

NEWS FROM THE STATISTICS COMMISSION

LEGISLATION TO BUILD TRUST IN STATISTICS

By Ian Maclean

The recently published Statistics Commission report with this arresting title makes an overwhelming case for legislation and has the confidence not only to suggest 3 models for legislation, but to recommend the model that enhances the role of the Commission. In this Model the existing Commission is replaced by a statutory Commission directly accountable to Parliament, with the key remit of approving a new Code of Practice drawn up by the National Statistician and promoting compliance both with the Code and the UN Fundamental Principles. It's a bold bid for the high ground and marks a sea change in the approach of the Commission. Adopting the 'UN Principles' could have far-reaching results, as it is a radical document that, as well as enshrining the integrity of official statistics, encourages National Statistical Offices to comment on 'erroneous interpretation and misuse of statistics'. A new quality labelling scheme is an integral part of the package but the jewel in the crown for Users is the setting up of a Stakeholders' Advisory Panel which is given a key role in the Commission's operations. The Panel includes representation from: producers, users, professional organisations and academics/qualified experts.

Model 2 also puts the ONS and the National Statistician onto an independent statutory footing with greater responsibility for the Code of Practice and the quality labelling scheme. Model 3 completes the shift of emphasis by making the National Statistician totally responsible for the scope and integrity of National Statistics.

The report is also notable for setting out the reasons for its selection of Model 1 and the rejection of the other two, a fertile fishing ground for ideas to feed into the discussion of what we would like from National Statistics.

Add an egg

The report is only the start of a lengthy process of determining the content of the Bill to be placed before Parliament so taking a lead from Delia Smith, what can we add?

Aims. Are we concerned with integrity defined just as freedom from political interference, and with quality only in terms of accuracy, or are these part of a much wider set of aims? Aims that make a reality of open government with the public feeling part of the decision-making process, not bystanders. Let's start looking through that

'open window on the work of government' that the Prime Minister promised in the White Paper.

The scope of National Statistics

- Is it a designated **list of official statistics** as at present and what are the criteria for inclusion? Is it to be an ad hoc selection procedure or should it follow underlying principles? If the latter, what principles? The current system is production-orientated, should we be customer-orientated, starting with the question 'what are the public issues/queries that can, or should be, answered by official statistics?'

- Do we restrict official statistics to **central government** or include **local government** and the regulatory and other official bodies whose activities affect us very directly in our daily lives. Two recent major media stories highlight this extension. Obesity and the proposed relaxation of the licensing laws. On the obesity issue, the facts in terms of the end result have been widely published but statistics relating to the causes are largely missing so we have knee-jerk reactions branding advertising and the 'junk food' industry as scapegoats. The move to 24-hour drinking seems to be based on the importance of reassuring foreign visitors that they won't go thirsty in Cool Britannia. Again there is a dearth of information about the extent to which this will lead to more alcohol harm and the effect on society of alcohol abuse. The Statistics Commission have recognised this gap and will suggest a list of bodies to be included in the legislation. This listing should really extend the debate and fortunately there is a proviso that the list can be amended.

- **Quality.** Are kite marks of practical value or constraining? Should we follow the much wider Framework Document definition of quality which includes relevance and fitness for purpose? Accuracy and reliability are obviously important, but of no consequence if the

EDITORIAL

TRUST, TRUST, TRUST!

Trust and its importance is the theme which pervades this issue of **BSUG NEWS**. Echoing the 1998 Green Paper **Statistics: A Matter of Trust** and its sequel, the 1999 White Paper **Building Trust in Statistics**, the Statistics Commission, has named one of its recent reports **Legislation to Build Trust in Statistics**, discussed in the article alongside. And a presentation at a recent RSS meeting cast serious doubts, leading to a lack of trust, on another aspect resulting from a public inability to monitor and scrutinise public expenditure pre- and post-privatisation. Another Statistics Commission report on **Revisions to Economic**

Statistics also addresses the same topic. It can't all be entirely coincidence.

Dare one mention targets in this context? As is well-known, establishing trust is a long slog, losing it can be instantaneous. And the statistical community is not alone in majoring on this as the investment industry, which also is much concerned with numbers, is the subject of a new report "to end all reports" (**Restoring Trust**, www.tomorrowcompany.com) concerned, inter alia, with 'lack of transparency, particularly in fees and charges'. Cue for a Code of Practice.

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A MILESTONE
ISSUE

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LEGISLATION TO BUILD TRUST IN STATISTICS

data are misleading. The National Audit Office report on hospital waiting lists showed that they weren't answering the relevant question of 'how long patients were actually waiting from the time they started with the GP'. The importance of accuracy is frequently another characteristic of the macro/micro divide. A 10% error in the RPI is significant, a 10% error in monthly export sales of electric motors would be shrugged off as it wouldn't impact on decision making. Should there be a research capability or do we just rely on outside organisations such as the Institute for Fiscal Studies?

- **Trust.** Is this just a question of protecting official statistics from political interference or is it much wider, something to do with public perception? We're back to relevance. Does the public see value in statistics because they feel that they are able to make better decisions or to understand a situation better? We complain about falling voting levels at elections. One potent factor is that voters feel outside the decision-making structure. If we want to engage the public in the political process, then the wide availability of relevant official statistics is fundamental. Should there be a Public Issues Committee, within or linked to the Stakeholders Committee, responsible for flagging the issues that need to be addressed? Thought for the day, is the real problem not so much mistrust of government interference but in public mistrust of statistics per se? Is there scope for Statistics Centres on the American model?
- **Confidentiality.** How, when the data protection tide is running strongly, can we ensure that it's not applied with unnecessary rigour? Is the answer to reconciling conflicting principles a French-style Confidentiality Committee [under the joint authority of the National Statistician and the Statistics Commission] with the power to review cases?

- **Budgets.** All our good intentions for National Statistics are for the birds if there's no money available. This is a particular problem for any extension to, or variation from the statistical requirements of the Government. Governments which at various times in recent years have not even been willing to pay fully for their own requirements. Put another way, how in the situation of monopsony demand [one paying customer] and monopoly supply [one producer] of official statistics are the needs of users outside government identified, evaluated, approved and finally paid for? What are the alternatives to direct Treasury control?

- **Code of Practice.** A statutory code is favoured, by the report, as the main vehicle for enforcement. This has advantages with our decentralised official statistics service, but there are disadvantages, a code is still a code and could be easier to circumvent than legislation. Many of the arguments are very subtle and this should prove one of the most interesting and complex areas for debate.

- **The role of the National Statistician.** Should it be a statutory position? Is combining the role of Government Statistical Adviser, Director of the ONS, and Head of the GSS too much for one person especially as that person is the public face of National Statistics and the first-line guarantor of integrity? Or are there advantages in consolidation in one person? In the business world a company of similar size would have a chairman and a managing director together with a board of directors, including non-executives. Should the Commission play the role of chairman to the National Statistician as CEO? Which leads onto the next point.

- **The interface between the National Statistician and the Statistics Commission.** Are they partners in the great enterprise of NS or is their role adversarial? There is no doubt that international practice and opinion is firmly in the place of partnership, but given that NS are not part of the market economy, how do we ensure that the needs of users outside government are effectively represented? The Stakeholders Panel, could be the long-awaited mechanism for effective user consultation, but is it one Panel or two? A Panel linking users directly with producers under the aegis of the National Statistician has obvious advantages. Does this Panel need to be supplemented by a Commission Panel that brings pressure in the event that users feel their needs are not being met, or are we really talking about one all-embracing Panel? To make the debate even more interesting there is a market economy model that would place the Commission Panel as the buyer, with its own budget, of the extended/modified/new official statistics that were deemed necessary to meet the aims for National Statistics.

The report is a good boost for legislation, but what happens next? Where are the leaders? **Do we** sit back and wait for a government initiative or **will the Commission** build on its newfound confidence and lead the campaign for legislation? What's the plan? There is nothing in the report on the next stage. It's already seven years since the manifesto promised legislation. Do we have to wait another seven? The Commission are the natural leaders and could make a start by setting up the Stakeholders Advisory Panel. The authority is already there in the Ministerial Directive, so we look forward to the Commission's outline plan for achieving the goal of legislation to create a National Statistics Service of which we can all be proud.

FUTURE NAUG MEETING

Wednesday, 30 June at 12.30 pm
at ONS, 1 Drummond Gate, London SW1

This is the next regular quarterly meeting where the latest **national accounts, balance of payments** and **public sector** data released that day are presented to the group.

In addition, on this occasion there will be a short presentation on the Atkinson Review of the measurement of Government output. There is an opportunity for questions and also a buffet lunch.

Notification of attendance to

Fenella Maitland-Smith 0207 533 5938
fenella.maitland-smith@ons.gov.uk

or

Laura Dubery 0207 533 6056 laura.dubery.ons.gsi.gov.uk

or

James Sosimi 0207 533 5947 james.sosimi@ons.gov.uk

FUTURE FSUG MEETING

Wednesday 30 June at 2.0 pm
at Association of British Insurers,
51 Gresham Street, London EC2

PENSION STATISTICS – IDENTIFYING THE GAPS AND HOW THEY MIGHT BE FILLED

Speakers will include representatives from the following organisations:

The Pensions Commission, The Office for National Statistics, The Government Actuary's Department, The Association of British Insurers.

Notification of attendance to
niki.crofts@abi.org.uk

ODPM TOWN CENTRES PROJECT

As reported in **BSUG News 19**, the Office of the Deputy Prime Minister is undertaking a project to improve the availability and quality of retail statistics. The programme of work started in response to a Select Committee calling for "a nationally consistent system of retail data collection" to address the void of such information following the demise of the Census of Distribution. The main aim of the work is to support and monitor planning policy and to help local authorities, central government and retailers make informed decisions about town centres.

At the start of this project there were no consistent definitions of town centre boundaries for which statistics could be produced. The Department took forward work to develop a model of town centre activity, carrying out a Feasibility Study and a London Pilot Study, during which the model was used to generate consistent boundaries for areas of town centre activity. This work has now been extended to cover England and Wales, and a first set of boundaries has been produced, together with associated statistics from 2000 data on floorspace, rateable value and employment. The real power of this approach is that it provides unique insights by joining existing datasets on a geographical basis.

Background to the Project

An innovative mapping approach has been used, involving the creation of a data surface showing town centre activity across the country. The boundaries are then defined by setting a single best-fit height threshold on the surface, which isolates the peaks that then define the Areas of Town Centre Activity. The height threshold is chosen so that the resulting boundaries closely match local perceptions of town centre boundaries "on the ground". This process is equivalent to flooding the surface.

When the boundaries have been defined they are named and the statistics for the boundaries are extracted. The names, statistics and the boundaries themselves go through an extensive checking process before being released to local authorities and other industry experts for quality assurance. Only when their comments have been received and taken on board are the boundaries and statistics ready for release.

Data Sources

The model developed is data-driven and relies on the use of highly detailed data for small areas. Data are required both to feed into the model to produce the boundaries for the Areas of Town Centre Activity and also in the resulting descriptive statistics released for these areas, so it was essential to find suitable data sources... At the start of the research a review of all potential data sources, from both public and private sectors, was undertaken. The evaluation process showed that employment data from the Office for National Statistics' Annual Business Inquiry and the Valuation Office Agency's floorspace data were the most suitable data sources.

The employment data supplied by ONS are extremely detailed, enabling business activities to be mapped at unit postcode level. The floorspace data are held for individual units of commercial use and are also mapped at unit postcode level. They are the only floorspace data of their kind available to the public – whilst there are alternative commercial surveys of floorspace available, they tend not to be as comprehensive as the VOA data.

The work to develop the national model to produce the boundaries and statistics was carried out on behalf of ODPM by Geofutures Ltd.

Project Revisions

The initial aim of this project was for a national publication that included turnover statistics. The London Pilot study was an important step towards this goal, but with the production of the national statistics it became clear that the turnover data were not as robust as initially hoped. During the quality assurance consultation phase with local authorities and industry experts, feedback suggested that there was consistent under-estimation in the turnover data, which, as with the employment data, were derived from ABI. In-depth analysis of the methodology used to create the small area turnover estimates required for the purposes of this project highlighted severe deficiencies and turnover has been omitted for the time-being.

The employment data also come from the ABI, but they are more robust since there is extensive information regarding employment already in existence on which ONS base the estimation processes. Whereas the turnover data had not been used before at the extremely detailed level required for this project, ONS already disseminates detailed employment data from the ABI and they have approved the employment statistics for inclusion in this project.

Applications and Future Work

In releasing these statistics ODPM are

hoping to receive feedback from a wide selection of users. Part of the purpose behind the publication is to generate the wider feedback required to be confident in the statistics and to continue to develop the project – there comes a point when not having released the statistics becomes a barrier to effective progress on the project. In particular, these statistics relate to 2000, which does not represent the latest data possible. Depending on the response and feedback, ODPM hope to update the statistics as soon as practically possible, and there is scope to backdate them to generate a time series.

The project has many possible applications and has elicited interest from a wide spectrum of users both in Government and elsewhere. For regional authorities and others interested in a general overview of an area, it is anticipated that the boundaries themselves will be of particular interest. The employment and floorspace figures for the Areas of Town Centre Activity will help inform local authorities, town centre managers, retailers and retail consultants of the level of activity in different centres.

In addition, not only are the statistics and boundaries from the project being used, but the modelling technique that drives the project is a very powerful, flexible tool and ODPM hope to be able to adapt it to meet a variety of user needs. In the future, these might include: wider identification of business parks and out-of-town centres and associated statistics; boundaries for many smaller town centres; flexible, user-defined boundaries; a wider variety of statistics. Any statistics that are suitably robust at postcode level can be mapped to the boundaries to create additional datasets.

The Boundaries and Statistics

The boundaries and statistics for Areas of Town Centre Activity together with an interim publication, are available through ODPM's website:

www.odpm.gov.uk/statistics/towncentres

NEWS FROM HM TREASURY

ALLSOPP FINAL EXTRA

The second and Final Report of the Allsopp enquiry on the **Review of Statistics for Economic Policymaking** was published in March. It contains a further 27 recommendations in addition to the 48 made in the first report (which featured in **BSUG NEWS 24**). Space restrictions do not allow us to expatiate on them here. Suffice to say that great emphasis is laid on the rebalancing of data collection from manufacturing (including PRODCOM) to service sectors so as to remain affordable. Intrastat is also singled out as a candidate for investigation of ways of reducing its cost. Readers are recommended to study the report and responses to the first report in full at:

www.hm-treasury.gov.uk/allsopp.

FUTURE BSUG MEETING

Wednesday, 21 July 2004 at 2.0 pm at the Royal Statistical Society, 12 Errol Street, London EC1

STATISTICS ON TOWN CENTRES

Programme details and speakers to be arranged + Annual General Meeting

NEWS FROM THE STATISTICS COMMISSION

REPORTS ON REVISIONS AND ON LEGISLATION

Two reports from the Statistics Commission have fundamental interest for statistics users: the first on **Revisions to Economic Statistics** (Report No.17, April 2004), the second on **Legislation to Build Trust in Statistics** (Report No.18 May 2004), which is the subject of Ian Maclean's leading article.

Consequent upon the publication during 2003 of several major revisions, which attracted media criticism and concern about their impact on the deliberations of the MPC and City reactions, the Commission initiated an investigation of revisions in October 2003 which could contribute to improving trust in official statistics. The core of the Revisions report is based on the work of Dr James Mitchell (NIESR). A reminder also about Len Cook's article on Revisions in **Economic Trends**, February 2004 (mentioned in **BSUG NEWS 24**).

Both reports are viewable and downloadable from www.statscom.org.uk

FUTURE ITSUG MEETING

Wednesday, 30 June at 2.0 pm
at CIPFA, 3 Robert Street,
London WC2

THE REVISED INTRASTAT REGULATIONS

REPORT ON THE EFFECTS OF EU ENLARGEMENT

ANY OTHER ISSUES AFFECTING TRADE STATISTICS

Margaret Kingston & Tricia Williams, HMCE

Notification to:

Harvey Collyer, ISSB Limited,
1 Carlton House Terrace,
London SW1Y 5DB
Fax: 020 7343 3901

BSUG CONTACT ADDRESSES

CHAIRMAN : Ian Maclean

Lancaster House, More Lane
Esher, Surrey KT10 8AP

Tel: 01372 463121 Fax: 01372 469847

Email: ian@worldtradestats.com

SECRETARY : Geoff Noon

MTA, 62 Bayswater Road,
London W2 3PS

Tel: 020 7298 6400 Fax: 020 7209 6430

Email: gnoon@mta.org.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: jjcunningham@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.tsn.net

FINANCIAL SERVICES : David Fleming

Applied Business Statistics Limited
Beech Hayes Office, Clayhidon,
Cullompton, Devon EX15 3PJ

Tel: 01823 680 920

Email:

david.fleming@business-statistics.co.uk

NEWS FROM THE ROYAL STATISTICAL SOCIETY

ACCOUNTING FOR PUBLIC MONEY AFTER PRIVATISATION



At a meeting of the Official Statistics Section, Royal Statistical Society on 14 June 2004, **Dr Jean Shaoul**, University of Manchester, presented a blistering indictment of the reduction in availability and transparency of financial information on the operations in recent years of privatised organisations eg on asset sales, contracting out and PFI/PPP. Consequently it has become increasingly difficult to track public expenditure and scrutinise public finance, both before and after privatisation. Examples included subsidies, debt guarantees, capital grants and price rises approved by regulators in such areas as rail, roads, water, health, and education. Despite being a country with Freedom of Information legislation in place, the ability of a public in whose name such expenditure is made to vet it afterwards, let alone beforehand, is severely handicapped. Though some discussants challenged what seemed a somewhat one-sided, less than rosy view, others, based on their own experience of delving into such topics, were incensed and outraged by the implied contempt of the authorities. It appears that the ONS faces a serious problem in classification of such items, a review of which is under way in readiness for the next revision of SNA (National Accounts structures) due to be introduced in 2008 to replace the 1993 SNA.

BSUG WEBSITES www.bsug.org.uk www.dtistats.net/bsug

The **bsug.org** site gives the 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 **dtistats.net** site gives access to current and back copies of **BSUG NEWS** and, in addition, reports of meetings.

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