

A ROAD MAP FOR THE JOURNEY TOWARDS INDEPENDENCE FOR STATISTICS

The House of Commons Treasury Sub-Committee, which interposed its own evidence-taking on the Treasury's consultation paper **Independence for statistics** (written responses were requested by 19 May), heard oral evidence on 24 May, 7 and 14 June from a number of invited witnesses including, among others, representatives of the RSS, the Statistics Users Forum, the Statistics Commission, ONS, Lord Moser (first Director of the Central Statistical Office (predecessor of the ONS) and the Financial Secretary of the Treasury. It published its report (HC1111, available on www.parliament.uk/treascom) on 26 July, containing consideration of various issues and the Sub-committee's conclusions and recommendations on them (70 pages), minutes of the oral evidence (52 pages) and sixteen submissions of written evidence (106 pages), including one from Ian Maclean reiterating his views published in **BSUG News 32**. The conclusions and recommendations (8 of the 70 pages), are extracted and repeated as a form of summary under eight headings: the framework for National Statistics; governance of the independent

statistics office; establishing a non-ministerial department; funding arrangements for it; Parliament's scrutiny role; pre-release of statistics; devolution of UK-wide statistics; and access to statistics.

The committee had previously called for legislation on statistics in a 2001 report (2nd Report of Session 2000-01, HC 137). The verbs used in this latest report's conclusions and recommendations are largely "we note, agree, support, are concerned or share concerns of others, or welcome" but rarely "recommend". Recommendations are mostly couched in terms of seeking government reconsideration or clarification of its proposals, though there are some positive implementations featured.

A number of telling points made in the evidence appear not to have stimulated any mention in the Sub-committee's discussion.

Furthermore, Lord Moser initiated a debate on the subject in the House of Lords on 15 May, which is documented at www.publications.parliament.uk/pa/ld199900/ldhansrd/pdvn/lds06/index/60615-x

The Treasury in July also made available 78 submissions of written evidence from a wider range of interest groups and individuals, some from those who had sent to the Sub-committee (www.hm-treasury.gov.uk/budget/budget_06/other_documents/bud_bud06_odstatistics_responses.cfm)

Respondents also include the current National Statistician's three predecessors, whose critical views one would expect to carry considerable weight, several Directors of Statistics of other countries and international bodies, former and current government statisticians, trade unions, users with interest in topics such as local regional data and health statistics.

There is a wide consensus of agreement amongst respondents that some of the proposals are acceptable and others are not. The extent to which the draft legislation when published will show acceptance of these opinions will be awaited with interest and hope.

NEWS FROM THE BANK OF ENGLAND

NOT JUST BURDENS: COST-BENEFIT ANALYSIS EXPLORED

Users have for long been accustomed to hearing of the belabouring 'stick' of burdens on data providers, but despite requesting a balance of support for the 'carrot' of benefits, little has been offered. It is therefore refreshing to find in the Summer 2006 **Bank of England Quarterly Bulletin** a short article on 'Cost-benefit analysis of monetary and financial statistics' by Andrew Holder of the Bank's Monetary and Financial Statistics Division (MFSD).

The article describes a cost-benefit analysis (CBA) framework that has been developed to help balance the demands on data suppliers with the needs of users. It sets out some of the practical solutions employed and gives early results of the project. The suppliers in this case study are UK banks and the users of the results

EDITORIAL

STATISTICAL INDEPENDENCE – CLAY PIGEON OR PEACOCK?

Now that the House of Commons Treasury Sub-committee has published its views on **Independence for Statistics** together with the evidence it attracted on the consultation document, and the Treasury has also released the mini-mountain of written submissions it received on it in advance of launching its draft legislation, it becomes clearer that the document may seem to have been drafted in haste, offering only tentative steps towards a radical revision of the current situation, and without full consideration of its internal inconsistencies – a missed opportunity? However, the flak drawn by the evidence-gathering suggests that this may have been deliberate rather than accidental in order to flush out into the open an almost-universal consensual torrent of criticisms. It is as if a clay pigeon had been catapulted into the blue yonder to identify what aggrieves interested parties so as to enable the draft legislation – the real pigeon – to turn out to be a peacock.

Whilst perhaps only a minority of users may take the trouble to read all the consultees' responses to the Treasury and the Sub-committee, even if they read nothing else, they should visit the trenchant contributions of the former 'insiders', the heads of the UK CSO/ONS – Lord Moser, Bill McLellan, Tim Holt and Len Cook. 'Outsider' users, though perhaps less well-informed, echo many of the points made. By way of contrast, the perspective of the Trade Unions' submissions would also alert users to an infrequently-publicised aspect of the current 'off-stage' scenario at ONS, in the GSS and among support staff.

The task for the Treasury team of evaluating the totality of views elicited in the consultation, determining what most 'outsiders' want, squaring that with what the Treasury/government want, and then drafting a Bill, hopefully with a parallel 'Plain English' version, is unenviable. All this in a year with a long, hot summer. Cool.

NEWS FROM THE BANK OF ENGLAND

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published by the Bank of England, the ONS and other organisations. The users include: the Bank, in compiling monetary aggregates and other banking data, which contribute to its analyses of economic and financial conditions used to ensure monetary stability and contribute to the maintenance of financial stability; ONS, in estimating the contribution of the banking sector to the National Accounts and the balance of payments; and by a range of national and international organisations.

The project was launched in late 2004 with three main areas of work: the extent to which other statistical institutions use or are developing CBA; how to analyse and estimate banks' statistical reporting costs; and how to assess the benefits that users obtain from MFSD statistics. Holder states starkly "CBA techniques have not been used frequently in the context of statistical provision." Examples cited are the Financial Services Authority, which is obliged to publish a CBA for all significant changes in policy; ONS has applied CBA to specific issues, such as the 2011 Census, though of course it is well-known for its assessment of compliance costs; the European Central Bank has developed a 'Merits and Costs' approach to ensure that new data collections are cost-effective and justified by the benefits of the new information. Other central banks and statistical agencies have reported limited use of CBA.

Though inevitably there are costs associated with collecting data from UK banks, it is not always entirely clear how much these are additional to data which the banks themselves require for their own purposes. The MFSD adopted a 'number of boxes per form' approach in order to

model relative costs, though it has to be recognised that some pieces of information are more costly to supply than others. The model is designed to be a useful analytical tool which rests on some assumptions and simplifications.

Because it is difficult to put a monetary value on the benefits eg how much would people be willing to pay for the data, or what amount of money would compensate them for any loss of data, relative benefit assessment had been developed using a number of criteria with different weights. These criteria include: policy use, policy relevance, value added, statistical quality and meeting international standards and additional uses. In order to bring costs and benefits together, the results are apportioned to one of the quadrants in the following matrix:

High cost, low benefit Are data required? Is there an alternative? Can collection cease?	High cost, high benefit Can reporting panel be reduced? Are all sections needed?
Low cost, low benefit Are data still needed? Can costs be reduced?	Low cost, high benefit Can costs be reduced without diluting benefits?

Putting CBA into practice, there has been a review of about 20 of the main forms used by MFSD to collect information from banks, which has resulted in some forms being dropped, some reduction in the size of the reporting panel, and some reductions in the number of boxes.

All-in-all this seems to be a welcome innovation and leads one to hope that other statistical organisations may be tempted to consider following suit. ■

NEWS FROM THE OFFICE OF NATIONAL STATISTICS

PRODUCTIVITY OF SOCIAL SECURITY ADMINISTRATION

Following the setting-up in July 2005 of the UK Centre for the Measurement of Government Activity (UKCeMGA) (reported in **BSUG NEWS 30**) as a result of the Atkinson report, articles on productivity in education (October 2005) and health (February 2006) were published by ONS. It has in July 2006 added one on productivity in social security administration, which reports that between 1998 and 2003, it registered a cumulative fall of 25 per cent, followed by cumulative increase of 15 per cent in the subsequent two years, giving an average annual 2 per cent decline over the years 1998–2005.

Productivity is the ratio of outputs to

inputs. The measures used are taken from the National Accounts with expenditure deflated using a variety of price inflation measures. The relevant expenditure is that on the administration of social security, not the value of cash benefits transferred to recipients.

The article is on the ONS website at www.statistics.gov.uk.

Those who wish to discover more detail on the subject will find a longer research report published by the Department of Work and Pensions **An Analysis of DWP Productivity 1997/98–2007/08** on www.dwp.gov.uk/asd/asd5/rports2005-2006/rpp355.pdf

NEWS FROM SC

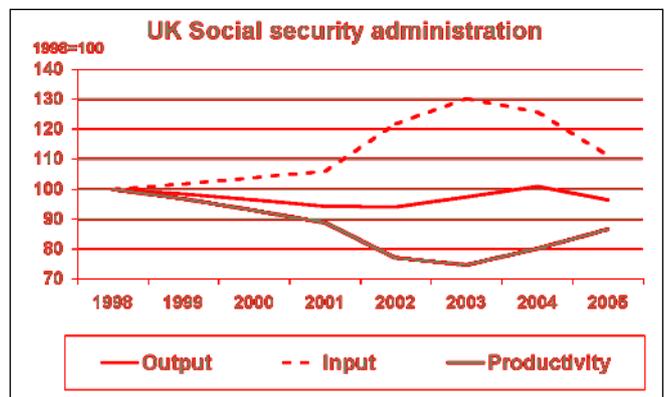
ANNUAL REPORT 2005-06

The latest Annual Report from the Statistics Commission was published in July. While the influence of HM Treasury's consultation paper **Independence for Statistics** and the subsequent intervention of the House of Commons Treasury Sub-Committee are highlighted and discussed up front; indeed the Commission organised a special seminar on the subject in May (and made submissions to both (as did the Statistics Users Forum, the Royal Statistical Society and the Society of Business Economists amongst others), both last year's work and plans for the next year form the bulk of the report. The emphasis that the Commission has come to place on the role and interests of users now seems to bulk larger.

The report is posted on the Commission's website (www.statscom.org.uk) but a wry taster may tempt the reader further.

"Whilst our recommendations have not always prompted a rapid or joined-up response from Whitehall departments, there are now signs of growing acceptance that the arguments the Commission puts forward reflect valid concerns. The Office for National Statistics has a good track record of responding to points raised by the Commission in recent years but many of our recommendations are directed towards other departments which have not always been so willing to engage with us. We hope that the proposed statutory framework will help to resolve this."

The Commission's annual Open Meeting will take place on 15 November.



NEWS FROM ONS

CONSULTATION ON PROPOSED NEW BUSINESS REGISTER AND EMPLOYMENT SURVEY

The Allsopp Review of Statistics for Economic Policymaking has highlighted the deficiency of the current Business Register in providing sufficient regional data. Consequently, it is proposed to replace two existing annual surveys – the Business Register Survey and the employment part of the Annual Business Enquiry with a new Business Register and Employment Survey to provide more information from businesses for each of their sites.

Businesses would be asked to provide: address, contact name, VAT and PAYE reference number, nature of the business, structure of the business (including number of sites), number of employees, and number of working proprietors/partners. For each site: address, nature of business, number of full-time and part-time employees, turnover, wages and salaries. Number of unpaid employees, and male/female split would no longer be required.

It is estimated that the total costs of such a new survey would be slightly less than the combined costs of the two existing surveys.

There are specific criteria for which businesses (estimated to be in the region of 100,000) would be included

in the survey.

Comments are invited from businesses providing the information – which items of the existing surveys and of the proposed new survey do/would they find quick and easy to answer and which difficult or time-consuming; which items would be quicker and easier to answer with an approximation, and how good an approximation would they expect it to be.

Users are advised that the main regular outputs have not yet been defined but are likely to be UK full-time and part-time, and total employees by industry sector, with varying levels of detail for different sectors, probably for Eurostat and regular users at 4-digit Standard Industrial Classification (SIC). At regional level, such data would be at 3-digit SIC, whilst at local area level, at various possible combinations of detail, depending on volatility and risk of disclosure.

Quality measures would accompany each output. Improved regional estimation would be expected.

Comments from users are invited on the proposals – what uses are currently made of IDBR, employees jobs and ABI

outputs? How important are they? What level of detail is required and why? What additional uses would they like to make of the proposed survey outputs and their importance? – What alternative sources might be able to meet some of their needs and what problems/disadvantages do such sources have? Which aspects of data quality from the existing and proposed surveys are of most importance, and in which ways and to what extent do these aspects of quality affect the benefits obtained? These may include relevance, accuracy, timeliness and punctuality, accessibility and clarity, comparability and coherence.

Comments from **businesses** should be sent to Katherine Mills, Room 1.201, ONS Government Buildings, Cardiff Road, Newport NP10 8XG, or e-mail katherine.mills@ons.gov.uk, or phone 01633 813092.

Comments from **users** should be sent to Alison Pritchard, Room 1.201, ONS Government Buildings, Cardiff Road, Newport NP10 8XG, or e-mail her at alison.pritchard@ons.gov.uk or 01633 812465.

Comments should be submitted by Friday, 1 September 2006. The documents addressed to businesses and users are on www.statistics.gov.uk/about/consultations/open.asp. ■

NEWS FROM THE STATISTICS COMMISSION

TESTING (AND IMPROVING) DATA ACCESSIBILITY

The Statistics Commission has initiated a project to identify and make recommendations for improvement of the accessibility of official data and to answer the question "Can you find the data?" including whether the data are easy to find and in a format and with supporting information that enable them to be readily understood. A secondary purpose is the issue of web accessibility where it relates to the primary theme, ie whether it is easy to locate the data, and download it in a format that can be used for further statistical work or analysis.

The project will entail three strands of work:

1. By the Commission: to devise likely scenarios for testing accessibility of different government websites, including the methodology of

testing and data collection; also a preliminary literature search.

2. By an external consultancy: to use a mystery shopper approach to finding data on government websites for people with varying levels of internet and data expertise. It will examine the adequacy of data in answering basic questions and will include personal interviews with participants about their experience of carrying out the task. It could be supplemented by qualitative information on what users want. The intention is to identify and address any specific issues on which it is appropriate for the Commission to comment and then to make recommendations accordingly. The perceptions and needs of data users will be reviewed, indicating where accessibility could be improved.

3. By the same external consultancy:

to conduct a survey of government departments to gather data on individual policies on data accessibility, and specifically on data dissemination.

It is important, in view of devolution, that websites from England, Wales, Scotland and Northern Ireland will be included.

The project started in March, with Strand 1 being done in May and June. Following the tendering procedures to run from July to September, the research is to be done between October and December, with a report due in mid-January. The Commission's own report would be expected in February 2007.

Users can expect some potentially illuminating findings and can hope that the recommendations will prove helpful in furthering their interests.

NEWS FROM EUROSTAT

FURTHER STAGE IN OPERATION 2007 PROCESS

In the feature on the change in trade classification codes included in **BSUG NEWS 32** News from HMRC, reference was made to associated changes in SIC and CPC.

Eurostat have now published a new document setting out the chapter for the CPA which will come into effect from 1st January 2008 - this is part of Operation 2007 which regular readers will have been following for some time.

It includes the allocation of HS and CN codes to the various industries and sectors. It is advisable to check this list and if any errors are found, they should be notified to the relevant European Federation or to Eurostat directly.

The list can be found electronically at http://forum.europa.eu.int/irc/dsis/nacec_pacon/info/data/en/index.htm under "Draft CPA 2008".

NEWS FROM EU & HMRC

COUNTER-CAROUSEL FRAUD: VAT RULES TO CHANGE – SLIGHTLY

Carousel 'missing trader' fraud matters have been regularly reported in **BSUG News**. To try to defeat the fraudsters, the European Union may shortly allow the UK to alter the rules for charging VAT on mobile phones and computer chips. The plan would be to charge VAT only when sold to a final user. However, although this so-called 'reverse charge' system may be only a temporary solution to the problem, consideration is being given to extending it across the EU, pending a full-scale overhaul of the VAT system, which, to be effective, would require EU-wide harmonisation of VAT rates and consequent abandonment by Member States of freedom to determine varying tax rates, a rather unlikely move.

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NEWS FROM THE DEPARTMENT OF TRADE & INDUSTRY

RECULER POUR MIEUX SAUTER

Following the closure of the late-lamented Trade and Investment Information Centre (reported in **BSUG NEWS 32**), a postscript from the DTI is the announcement that after a period of budget cuts suffered by UK Trade and Investment, a support service for UK exporters, resulting in a 40 per cent reduction

in staff, it would now be "...streamlined' to concentrate its resources on areas where it could be more effective, and asking it to prioritise." Shows what the details of unpublished consultation (such as the minimum number of users of a service to justify viability) can achieve.

FUTURE BSUG MEETING, including AGM

Tuesday, 26 September 2006 2.00pm

at the Royal Statistical Society, 12 Errol Street, London EC1

BALANCING BENEFITS AND BURDENS

Outline programme:

*Administrative Burdens Reduction Project (ABRP) and the ONS Simplification Plan
To focus on the simplification plan proposals, but drawing on the final outcome of the ABRP*

ONS Independence, the current situation

The benefits of Statistics

Gaps in National Statistics

Following the previous topic, what might usefully be collected by the ONS which would have greater 'benefits' than 'costs'.

Speakers from ONS and BSUG

SUF ANNUAL CONFERENCE

NEW STATISTICS FROM ADMINISTRATIVE AND CUSTOMER FILES

Current developments and future opportunities for users

Thursday, 16 November 2006 9.30am–4.45pm

at the Royal Society, 6 Carlton House Terrace, London SW1

Further details and booking:

SUF Conference Administrator, Royal Statistical Society, 12 Errol Street EC1Y 8LX
Email: SUFconference@rss.org.uk

FUTURE SBE EVENTS

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

Wednesday, 13 September 2006*
PROFESSOR WILLEM H BUIJTER
London School of Economics

Lloyds TSB

Wednesday, 18 October 2006 (12.30pm)
PROFESSOR DAVID HENDRY
University of Oxford

All enquiries about attendance or membership: Society of Business Economists 01264 737552 or admin@sbe.co.uk

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

The rss.org.uk/bsug 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/bsug site gives access to current and back copies of **BSUG NEWS** and, in addition, reports of meetings.