

MOTHERHOOD, APPLE-PIE AND USERS' INTERESTS

Two more draft protocols for the NS Code of Practice have been published for consultation. The first on **User Consultation** (December 2002) and the second on **Quality Management** (January 2003) are available online at www.statistics.gov.uk/about/ns/consultations.asp. The deadline for submissions is 11 April.

The Principles embodied in the first protocol are that:

1. User consultation will be an integral part of the statistical process
2. Engagement with users will aim to be clear, simple and transparent

3. Engagement with users will aim to be focused, scaled and inclusive
4. Consultations will be co-ordinated to maximise value and minimise burden

Some criticisms which may be levelled at the text are that it uses vague language; has too much reference to 'may' and not enough to 'will'; has compliance which is too reactive; and indicates that responsibility for co-ordination is too scattered. There is a lack of clarity about accountability, budget planning, the process and criteria for identifying users, and for deciding on what sort of consultations

to initiate. There is no mention of enforcement or evaluation.

Some questions suggest themselves. Is the protocol an improvement on current practice? Would it have solved past problems? How should compliance be monitored? Should there be a minimum set of consultation activities? How should consultation be co-ordinated? How should users be identified? And contacted? And is the description of Users satisfactory?

The second protocol has resonance for users insofar as they need to have confidence in NS.

Two protocols of particular interest to users are still to appear, one on **Managing Provider Burden**, as there has always been conflict between the interests of data providers and users, even though they may belong to the same organisation and another on **Customer Services**.

In the end, does the Code and its protocols subscribe to generally desirable, indisputable principles of the type spelled out in the headline? Consultation seems to result in improvement. So take the offered opportunity.

A report on a recent meeting on the User Consultation Protocol organised by the RSS Official Statistics Group is to be found on the **BSUG NEWS** website www.dtistats.net/bsug.

EDITORIAL

Annus miserabile for NS

It is fashionable in the printed media to devote space to reviewing a bygone year; 2002 has been a bed of nails rather than roses for National Statistics and its leader, Len Cook, the self-styled "most abused civil servant". No fewer than six instances of 'faults' have been spot-lighted. In February there was a £104 billion error in the value of pension funds. In June there emerged a difference of treatment of Network Rail as between ONS (private sector) and the NAO (public sector). In October the publication of the 2001 population Census raised eyebrows and questions with an apparent 'missing' million people and a number of local authorities appealing for re-examination. In the same month there was a £43 million double-count of pension contributions (and this one is still the subject of further doubts in 2003). In December some regional GDP figures were withdrawn and errors were discovered in the National Travel Survey. Despite all this, Len's contract, due to end in May, has been extended for a further three years to the end of 2005. However,

readers may find perusal of Len's upbeat self-evaluation of his first two years in post (Journal of the Royal Statistical Society, Vol.166, Part 1, 2003) a good antidote. He refers to the above-mentioned pensions error "which haunted our public image for the whole year. This is still with us and tends to reinforce a long history of partly informed but zealous negativism about statistics that we provide in the UK."

One could speculate on whether there is an underlying common cause or thread running through such a succession of mishaps. Restructuring, introduction of quality assurance, expansion of methodological resources, extensive reviews of each activity area, creation of theme work plans with opportunities for user consultation, and the publication of a Code of Practice with its trickle of protocols, are among the major developments since the appointment of the National Statistician. From which one would expect nothing but improvement and progress towards ever-greater excellence to result. Just bad luck, human error (we can all empathise with that) or something more insidious?

FUTURE BSUG EVENT

Friday, 28 March 2003 at 2pm
at The Royal Statistical Society,
12 Errol Street, London EC1

Operation 2007 Neil Williams, ONS.

PRODCOM Gordon Morgan, ONS.

ONS OPEN DAY

11 OCTOBER 2002

— Report by Ian Maclean —

This was a far more effective day than last year; instead of a very wide-ranging and therefore a superficial review, the breakout sessions provided the opportunity for informed discussion. The emphasis was very much on User consultation, but it is obvious that the ONS is still largely in reactive mode, expecting Users to make the running.

There seems to be a change for the better with regard to consultation on the Plan; instead of just being asked for comments for a high level draft plan, there is a schedule of reviews on each theme. It is not perfect, but it is a start. The outline presented at one of the sessions for the NS quality review programme was:

Linked to NS themes

Output-focussed

Rolling 5 year programme

Scope of reviews – strategic; fundamental; standard; targeted

Management of reviews to involve

- Transparent process
- Identify key stakeholders
- Involve independent external participation
- Produce formal published report.

Contribution to discussion

The White Paper and Framework Document set out the inspiring prospect of an actively-participating democracy, where national statistics are to be regarded as part of the infrastructure of that democracy, providing both a window on the work of government and the basis for informed debate on issues of public concern and business decisions. Both Len and the Minister have recognised the shift from 'Official' to 'National' Statistics; all we need to do now is to put the principles into practice. The magnitude of the change however should not be under-estimated as it requires a change in the culture of the official statistics service, a change from just meeting the needs of government to a national statistical service that meets the needs of the public and business. The principal actor is the National Statistician, the main vehicle for translating principles into practice is the NS Annual Plan. This plan is required to take into account the needs of users. It is presented to the Statistics Commission who, in turn, are required to review it taking into account the extent to which it has met user needs.

In practice, user consultation has been largely a non-event from both parties. I have written an article for the **BSUG News** (Issue 19) outlining the Commission's shortcomings. Today we have the opportunity of examining the extent to which the

CLEAN SWEEP AT STATISTICS COMMISSION

Sir John Kingman, Chairman of the Statistics Commission will not be seeking to extend his contract at the end of his three-year tenure on 30 April. **Gill Eastbrook**, the chief executive, has also announced her intention to leave at the end of her term of office in the summer. The contracts for the other seven commission members are also due for renewal in May.

Ian Maclean commented to the **Financial Times** "Scarcely can there have been a more inactive head of a body that should have been blazing trails. The Commission had cried out for a leader and barely got a follower."

ONS have fulfilled their role. The name of the game is no longer making the best of the current statistics, but the development of an entirely new strategy. The ONS is much in the same position as British business in the 1950s requiring a change from production orientation to market orientation, which starts with the basic question, 'what market are we in?' Historically the market for Official Statistics was serving the needs of Government, any use that business or the public could make of them was incidental. Under the Ministerial Directive the market for National Statistics has been widened to include business and the public. This is a major cultural change and, as with all culture changes, requires enormous effort to make effective. The evidence of the last two years is that the old Official Statistics culture still prevails. The requirement is far more than just better dissemination of the existing statistical output, valuable as that is, and it is a major component of any user market strategy. What is needed is in-depth research on the way Official Statistics are currently used and the gaps. This research starts with identifying the user community by market segment, then looks behind the statistics at the decisions that are being made or could be made in each segment. In business, research and development, capital investment, employment and marketing. For the public, evaluating the Government's performance on education, health, transport, criminal justice etc, participation in debates in issues arising from these policies as well as other issues of public concern. The academic community is the third major market segment, with its own requirements for National Statistics.

Goodwill is not in short supply on both sides, but a much more formal structure needs to be developed. Putting the draft annual plan on the web and asking for comments is only one very small part of the marketing plan that the ONS needs to develop to ensure the transition from Official to National Statistics. The Code of Practice states the requirements perfectly (page 13). All that is needed is an action plan!

The Portrait Of A Nation – UK 2003

As one of the best known and most respected reference works on the United Kingdom, this Official Yearbook is now in its 54th edition and occupies a special place on bookshelves across the world.

The information in this edition has been fully updated and revised. The colour pages provide a photographic record of events over a year that included the Queen's Golden Jubilee and the Commonwealth Games. Numerous maps, charts and tables provide facts and figures on every aspect of the nation's life.



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NEWS FROM THE ROYAL STATISTICAL SOCIETY

Developments in business survey methodology in the Office for National Statistics, 1994-2000

— Meeting of 15 January 2003 —

Paul Smith, Mark Pont and **Tim Jones** (ONS) gave an informative paper to the RSS, which was a 'must' for anyone concerned with contributing information to business surveys or using the results. Although concerned with statistical methodology, the conclusions are of the utmost importance to users, as much of the explanation directly concerns the quality of data output.

The Newport-based Prices and Business Group [formerly the Business Statistics Group (BSG)] is responsible for the majority of the 100 or so business surveys. The main ones are:

Inquiry	Sample size
Annual Register Inquiry	68000
Annual Business Inquiry	75000
Monthly Production Inquiry	9000
Retail Sales Inquiry	5000
Monthly and Quarterly Inquiries into Distribution & Services Sectors	30000
Monthly Wages & Salaries Survey	8000
Quarterly Capital Expenditure & Stocks Inquiries	32000
Quarterly Profits Inquiry	1600
Products of the European Community (PRODCOM)	28000
Producer Price Indices (PPI)	9000

Following (1) an introductory section, the remaining five sections of the paper describe and discuss (2) sampling frame and sampling procedures; (3) the search for efficiencies and standard methods; (4) merging the collection of employment

and business data; (5) quality and its place in National Statistics; and (6) future developments.

Section 2 – discusses the characteristics of business surveys, the Inter-Departmental Business Register (IDBR), statistical units, industrial classification – the Standard Industrial Classification (SIC92), size variables, sampling procedures, burdens on business, stratification and coverage.

Section 3 – is concerned with reorganisation, common software and the short-period inquiries, data collection initiatives and questionnaire design, statistical computing and the Annual Census of Production, sample designs and allocations, estimation methods, measuring change, PRODCOM and PPI, outliers, editing and imputation.

Section 4 – covers what has been done on some of the inquiries – the wages and salary survey, monthly and quarterly inquiries, and the annual business inquiry.

Section 5 – describes the work on quality undertaken at the request of Eurostat, including model quality reports, sampling errors in the Index of Production, examples of quality indicators, and quality reviews.

Section 6 is of interest to users in mentioning the ONS customer focus. Though ONS has a "reasonably well-developed system for consulting users", it states that the process by which it evaluates users' requirements needs to be more systematic. "The requirements that are expressed during a user consultation process should be balanced against those that are less clearly articulated as well as against a more effective evaluation of the costs. Reasonable users, involved in these processes, are likely to accept that some requirements cannot properly be met without jeopardising the whole exercise." Topics addressed include auxiliary size variables and stratification, industrial classification, matched pairs, outliers, and monthly business statistics.

It is perhaps disappointing that the paper's horizon ends in the year 2000 but statisticians often have to be satisfied with 'yesterday's Bradshaw'.

The paper will be published in **The Statistician** (2003), 52, part 3. Pre-prints are available from Anna Mair at the RSS (journal@rss.org.uk) and online at www.rss.org.uk/publications/pre-prints.html in 'pdf' version.

NEWS FROM ITSUG

Intrastat Review and Impact of EC Copyright Directive on the Trade Partners UK Information Centre

— Report of meeting —
— of 15 January 2003 —

The Patent Office is drafting UK legislation to implement in 2003 the EC Copyright Directive 2001/29/EC. **Diana McAuley**, (Manager, TPUK Information Centre) outlined the resultant implications which relate to changes to Section 29 of the Copyright Design and Patent Act, 1988 and which will restrict photocopying to research for **non-commercial** purposes.

The Centre is discussing with the Copyright Licensing Agency the grant of a new 'learned society licence' which would cover only 17 (mainly Western European) countries. It is also engaged in contacting publishers for permission to photocopy from their publications under the new situation; existing arrangements cover just under half of the Centre's collection.

From 1 April the Centre's customers will be made aware of the changes and their implications. Details of individual copyright agreements will be shown on the Centre's catalogue.

After ten years experience of Intrastat, the EC inter-trade statistics system, flaws in the legislation and their effect on data quality have become apparent and are being addressed by a review. The failure to enact the SLIM proposals revealed the limited control the EC have over the system and the entrance of 10 new member states would further exacerbate the existing situation. **Penny Smith** (HMCE) described the nature of current discussion on proposed changes. Terminology was being examined and best practice sought, particularly in areas of quality, adjustments and deadlines.

It was the intention for new Regulations, to be implemented by January 2005 at the earliest, to provide only for Community needs, which would make it mandatory for traders to provide only: VAT registration number, period covered, arrival/dispatch, commodity code, partner country, value, quantity, and nature of transaction. Member states would be free to legislate for their own needs, information such as: country of origin, region of origin/destination, delivery terms, mode of transport, and statistical procedure.

BSUG WEBSITES

<http://home.btclick.com/bsug>
www.dtistats.net/bsug

The http site gives history, aims and objectives of the Group, Committee members' names and contact details, and information about forthcoming meetings, which can be booked on-line. The www site gives access to current and back copies of **BSUG NEWS**.

NEWS FROM ONS

Changes to the UK Standard Industrial Classification

Introduction

An industrial classification provides a framework for the collection, tabulation, presentation and analysis of data and its use promotes homogeneity. In addition, it can be used for administrative purposes and by non-government bodies as a convenient way of classifying industrial activities into a universal structure.

NACE is the European Union's classification system for economic activities. The acronym NACE means the 'Nomenclature générale des activités économiques dans les Communautés européennes', although today it is known in all Member States simply as 'NACE'.

Classification systems need to be revised periodically because, over time, new products, processes and industries emerge. The economic activity classification systems in EU Member States are required by European law to be identical to NACE down to and including the 4-digit Class level. National systems also contain a 5-digit Subclass level determined at the national level, each Member State having a different set of Subclasses. The UK Standard Industrial Classification is, then, identical to NACE at the Class level and above and also includes a number of 5-digit Subclasses.

Here is an example of the various levels of the UK SIC:

DIVISION 15

Manufacture of food products & beverages

GROUP 15.5

Manufacture of dairy products

CLASS 15.51

Operation of dairies and cheese making

SUBCLASS 15.51/2

Butter and cheese production

SIC 2003

A new SIC, SIC(2003), has just been introduced, replacing earlier versions. Implemented on 1st January 2003, the Standard Industrial Classification of Economic Activities 2003, UKSIC(2003), is a minor revision of the previous version of the SIC, released in 1997. It was necessitated by the latest revision of the European Community classification system NACE Rev.1.1. The UK also took the opportunity to respond to user demand for more detail at the 5-digit subclass level.

Here is a summary of the main changes between SIC(2003) and the previous version of the SIC:

- A breakdown of class 29.40 (manufacture of machine tools) into 3 classes: portable hand-held, metalworking and other.
- A breakdown of class 40.10 (production and distribution of electricity) into 3 new classes, one for manufacture, one for transmission and one for distribution and trade.
- A breakdown of class 40.20 (manufacture of gas; distribution of gaseous fuels through mains) into 1 class for manufacture, and one for distribution and trade.
- A breakdown into two new classes each, of classes 51.64 (wholesale of office machinery and equipment) and 51.65 (wholesale of machinery for use in industry, trade and navigation).
- A new class for call centre activities.
- A new class for publishing of software.
- A breakdown of class 90.00 (sewage and refuse disposal, sanitation and similar activities) into three classes for collection and treatment of sewage, collection and treatment of other waste and for sanitation, remediation and similar activities.
- In response to user demand for a more detailed coding structure within the UK, the introduction of 41 new 5-digit subclasses.

For all subclasses, whether new or already available, the balancing or not elsewhere classified subclass is numbered as a /9. For example, 'Manufacture of other containers' is coded as 21.21/9.

In some cases, the creation of new subclasses left the balancing subclass, as previously numbered, in the middle of a list of specific subclasses. Consequently, when the balancing subclass was moved and renumbered as /9 a space was created at the old subclass number. Following the principle adopted in 1997, we continue to leave the old subclass blank and insert the note 'This code is no longer in use.'

The only other significant change is that the Introduction has been brought up to date and the Methodological Guide, previously a separate publication, is now incorporated into this publication.

No further changes or publications are now envisaged until 2007 when a major revision is expected in line with European Community plans for the future development of its classification system NACE Rev 1.1

Operation 2007

NACE and the related family of national and international classification systems, including the UK SIC, will be the subject of a major revision in 2007. The revision provides an opportunity to consider both the structure and the fundamental methodology. There is the option of a major revision, if this meets

the requirements of users of statistics and is practical to implement. Both within and outside government the impact could potentially be major.

The planned revision resulted from a desire to bring the North American economic classification systems and their EU and UN equivalents closer together. It was commonly agreed that there was a requirement for a major revision given that the 2003 update was minor and that NACE has not been significantly modernised since 1990. The 2007 revisions, both of NACE and of our own SIC, have come to be known as Operation 2007.

The first phase of the 2007 revision covers the structure down to and including the 4-digit class level. A system of co-ordinators was established covering the whole of the SIC. Each co-ordinator was responsible for obtaining UK proposals for improvements to the structure of their particular part of the SIC. The classifications web page > http://www.statistics.gov.uk/methods_quality/sic/operation2007.asp (we are currently in the process of updating the website and a short cut address will be available in the near future.) is one of the many steps taken to complement the work of the co-ordinators by providing a wider UK audience with an opportunity to participate.

After an extensive consultation process, the UK has sent to Eurostat a significant number of detailed and strategic proposals. These proposals, and those made by other Member States, European trade associations and various other sources, will be evaluated during 2003 and 2004 with a view to finalising the new structure by the end of 2004. This fairly early date, around 2 years before the January 2007 implementation date, is necessitated by the time required for the European legislative processes.

The UK will then conduct a second consultation exercise, this time to establish the requirement for national subclasses to be used with the agreed high-level structure. Together, the high-level structure and the new subclasses will become SIC(2007).

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WALKING FINGERS UPDATE — Ed Swires-Hennessy's website, which provides evaluations of National Statistical Offices' websites (www.surfingwiththed.org.uk), described in **BSUG NEWS 18**, has in 2002 reviewed:

January	Ireland	July	Spain
February	Japan	August	-
March	Australia	September	Netherlands
April	Mexico	October	UK
May	Hungary	November	Finland
June	Uganda	December	Estonia

Readers should find particularly interesting the October review of the redesigned National Statistics site, described in **BSUG NEWS 19**. The compiler welcomes comments. He has new contact details – e-mail (Ed.Swires-Hennessy@lgdu-wales.gov.uk), snail mail (Local Government Data Unit – Wales, 8 Columbus Walk, Cardiff, CF 10 4BY), or telephone (029 2090 9500).