

### INDEPENDENCE FOR ONS: THE SHAPE OF THINGS TO COME?

### NEWS FROM ONS

### UKCeMGA consults on measuring public service performance

The Government, in its response to the Treasury Committee's report on Independence for Statistics (HC1604), published on 16 October, accepts a few of its recommendations, rejects some and postpones until later responding specifically to a number of others. Of the Committee's 39 recommendations, once the wording of the responses has been analysed, 15 appear to represent no material change to the status quo, including the decentralised system of statistical operation, who nominates inclusion in National Statistics, HM Treasury responsibility for the RPI – citing the sensitivity of Index Linked Gilts (this is the first time such a point has been cited but no case is made as to why HMT has a monopoly on such responsibility), 4 suggest no change from what is proposed in the consultation document, 9 offer "details in due course" on funding and pre-release practices. There will be no separate scrutiny organisation, the proposed ONS board will be non-executive, its Chief Executive will be a member and have executive responsibilities, retention of the title of the National Statistician remains an unanswered question, improvement in solving the unsatisfactory problems of obtaining UK-wide consistent data is stonewalled behind the supremacy of devolved administrations' remits though with possible updating of the Concordat on Statistics. The general tenor of the document begins to suggest that when the legislation appears, it will mostly reflect the proposals made in the original Independence for Statistics consultation paper, with scant regard to points made in consultees' submissions. HC 1604 can be found at [www.parliament.uk/parliamentary\\_committees/treasury\\_committee/treasury\\_committee\\_reports.cfm](http://www.parliament.uk/parliamentary_committees/treasury_committee/treasury_committee_reports.cfm)

In mid-September the ONS UK Centre for the Measurement of Government Activity (UKCeMGA) embarked on a widespread consultation programme, covering key areas in the measurement of performance in the public services.

ONS has worked alongside the research community, other National Statistics Institutes, and other government departments to improve and refine methodologies, over a period of time. The work is now at a stage where it would benefit greatly from a wide-ranging consultation with analysts and practitioners in the external expert community, to arrive at a widely-supported understanding as to how further development work should proceed.

The consultation programme has three phases and the publication of a consultation paper forms the start of each:

- Phase 1, entitled 'Establishing the Principles' started on 18 September and focuses on key methodological issues;
- Phase 2, focuses specifically on how to improve the current methods for measuring education and started on 2 November; and
- Phase 3, will start later in the year and will focus on health.

Each phase includes a consultation seminar held in London to discuss the issues and questions set out in the related paper. The first seminar (part of the Establishing the Principles consultation) was held on 30-31 October, this will be followed by a seminar on education in early December 2006, and on Health early in 2007.

ONS would very much welcome input from the external expert community to participate in this consultation process.

If you fit the bill and would like to find out more or would like to take part in a future consultation seminar, please visit the ONS website at [www.statistics.gov.uk/ukcemga](http://www.statistics.gov.uk/ukcemga) or e-mail [ukcemga@ons.gsi.gov.uk](mailto:ukcemga@ons.gsi.gov.uk).

## EDITORIAL

### INDEPENDENCE - A CURATE'S EGG ?

Following the issue of a consultation paper on 'Independence for Statistics', the Government's response to the Treasury Committee's report on it reflects a mixture of unwillingness to change its original stance and a postponement of providing detailed answers to some of the questions posed. To quote the Financial Times, "data users were disappointed with the government's vision" and the chairman of the Treasury Sub-Committee dubbed the response as "pretty feeble". Until the draft legislation appears, one is left wondering whether we shall be offered a 'curate's egg'.

### CHALLENGE OF 'J EDGAR' RAYNER REVIVAL

In reporting on the ONS presentation at the September BSUG meeting (see page 4), attended by a disappointingly-small number of Group members, wider awareness by business statistics users needs to be stimulated on the implications of the various initiatives being imposed on the government's statistics producers – ghost of Rayner re-materialised – under the rubrics of 'efficiency', 'simplification', 'modernisation', 'reprioritisation'. There seems to be no shortage of euphemisms for 'cuts' to staff and surveys, compliance costs (the notorious 'burdens', though there are signs of a look at 'benefits'). At the same time, partly at the expense of production industries, there are efforts to increase coverage of services and of regional data, whilst simultaneously struggling to maintain a high standard of provision of existing outputs. A challenge indeed.

## MEASURING INFLATION

Under the headline "Statisticians have a near-impossible task", Chris Giles, the Economics Editor of the **Financial Times** presented a punchy and thought-provoking article (13 September) on the "lack of consistency and comparability of the various systems around the world. Central bankers and other commentators would like a simple inflation measure. Ideally it should be easy to compare inflation between countries and reflect changes in the cost of living. But this is not possible as the list of goods and services chosen, the formula for calculating price changes and the types of households included vary. Even within a single country different measures report differently; for example in the US the consumer price index and the personal consumption expenditure measure diverge, and may even move up or down divergently.

Owner-occupied housing is often excluded from inflation indices on the grounds that it is an asset which does not reflect the consumption of a good or service. But shelter still needs to be paid-for and is therefore part of the ownership cost which should be included. The US consumer price index includes an element of 'rent equivalent', the European HICP does not due to lack of agreement among NSIs on the treatment of housing costs.

'Core inflation', which excludes movements in prices of energy and seasonal foods, is preferred by many central bankers, as this offers better insight into underlying price pressures. But though in the past energy prices used to be more volatile; more recently there has been a structural shift upward in oil prices. Consequently 'core inflation' has trailed behind other inflation measures, and has therefore become less useful.

## EXTERNAL TRADE BY ENTERPRISE CHARACTERISTICS

A recently-published 56 page Eurostat report, **External Trade by enterprise characteristics**, using 2002 data, presents the results of a pilot study designed to provide a new viewpoint of external trade statistics by traders' characteristics. The standard trade data of arrivals & imports and dispatches & exports, separately, using product details, were merged with business register information drawing on classifications by activity sectors (at the NACE Rev.1 2-digit level) and size bands (of employee numbers). The analysis used intra-trade data from nine of the EU15, their extra-trade with eight of the 2004 entrants plus Norway; the UK was not a participant. The report contains 12 summary tables and 42 detailed ones in an appendix. The following table, showing most common partner countries, is an example.

	Most common partner		Most Common partner	
	Dispatches	Share %	Arrivals	Share %
Belgium (BE)	NL	79	NL	80
Denmark (DK)	DE	78	DE	79
Germany (DE)	AT	71	IT	59
Italy (IT)	DE	72	DE	69
Austria (AT)	DE	91	DE	93
Finland (FI)	SE	83	SE	70
Sweden (SE)	FI	75	DE	67
	Exports		Imports	
Belgium (BE)	US	26	US	37
Czech Republic (CZ)	SK	48	DE	50
Denmark (DK)	US	23	NO	35
Estonia (EE)	FI	44	FI	40
Italy (IT)	CH	34	US	27
Latvia (LV)	LT	35	DE	40
Lithuania (LT)	LV	38	DE	52
Hungary (HU)	DE	36	DE	49
Austria (AT)	CH	37	CH	38
Poland (PL)	DE	44	DE	58
Slovenia (SI)	DE	23	IT	50
Finland (FI)	EE	50	US	36
Sweden (SE)	NO	65	NO	41
Norway (N)	SE	50	SE	48

The share figures indicate the percentage of traders conducting trade with these countries; this does not necessarily reflect the largest trade partner in value terms.

STATISTICS DISSEMINATION  
IN MEMBER STATES

The latest issue of **Sigma** (01, 2006), the Eurostat Bulletin, is largely devoted to articles on communication best practices among EU member states' NSIs. The first set of 18 articles is grouped under the heading 'Getting closer to the user' ie what services are offered on websites. It has contributions from Austria, Cyprus, Denmark, European Central Bank, Finland, Germany, Greece, Italy, Luxembourg, Poland, Slovak Republic, Spain, France and Eurostat. Note the absence of UK. An unusual and interesting one reports the availability from the German statistical office of a tool which enables (usually sceptical) individuals to compare their own inflation rate with the national average.

There follows a section of 9 articles entitled 'How to write a statistical story', devoted to how the media are fed by NSIs - Eurostat, Denmark, Germany, Norway, Poland, Sweden, Netherlands, UK and Canada. The ONS piece, entitled 'Behind locked doors', describes the procedure which has been running for 12 years of ensuring that all journalists who attend press release sessions receive the data (in hard copy) some 45 minutes before release time but not yet allowed to communicate with the outside world, are given a briefing by a statistician, and key the data into their templates. At 9.28 am they can alert their office that the data are coming and only at 9.30 am is dissemination permitted.

A third section of 6 articles gives a 'Portrait of the Baltic States' - Estonia, Latvia and Lithuania and some of their statistical experiences.

All-in-all this gives a good feel of how differently the dissemination of statistics has been developed in the various countries. Where is the grass greenest?

**Sigma** is available free from Eurostat Communication Unit, Bech A4/112,L-2920 Luxembourg or eurostat-pressoffice@ec.europa.eu.

As from 1 January 2007, the EU is due to increase its membership from 25 to 27 countries, with the accession of Bulgaria and Romania. However, their membership is still subject to their continued progress in complying with the membership criteria as set out by the EU.

Table 1: General Information about the two Accessionary Countries

Country	Population*	Capital City (000s)	Currency	UK Imports (2004) (£'000)	UK Exports (2004) (£'000)
Bulgaria	7,385	Sofia	Lev (2.86 per £)	150,340	155,424
Romania	22,304	Bucharest	Leu (5.16 per £)	790,002	606,717
<b>Total EU</b>				<b>137,366,756</b>	<b>108,576,554</b>

Sources: - CIA World Fact book. \*July 2006 estimates

Trade figures Tables 1-5: HM Revenue & Customs, Overseas Trade Statistics  
Currency exchange rates: source uktradeinfo.com as of 1 July 2006

## UK Trade with the Accessionary Countries

Tables 2-5 below show the main products traded by the UK with the two accessionary countries. They are based on trade figures for 2004 (the latest year that is not subject to update) on a General Trade system as published in the Overseas Trade Statistics (OTS) by HM Revenue & Customs (HMRC). These figures are also available on www.uktradeinfo.com. The classification used is that of Standard International Trade Classification (SITC) Division and are the top five product groupings by value for each trade flow and partner country.

Based on these figures, the UK's trade with the EU will only increase by about 0.7 per cent for Imports and Exports. This assumes that the trading patterns with these countries remain similar once the accession has taken place. Based on experience from the previous accession in 2004, it is likely that the trading patterns in terms of total trade will remain constant.

## Imports into the UK from the two Accessionary Countries

Tables 2 and 3 below the top five product groups (SITC Division) by value imported into the UK from Bulgaria and Romania respectively. They show that the make-up of this trade for the two countries is very similar for 2004.

Table 2: Imports into the UK from Bulgaria

SITC Division	Description	value (£ 000's)	%
84	Articles of apparel and clothing accessories	56,000	37.2
82	Furniture, and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings	15,323	10.2
67	Iron and Steel	12,553	8.3
76	Telecommunications and sound-recording and reproducing apparatus & equipment	5,910	3.9
11	Beverages	5,191	3.5
<b>Other</b>		55,364	36.8
<b>Total</b>		<b>150,340</b>	<b>100.0</b>

Source: HM Revenue & Customs, Overseas Trade Statistics

Table 3: Imports into the UK from Romania

SITC Division	Description	Value (£ 000's)	%
84	Articles of apparel and clothing accessories	435,561	55.1
77	Electrical machinery, apparatus and appliances, nes and electrical parts thereof (including non-electrical counterparts nes, of electrical household-type equipment)	81,123	10.3
82	Furniture, and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings	47,006	6.0
85	Footwear	41,853	5.3
67	Iron and Steel	27,494	3.5
<b>Other</b>		156,965	19.9
<b>Total</b>		<b>790,002</b>	<b>100.0</b>

Source: HM Revenue & Customs, Overseas Trade Statistics

## UK Exports to the two Accessionary Countries - 2004

Tables 4 and 5 show the top five product groups (SITC Division) by value exported from the UK to Bulgaria and Romania respectively. As per the imports, the largest product group is the same for both countries, and three product groups can be found in both of the lists of the top five product groups.

Table 4: Exports from the UK to Bulgaria - 2004

SITC Division	Description	Value (£ 000's)	%
65	Textile yarn, fabrics, made-up articles and related products	17,400	11.2
76	Telecommunications and sound-recording and reproducing apparatus and equipment	16,981	10.9
77	Electrical machinery, apparatus and appliances, nes and electrical parts thereof (including non-electrical counterparts nes, of electrical household-type equipment)	13,091	8.4
72	Machinery specialised for particular industries	12,606	8.1
89	Miscellaneous manufactured articles	9,936	6.4
Other		85,410	55.0
<b>Total</b>		<b>155,424</b>	<b>100.0</b>

Source: HM Revenue & Customs, Overseas Trade Statistics

For further information (including the most recent provisional figures), please visit [www.uktradeinfo.com](http://www.uktradeinfo.com) which contains statistics for the UK's

Table 5: Exports from the UK to Romania - 2004

SITC Division	Description	Value (£ 000's)	%
65	Textile yarn, fabrics, made-up articles and related products	156,619	25.8
79	Other transport equipment	67,902	11.2
76	Telecommunications and sound-recording and reproducing apparatus and equipment	44,450	7.3
54	Medicinal and pharmaceutical products	36,630	6.0
77	Electrical machinery, apparatus and appliances, nes and electrical parts thereof (including non-electrical counterparts nes, of electrical household-type equipment)	35,883	5.9
Other		265,232	43.7
<b>Total</b>		<b>606,717</b>	<b>100.0</b>

Source: HM Revenue & Customs, Overseas Trade Statistics

trade with all countries including Bulgaria and Romania, Country Profiles for all EU states and exchange rates for all major currencies including the Lev and the Leu.

## NEWS FROM BSUG LOADSABURDENS - FROM (COMPLIANCE)

Following the AGM, there were presentations from ONS, HMRC and the Bank of England.

**Glen Watson**, ONS spelled out the purposes, structure and steps of the programme as it related to controlling compliance costs and related reduction targets, with feed-back from the ABRP, and leading to the ONS Simplification Plan. Compliance costs have been calculated since 1994 from the formula Q (number of questionnaires despatched)\*P (respondent's pay rate)\*T (questionnaire completion time). These costs for surveys of businesses and local authorities by the GSS amounted to c£132 million in 1994 and £117 million in 2004-5; of these, ONS surveys cost £42 million in 1994 and £32 million in 2005-6. The trends can be seen in Figure 1 and the 2004-5 costs by department in Figure 2.

Figure 1 Compliance costs for businesses and local authorities 1994 to 2004/5 at 05/06 prices

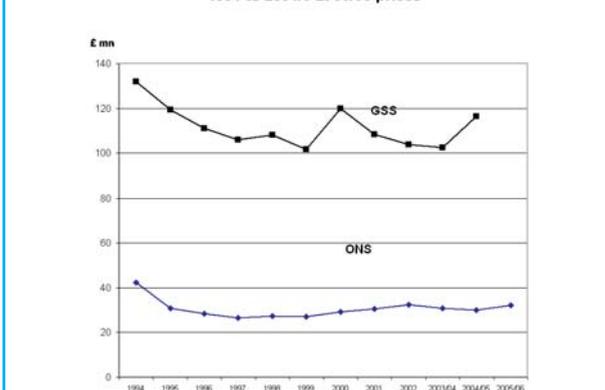
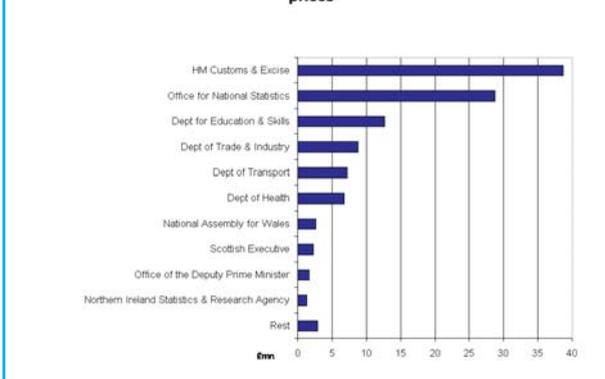


Figure 2 Compliance costs by department 2004/05 at 2004/05 prices



Though monitoring has emphasised total compliance costs, average cost per respondent has been relatively low, averaging £113, ranging from £36 for the smallest organisations to £774 for the largest (Table 1).

Table 1

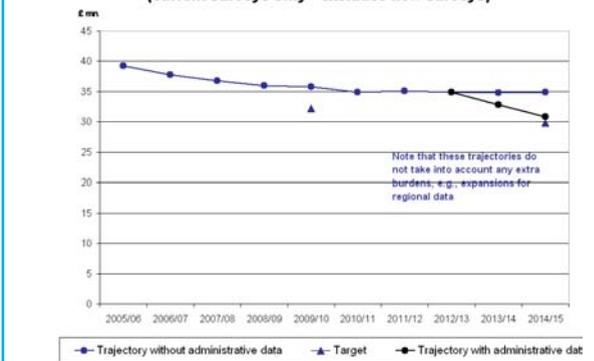
Size band	Compliance cost (£mn)	Number of businesses (000)	Average compliance cost (£)	Probability of selection (in 100)
0-9	4.4	122	36	7
10-19	3.0	61	50	51
20-99	9.3	83	113	93
100+	15.5	20	774	100
All	32.2	286	113	14

Controls have included: Triennial/quinquennial reviews for surveys with compliance costs exceeding £250,000; targeting cost reductions by changes in sample design; merging surveys; ensuring that very small organisations are surveyed no more than triennially (recommended by the Osmotherly review); and changes to EU regulations eg scrapping quarterly PRODCOM enquiries.

the Standard Cost Model, because of small sample sizes and data volatility. Cost reduction targets (should they be gross or net?) for 2010 to 2015 are being set at 25 per cent and the Simplification Plan was due to be published by the end of October. Ways of achieving the targets include: the existing efficiency plan; further cuts to business surveys; ONS modernisation; European reprioritisation; and the use of administrative data.

Conversely there are counter-pressures from new initiatives: OPSS (Occupational Pension Scheme Survey); FATS (Foreign Affiliate Trade Statistics); CSPI (Services Price Index); and development of regional and service sector statistics resulting from the Allsopp Report recommendations.

Figure 3 ONS Simplification plan - Trajectory towards target (current surveys only - excludes new surveys)



Compliance cost reduction targets after 2005-6 can be seen in Figure 3 (note the qualifications). The aim is a £3 million p.a. reduction on current initiatives with further ones envisaged to meet the ONS budgets. These include 'Modernisation': BRES (Business Register & Employment Survey), telephone data entry, secure electronic file transfer and web transfer and more business survey integration; also those stemming from EU initiatives on reprioritisation, application of a cost/benefit model and EU-wide 'burden' reduction targets.

On administrative data, actions envisaged included: a business case put to the Treasury, a joint ONS/HMRC study investigating corporation tax and self-assessment returns; investigation of the FAME (Financial Analysis Made Easy) database; and implementation of the outcome of the awaited ONS independence legislation proposals.

**Watson** concluded that the 2010 target was achievable but that for 2015 was extremely challenging, and could probably be achieved only by using administrative data.

**Sandra Tudor**, HMRC indicated that her department had successfully argued that its targets of reductions under the ABRP programme would be only 10 per cent for forms and returns over 5 years, 10 per cent for audits and inspections over 3 years and 15 per cent over 5 years.

**Robert Westwood**, Bank of England gave a brief description of the work on examining its 'stock' of financial statistics collections and assessing the costs and benefits thereof. This was prominently featured in **BSUG News 33**.

**Ian Maclean**, in expressing sadness at the apparent reappearance of the ghost of Rayner, this time under the guise of compliance cost reduction and simplification, reiterated the principle of needing to recognise users' needs. He reminded us of Bill McLellan's seemingly-neglected request some years back to speak of 'loads not burdens'.

## NEWS FROM BSUG

At the Annual General Meeting of the Group on 26 September, the Chairman noted that it had been a quiet year for meetings, but the Group had participated in the Select Committee evidence-gathering for the 'Independence for Statistics Treasury consultation paper. He expressed his thanks to the Committee for their efforts, particularly to the Secretary and to the Editor and Publisher of **BSUG News**.

The Group's accounts were approved; they showed a continued fall in membership and income. The majority of expenditure went on philanthropically publishing **BSUG News**. The annual subscription would remain unchanged at £35.

The existing Officers and Committee were re-elected.

## AT A GUESS

French people live in appalling ignorance of vital statistics about the French economy, reckons Thierry Breton, the Finance Minister, pointing to a survey showing that 45 per cent couldn't quantify the national debt. He has set up a committee to recommend ways of improving knowledge.

If more than half of Britons could make a stab at an economic statistic, it would be hailed a success. Of course, suspicions might be roused that the Treasury has massaged the figures to make them easier to remember

From *The Times*, 6 September

## BSUG CONTACT ADDRESSES

**CHAIRMAN** : Ian Maclean, MBE  
Email: [ian@worldtradestats.com](mailto:ian@worldtradestats.com)

**SECRETARY** : Geoff Noon  
Email: [gnoon@mta.org.uk](mailto:gnoon@mta.org.uk)

**HON. TREASURER and GROUP PUBLISHER** : John Cunningham  
Email: [jacunningham@fiscalco.uk](mailto:jacunningham@fiscalco.uk)

**BSUG NEWS EDITOR** : Ulric Spencer  
Email: [uspencer@silch.fsnet.co.uk](mailto:uspencer@silch.fsnet.co.uk)

**FINANCIAL SERVICES** : David Fleming  
[david.fleming@business-statistics.co.uk](mailto:david.fleming@business-statistics.co.uk)

**BSUG WEBSITES** :  
[www.rss.org.uk/bsug](http://www.rss.org.uk/bsug)  
[www.dtistats.net/bsug](http://www.dtistats.net/bsug)

## Responses to BRES consultation

ONS has published on its website ([www.statistics.gov.uk/about/consultations/BRES\\_users.asp](http://www.statistics.gov.uk/about/consultations/BRES_users.asp)) the outcome of its consultation on the proposed Business Register and Employment Survey (BRES) to replace two existing surveys, BRS and the employment part of the ABI, reported in **BSUG News 33**. There were 30 responses from users, mainly in government, but also from academics and 'people' quangos.

Questions asked related to current and future uses of the data. Users' main concerns related to continued requirement for male/female split of employment estimates and that BRES would provide less detailed information than is currently available on ABI via NOMIS.

ONS will try to develop separate estimated gender data by other routes using administrative and business survey sources, eg in the longer term, improving the LFS, but would not collect gender data in BRES because many respondent businesses have difficulty in supplying the figures.

Employment at detailed levels of geography would continue to be available via NOMIS, down to 2-digit SIC at local authority level but 4-digit SIC only by region. Greater detail, subject to disclosure controls, will continue to be supplied on request for a fee.

Development work will proceed and be reported via the BRES Steering Group. It is planned to run a pilot survey in 2008 followed by full implementation in 2009.

## NEW MEMBER JOINS HOUSE PRICE INDEX 'CLUB'

The Land Registry (LR) published the first release of a new monthly House Price Index on 31 October. Using data analysed by Calnea Analytics Ltd for completions on properties sold more than once in England and Wales since April 2000, the seasonally-adjusted figures show national, regional, county and London Borough indices and are claimed to be "the most accurate currently available". Transactions reported in this Index are a sample which excludes new properties and those in other countries of the UK, and are timelier than the DCLG figures (see **BSUG News 21**). Other House Price Indices include the LR-based FT (see **BSUG News 22** and **30**) and the long-running Halifax and Nationwide ones. Details are obtainable from [www.landregistry.gov.uk/houseprices/housepriceindex](http://www.landregistry.gov.uk/houseprices/housepriceindex).

## NEWS FROM THE STATISTICS COMMISSION

The Statistics Commission will be hosting its Annual Open Meeting on **Wednesday, 15 November at 11.0am.**

## FUTURE SBE EVENTS

### TUESDAY 21st NOVEMBER 2006

CIPFA, 3 Roert Street, London WC2 (6.0pm)  
THE OUTLOOK FOR COMMERCIAL PROPERTY  
PETER HAYES. Chief Economist, DTZ Real Estate Advisors

### TUESDAY 30th JANUARY 2007

Annual Dinner, Institute of Directors  
MARIO DRAGHI. Governor, Bank of Italy

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

## BSUG WEBSITES [www.rss.org.uk/bsug](http://www.rss.org.uk/bsug) [www.dtistats.net/bsug](http://www.dtistats.net/bsug)

The [rss.org/bsug](http://www.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](http://www.dtistats.net) site gives access to current and back copies of **BSUG NEWS** and, in addition, reports of meetings.