

NEWS from ONS

THE BUSINESS SURVEYS INTEGRATION PROJECT

ONS is currently exploring possible ways to improve the quality of its outputs, and their efficiency of production, through increased integration of their present portfolio of business surveys.

This portfolio has tended to grow piecemeal, in response to different demands and concerns, at different times, and within different organisations. Over time there have been various reviews and redevelopments, (such as the introduction of the Annual Business Inquiry in 1998), but there are still, (depending on exactly how they are counted,) around 70 different ONS business surveys.

ONS is currently conducting a Statistical Modernisation Programme, in which the infrastructure is being modernised with movement to common data management systems, and at the same time standardising methods and implementing common tools with which to apply them, and systematising processes. Through this programme, considerable gains in both the quality of outputs and the efficiency with which they are produced are expected.

But it can be said with fair confidence that there are further potential gains to be had,

in both quality and efficiency, through rationalisation and integration of the wide range of the existing business surveys. It is proposed to take this forward through the Business Surveys Integration Project (BSIP).

The BSIP has the broad objective of developing a redesigned and integrated portfolio of business surveys to meet the major requirements for economic statistics. This includes: revising survey methodology in a consistent way that applies current best practice and facilitates optimisation of survey design and coherence of outputs; meeting emerging needs such as those for extended and improved outputs at regional level, and for improved detail of the service industries sector; increasing efficiency and value for money by making the best possible use of administrative data sources.

The initial scoping of this project made use of the findings of existing reviews and other consultations, such as the Employment and Jobs Review, the consultations for the National Accounts Re-engineering Project, and the Allsopp Review of Statistics for Economic Policymaking. Three major components of the project have been provisionally identified:

- a Business Register and Employment Survey, to maintain the Inter-Departmental Business Register and support regional estimation, and provide the basis for annual estimates of employment;
- a Monthly Business Survey, to collect monthly turnover data for all sectors and possibly monthly or quarterly data on employment and/or inventories etc;
- an Annual Business Survey (Regional), to replace the ABI(2), to meet the needs for annual business data for GDP and GVA estimates, to produce regional and national data.

Resource constraints, especially regarding the availability of experienced methodologists, make it unlikely that all three components can be progressed in parallel, and the ONS Investment Board is currently deliberating the scope, timing and funding of the project.

Once there is agreement in principle on the broad way forward, consultation with customers and other stakeholders will begin. It should be noted that the work will be a long-term development over a number of years because:

- There will be extensive design and methodological work, as well as changes to IT systems.
- There will need to be careful testing and parallel running in advance of going 'live', because of the need to understand and handle potential discontinuities and assess the quality of new outputs.

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EDITORIAL

BOOST FOR BUSINESS STATISTICS

News of a major shake-up in the Business Statistics area of official statistics, reported above, is to be welcomed, though as so often when change is in the air, it may not be welcomed by everybody, including some users. A new acronym, BSIP (Business Statistics Integration Project), will become familiar, and user consultation is promised. Resource constraints make it unlikely that all three elements of the programme, which have been provisionally identified – a Business Register and Employment Survey, a Monthly Business Survey, and an Annual Business Survey – can be progressed in parallel, so the programme will run for several years. Improved quality of outputs and greater efficiency of production are promised. Cake tomorrow?

VALE! STATISTICS USERS' COUNCIL; SALVE! STATISTICS USER FORUM

A year ago (in BSUG News 23) we mentioned the discussions which would lead to the inauguration of arrangements for the RSS to provide support for statistics users' groups. These have now been brought to fruition: the 34 year old Statistics Users' Council (SUC) has held its last meeting and its successor body, the RSS Statistics User Forum (SUF) has been created and has met; BSUG is represented. Support will be provided for those user groups who wish to have it; just what is required is now being discussed. To implement the arrangements a new post, an External Relations Officer, has been created and filled, partly-funded by an initial 2-year pump-priming grant from the ESRC. Congratulations on the birth and good health for the future.

COMPETITIVENESS A CHIMERA?

"Competitiveness as a goal is a zero-sum game" asserted Sam Brittan in one of his weekly 'Comment' pieces in **The Financial Times**. Within the EC "the UK and Portugal can both improve their economic performance, but they cannot become more competitive. A former secretary-general of OECD once asked: 'Against whom could all countries become more competitive? The moon?'" There is a need to be continually reminded of this when sloganisers repeat rousing exhortations to achieve greater competitiveness. Pity the word was not common currency when Orwell was writing **Animal Farm**.

NEWS FROM ONS

Is there a case for Business Super Output Areas?

by Alistair Calder

This note asks for your help in developing ONS's approach to what may soon become a key geography for business statistics.

ONS is developing a new layered geography for Neighbourhood Statistics. Central to the approach is a set of new statistical units for England & Wales referred to as Super Output Areas (SOAs). SOAs will consist of three layers referred to as the lower, middle and upper layer with minimum populations of 1,000, 5,000 and (probably) 25,000 respectively. The lower layer is formed of aggregations of contiguous Output Areas (from Census 2001). Units at each of the higher levels will be formed of contiguous groups of units from the layer beneath. The lower layer nests within Census Standard Table Wards while the upper layer will (probably) be constrained within LA districts.

Super-Output-Areas already form the core geography for the collection and output of Neighbourhood Statistics (NeSS). In the longer term they look set to become the fundamental unit for all National Statistics. SOAs are highly consistent in size and will be durable – frozen in order to provide a consistent geography for measuring change. Consequently SOAs avoid many of the problems associated with wards and will allow the release of new datasets at lower levels without disclosure risk.

The lower layer SOAs were developed and published in January 2004 and are already being used for publication of the Index of Deprivation. The middle layer was published in September 2004 and boundaries for both layers are now available free of charge from ONS.

It has always been recognised, however, that since the current SOAs are based on OAs they are fundamentally a social unit and will be unsuitable for publication of many types of economic or business data. Consideration is now being given to options for establishing a separate set of units better suited to collecting and reporting business data.

The issues and options being considered are too complex to describe in any detail here but the key questions are:

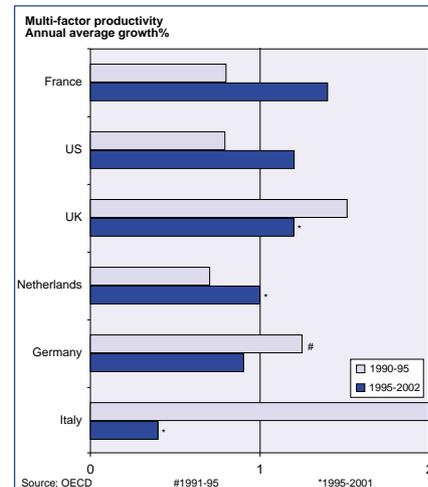
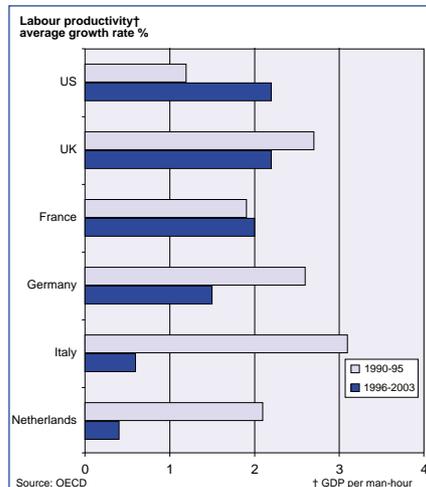
- is there a case for an additional set of business OAs?
- if so, what criteria should be used in their construction?
- is there any benefit in splitting OAs to construct a better geography for business reporting and analysis in town centre and industrial areas?
- what should be the relationship between business OAs and other geographies such as Travel to Work Areas (TTWAs)?

It is clear that gaining the views of a wide range of producers and users of statistics will be critical in developing our approach and contributions from anyone with an interest are strongly welcomed. Anyone interested in getting more information or being involved in further discussions is asked to contact soas@ons.gov.uk.

PRODUCTIVITY REVENTILATED

Discussion of productivity, particularly inter-country comparisons, is a regularly-recurring phenomenon; in **BSUG News** it was last visited in issue 22 (September 2003). More recently an airing was given to the subject in **The Economist** (6 November 2004) in its weekly didactic 'Economics focus' column. "The most common way to measure economic efficiency is not the best. Economic commentators' toss around the term

'productivity growth' as if there were one widely-agreed definition. There isn't." The US uses output per man-hour in the non-farm business sector, ie a labour productivity measure, but a better one is multi-factor (or total factor) productivity, which includes capital inputs, but is more difficult to document. OECD figures graphically illustrate how the different measures stack up to give different rankings.



NEWS FROM THE TREASURY SUB-COMMITTEE

Seasonal Welcomes for the ONS and Statistics Commission

As in 2003 (see **BSUG News 23**), following publication of Annual Reports by the ONS and the Statistics Commission, their senior management representatives appeared before members of the Treasury Sub-Committee for a dose of 'seasonal correction'. On 8 September David Rhind (Statistics Commission) and his colleagues were questioned on: their recommendations for the necessity for statistical legislation, the various interpretations of defining National Statistics, the provisions of the Code of Practice and breaches thereof, revisions, office costs, progress on dealing with the difficulties with the Census results, the Atkinson Report recommendations and PSA targets.

A letter sent later to the Sub-Committee dealing with points not answered fully during the oral session contains a short list of the Commission's frustrations – lack of a shared understanding between the Commission and government officials about the proper role of the Commission; some aspects of the Framework document; interpretation of the Code, and most emphatically, the lack of any response from the government to the

report on legislation, giving rise to the feeling that 'the debate is fading'.

On 27 October it was the turn of Len Cook and colleagues. In relation to ONS they were asked about: revisions, mistakes, NHS productivity, the treatment of Network Rail in the National Accounts, legislation, early release of statistics within government, national statistics, the Code and breaches of it, uses made of published statistics, their relationship with the Statistics Commission and perception of the differences in their roles, the Census difficult areas and the application of lessons learnt to planning the next Census, changes in staffing and relocation. In response to a question about which of the four ONS representatives present would be moving out of London, two would stay put, one would go to Newport, and Len Cook took the opportunity to say that "Her Majesty would be relinquishing his services in 2005."

The full reports on these hearings are available on:
www.parliament.uk/parliamentary_committees/treasury_committee

NEWS FROM THE OFFICE OF THE DEPUTY PRIME MINISTER

FLOORSPACE AND TOWN CENTRES DATA UPDATE

BSUG News 17 (October 2001) reported the publication of commercial and industrial floorspace statistics after a five year gap for the year 2000, and foreshadowed the appearance thereafter of annual updates. The 2004 figures were released on December 10th, 2004.

Following the description of the Town Centres Project (**BSUG News 25**) and the report of the BSUG meeting thereon

(**BSUG News 26**), 2002 boundaries and statistics for Areas of Town Centre Activity will be released on January 28th 2005. This updates the 2000 boundaries and statistics published in May 2004. It will be a provisional release, with the final version coming out towards the end of 2005, along with more time-series data.

These releases will be available on www.odpm.gov.uk

NEWS FROM ONS

ONS launches the new Annual Survey of Hours and Earnings

by Chris Daffin*

The ONS is undergoing a significant modernisation programme of its statistical systems to make them world class in the 21st Century. The objectives of this Statistical Modernisation Programme (SMP) are to standardise and systematise the processing and presentation of statistical outputs. The development of a new annual earnings survey, ASHE, to replace the New Earnings Survey (NES) is ONS's first major survey redesign as part of this modernisation programme. The NES was designed to meet the policy needs of the 1970s and has changed little over the past thirty years. ASHE provides an opportunity to meet users' requirements, to improve the methodology of the survey and to make use of new statistical tools.

The methodology that underpinned the annual NES has been changed in line with recommendations made in the National Statistics Quality Review of the Distribution of Earnings Statistics. The changes address the weaknesses in the design of NES, which led to the production of biased estimates of earnings. The biases arose because the survey responses to the NES were not weighted to the population of employees in employment. Additionally, the sample yielded incomplete coverage of employees in employment, primarily because the main source for the NES sample was the Inland Revenue's PAYE system. Other biases occurred because of differential non-response for employees of different types. Finally, the survey missed significant numbers of employees who change jobs between sample selection and the survey reference date, but who remain within scope of the survey since they remain in employment.

As well as addressing these weaknesses in the survey methodology the questionnaire has

also been reviewed. The NES questionnaire was poorly designed and allowed too much latitude for contributors to interpret the response requirement in their own way, which increases variation in the data. This has led to the design of a new questionnaire, which was tested on a sample of 5,000 employees alongside the 2004 ASHE survey. The parallel test allows a comparison to be made between the old and new questionnaires, to compare response rates and to test the processing system. The new questionnaire is to be introduced for the 2005 ASHE.

Finally the publication arrangements for ASHE improve on NES. The core set of tables available on the National Statistics web site has been extended and now all cover the UK. The ASHE tables now have a consistent layout and they contain more statistics. The core set of tables contain eleven key pay and hours variables disaggregated by males, females, full-time and part-time employees and all possible combinations. All core tables now include median, mean and percentile statistics with the median replacing the mean as the headline statistic. The disclosure and suppression rules have been changed and now allow for the publication of more detailed information subject to the results being of sufficient quality. Quality measures in the form of coefficients of variation are included for all statistics to help the user in assessing the reliability of the published results. The core set of tables include the following:

- 1 All employees
- 2 Occupation (2 digit SOC)
- 3 Government Office Regions by Occupation (2 digit SOC)
- 4 Industry (2 digit SIC)
- 5 Government

- Office Regions by Industry (2 digit SIC)
- 6 Age
- 7 Place of work by Local Authority
- 8 Place of residence by Local Authority
- 9 Place of work by Parliamentary Constituency
- 10 Place of residence by Parliamentary Constituency
- 11 Place of work by Travel-to-Work Area
- 12 Place of residence by Travel-to-Work Area
- 13 Public private sector
- 14 Occupation (4 digit SOC)
- 15 Government Office Regions by Occupation (4 digit SOC)

Additional tables will be added to this list. The first set of these tables were published in October 2004 and included results for the UK, published three months earlier than in previous years. The same tables will also be published on NOMIS.

The introduction of the new survey methodology has introduced discontinuities to statistics of earnings but historical results using a consistent approach have been constructed to allow users to assess the impact of these changes over a reasonably long time-frame. Historical results will be published on the ONS website for the period 1992 to 2003, though initially, resource constraints mean that estimates for 1998 to 2003 were released in the first half of October to allow users to understand the impact of the improvements. These estimates were compiled by applying the ASHE methodology to the NES data sets for 1992 to 2003.

*Employment, Earnings and Productivity Branch, 01633 816023

NEWS FROM THE BANK OF ENGLAND

Statistical fog re-iterated

On a recent out-of-town visit a member of the MPC, the Bank of England's Deputy Governor, Rachel Lomax, used a speech to the North Wales Business Club to stress that the Bank finds the results from private business surveys more timely and sometimes are better indicators than official statistics. This follows the 'statistical fog' theme outlined by fellow MPC member Marian Bell, which was reported in **BSUG News 26**. The Bank has an ongoing relationship with ONS in encouraging improvements in data quality, and on which the MPC relies for its decision making. Ms Lomax mentioned that "few subjects consume more of their time and energy than a daily battle with data." Needs some statistical 'radar' perchance?

FUTURE SBE MEETINGS

CIPFA, 3 Robert Street, London WC2 (6 pm)

Wednesday 12 January 2005

ECONOMIC PRIORITIES FOR A FUTURE CONSERVATIVE GOVERNMENT

OLIVER LETWIN MP, Shadow Chancellor

Tuesday, 8 February 2005

ANNUAL DINNER

Guest Speaker: JOHN VICKERS, Chairman, Office of Fair Trading

Wednesday 16 March 2005

ED BALLS, Former Chief Economic Adviser, HM Treasury

All enquiries about attendance or membership to:
Society of Business Economists 01264 737552

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NEWS FROM EUROSTAT

FREE ONLINE DISSEMINATION

The Eurostat publication **Statistical References, 1/2004** announced that Eurostat had decided to change its dissemination policy quite considerably, since it started free dissemination in the fourth quarter of 2004. The implications of the new policy were vast for Eurostat. The first steps for their publications and data have already been taken.

All Eurostat publications are downloadable free of charge in PDF format from their website (www.europa.eu.int/comm/eurostat). Furthermore, some 1000 tables of the most frequently used and demanded short- and long-term indicators are freely available from the website.

Eurostat is working on the preparation of its databases (including Comext and New Cronos) for the potential large free dissemination demand in order to improve user-friendliness, documentation and response times.

A seminar presentation by Eurostat at the recent On-line Exhibition on the new arrangements, though without a 'live' demonstration, provided further details.

The UK Eurostat Datashop is an additional resource (eurostat.datashop@ons.gov.uk or 01633 813369) which can help with advice on data availability, guidance on your statistics requirements and where to find other information such as methodological background to data.

THE BATTLE OF ACRONYMS

For some years now it has been confusing that LSE, which used to be the commonly-used acronym for the London School of Economics, has been eclipsed, at least in the financial media, by the London Stock Exchange. Supposedly one just gets used to it and concedes that it is part of the development of language or its subcultures such as texting. However, no sooner than the official HICP (Harmonised Index of Consumer Prices) has been renamed CPI (Consumer Price Index) for easier public consumption than along comes another CPI to confuse us. This one is a Corruption Perceptions Index, published by a company aptly called Transparency International, which was reported by **The Financial Times** (20 October 2004) as one governments, companies and civil society groups could not afford to ignore. Caveat emptor.

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NEWS FROM DTI

REVIEW OF CONSTRUCTION OUTPUT STATISTICS: PROPOSALS OF CHANGE

Errors and how to deal with them

Another of the ongoing sets of reviews of national statistics series was recently published – the joint DTI/ONS review of construction output statistics. This review was initiated in October 2003 in response to a revision to construction output that led to a large revision to the estimate of GDP growth for Quarter 2, 2003, published in September 2003.

An interim report of this review was published in February 2004. It indicated that further research was needed to explain the large fall in construction output in Q1, 2003. The final phase of the construction review, published in December 2004, uncovered a processing error in the DTI's survey results for this period, and its correction has led to revisions to DTI's published estimates of quarterly growth in the construction sector for both Q1, 2003 from 2.6% to +0.5% and for Q2, 2003 from 5.3% to 2.1%.

The impact on GDP of these revisions to construction output growth is relatively small. If there were no other changes to construction output, or other GDP components, the effect of correcting the construction output data would be to revise the quarterly growth rate of GDP for Q1, 2003 up 0.1 percentage points and to revise the growth rate for Q2, 2003 down 0.1 points. Revised GDP data were published in the Quarterly National Accounts

release on 23 December, in accordance with National Accounts revisions policy.

Critics of revisions and indeed anyone interested in the largely unseen and unsung work that goes into the collection, processing and publication of a statistical survey would find it well-worthwhile studying the full report of the review available at www.statistics.gov.uk/articles/nojournal/construction_output_for_GDP.pdf.

This includes comprehensive discussion of current and possible additional methodology such as adding monthly surveys to the quarterly ones and alternative modelling methods, and their estimated associated additional compliance costs for both businesses and the DTI. Sadly, it is concluded that it is not possible to estimate the resultant levels of improvement in accuracy which these would bring. Reference is also made to a recommendation on construction statistics estimates in the Statistics Commission's April 2004 report on revisions. The pattern of construction work is quite volatile, the sector includes a relatively large proportion of small firms and figures are collected for work done covering new work, and public and non-public housing and non-housing repair and maintenance; work done overseas and by sub-contractors is excluded from the surveys.

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.

NEWS FROM ONS

QUALITY MEASUREMENT AND REPORTING

Users of official statistics need access to a wide range of quality information so that they can judge whether an output is fit for their purposes. A paper on Quality Measurement and Reporting by Jane Birch (ONS) describes how statistical quality is being addressed at the Office for National Statistics (ONS) in line with European standards.

The European Statistical System's six dimensions of quality, namely: relevance, accuracy, timeliness, accessibility and clarity, comparability and coherence; form the framework for statistical quality developments at the ONS. A set of quality measures and indicators has been developed to standardise quality measurement and reporting across survey outputs. This set will be implemented in statistical systems being developed as part of office modernisation.

Recent and ongoing developments at the ONS are outlined, including the identification of Key Quality Measures, developing quality indicators for administrative data, and finding ways to report quality to general users.

The paper can be found on the BSUG's website www.dtiStats.net/bsug. For more information on any of the issues discussed in the paper, contact the Quality Measurement and Reporting Team at: Quality.measurement@ons.gov.uk

NEWS FROM ONS

CHANGE OF PUBLISHER

It has been announced that Palgrave Macmillan, in succession to The Stationery Office, will become the official publisher for ONS from January 2005 for five years. This will include such titles as **Annual Abstract of Statistics**, **Social Trends**, **Regional Trends** and **Family Spending** as well as **Economic Trends**, **Financial Statistics** and **Monthly Digest of Statistics**.

COOK'S TOUR OF THE OFFICIAL STATISTICS LANDSCAPE

Some thoughts on official statistics in public life in Britain was the theme of National Statistician Len Cook's Annual Vice-Chancellor's Lecture at City University Business School on 3 November 2004. He covered four aspects: the context and heritage of official statistics in the UK, investment in the system of official statistics, the continued direction and relevance of official statistics, and the roles and organisation of the official statistical system.

The tour started with mention of some 19th century pioneers whose work formed the foundations on which 20th century statisticians built. More recently, the direction taken by official statistics has been strongly influenced by the requirements of the European Union, which have partially compensated for some of the ravages wreaked by the Rayner Reviews of the 1980s. Yet, there are only 81 senior statisticians (Grade 5 and above) in 2004 compared with 107 in 1974.

Admitting that there were undoubtedly shortcomings in the current operations (echoed by Chris Allsopp in a recent talk to the Society of Business Economists: Shortcomings of UK economic statistics and the impact on policy decisions), Cook was upbeat about the recently initiated modernisations programme, which would give opportunities for improving the whole system. Finally, he listed some blue-sky changes he would like to see implemented. Compare these (see www.city.ac.uk/what's_on) with the Conservatives' proposed changes to ONS arrangements announced by Oliver Letwin last December.