

# Multiple registrations at a single postcode: 2017

Paper covering additional information on the impact of multiple registrations on a single postcode.

Contact:  
Karen Watkins  
idbrdas@ons.gov.uk  
+44 (0)1633 456902

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# 1 . Background

The [Inter-Departmental Business Register](#) (IDBR) holds the number of businesses registered for Value Added Tax (VAT) and/or Pay As You Earn (PAYE). Aggregated information on these businesses is published in two of our publications: [Business demography](#) and [UK business: activity, size and location](#).

Multiple registrations impact lower geography analysis in these two publications. Since most of these cases appear on the IDBR for a few months only they present more difficulty for the Business demography publication, which records the number of businesses trading throughout the reference year. The UK business publication records the number of businesses trading at a specific point in time.

The Business demography publication shows the number of businesses that were actively trading during a year. It also records the number of business births (new business registrations), deaths (businesses that have ceased to trade, identified through deregistration of administrative units) and business survival rates. These data are broken down geographically into country, region and local authority district.

## 2 . Aim

This article gives a bit of an insight into the issue of multiple registrations at a single postcode. Based on the current methodology of the UK business and Business demography publications, it is not appropriate to exclude all multiple registrations. We will highlight the differences and explain the reasoning behind this. The methodology is reviewed regularly and if deemed appropriate it will change in the next publication or in the future.

## 3 . Multiple registrations at a single postcode

In recent years the number of multiple registrations observed on the Inter-Departmental Business Register (IDBR), at a single postcode, have increased. This can cause large fluctuations and it can distort lower geography data analysis. It was always recommended to treat data with caution when it is broken down to the lower geographical level.

There are several reasons why these multiple registrations can occur. For example:

- the increase in the use of management and personal service companies
- virtual offices
- the presence of the HM Revenue and Customs local offices
- foreign online sellers

## 4 . Potential impact of multiple registrations on the publications

### Business demography

In certain local authorities, this has caused:

- large increases in business births
- large increases in business deaths
- poor one-year survival rates

## **UK business: activity, size and location**

This has caused:

- large year-on-year fluctuations

## **5 . Management and personal service companies**

There has been an increase in the number of temporary staff, for example, supply teachers, drivers, nurses and so on setting up their own limited companies. Very often these limited companies, sometimes referred to as personal service companies, are using a management company and are registered at the address of the management company rather than the individual limited company address. These businesses may only exist for a few months, to cover the period of the temporary contract. They register for Pay As You Earn (PAYE) and are picked up on the Inter-Departmental Business Register (IDBR). In extreme cases, several thousand businesses can be registered at a single management company address. These are a true reflection of the number of businesses overall but the lower-level geography is distorted because they reflect the management company address rather than their own. In some cases, these businesses can be recorded under the activity of the management company rather than their own individual Standard Industrial Classification (SIC).

In the latest 2017 Business demography publication the following local authorities contained postcodes that showed more than 1,000 new businesses registered at a single location:

- Worcestershire
- City of London
- Northamptonshire
- Rhondda Cynon Taff
- Manchester
- Liverpool
- Hackney
- Cheshire East
- Camden

Since the majority of those are single employee, limited companies, there is a possibility that a high percentage of the increase can be attributed to management and personal service companies.

When new businesses are registered as limited companies by temporary workers and contractors, their survival rates can be shorter. For example, in the initial year the area could show a higher than normal business birth rate but then the following year there could be an adverse effect on the death rates that will result in lower business survival rates.

Table 1 shows the total business births in the affected local authorities. It breaks the total figure down into the number of business births with just one employee and shows how many of those one-employee births are limited companies. In these cases, the one employee is the owner or director.

Table 1: Total number of business births broken down into one-employee size band and limited company legal status, 2017, UK

Local authority	Total business births	Births with one employee	Births with one employee that are limited companies
Worcestershire	6,120	1,920	1,760
City of London	5,905	4,725	2,115
Northamptonshire	5,130	2,735	2,565
Rhondda Cynon Taff	2,935	2,515	2,445
Manchester	8,460	6,375	6,210
Liverpool	3,735	2,555	2,440
Hackney	4,360	3,060	2,955
Cheshire East	4,350	1,725	1,615
Camden	5,765	3,915	3,635

Source: Office for National Statistics

## 6 . HM Revenue and Customs local Value Added Tax offices

The presence of a local Value Added Tax (VAT) office can impact the data of a local authority in the cases where the businesses registered for VAT carry the address of the VAT office.

For example, businesses holding the VAT office address in Grimsby do distort the figures for North East Lincolnshire. The Grimsby VAT office deals with the LNLL (Liable no Longer Liable) type of registrations. These registrations carry the address of the Grimsby VAT office and influence the data for the North-East Lincolnshire Unitary Authority. [Analysis was previously published](#) to show the effect of the Grimsby VAT office on business survival rates in North East Lincolnshire. After obtaining further information from HMRC a decision was made to remove the businesses holding the Grimsby VAT office address. In the 2017 publication all data have been amended back to 2012 to reflect this change.

## 7 . Virtual offices

Virtual offices offer a chance for a business to register their office address in a prestigious location. Often these are prime UK city locations. The services offered to businesses vary but can include the use of a registered address, mail forwarding, call answering, use of meeting rooms and so on. Again, the presence of this type of business in a local authority can cause multiple registrations at a single postcode.

## **8 . Foreign online sellers**

Foreign online sellers selling their goods in the UK now need to register for VAT with HMRC. Very often these VAT registrations use the address of a management company or a firm of accountants.

To be included in the publications, a business must have activity in the UK, therefore the foreign online sellers should be excluded from the Business demography publication. As these businesses can use the registered address of a UK management company or accountants they can be hard to identify. Every effort is made to exclude these businesses from the publications.