

## **Inter-Departmental Business Register (IDBR) review**

### **Q&A**

#### **Q&A about the review process**

##### **What other reviews are planned?**

An indicative schedule of reviews planned across National Statistics is available on the National Statistics website.

##### **What reviews are planned within the ONS?**

The ONS is currently running or initiating the following reviews:

- Distribution of earnings
- Labour market framework
- Labour force survey

It has plans also to begin reviews in both the Social & Welfare and Economy themes over the coming year.

##### **Who was involved in the review and who was consulted?**

As the review is commissioned by National Statistics to look at its outputs, the steering group comprised members from a range of government departments and an external representative. The project team consisted of ONS members, as they had the best understanding of the current outputs. Ray Chambers of the University of Southampton was also a member of the project board. Members of the team actively consulted with key IDBR users in other government departments and in the wider community through an email questionnaire and general discussions.

##### **Why have such reviews not been carried out in the past? Why has it taken the office so long to address some of the problems?**

The IDBR was set up in 1995 following a feasibility study. Internal reviews of the IDBR have been conducted since then, most notably an internal audit of processes. The creation of National Statistics has provided a more formalised and regular review process. These reviews are resource intensive (15 person-months for this review) but provide the chance to look widely across the range of National Statistics outputs in a strategic fashion.

### **Do you think that the review has looked at the most important issues?**

Yes. The review looked at several aspects of the IDBR but had to be limited in scope because of the time needed to carry out the review. Its purpose was:

to establish users' requirements regarding the IDBR's quality;

to evaluate, taking account of international best practice, whether any improvements could be made to the main IDBR processes in order to improve the quality of the Register; and

to recommend a range of indicators that should be used to measure the quality of the IDBR.

These tasks were agreed by the project steering group, which includes non-ONS representatives. The IDBR will be subject to a further quality review as part of the cycle of National Statistics Quality Reviews.

### **What was the Minister's role in the review?**

Ministers are aware of the programme of reviews as outlined in the White Paper. Ministers have not been involved in the detail of the review, but the Economic Secretary has been briefed on its main findings.

### **What is the role of the Statistical Commission in this review? What role will the Commission have when it receives this report?**

The Statistical Commission did not have a direct role in this review. They are, of course, being sent a copy of the report and the ONS is offering the Commission the opportunity to be briefed on the review. The Commission will be free to comment on this review if they chose to do so.

### **Q&A about contents of the IDBR report**

#### **What is the IDBR and what does it do for national statistics?**

The IDBR is a list of UK businesses that is maintained by ONS. It is used for selecting samples for surveys of businesses, to produce analyses of business activity and to provide lists of businesses. It is based on inputs from three administrative sources: traders registered for Value Added Tax purposes with HM Customs and Excise; employers operating a Pay As You Earn scheme, registered with the Inland Revenue; and incorporated businesses registered at Companies House. The ONS Annual Register Inquiry and other surveys are used to identify and maintain the business structures necessary to produce industry and small area statistics.

#### **Has the review identified any problems?**

Although the overall assessment is that the IDBR is of good quality, the review has identified a range of areas where improvements could be made. However, while the review highlights a

number of recommendations for change, none of these is such as to cause major concerns about quality, or to suggest that the register is not fit for purpose. We believe that the 29 recommendations in the report are sensible and appropriate, and are to be welcomed.

### **Why was agriculture excluded?**

While the IDBR holds information on agricultural enterprises, MAFF uses a separate register of farm holdings as the basis of surveys of the farming community. Historically this was because of the greater coverage of smallholdings on the MAFF register. The National Statistics Review of the MAFF Farm Business Survey (currently in progress) will make recommendations on register issues.

### **How far does the review address the needs of non-ONS users?**

The IDBR has many users in central government departments, local authorities, businesses, academic research and international bodies. As part of the review we conducted a survey of users and potential users both within and outside the ONS and their replies are summarised in the report.

### **The review identifies poor quality industrial classification as an issue. How can economic statistics produced from the IDBR then be trusted?**

The review stated overall that the IDBR was of good quality and compared well with business registers in other countries. The quality of industrial classification is of concern and the review recommends that close working with the data suppliers in HM Customs and Excise and Inland Revenue on this issue will deliver important improvements. The effect on published statistics will depend on the procedures used in compiling them, and not directly on the quality of the IDBR.

### **The review appears to recommend an increase in respondent burden. Can this be justified?**

The review recommends a change in the balance of the sample for the annual register inquiry, with an increase in contact with the larger enterprises compensated by a reduction in burden on the smallest enterprises. In addition, the recommendation for greater use of electronic collection methods will reduce the burden on the enterprises selected for the survey. In general, a better quality register would lead to a reduction in respondent burden in other surveys

### **The review appears to recommend greater data sharing between departments. How does this marry in with assurances to businesses on confidentiality?**

The recommendations are an extension of existing well-established practices. The ONS works within the legal framework of the Statistics of Trade Act 1947 and none of the recommendations require a change to the legislation. A code of practice for National Statistics is going through a consultation process and is designed to give the business community the assurances that it needs.

### **What effect will the proposed changes to the IDBR have on economic statistics?**

The IDBR forms the sampling frame for surveys supporting national economic statistics. When it was introduced in 1995, it resulted in an improvement in quality, the effect of which was monitored and taken into account in published statistics. The changes from this review are expected to be smaller. The effect of changes will be assessed in order to ensure the continuity of published statistics.

### **Why isn't there a closer link between the IDBR and the registers of HMCE and IR?**

The ONS and its predecessor departments have long been aware of the importance of using administrative data and the legislation covering both VAT and PAYE collection specifically includes provision for using the administrative data for the purpose of maintaining a business register. The ONS works closely with the supplier departments to ensure that data are used effectively. It is managing a joint project studying the creation of a comprehensive business directory that would use latest technological developments to make the most effective use of all data supplied by the business community, subject to the protection of confidentiality that is necessary.

### **When will the ONS start its review of sampling and estimation?**

ONS has recently strengthened its methodological support function by establishing centres of expertise in areas such as data collection, sampling and estimation. One priority of the sampling and estimation unit's work programme is to establish a framework for the efficient and effective design of business surveys. The scope of the programme is currently being established in conjunction with survey practitioners and customers both within and outside ONS.