

News from the SBE

Report of a meeting on 13 July 2005

## Some thoughts on official statistics in public life in Britain

**Len Cook**, ONS gave another of his 'farewell' addresses to the Society of Business Economists containing a distillation of his assessment of the state of British official statistics prior to his departure from the post of National Statistician last August.

He emphasised the importance of the Monetary Policy Committee's role in influencing the way in which official statistics should be changing. The last 5 years had been spent in catching up on technology and methodology. Indeed, he regarded statistics as an investment, different aspects of which required differing lengths within a life cycle. (see chart on page 2)

In the EU, aggregates were becoming more important than inter-country comparisons. At the same time, in the UK devolution had had an impact on what statistics were available and there needed to be an evaluation of devolved statistics. The UK has made an important contribution to EU data structure. And understanding has grown of the relevance of economic statistics and their impact on the economy.

Some of the current issues being addressed include:

- the reference in MPC reports to achieving cross-series coherence, and the regional coherence of good UK data.
- the importance of the output gap
- the impact of revisions
- adjustments to historical data through chain-linking. Could raw data sometimes be more useful?

The concentration on quality (as reflected by revisions, accuracy and coherence) had highlighted that the time-lag between the start of a survey, using the Directory (IDBR) as a sampling frame, and the survey's findings may be one year, by which time the IDBR will have been revised. A primary aim was to speed up the entire survey processes as the results impacted ultimately on the National Accounts, which were dependent on the application of a wide range of price indices. Another desirable improvement is the extension of surveys to services.

More monthly series will feed into and enable the production of monthly GDP.

The need is for more emphasis to be given to improving investment in basic data rather than subsequent 'tinkering'.

In the 19th century, measurement strengthened political argument by means of: structured measurement attributes of members of selected populations, events or places; mass computation; ingenuity in graphical presentation; derivation of summary statistics and life expectancy; hypothesis confirmation was the usual basis for setting up counts; this was the origin of statistical measurement, but it needed a relatively high use of labour.

There followed in the 20th century the

CONTINUED ON PAGE 2

### NEWS FROM ONS

#### NEW NATIONAL STATISTICIAN APPOINTED



It was announced on 4 August that Karen Dunnell, Director of Surveys and Administrative Sources Directorate, ONS, had been appointed as National Statistician (the second one) to succeed Len Cook, when he left at the end of that month. She joined OPCS in the mid-70s, moving on to become director of demography and then group director of social statistics. This represents quite a change compared to recent incumbents – an internal promotion and a woman.

## EDITORIAL

### REPORTS AD (IN)FINITUM

Rayner (1981), Armstrong-Rees (1988), Pickford (1989), Allsopp (2004), Atkinson (2004) – all have presided over the years over inquiries and authored reports on official statistics which have had, are having and will have profound effects on both the quantity and structure of what official statistics are available, for whom and for what purposes. In order to implement their recommendations their detailed components have to be identified, specified and planned into work programmes, the latest manifestation of which appears as the Statistical Modernisation Project, which

was outlined at the BSUG Conference on 7 June (reported in **BSUG NEWS 29**). However, as was mentioned in passing at the 6 September ONS Open Day (reported on page 4), there is inevitably a continual tension between desirable objectives of such plans and finite (ie limited) resources. Additionally, a necessary resource is time. And it's usually the resources end of the 'tug-of-war' that wins. Will it always be the users who lose or are kept waiting for 'jam tomorrow'? One hopes not but past experience has taught them that patience is a key requirement.

## Some thoughts on official statistics in public life in Britain

use of statistical methods to extend measurement:

Business, households and individuals were surveyed using samples; reliability was improved through randomisation; comparisons were extended through standards, common classification and common frames.

From the 1990s on, measurement became integrated with the process with the result that there was: mass monitoring of transactions, events and attributes; information access, ownership and use became 'political'; government operations and policy were reshaped around integration of personal level information; statistical uses were well separated from operational applications; and registers and identifiers have become central to public information

In response to questions from 'the floor', Cook agreed that there was a need to take more account of the problems of external model builders faced with data changes, which required more time for consideration eg chain-linking, which was EU-driven and determined by a necessity to reflect structural change faster than quinquennially. The use of annually reweighted price indices had already proved beneficial.

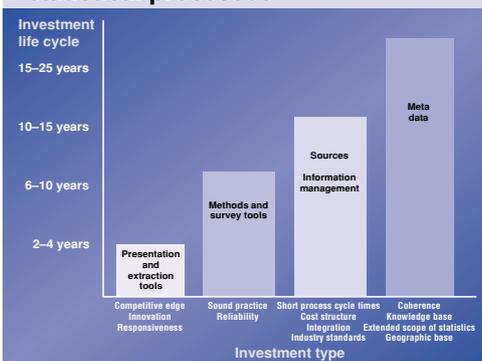
2004-5 was the first year of substantial resource availability from the 2002

review. There had been a managerial as well a technological shift, though there were ongoing problems resulting from EU-proposed measures. A new quarterly series on Public Sector employment was available from the end of July.

It was necessary to examine the effectiveness of measures, and to consider the whole 'tool-kit' rather than taking a piecemeal approach.

One legacy Cook was leaving was the appointment of a new group to offer advice to the National Statistician on difficult issues (see page 3).

### Managing the obsolescence of statistical processes



## FUTURE RSS/NIESR MEETING

### Measuring government outputs and productivity

Thursday 3 November 2005 9.30 to 4.45 at the RSS, 12 Errol Street, London EC1

Details and registration form from [www.rss.org.uk](http://www.rss.org.uk) or [p.gentry@rss.org.uk](mailto:p.gentry@rss.org.uk)

Fees: Fellows £35 Non-Fellows £50

To discuss the Atkinson recommendations, examine methodological and practical challenges to measuring government output and productivity, and to explore promising directions for future work. Speakers include: Sir Tony Atkinson, Joe Grice (ONS), Martin Weale (NIESR), Mandy Ryan (University of Aberdeen), Cam Donaldson (University of Newcastle), Andy Street (University of York), Stephen Almond (Home Office), Anne Netten (University of Kent), Peter Scherer (OECD)

## NEWS FROM THE STATISTICS COMMISSION

### ANNUAL REPORT 2004-2005

The Commission's annual report published in July, highlights its "work on public trust and the role it believes legislation could play in buttressing it". It sets out three key principles required to support users: planning to meet user needs, frank comment on reliability and good communication and packaging of the available statistical data to meet the needs of different user communities.

Included are its objectives for 2005-6. One planned paper which should prove interesting is on "the over-use and misuse of official statistics."

The Commission 2005 open meeting, similar to last year's, with a panel of speakers, will take place on 16 November at the Institute of Mechanical Engineers at 10.00am.

## NEWS FROM FSUG

### FINANCIAL SERVICES AND GDP

Report of a meeting on  
7 September 2005

A half-day meeting addressed by a panel of speakers heard how OECD, ONS and the FSA were involved in updating the UN SNA93 Manual for implementation in 2008, governing how financial services are measured in countries' National Accounts. To a 'visitor from Mars' (ie a BSUG/ITSUG member) the acronyms and classification debates, though different in detail, appeared to be similar and as arcane in practice to those involved in industrial and trade classification exercises such as Operation 2007.

The next FSUG meeting on the Impact of IFRS (International Financial Reporting Standards) is scheduled for 2 November. Details from the Secretary, Anna Filippoussian, at: [anna@amflink1.plus.com](mailto:anna@amflink1.plus.com)

## NEWS FROM THE RSS

Report of a meeting on 25 August 2005

### LEN COOK'S SWAN SONG

At the last of a series of talks given by Len Cook before his departure, his theme was *Some issues and reflections on the independence and integrity of official statistics in the UK*. He dwelt on how far independence needs to be recognised in legislation. There needs to be visible commitment by political parties to any enhancements to the form and scale of independence to ensure its genuine, widespread reception, though Keynes had quipped that "there is nothing a politician likes so little as to be well informed; it makes decision making so complex and difficult".

He listed twenty one elements which contributed to oversight and leadership in

relation to legislation and commented on each, whilst singling out three as the most critical for advancing confidence in integrity and independence of UK official statistics: guarantee from disclosure, obligation for impartiality, and methodological objectivity.

Based on his New Zealand and ONS experience, he recommended half a dozen tasks for the Statistics Commission.

Much could be gained, he concluded, in addressing the issues with comparatively small change without relying on legislation and this would be considered in the course of the Framework Review. The full text of his talk is on the RSS website, [www.rss.org.uk](http://www.rss.org.uk)

## UNITED KINGDOM INPUT-OUTPUT ANALYSES, 2005 EDITION

The latest *United Kingdom Input-Output Analyses*, 2005 Edition containing the 1992-2003 Input-Output (I-O) Annual Supply and Use Tables and a range of other analyses was released by the ONS on 19th August 2005. (An earlier edition containing 1998 tables was the subject of an article in **BSUG NEWS 15**, January 2001 and news of the 2003 edition was reported in **BSUG NEWS 23**, January 2004). These are available on the ONS web-site: [www.statistics.gov.uk/inputoutput](http://www.statistics.gov.uk/inputoutput). The accompanying News Release can be found at: <http://www.statistics.gov.uk/pdfdir/iao0805.pdf>.

The 2005 edition presents the ONS's first I-O Annual Supply and Use Tables for the year 2003, together with revised tables for 1992-2002. All the analyses in the 2004 Edition have been updated in line with the latest I-O Annual Supply and Use Tables as

well as containing further enhancements and improvements. The new/enhanced analyses cover:

*The UK economy – Analyses at a glance.*  
*Market sector and non-market sector activity.*  
*Concentration ratios for businesses by industry in 2003.*

Other analyses include:

*Export shares of goods and services.*  
*Penetration of imports of goods and services.*  
*Net trade in goods and services.*  
*Information and communication technologies (ICT).*

*Creative sector.*

*Food sector.*

*Taxes and subsidies recorded within the production boundary.*

*Oil and gas sector.*

*Revisions analyses.*

All supporting detailed I-O Annual Supply

and Use Tables 1992-2003 are available free to download. These tables are industry by product type tables and are only available at current prices as well as based on the 123 I-O industry and product groups, the European System of Accounts 1995 and the Standard Industrial Classification 2003.

The I-O Annual Supply and Use Tables are consistent with the annual revisions published on 30th June 2005, and consistent with the 2005 Blue Book and 2005 Pink Book.

For further information concerning Input-Output, please contact: Sanjiv Mahajan, Head of Current Price Input-Output Branch, D3/12, ONS, 1 Drummond Gate, Pimlico, London SW1V 2QQ. Tel: 020 7533 5954; Fax: 020 7533 5937; E-mail: [sanjiv.mahajan@ons.gov.uk](mailto:sanjiv.mahajan@ons.gov.uk)

### NEWS FROM ONS

## UK CENTRE FOR THE MEASUREMENT OF GOVERNMENT ACTIVITY

On July 19, ONS announced that it had set up a new division called the UK Centre for the Measurement of Government Activity (UKCeMGA) to implement the recommendations of the Atkinson Report, headed by Joe Grice (Director) and Amanda Tuke (Deputy Director). It will strengthen ONS capability to publish authoritative and coherent measures of the output and productivity of government-provided services in the National Accounts.

Its work programme is planned to cover health, education, children's and adult social services, social security, fire services, civil and criminal justice, prisons and police work, central and local government expenditure. The work will need co-ordination with relevant government departments as well as with the devolved administrations.

The Centre has a non-executive advisory board initially consisting of Professor C Smith (Professor of Economics, University of York), Sir Tony Atkinson (Nuffield College, Oxford), Robert Chote (Director, Institute for Fiscal Studies), Moira Gibb (Chief Executive, London Borough of Camden), Dr David G Green (Director, Institute for the Study of Civil Society, Civitas) and David Wroe (formerly Deputy Director, CSO; also a BSUG member).

Further details are available from the ONS website: [www.statistics.gov.uk/about/data/methodology/specific/PublicSector/output/default.asp](http://www.statistics.gov.uk/about/data/methodology/specific/PublicSector/output/default.asp)

## PRODUCTIVITY IMPROVEMENT: ANOTHER CPI

Just when you thought you had got CPI firmly in your head as the Consumer Price Index, along comes another one with a different meaning – the Company Performance Index. This one is the result of a two-year research project by the Work Foundation, which began in 2003. It measures strategic effectiveness in the following areas: customers and markets; shareholders and governance systems; stakeholder relationships; human resource practices; and creativity and innovation management. The survey of nearly 3000 firms and rankings showed that the top third outperformed the bottom two thirds by £1600 per worker per annum. The above-mentioned five clusters have a powerful impact on firm-level performance and on total factor productivity and translate into

productive action through five intangible factors of production: structure; process; leadership; communication; and culture and employee relations; these explain (in the statistical sense) 76 per cent of the difference in productivity across firms. The analyses yielded indications of the characteristics of high- and low-performing firms.

"It is not countries but firms that actually do the competing" affirms the report. "A 10 per cent increase in the number of firms performing at the level at which the best third currently perform would increase the trend rate of productivity growth by 0.25 per cent.

The report – *Cracking the Performance Code, how firms succeed* is available on [www.the-workfoundation.com](http://www.the-workfoundation.com)

### RSS STATISTICS USERS FORUM ANNUAL CONFERENCE

#### NEIGHBOURHOOD & REGIONAL STATISTICS – informing decisions

The RSS Statistics Users Forum Annual Conference will take place at the Royal Society, 6 Carlton House Terrace, London SW1 on Tuesday 1 November, from 9.30 to 4.30.

To book contact:

SUF Conference Administrator, Royal Statistical Society, 12 Errol Street, London EC1Y 8LX.

Email: [SUFconference@rss.org.uk](mailto:SUFconference@rss.org.uk)  
 Fee: Full rate £150, Concessions £120 (RSS Fellows, members of RSS affiliated User Groups, eg BSUG, academics).

## YET ANOTHER HOUSE PRICE INDEX – REVISED

In **BSUG NEWS 22** (September 2003), we reported the introduction of a new FT House Price Index based on Land Registry transactions data, which are enhanced with a statistical model that weights Halifax, Nationwide and ODPM weights according to their past reliability in forecasting house prices. From September, the *Financial Times* will publish on the second Saturday each month (and on FT.com the previous morning) an improved, more accurate 'mix-adjusted' Index reflecting the types of property sold and the regional pattern of property sales in England and Wales. Further details are available from [information@acadametrics.co.uk](mailto:information@acadametrics.co.uk).

## ONS OPEN DAY: ADDRESSING USER NEEDS IN THE 21ST CENTURY

This fourth ONS Open Day was privileged to hear the new National Statistician, **Karen Dunnell**, who had been chosen in 1999 by a predecessor, Tim Holt to lead the planning which subsequently led to the launch of National Statistics, talk about her passion for statistics. One success she claimed was the receipt of 1400 responses to the ONS consultation process on the population census.

**Mike Haslam**, ODPM and RSS SUF, highlighted the Statistics Users Forum objectives of encouraging the formation of user groups and assessing user priorities for official statistics. He also drew attention to the page for user groups on the RSS website.

In the opinion of **Simon Briscoe**, Financial Times, the ONS was good at meeting media needs but other government departments were less good. He volunteered a number of suggested improvements for consideration: Clarification of the murky role of politicians – the apparent power of the Chancellor and other ministers to call the shots – Len Cook's experience in a briefing on Public Sector definitions leading to revisions on the Health Sector; the importance of specifying pre-release dates to ministers; common release files across government; strengthening the ONS logo; all data should be available on websites – accessibility should be improved; clarification of what National Statistics are – quality mark? brand? spirit? group of people? edifice? who chooses inclusions – ministers? what about other government departments?; is there a policy on helpfulness and openness within the GSS – are they allowed to speak to the media?; how many in the GSS use data, hence have a user view – publications should be kept in line

with requirements, examples: *Financial Statistics* bad, *Population Trends* good; statisticians should stand up for their data and resist misuse, mistakes tend to be shrouded in secrecy, UK-wide data and a single address register are desirable; quality is not just a statistical measure, eg the 2001 Census errors; statisticians could benefit from training to develop character and personality; the term 'revisions' should never be used again – alternatives include 'update' following 'early estimates', 'improvement' in relation to methodology, more clarity and honesty. He made a plea for a more 'open' policy; and said that National Statistics needed a new business plan and a new Framework Document.

Who are the users? **David Rhind**, Statistics Commission asked. He cited Commission/ ONS research on trust; and mentioned a recent suggestion made by a member of the US House of Representatives that an American equivalent of the Commission should be created because of perceptions on data quality over there. The Conservative Party's proposals on statistics legislation were more radical than those of the Commission, he commented. There needed to be good communications and 'packaging' to explain statistics for different user communities, a need he thought to be perhaps more important than the pursuit of quality. Also needed were: a joined-up, transparent planning mechanism across government; and publication with the statistics of something on their reliability and usability. Producing statistics on their own was insufficient, help was needed. The Commission's Open meeting in November would have the Framework Review as its theme.

**Mike Hughes**, ONS gave the GSS/ONS perspective. He admitted that the needs of users, as set out in the relevant protocol had been neglected. The ongoing ONS project reviewing this accepted that the

consultation process was well-established but had been inconsistent and insufficiently co-ordinated, hence offering scope for improvement. There had been no central focus for consultations, they had been at programme level and not co-ordinated and feedback was often lacking. The theme approach had not been well-suited for cross-cutting issues. Obviously, the goal for GSS/ONS was to improve on this and he referred to current developments such as the Quality Report.

Some (unanswered) questions from the floor: why were Census data not available in CSV format? What has come out of consultations? When and how will there be regional presence of ONS? Better news, however, was the announcement of a forthcoming seminar on disclosure control.

With only one reporter on the day, it is not possible to give accounts of all three break-out sessions with three groups in each. The best-attended one heard about the re-development of the ONS website, from a new team which was currently engaged in scoping the project, collecting input from a wide variety of customers and users. The session was used to gather first-hand views on such issues as customer contact, their use of content and preferences on what improvements they would like to see. The session on implementation of Allsopp's recommendations reminded those present of a series of new surveys to be introduced between 2006 and 2009. GSS/ONS regional presence was expected by March 2007. However, the ONS review of plans was resulting in re-prioritisation of Allsopp work. A paper on regional GVA in *Economic Trends* would appear shortly.

**John Pullinger**, House of Commons Library summed up what emerged from the day's deliberations: let's make better use of what is already available; improve up-to-dateness; and extend the application of geographical coding to improve data availability; improve transparency, recognition of the role of users as partners, communication eg the use of Plain English. **Mike Hughes** reiterated commitment to improvement.

How could users give official statisticians better help and support? asked a final questioner, who immediately provided the answer – by being fed information.

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## BSUG WEBSITES

[www.bsug.org.uk](http://www.bsug.org.uk)

[www.dtistats.net/bsug](http://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.

## FUTURE SBE MEETINGS

Dresdner Kleinwort Wasserstein,  
20 Fenchurch Street, London EC3  
12.00pm – Tuesday 11 October 2005

### THE FUTURE OF EMU

DAVID OWEN, *Dresdner Kleinwort Wasserstein & JOACHIM FELLS, Morgan Stanley*

CIPFA, 3 Robert Street, London WC2 (6.00pm)  
AGM 5.15pm – Wednesday 16 November 2005

### THE VALUE OF HEDGE FUNDS

GREGORY CONNOR, *Professor of Finance and IAF Fellow in Hedge Fund Management, London School of Economics*

CASS Business School, Bunhill Row, London EC1  
12.00pm – Tuesday 13 December 2005

### THE WAY AHEAD FOR UK PENSIONS

Lord ADAIR TURNER, *Chairman, Pensions Commission*

All enquiries about attendance or membership: Society of Business Economists 01264 737552 or [admin@sbe.co.uk](mailto:admin@sbe.co.uk)