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**Ed Humpherson, Director General for Regulation**

Phillip Davies  
Deputy Director of Business Surveys and Registers Transformation  
Office for National Statistics  
(by email)

19 October 2023

Dear Phillip

**Business Demography Statistics: Confirmation of accredited official statistics status**

We have reviewed the actions taken by your team to address the requirements outlined in our [assessment report](#), in which we set out eight requirements that we judged you needed to meet in order for Business Demography statistics to become [accredited official statistics](#). Accredited official statistics are called National Statistics in the Statistics and Registration Service Act 2007.

I would like to thank you for your team's engagement in responding to the requirements of our assessment and for your ongoing commitment to improving these statistics. On behalf of the Board of the UK Statistics Authority, I am pleased to confirm that the statistics continue to comply with the [Code of Practice for Statistics](#) and should be labelled accredited official statistics. We have included the detail around our judgement in the annex to this letter.

The introduction of quarterly official statistics in development (experimental) was really helpful in making much more timely information on business births and deaths available. It is good that these are continuing to be improved with lower-level geographic breakdowns and methodological updates. The research conducted into the quality of source data used to update the Inter-Departmental Business Register (IDBR) will also be really helpful to enable effective use of IDBR statistics through a better understanding of its strengths and limitations. The research has also led to the implementation of innovative solutions to overcome quality issues, such as registration lags and multiple registrations at a single postcode, which further enhance the user experience.

We are also really pleased that work has restarted to develop the Statistical Business Register, which will replace the IDBR next year as the main sampling frame used for business surveys carried out by ONS and other government departments. The register promises improved accessibility and a more comprehensive list of UK businesses. With the capability to incorporate new administrative data sources, such as, corporation taxation data, it should provide users with greater insights into business dynamics.

I am copying this letter to Andrew Allen, Head of Business Registers and Development.

Yours sincerely



Ed Humpherson  
Director General for Regulation

**Annex A: Review of actions taken in response to Assessment Report 351: UK Business Demography Statistics, produced by the Office for National Statistics (ONS)**

Requirements	Actions taken by ONS to meet the requirement	OSR's evaluation of evidence
<p><b>Requirement 1</b></p> <p>To ensure that the full value of IDBR data can be yielded, ONS should:</p> <ul style="list-style-type: none"> <li>a. improve the capability of matching data from the IDBR with data from other data providers.</li> <li>b. work with the ESRC SDS and users to improve data access procedures, to ensure that users can get the data they need quickly, within the necessary restrictions on confidentiality.</li> <li>c. enable better linking of BSD data with SDS ONS survey data by, for example, providing accurate and timely look-up tables.</li> </ul>	<ul style="list-style-type: none"> <li>a. ONS has published an <a href="#">IDBR data matching user guide</a> to support users.</li> <li>b. The IDBR team has developed better communication with the Secure Research Service (SRS), including regular catch-ups to ensure that the Business Structures Database (BSD) is available to all researchers from other government departments and academics. ONS continues to work with HMRC to gain access to more data.</li> <li>c. ONS provides look-up tables every year to the SRS, which accompany the BSD. ONS is working with SRS colleagues to ensure that relevant changes to metadata and notices regarding look-up tables are highlighted from 2022 onwards.</li> </ul>	<ul style="list-style-type: none"> <li>a. The document improves the capability of matching IDBR data with data from other data providers by explaining all the matching methods that are used. It sets out expectations for users so that they can understand the limitations of the process and how the quality of the input data determines the quality of the matching undertaken.</li> <li>b. ONS has satisfied the requirement by committing to ensuring that access is not limited and that IDBR data can be accessed by researchers from other government departments and academics who want to examine the BSD within the SRS.</li> <li>c. ONS has met the requirement by providing look-up tables and committing to working with the SRS to highlight any changes. ONS recognises more can be done in the future to make users aware of their availability.</li> </ul>
<p><b>Requirement 2</b></p> <p>In the longer term ONS should seek to review the legislation governing its business data to ensure an appropriate balance</p>	<p>ONS <a href="#">responded publicly</a> to the requirement by stating that "the DEA (Digital Economy Act) has given ONS wider access to administrative data, so no further primary legislation changes to the Statistics of Trade Act are being sought at this time".</p>	<p>ONS conducted a review and decided that seeking a change in legislation was neither a priority nor possible in the short term. We continue to support any efforts that ONS makes to enhance access to IDBR data.</p>

<p>between confidentiality and accessibility</p>	<p>ONS collaboratively continues to work with data suppliers on making data more accessible.</p>	
<p><b>Requirement 3</b></p> <p>ONS should untap the power of its IDBR business data and that of its partners to present statistics that give users full insight into business dynamics including ways that businesses grow, merge, split and die.</p> <p>In doing so, ONS should work with BEIS, Companies House, HMRC and other partners as needed, and consider the outcomes from its user engagement.</p>	<p>ONS publishes regular outputs via the Business Register Unit (BRU) team. UK Business, activity size and location is released each September, annual demography in November, and from the second quarter of 2021, quarterly business demography figures.</p> <p>Within ONS the BRU Data Analysis Service produces many <a href="#">ad hoc analyses</a> each week, which are often published on the ONS website.</p> <p>ONS reports to the Government Statistical Service Business Register Group (GSS BRG) to provide insight on <a href="#">the performance of the IDBR every quarter</a>. The most recent IDBR access report covers the period from October 2022 until March 2023.</p> <p>ONS economists have carried out useful work on <a href="#">business dynamics</a>, and depend heavily on IDBR for their work.</p>	<p>The IDBR is being used widely by ONS, other government departments and devolved administrations. The IDBR access report highlights that 10 other government departments and two devolved administrations are accessing the IDBR and there were over 60 projects and uses of IDBR notified to ONS as part of the condition's users agreed on receiving IDBR data for their work. Many of these projects are being used to evaluate important government policies, for example by Department for Energy Security and Net Zero on Green homes grants and Covid Loan scheme evaluation.</p> <p>The forthcoming Statistical Business Register (SBR) will provide users with greater insights into business dynamics. ONS is encouraging input from stakeholders on their requirements as it develops the SBR and once it is operational (scheduled for September 2024). This input should enable a broader set of insights from these data.</p> <p>ONS has committed to continue to collaborate closely with economists to identify further topics that the SBR may help provide insights into.</p>

<p><b>Requirement 4</b></p> <p>ONS must widen and increase the frequency of its user engagement to ensure that when implementing the other requirements in this report, they are deeply rooted in users' needs.</p>	<p>ONS has set up a business demography statistics steering group which includes stakeholders from government departments and the academic community.</p> <p>ONS convenes meetings of the GSS BRG twice per year. This body is helpful in conveying the views of government users of IDBR.</p> <p>ONS conducts ad hoc analysis to meet user needs for IDBR data.</p>	<p>ONS has both widened and increased the frequency of its user engagement by setting up a steering group that is focused on business demography statistics. The steering group has helped ONS extend its understanding of user views, particularly from the academic community. For example, ONS has received user feedback on the proposed new breakdowns of lower-level geographies in quarterly business demography statistics and on preferred level of breakdowns by industry. ONS has further plans to re-brand the steering group, with a new name and is considering the breadth of its membership.</p>
<p><b>Requirement 5</b></p> <p>ONS should improve timeliness of its annual statistics to meet users' needs and continue to develop other faster indicators that give more-timely insights into changes in the business population that users need.</p>	<p>ONS launched a new <a href="#">experimental quarterly business demography release</a> (in response to the COVID-19 pandemic). This release provides timely information on business births and deaths each quarter.</p> <p>ONS continues to develop the quarterly release by:</p> <ul style="list-style-type: none"> <li>• Increasing the amount of detail available, for example adding low-level geographic breakdowns by district, counties and unitary authorities within region and countries.</li> <li>• Adding an "unspecified" geography category to deal with the distorting effect of multiple registrations at the same postcode.</li> <li>• Improving the methodology to account for reactivations in business deaths (from <a href="#">Q4 2022 release</a>).</li> </ul>	<p>ONS has met user needs by publishing quarterly estimates which has improved the timeliness of business demography statistics. It also now offers users further insights, with lower-level geographies and the ability to identify multiple registrations at the same postcode.</p> <p>ONS has continued to develop the experimental quarterly release by improving the methodology. For example, ONS compared the annual and quarterly figures to improve the way it estimates births and deaths in the quarterly statistics and began to implement the results from Q2 2023.</p> <p>ONS considered removing the annual publication altogether and putting all its content into the quarterly but rejected this idea because some of the annual content is not appropriate for the quarterly. For example, it is not appropriate to include annual survival rates in the quarterly publication.</p>

<p><b>Requirement 6</b></p> <p>ONS needs to work with data providers, especially HMRC, and users to investigate ways to explain and overcome:</p> <ul style="list-style-type: none"> <li>the difference between the registration date of a business and the date it started trading.</li> <li>the influence of multiple registrations at a single postcode.</li> </ul>	<p>ONS has published a report covering <a href="#">registration lags on the IDBR</a>. Following that report, ONS plans to include an additional date variable for enterprises on the forthcoming Statistical Business Register (SBR).</p> <p>ONS also published a report covering <a href="#">multiple registrations at a single postcode</a>. The analysis is broken down to local authority level, and users can see the effect that multiple registrations have on the published data. As a result of the report findings ONS has introduced an “unspecified geography” category to the quarterly release to deal with the distorting effect of multiple registrations at the same site.</p>	<p>ONS’s reports have produced useful insights into both parts of the requirement looking at issues on registration lags and multiple registration.</p> <p>The additional date variable on the forthcoming SBR will provide greater insight as users will be able to look at the most recent data records and at the various states of data at different points in time. This will help facilitate further analysis and crucially provide clarity for users on when a new business started trading.</p> <p>The addition of an “unspecified geography” has been implemented into business demography datasets. This helps users identify, analyse, and remove distortive data on management or personal service businesses registered at the same location.</p>
<p><b>Requirement 7</b></p> <p>ONS should better understand and assure itself of the quality of the data used to update the IDBR and produce business demography statistics. ONS should use this understanding as a basis of improving quality where needed. ONS should also publish information about the quality of all key aspects of IDBR data and its impact on business demography statistics, to enable users to understand the strengths, weaknesses, and usability of the statistics. In meeting this requirement ONS should use the</p>	<p>ONS has set up a dedicated <a href="#">landing page on IDBR quality</a>. Included on the page are links to three useful documents, the IDBR data matching user guide for users and two reports on IDBR quality:</p> <ul style="list-style-type: none"> <li>The first report describes the <a href="#">impact of the Business Register and Employment Survey (BRES) on the IDBR (2022)</a>. It found that the BRES successfully captures changes to business structure, but that there were significantly greater rates of structural change in critical demographics such as high unemployment and complex businesses. This validated to ONS that it had made the right decision to enumerate these businesses.</li> </ul>	<p>Through conducting a QAAD analysis, and undertaking several analyses into IDBR quality, ONS now has a much better understanding of the quality of the IDBR data. It would be a helpful reassurance for ONS to publish its QAAD analysis.</p> <p>ONS has communicated its findings (into the quality of data used to update the IDBR) to key users through its Business Demography steering group. It has also published the findings of its reviews, so that users more widely can understand the strengths, weaknesses, and usability of the IDBR and the business demography statistics.</p>

<p>Authority's Administrative Data Quality Assurance Toolkit.</p>	<ul style="list-style-type: none"> <li>The second report looked at <a href="#">Business classifications on the IDBR (2022)</a>. It found that the industrial classifications are relatively stable, particularly with large businesses. Most changes were for small businesses and driven by more reliable data (survey response or Companies House registration).</li> </ul> <p>In May 2023 ONS published the findings of its <a href="#">investigation into the accuracy of Standard Industrial Classification (SIC) codes</a>. The report compared the SIC of reporting units on the IDBR with the results from the BRES and found a low level of mismatches.</p> <p>ONS has used the <a href="#">UK Statistics Authority quality assurance of administrative data toolkit (QAAD)</a> to conduct an assessment of the quality of IDBR administrative data sources.</p>	
<p><b>Requirement 8</b></p> <p>To ensure that the statistics are developed to provide the insights that users need, ONS should dedicate enough resources to, and sufficiently prioritise, the development of the IDBR and business demography statistics.</p>	<p>ONS plans to replace the existing IDBR as a sampling frame for surveys of businesses. The Statistical Business Register (SBR) is being developed as part of its <a href="#">Census and Data Collection Transformation Programme</a>.</p> <p>ONS is in the process of accessing further funding needed to complete the project and expects the SBR to be fully operational from September 2024.</p>	<p>We are pleased that ONS has committed resources to the SBR project. Despite a recent reduction in the funding available, it remains a key project on the ONS prioritisation framework.</p> <p>The SBR is expected to lead to an improvement in insights that users need from business demography statistics, for example it should lead to more-granular breakdowns and have the capability to incorporate faster data sources leading to more-timely statistics.</p>