

## NEWS FROM THE SUC

# "PERFORMANCE INDICATORS HAVE BECOME AN INDUSTRY"

One would like to think that the critical debate on the nature and quantity of public sector targets at the recent 2003 Statistics Users' Council Annual Conference on Performance Indicators had contributed to a Treasury decision, published with the Pre-Budget Report, to scrap over 500 low level targets for schools, hospitals and town halls. Or perhaps it was just pushing at an already-opening door, softened up by work at the NAO and the Audit Commission. Is there hope that this is just a beginning of a 'Bonfire of the Vanities'.

The timely theme of the Conference held on 13 November was **Measuring Government Performance** and the topics and treatment of the 16 presented papers ranged widely. The day's four sessions were devoted to the role of indicators, available measures, public sector performance, and responsibility and provision.

In the course of his introduction, **Len Cook**,

the National Statistician, felt there was more need to invest in microeconomic studies of productivity; and there should be less concentration on being critical of performance indicators and more on the changes in what government does.

**Stephen Mitchell**, HM Treasury, described the government's Public Service Agreement framework. When first introduced in the Comprehensive Spending Review (CSR) of 1998 there were some 600 performance targets covering about 35 areas of Government. In the 2000 CSR the number was reduced to around 160 with fewer areas involved, and currently there are some 130 for 20 Departments – an average of 7 each. So the trend becomes clear. And there has been cascading down to local authorities.

**Deana Leadbeter**, Health SUG, presented a framework for Indicators using the health sector as an exemplar. **Philip Aylett**, Clerk

of the Commons Public Administration Select Committee, summarised the findings of its report on Targets – eg make sure there are as few as possible. **Jim and Margaret Cuthbert**, Analytical Consulting Ltd, examined key monitoring and measurement issues posed by devolution, in particular as they related to Scotland. Among these was a need for more economic information. One nugget was the discovery of a 'ghost-trader' in metals in Aberdeen. The mind boggles.

**Brian Nolan**, from the Economic and Social Research Institute, Dublin, described his experiences stemming from involvement with developing social indicators for the European Union. **Bart Meganck**, Eurostat, gave his thoughts on economic and financial indicators. **Roger Jowell**, Centre for Comparative Social Surveys, City University, philosophised on indicators of subjective well-being and referred to a small number of economists (eg Richard Layard, Andrew Oswald) who were becoming interested in the influence of social relationships on economic performance. **Svein Longva**, Statistics Norway, introduced the novel idea (in the UK at least) of the national statistical agency providing indicators of democratic debate to inform the public at General Election times.

**Harvey Goldstein**, Institute of Education, University of London, argued that educational league tables should be extended to include value-added measures. He also referred to the Royal Statistical Society's working party report on performance indicators, which sets out good practice and technical acceptability. **Anita Sims**, South East Public Health Observatory, contributed a case study on the Health Poverty Index, a new measurement approach to health inequalities, and used spider diagrams to illustrate some aspects (see page 2).

**Simon Lister**, Transport SUG, offering a user-oriented view, briefly described the situation and condition of transport performance indicators, then he posed

## EDITORIAL

### STATISTICIANS DON'T JUST MAKE THE NUMBERS UP!

It is easy to be critical of official statistics 'errors'. Whilst some regular series are based on sample surveys and most official surveys use random sampling methods, for which accuracy ('errors') can be calculated, others attempt high, if not total coverage of the 'populations' from which they collect data. Throughout, results depend on co-operation from the respondents, be they organisations or individuals, in providing accurate figures promptly. Critics often seem to forget or ignore this underlying situation in casting the statistical agencies (which collect, process, publish) as the villains, neatly letting off the hook the (burdened) providers and their sometimes, perhaps often, lack of exemplary behaviour. Stone-casters should bear this in mind when they castigate the producers of statistics.

Conversely, one does wonder about the influence of GSS statisticians at the Treasury, operating under National Statistics protocols, on what standards are applied to the likes of

the 'golden rule', under which it appears to be possible to adjust changes such as recalculating Budget surpluses of the '90s. Perhaps many of the numbers emanating from 1 Horse Guards Road are produced by economists, who are mere statistics users, unbound by a rigorous Code of Practice.

#### A USERS' GROUP SUPPORTERS CLUB?

For some time now discussions have been under way to try to arrange backroom support for those voluntarily-run user groups who find it difficult to handle administrative functions. Help has been solicited from ONS, the Statistics Commission and the RSS. ONS has categorically rejected any such role for itself; the Commission, having started by adopting a similar stance, is now exploring and considering ways in which it might be able to help; and the RSS-SUC User Group pre-nups negotiations are edging forward and pump-priming funding being sought from ESRC. Watch this space for further developments.

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## NEWS FROM ONS

### The ONS Modernisation Programme

#### The Background

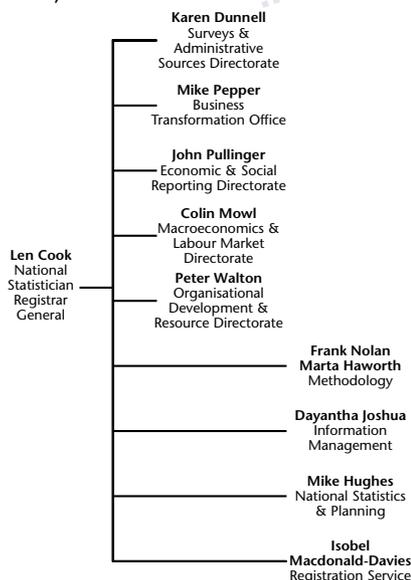
The ONS was created from three smaller organisations in 1996. The legacy of this was a diverse set of IT platforms with software and statistical methodologies that required central support. Recognising the need for investment, the Government has earmarked £75m for ONS over a three-year period. This gives ONS the opportunity to standardise systems, make better use of resources, and improve the use of information across the boundaries of traditional publications.

#### What is the Modernisation Programme?

The ONS Modernisation Programme will update ONS systems and provide standardised tools across the whole of the organisation. In doing so ONS will be able to increase the value of its statistics and improve services to customers. Nearly all statistical services will be delivered via the Internet over the next two years. Investment will lead in turn to improved National Statistics outputs in terms of their range, quality, timeliness, analytical depth and cohesiveness.

#### The Structure

To support this transformation ONS has been reorganised on a more functional basis, as shown:



There are now two central groups of activities engaged in the production of statistics: firstly the Surveys and Administrative Sources Directorate, and secondly two Analysis Directorates.

The Surveys and Administrative Sources Directorate is responsible for collecting, validating and publishing data from both business and household surveys. In the new organisation, which is more functionally oriented, the Directorate will create specific streams of expertise in such areas as editing, estimation and survey design.

Both the Analysis Directorates will engage in more detailed analysis and handle overall high level liaison with key customers. The Analysis Directorates will be 'topic-focused' for example National Accounts, Labour Market, Social Inequality. The Economic and Social Reporting Directorate is responsible for liaison with the Cabinet Office, other policy departments, the European Union and wider community users. The Macroeconomic and Labour Market Directorate is responsible for most of the key statistical products required by the Treasury and the Bank of England. It is responsible for these key customers as well as those in the Department of Work and Pensions.

The Business Transformation Directorate is responsible for building a programme of projects designed to support the implementation of common tools, statistical systems, and the introduction of a metadata system. It will ensure the smooth transition from current systems and practices into the new Information Management and web dissemination environment and the parallel running of the new systems.

#### Progress So Far

On 1 June 2003 the Surveys and Administrative Sources Directorate reorganised into functional-based divisions. Some further fine-tuning of the structure will take place between June 2003 and April 2004.

A review of the ONS's statistical business in 2001 concluded there were areas in the ONS that needed urgent re-engineering. In early 2002 four re-engineering projects were set up:

1. National Accounts
2. Labour Market Statistics
3. Population Estimates & Projections
4. Price Indices

Investment through these projects will increase the value of ONS's outputs, improve integration and harmonisation, reduce staff and analysis costs, and reduce time to publication.

A new IM environment has been selected, including a new relational database management system and application development tools.

One of the major strands within the Modernisation Programme is the creation of a central repository or warehouse to hold all ONS data. This will hold all of ONS's outputs in a standard format, together with associated metadata. It will interface directly with web-based dissemination tools to provide a more integrated and harmonised set of outputs for customers. A prototype of the Central ONS Repository for Data (CORD) is nearing completion.

#### The Way Forward

Before the ONS Modernisation Programme can be realised there are many milestones still to achieve. There will be regular information bulletins available via the **Business Statistics Users Group News**.

## NEWS FROM STATISTICS COMMISSION

The new Chairman of the Statistics Commission is Professor David Rhind, Vice-Chancellor and Principal of City University, who has been a member of the Commission since its birth.

Ian Maclean welcomed the appointment; "excellent news" he told the Financial Times, in the expectation of "a period of real achievement for the Commission and co-operation with users."

The remaining members of the Commission have been reappointed, three (Sir Kenneth Calman, Patricia Hodgson and Martin Weale) for two years and three (Colette Bowe Janet Trewsdale and Derek Wanless), for four years.

The new Chief Executive to take over from Gill Eastbrook in September, will be Richard Aldritt, currently Head of Information and Knowledge Management in the National Assembly for Wales. His previous experience has been at the Home Office, ONS and the Welsh Office.

The Commission's annual report will be presented at an open meeting on 17 July.

## Seven/Twelve Protocols

For the record, as the consultation period for them ends on 30 June, it is worth noting that the final seven protocols for the National Statistics Code of Practice were published in March. They concern:

- Customer service (which is to be merged with the protocol on user consultation)
- Data access and confidentiality
- Data management, documentation and preservation
- Data matching
- Data presentation, dissemination and pricing
- Managing respondent load
- Statistical integration.

There will now ensue a period of purdah while the ONS considers the submissions on all the protocols and determines any necessary redrafting. Meanwhile, however, to avoid a hiatus, it is understood that the National Statistician intends that National Statistics will function using the principles set out in the draft versions of the protocols, therefore some familiarity with them may be advisable. Their texts are, of course, available for viewing/downloading on the ONS website:

[www.statistics.gov.uk/about/consultations/general-consultations/default.asp](http://www.statistics.gov.uk/about/consultations/general-consultations/default.asp)

## NEWS FROM BSUG

# PRODCOM and Operation 2007

Report by Ulric Spencer of meeting of 27 March 2003

PRODCOM is a hardy perennial for business statistics users. It was previously discussed by BSUG four years ago by Debra Prestwood (see **BSUG NEWS 11**, October 1999). **Gordon Morgan**, ONS was our most recent visiting speaker on this subject. He gave a progress report on the PRODCOM 2002 annual and Quarter 4 surveys. Both surveys need an 80 per cent validated response to trigger ungrossed data release and this can take between 26 and 48 weeks to achieve. For the annual survey, the pattern of response for 24,000 forms was: after 4 weeks, 33 per cent by forms, 26 per cent by employment; after 8 weeks, 64 per cent by forms, 56 per cent by employment; after 12 weeks, 75 per cent by forms, 70 per cent by employment, with reminders being issued at intervals. The quarterly survey displayed different response characteristics and shorter time-scales: for 3,300 forms, after 3 weeks, 18 per

cent by forms, 35 percent by employment; after 7 weeks 67 per cent by forms, 72 per cent by employment. Publication is timed for between 12 and 20 weeks after the end of the enquiry period. Processing of quarterly and annual surveys is carried out in parallel with Quarter 1 being given priority to meet Eurostat requirements, followed by that of the annual survey.

He went on to describe developments. Reports for each industry are made available on the NS and HMCE websites as they are completed rather than waiting for the whole set to be ready. The former also has quality measures for each product. ONS and Southampton University are reviewing sampling, grossing and estimation procedures. Because compliance and costs remain issues, the review's objectives are to optimise the sample, reduce form-filling burdens and improve data stability. There is also a review of disclosure policy; this applies to all ONS inquiries, not just to PRODCOM.

As a result of the NACE 2002 mini-review, following the end of the ECSC treaty, the steel industry will be surveyed within PRODCOM. Three annual industries have been subdivided: 2121/9 Cartons, boxes, cases and other containers (into 2);

2125/0 Other articles of paper and paperboard (into 3) and; 29400 Machine tools (into 3), which will take effect in the 2003 inquiry.

To review the balance of service to manufacturing sectors, consultation with each of 26 divisions in the service industry is proceeding on data availability, timeliness and provision with a view to extending SERVCOM

**Gordon Morgan** went on to report on the October 2002 FEBI meeting with Member States representatives. There were new Commission regulations for PRODCOM, the aims of which were to clarify the original 1991 Council Regulations, make the PRODCOM list legally binding, improve coverage and accuracy and publish methodologies. The October meeting covered timeliness – the 18-month delay for EU totals; disclosure and data availability; type of data required, level of detail, uses of data and periodicity. The FEBIs' needs emerged as: coherence, firmer definitions, total production not production sold; monthly data, minimum quarterly, remove constraints of links to CN/HS, data continuity, minimum list changes, greater consultations, FEBIs to produce a PRODCOM list. Other needs included:

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## NOTEWORTHY

A recent ONS recruitment advertisement for statisticians lists the responsibilities of the post-holders, the first of which is to "develop a wide range of statistics to meet users' requirements." Power and influence seem to have had their effect.

## FUTURE BSUG EVENT

FRIDAY 18 JULY 2003

Starting at 2.0pm  
at the ROYAL STATISTICAL SOCIETY  
12 Errol Street, London EC1

DOUBLE BILL

AGM

Followed by

**Christopher Moir, DTI:** Recent developments on productivity and competitiveness

**Mike Hughes, ONS:** The ONS Modernisation programme

Please notify your intention to attend to Geoff Noon, MTA, 62 Bayswater Road, London W2 3PS  
Tel: 020 7298 6400 Fax: 020 7298 6430  
e-mail: gnoon@mta.org.uk

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## NEWS FROM BSUG

## PRODCOM and Operation 2007

FEBIs to specify periodicity; EU totals at 8-digit level; EU preference over NSI disclosure; sensible rolled-up headings if detail unavailable, quality improvements, earlier data release, provision of estimates if actuarial data not available.

Views which emerged from the meeting included: how vital PRODCOM data were because detailed information was needed; the desirability of rolled-up headings if data were not available, essential to have EU aggregates though this might conflict with Member States' and national associations' needs; data should not be considered disclosive after 18 months; if quarterly data are disclosive, collect annually; publish data and note which countries are missing; earlier data release, though there is a need to maintain quality; some FEBIs do not want estimates and are prepared to wait.

Eurostat believe that what can be achieved with minimum investment includes: improvement of coverage and definition; timeliness, review of confidential data; and Member States' investigations, review and report to Eurostat. It was agreed that Eurostat would identify and implement issues raised, discuss data availability at the June PRODCOM meeting. FEBIs would meet more regularly to push for

national associations to strive for earlier response and greater permission to allow data to be published.

Future actions in the UK are: improvements to methodologies; consultation and review current use of PRODCOM by TAs and customers, the outcome of which will influence UK voting, bearing in mind the need to balance the portfolio and provide value for money. Changing to a monthly inquiry or increasing the coverage of quarterly ones are unlikely. NACE 2007, whose outcome is unknown, will affect PRODCOM where sectors change and stimulate changes to the PRODCOM list. All this will generate further consultation. The wider introduction of SERVCOM will depend on the results of the feasibility study and costs.

Neil Williams, ONS outlined aspects of Operation 2007, concerning the convergence of international industrial classifications, (a note on which appeared in **BSUG NEWS 20**, March 2003). These include: the new UK SIC 2003, EU NACE Rev.1.1, UN ISIC Rev.3.1 and North American NAICS 1997. Groups which are working on the changes are: the Convergence Group – embracing US and Canada, then Mexico and then consulting with the UN; and a UN Technical Study Group, which has offered options A and B. The UK would prefer to start from NACE but in default, prefers option A.

A high-level structure with 21 categories, can still be changed. The methodology is largely determined.

There are issues of manufacturing vs services; if information is a sector; motor trades; enterprises/local units vs establishments; the level of aggregation.

Compatibility of NACE and NAICS, the time scale of change, which numbering system are issues to be resolved.

Nothing is fixed yet; what best reflects economic activity is the principle to be applied.

Further details can be viewed at [www.statistics.gov.uk/SIC2003](http://www.statistics.gov.uk/SIC2003)

[www.statistics.gov.uk/SIC2007](http://www.statistics.gov.uk/SIC2007)

<http://europa.eu.int/comm/eurostat/ramon>

## BSUG WEBSITES

<http://home.btclick.com/bsug>  
[www.dtistats.net/bsug](http://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** and, in addition, reports of meetings.

## HOUSING STATISTICS USER GROUP AND A NEW HOUSE PRICE INDEX

The UK housing market is important in many ways. One is that it influences the decisions of the MPC. The Treasury's intention is to switch the MPC's target indicator from the RPI to the HICP, which excludes mortgages. It also featured prominently in the Treasury's 'euro five-test' literature as a major obstacle to joining due to its difference from that of European countries. It may therefore be of interest to readers that a new user group was formed last September – the Housing Statistics User Group, with support from the Office of the Deputy Prime Minister. Information on its aims and events may be viewed at [www.housing.odpm.gov.uk](http://www.housing.odpm.gov.uk).

In October, the Group had a joint

meeting with the Financial Statistics Users' Group on house price measurement. A speaker from ODPM, David Wall described the development of a new official monthly house price index, due to be published on 1st September. It is an expanded version of the current ODPM quarterly index, based on completions, which has been running for many years but is virtually never quoted in the media, because of the time lags in reporting house prices compared with the Halifax and Nationwide monthly indexes, which are based on mortgage agreements but use smaller samples. Other house price indices include those published monthly by Hometrack and Rightmove, and quarterly by the Land Registry.

## BSUG CONTACT ADDRESSES

### CHAIRMAN : Ian Maclean

Lancaster House, More Lane  
Esher, Surrey KT10 8AP

Tel: 01372 463121 Fax: 01372 469847  
Email: [ian@worldtradestats.com](mailto:ian@worldtradestats.com)

### SECRETARY : Geoff Noon

MTA, 62 Bayswater Road,  
London W2 3PS

Tel: 020 7298 6400 Fax: 020 7209 6430  
Email: [gnoon@mta.co.uk](mailto:gnoon@mta.co.uk)

### HON. TREASURER and GROUP PUBLISHER : John Cunningham

69 Warwick Park, Tunbridge Wells,  
Kent TN2 5EJ

Tel: 01892 534 599 Fax: 01892 514 955  
Email: [jacunningham@tiscali.co.uk](mailto:jacunningham@tiscali.co.uk)

### BSUG NEWS EDITOR : Ulric Spencer

Silchester Hall, Silchester, Reading,  
Berks RG7 2LX

Tel: 0118 970 0219 Fax: 0118 970 0751  
Email: [uspencer@silch.fsnet.co.uk](mailto:uspencer@silch.fsnet.co.uk)

### FINANCIAL SERVICES : David Fleming

Applied Business Statistics Limited  
Chalice House, Brook Lane, Barton St. David,  
Somerton TA11 6DH

Tel: 01458 851 441 Fax: 01458 851 442  
Email: [david.fleming@business-statistics.co.uk](mailto:david.fleming@business-statistics.co.uk)