



Business Activity

Statistics Bulletin

Facts & Figures from the Inter Departmental Business Register (IDBR) – Edition Eleven

30 June 2009

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Trade and Investment

Facts & Figures from the Inter Departmental Business Register (IDBR) – Edition Eleven

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Contents

1
Executive Summary
Pages 1 -4

2
Contact Information
Page 5

3
Background notes
and definitions
Page 6

Executive Summary

1

INTRODUCTION

The Inter Departmental Business Register (IDBR) contains information on all businesses in the United Kingdom which are VAT registered and/or operating a PAYE scheme. The register is comprised of approximately 2.2 million UK businesses, Northern Ireland accounts for just over 3% of the UK total.

VAT AND/OR PAYE REGISTERED BUSINESSES IN NORTHERN IRELAND

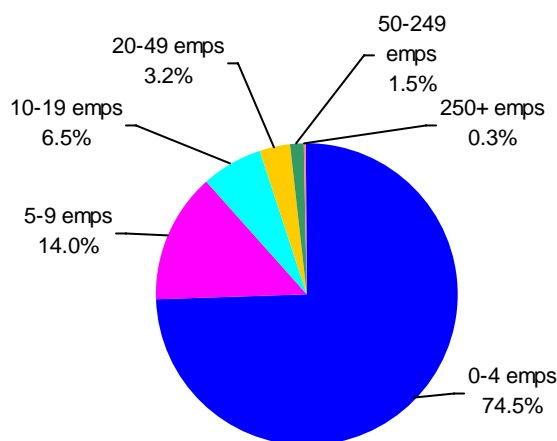
For every enterprise held on the IDBR, a region marker is allocated based on the address where the enterprise employs its greatest share of employees (generally the main operating site or the head office). Thus a business with a head office in London is likely to be included in Great Britain regional figures, even though it may have work sites in Northern Ireland. Therefore many multi-national businesses are excluded from this *enterprise based* analyses. Similarly, for businesses operating solely within Northern Ireland that have headquarters in Belfast, these businesses are included only in the Belfast District council area even though they may have sites across NI. As a result, VAT and/or PAYE estimates in the following section are not comparable with previous editions of this publication (see background note for more details)

- At 21st March 2008, the IDBR estimated there to be 71,555 businesses in Northern Ireland which were either VAT registered or operating a PAYE scheme.
- Figures from the IDBR show that Northern Ireland continues to be a small business economy with this category (less than 50 employees) accounting for 98.2%, medium sized (50 -249) 1.5% and large (250+) 0.3%.

- Micro businesses (those businesses with less than 10 employees) accounted for 88.5% of the Northern Ireland total, similar to the UK rate of 89.0%.
- Under half (45.6%) of the businesses registered for VAT and/or PAYE in Northern Ireland have a turnover which is less than £100,000, this compares to the UK average which is 42.7%.
- In Northern Ireland, 9.4% of registered businesses have a turnover which exceeds £1 million. This percentage is higher than that of Scotland (9.1%) and Wales (7.1%) but marginally lower than England (9.5%). The overall UK rate stood at 9.3%.
- Generally, the proportion of businesses in each broad industrial group is similar to that in the UK as a whole.
- However, NI has a higher reliance on agriculture, with 24% of businesses located in this sector, compared with a figure of slightly over 7% for the UK as a whole.

These figures cover most of the economy, including the agriculture, production, service and public sectors in Northern Ireland. However they do not include very small businesses that fall below the VAT and PAYE thresholds. Latest figures published by the Department for Business, Innovation and Skills (BIS) include an estimate of the number of unregistered businesses and indicate that at the start of 2007 the total number of businesses in NI was 132,040, which had increased by 15% from 114,940 in 2005.

VAT and/or PAYE businesses by employee sidebands, March 2008
Figure 1



District Council Information

- Belfast District Council accounts for the largest proportion (12.5%) of VAT and/or PAYE registered businesses in Northern Ireland.
- Fermanagh District Council has over 2,000 businesses registered for VAT and/or PAYE and with turnover below £50,000. Four other District Councils in NI (Omagh, Newry & Mourne, Dungannon and Belfast) each reported more than a thousand VAT and/or PAYE registered businesses with a turnover below £50,000.
- As expected, Belfast has the greatest number (335) of VAT and/or PAYE registered businesses reporting a turnover of greater than £5million, with Lisburn accounting for the second highest number (110) within this turnover size-band.
- Belfast also had the largest number of businesses with less than 10 employees (7,130) as well as being the District Council with the largest number of businesses with 250+ employees (80).
- Outside of Belfast, Newry and Mourne had the largest number of VAT and/or PAYE registered businesses (4,875) whereas Carrickfergus had the fewest (820).

The estimates in the following two sections covering Private / Public status and Legal status are *Reporting unit* based and will include multinational businesses located in NI and are therefore comparable against previous editions of this publication.

Private and Public Sector Businesses

All VAT and PAYE registered businesses on the IDBR can be grouped into either Public or Private sector. The Private sector is a combination of registered businesses whose legal status falls under the category of "Company", "Sole Proprietor", "Partnership" or "Non-profit making organisation" while the public sector is comprised of those registered as "Public Corporation", "Central Government" or "Local Authority".

- 72,270 (99.7%) of the 72,510 NI businesses on the register in March 2008 were within the private sector.
- Although the public sector accounts for a very small proportion (0.3%) of the

total number of businesses in Northern Ireland, estimates from the March 2008 Quarterly Employment Survey show that public sector businesses account for almost a third (30.3%) of employee jobs in Northern Ireland.

- Micro businesses (those employing between 0 and 9 persons) dominate the private sector, accounting for 89.1% of all private sector businesses. In contrast, the public sector is dominated by large businesses employing 250 or more persons, with 31.1% of public sector businesses within this category.
- 94.8% of all Northern Ireland medium sized businesses (i.e. those employing between 50 and 249 persons) are within the private sector. However, the proportion of medium sized enterprises within the Public sector and Private sector is 26.2% and 1.7% respectively.

Legal Status of Businesses

- The majority (49.9%) of businesses in Northern Ireland, in 2008, were registered as 'Sole Proprietors'.
- Under a half of all VAT and/or PAYE registered businesses were registered as either a 'Company' (26.7%) or as a 'Partnership' (18.9%).
- A total of 0.3% of VAT and/or PAYE registered businesses, in Northern Ireland, belong to the Public sector. A further 4.1% of VAT and/or PAYE registered firms are non-profit making organisations.

VAT AND/OR PAYE DATA TABLES

BIRTHS, DEATHS AND SURVIVAL RATES

In November 2008 the Department for Business, Innovation and Skills (BIS) published statistics for the final time on VAT registrations and de-registrations and survival rates for each of the UK regions, using information sourced from the IDBR. (The BIS estimates are enterprise based and are comparable with previous editions).

The Office for National Statistics (ONS) has now assumed responsibility for the publication of official business births, deaths and survival rates. The ONS publication uses a new enterprised based

methodology and results were published at the same time as the BIS in November 2008. For full details on the differences between the two sources please click [here](#). Estimates from both sources are provided below.

VAT Registration and De-Registration Rates and Survival (Source: BIS)

VAT Registration rates provide an indicator of the level of entrepreneurship and of the health of the business population. Many factors influence the pattern of business start-ups. Among the most important are economic growth (encouraging new ventures and demand for business and personal services), the level of industrial restructuring and contracting out, and the stock of people with management or small business experience.

It should be noted that VAT registrations are not synonymous with business start-ups; some registrations are the result of changes in ownership or legal status of a business. Businesses de-registering for VAT do so due to closure, or (in a minority of cases) because turnover has fallen below the registration threshold. Closure does not necessarily involve bankruptcy or insolvency proceedings, which make up only around one in four closures throughout the UK.

- Statistics from BIS show that, during 2007, the number of VAT registrations for every 10,000 people, aged 16 or over, in Northern Ireland, fell slightly to 32 from 33 the previous year. This is somewhat behind the UK average VAT registration of 42, which increased from 37 the previous year.
- VAT de-registration rates per 100,000 adults in NI increased from 26 in 2006 to 27 in 2007 but this still represents a marginally lower rate of de-registration than the UK of 30.
- The Northern Ireland VAT registration rate was the third lowest of all UK regions in 2007, while the de-registration rate was the 6th highest.

VAT REG AND DE-REG DATA TABLES

Business Demography: Enterprise Births and Deaths (Source: ONS)

The key difference between the BIS statistics and this new ONS Business Demography data is the inclusion of PAYE registered units not previously registered for VAT. Therefore, the new statistics will additionally include the births and deaths of employing businesses, which are not VAT-registered, providing a more comprehensive view of business start-up activity.

- In 2007 a total of 5,960 enterprises were born in Northern Ireland. In the same year, there were 3,995 deaths of enterprises.
- The new ONS methodology expresses business birth and death rates as a proportion of active enterprises in the calendar year, rather than per 10,000 adults as previously used by BIS. The business birth rate in Northern Ireland in 2007 was 10.3% of active enterprises. This was the lowest of the 12 UK regions. The overall UK birth rate for the UK in 2007 was 13.1%.
- The Northern Ireland death rate was also the lowest of the UK regions at 6.9% (9.9% for UK) in 2007.
- At 2007, Northern Ireland had the highest five-year business survival rate of the 12 UK regions (55.5% of business births in 2002). Perhaps surprisingly Northern Ireland has the lowest one-year survival rate of the UK regions (95.5% of business births in 2006).
- Carrickfergus, Magherafelt and Moyle had the highest one-year business survival rates (100%) while Larne District Council had the lowest survival rate with 88.9% births in 2006.

BUSINESS DEMOGRAPHY TABLES

FOREIGN OWNED BUSINESSES OPERATING IN NORTHERN IRELAND IN 2007

The market information company Dun and Bradstreet, annually supply the Office for National Statistics (ONS) with information on foreign owned businesses operating in the United Kingdom. This information is then loaded onto the IDBR. It should be noted that this is not an exhaustive list of foreign owned businesses in Northern Ireland, only those for which we have received information from the above sources.

Information on the status of foreign owned businesses is continually updated and, as a result, figures are subject to change as more up-to-date information becomes available.

- At March 2008, there were approximately 670 foreign owned businesses operating in Northern Ireland.
- The majority of foreign owned businesses were from the Republic of Ireland (36.3%).
- The Wholesale and Retail industry accounted for the highest proportion (32.1%) of foreign owned businesses in Northern Ireland.
- Slightly over 22% of businesses classified under 'Real Estate, Renting & Business Activities' were foreign owned businesses.

FOREIGN OWNERSHIP DATA TABLES

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2

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Information regarding the UK IDBR is also
available via the following link.

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=933>

Background notes and definitions

3

Changes to the 2009 Publication

i) ONS inclusion of PAYE operating businesses not registered for VAT

Users should note that the publication of the *"Facts and Figures from the Interdepartmental Business Register"* in June 2009 (for reference period March 2008) differs slightly in coverage from previous editions and therefore caution should be exercised when comparing estimates from this edition against previous years. This is partly caused by a change in methodology by the Office for National Statistics (ONS) who now include PAYE-based enterprises that are not also registered for VAT. This is an extension of the scope from the previous VAT-based enterprise tables published by ONS.

The DETINI *Facts and Figures* publication by contrast has historically provided figures of VAT and/or PAYE registered businesses albeit using *"reporting unit"* based coverage rather than the *"enterprise based"* ONS coverage. To allow NI to be set in a comparable regional context, this June 2009 edition has adopted the *"enterprise based"* methodology for the introductory section of this *"Facts and Figures"* publication. Although, the sections on Public / Private Status and also Legal status remain on the *"Reporting Unit"* basis and are therefore comparable with previous editions.

The VAT registered enterprise data (i.e. excluding PAYE registered businesses not separately registered for VAT) will no longer be published by the ONS and thus means that there are no longer any comparable regional tables for this data. In line with the ONS decision, the NI publication ceases to include VAT registered

enterprise data although certain analysis can be carried out on request.

ii) Enterprise based and Reporting Unit based analysis

The *"enterprise"* and *"reporting unit"* concepts can be thought of in the following terms, the *"enterprise"* is similar to the head office of a business reporting for all activity in the business, whereas the *"reporting unit"*, as the name suggests, reports for only certain parts of this business e.g. GB activity only or NI activity only. An example may help to explain this concept; Joe Bloggs Ltd is a large multinational company existing in NI but also has sites across a number of other GB regions, with the London headquarters being the largest store. Any analysis at the *"enterprise level"* would assign Joe Bloggs Ltd to the London region whereas the *"reporting unit level"* analysis would assign a separate NI business.

Therefore, any analysis carried out at the *"reporting unit"* level is likely to include more businesses than an analysis based on the *"enterprise"* level. The following table presents a breakdown of the extent of the differences resulting from the different coverage at March 2008.

NI businesses by industry section - March 2008

Broad Industrial Group (SIC03)	Enterprise based	Reporting Unit based
Agriculture	17,140	17,210
Production	4,650	4,735
Construction	10,940	10,980
Motor trades	2,645	2,665
Wholesale	3,355	3,445
Retail	6,715	6,890
Hotels & catering	3,830	3,860
Transport	2,450	2,510
Post & telecom	345	355
Finance	1,005	1,060
Property & business services	11,115	11,205
Education	490	505
Health	2,635	2,695
Public admin & other services	4,240	4,400
Total	71,555	72,510

iii) New business births and deaths statistics

As detailed earlier within the report the June 2009 edition includes estimates of business births and deaths and survival rates sourced from the new ONS Business demography publication. This publication was introduced following a new European Commission Structural Business Statistics Regulation which came into force in February 2008, requiring National Statistical Institutes (NSIs) to produce statistics on business births, deaths and survival rates. These statistics will be produced using common definitions and methodology, which will ensure greater comparability across the EU.

For more information about the the new ONS Business Demography publication please visit the following website:
www.statistics.gov.uk/StatBase/Product.asp?vlnk=15186