the most recent census for which full data is currently available. Published and planned outputs can be found on the <u>Census release calendar</u>.

Contact ONS Census Customer Services: 01329 444972

E-mail: census.customer.services@ons.gov.uk



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to: business.statistics@beis.gov.uk