

NEWS FROM THE RSS/SUF

Report of a meeting on 18 October 2007

THE ONS WORK PROGRAMME 2008-2012

There were four speakers at the Royal Statistical Society Official Statistics Section/Statistics User Forum meeting designed to contribute to the ongoing consultation on the ONS Work Programme 2008-2012. **Jill Leyland** (Statistics User Forum) summarised the SUF's views. First, there was a plea to preserve the integrity of, and when appropriate to enhance/repair those really fundamental statistics which are the basis of so much else – eg the 2011 Census and key economics data (National Accounts, Balance of Payments, earnings and prices). Too much depends on them to let them slip. In relation to access, which was an issue for everybody, it was generally agreed that where ONS (and the GSS) fail most is in the "last 100 yards" of connecting with the customer. A better website (with excellent search facility) that eventually grows into a portal for all official statistics, not just those from ONS, is essential. It will need to be integrated with the development of "The Hub", whilst remembering that enabling people to access data days/weeks/months/years after release is as important as access at the time of first release. Access is a complex problem as it needs to address the entire spectrum of users from professionals, who know what they want, to the lay user, who just wants some information on local schools or hospitals. Past communications successes, which have included **Social Trends**, need to be built on and kept alive.

Confidentiality and disclosure provisions require appropriate and balanced practices in the wake of the legislation, in relation to accessing both administrative data and small datasets. The structure of the statistical system needs to evolve in tracking changes in society and the economy – eg the shift towards services, migratory patterns, changes in household structure, and to measure them. Geographical coherence is necessary; for small areas, from the census and other sources; for total UK, derived from its four nations; and in the global context: there is a danger of over-concentration on Europe and not enough on China, India or even the US.

SUF is developing good relations of with ONS/Statistics Board via the SUF Executive having 'working' dialogue with ONS management, and seeking a 'strategic' one with the Board and a 'special' one with the incoming Head of Assessment. There remains the difficult area of how to involve 'lay' users, who do not have any organised 'voice'.

Alex Bowen (Senior Policy Adviser, Bank of England) described the Bank's users' perspectives on ONS data, particularly as members of the two organisations are in continuous dialogue. The Bank needs the data for briefing the MPC and reporting in its minutes, and for inclusion in both reported and processed data tables and charts in the Bank's two major publications, **Inflation Report** and

Financial Stability Report. Some 450 updated charts are examined every month. In addition the Bank undertakes research which draws on data covering a wide range of topics.

The Bank's priorities for ONS work include the re-engineering of National Accounts, and the completion of the statistics modernisation programme, both regarded as very important; improvement of service sector data quality – Allsopp recommendations, National Accounts expenditure-side data by market sector, financial intermediation services and products (in the PRODSERV sense), and disaggregation of business investment; improvement of migration statistics quality; owner-occupied housing as influencing consumer price inflation; reconciling Average Earnings Index with Average Weekly Earnings outputs; progress of Services product prices (to parallel PPI) and chain-linking them; integration of LFS and the Household Survey, reinstatement of the Business Purchases Inquiry; rotation of the CPI sample locations. Quite a shopping list one might think, (but see consultation document, reference below, for the 'full Monty').

Tim Allen (Programme Director, Analysis and Research, Local Government Association) gave a rapid-fire critique of ONS data from the perspective of local government users, touching on a wide range of topics.

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EDITORIAL

Bingo!

All the 'Cs': Cuts, Change, Consultation and Comprehensive Spending Review

A 4 letter C-word has reappeared amongst us statisticians. And once again it has slipped in little-noticed, descriptively unadorned by such a hate figure as Rayner. This time it may come to be associated with a luvvie term – Darling, and his pre-Budget Comprehensive Spending Review announcement, which included, in addition to the 'efficiency' savings embodied in the current ONS work plan and priorities on which consultations are proceeding, – resulting in such lunacies as closing its London base and losing a considerable body of built-up knowledge and expertise, which cannot or does not wish to migrate to Newport, – a further 5 per cent reduction to be imposed on all public sector expenditure, without reference to what has already been achieved or planned. Perhaps a precedent was set when the Irish moved (decentralised) the administrative headquarters of their Central Statistical Office from Dublin to Cork in 1994. One

wonders whether Scottish government would consider similar transfers from Edinburgh to say Aberdeen and describe them as enhancing efficiency?

Change may be inevitable and we are often exhorted to accept, welcome and embrace it. Some may be for the better but not necessarily all. One way of softening the impact is to organise consultation to obtain views that can be channelled to contribute to the 'public good', the promotion and safeguarding of which the new Statistics Board is charged with. This veers between seeking on the one hand, in phase 1, difficult-to-answer precisely open-ended questions, and on the other, in phase 2, sensible responses to a long pdf document, containing just four further questions, of which two could be answered 'Yes' or 'No' and one is 'Any other comments?'. We can't all be winners in these Olympian Games. Faites vos jeux and hold your breath.

MOVE TO THE NEW STANDARD INDUSTRIAL CLASSIFICATION (SIC 2007)

Introduction

The initiation of the development of SIC 2007 was reported in **BSUG News 20**, March 2003 and a progress report was given in **BSUG News 35**, February 2007.

A Standard Industrial Classification (SIC) was first introduced into the United Kingdom in 1948 for use in classifying business establishments and other statistical units by the type of economic activity in which they are engaged. The classification provides a framework for the collection, tabulation, presentation and analysis of data and its use promotes uniformity. In addition, it can be used for administrative purposes and by non-government bodies as a convenient way of classifying industrial activities into a common structure.

The introduction of SIC 2007 is a major revision of the UK Standard Industrial Classification of Economic Activities and is the outcome of Operation 2007 - a series of consultations started in 2002 and carried out in conjunction with the major revision of the European Union's industrial classification system, NACE.

These revisions are motivated by the need to adapt the classifications to changes in the world economy. The revised classifications reflect the growing importance of service activities in the economies over the last fifteen years, and in particular the developments in information and communication technologies (ICT).

The New Classification

SIC 2007 is a hierarchical 5 digit system. It comprises 21 Sections (denoted by a single letter from A to U), 88 Divisions (denoted by 2 digits), 272 Groups (3 digits), 615 Classes (4 digits) and 191 Sub-Classes (5 digits). A key difference in the structure of SIC 2007 is the removal of subsections, of which there were 16 for SIC 2003.

The NACE Rev 2, on which SIC 2007 is based, extends only to 4 digit level. The 5 digit level has been added to the new SIC for UK purposes only. The fifth digit was added to form Sub-Classes in cases where it was considered necessary or potentially helpful.

There are some major differences between SIC 2003 and SIC 2007, for example, there are new sections giving more Service Sector detail:

Section J - Information and Communication: A major new sector, consisting of 26 four digit level classes and pulling in activity from many parts of NACE. It will bring together: publishing, motion picture and sound recording industries, broadcasting (radio and TV industries), telecommunications, internet activities, other news services

Section L - Real Estate Activities: Currently part of SIC 2003 Section K (Real Estate, Renting and Business Activities). Development and selling of Real Estate moves from the Service sector to Construction.

Section M - Professional, Scientific and Technical Services: Currently part of SIC 2003 Section K which consists of only 17 four digit level classes, this new Section will contain 19 four digit classes.

Section N - Administrative and Support Services: Currently part of SIC 2003 Section K, this new Section contains 33 four digit classes and will include employment services, call centres, travel arrangements and reservation services, investigation and security services

Section R - Arts, Entertainment and Recreation: Currently part of SIC 2003 Section O (Other Community, Social and Personal Service Activities). There are 15 four digit level classes.

Work is under way on the preparation of introduction and guidance notes to the new classification, correspondence tables between SIC 2003 and SIC 2007, and indexes. These will be published on 14 December 2007 and the new classification will be introduced on the business register from the start of 2008.

ONS's Plans for the Transition

An outline plan for the implementation of SIC 2007 across all ONS outputs is emerging

- For reference year 2008, the Annual Business Inquiry (parts 1 & 2) will be based on SIC 2007
- PRODCOM will also be based on SIC 2007 from reference year 2008
- Other annual outputs will be based on SIC 2007 from reference year 2009, unless otherwise determined by regulation
- Quarterly and monthly surveys will be based on SIC 2007 from the first reference period in 2010, unless otherwise determined by regulation
- National Accounts will move to SIC 2007 in September 2011

ONS is currently working on a detailed implementation plan for the introduction of the new classification, covering all of our surveys and outputs.

Classification of Businesses on the Inter Departmental Business Register (IDBR)

In April 2006 ONS implemented a new corporate coding tool, ACTR (Automated Coding by Text Recognition) for industry and occupation coding. For industry coding it provides both a SIC 2003 and a SIC 2007 code based on business activity descriptions. ACTR will improve the quality of classifications for businesses which are coded by text descriptions from sources such as the Business Register Survey.

The IDBR uses VAT trader and PAYE employer data from HM Revenue and Customs, Companies House registrations and ONS surveys as sources for industrial classification. VAT trader classifications will move to the SIC2007 from 14 January 2008. ONS will convert classifications for PAYE employers and for companies to the SIC 2007. Where data are collected through ONS surveys, the business activity descriptions will provide the basis of coding through ACTR. The ACTR coding tool will be revised at regular intervals to reflect the latest knowledge about the SIC 2007. The knowledge base itself will be available on request.

Summary

All of this presents the ONS with a massive challenge over the next four years, by which time all National Accounts systems and outputs will also be based on SIC 2007. ONS will publish a full implementation plan, covering the adoption of SIC 2007, by the end of this year following consultations with the Government Statistical Service (GSS). If you are dependent on the SIC in order to produce statistics, or if you are a user of ONS statistics by industry, you need to begin preparing now for the introduction of the new industrial classification! If you would like to know more about the new SIC or would like help or advice about its introduction then please see the details below.

More information

<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14012>
<http://circa.europa.eu/irc/dsis/nacecpacon/info/data/en/index.htm>

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NEWS FROM THE SOCIAL RESEARCH ASSOCIATION

WHAT'S HAPPENING TO BRITISH STATISTICS?

Too late to alert **BSUG News** readers in advance or to report on the meeting in this issue, on 29 October at an interesting and less familiar venue, the British Library hosted a familiar panel of speakers on the theme of 'What's happening to British Statistics?' The programme included:

The Statistics and Registration Services Act 2007- what it covers and its implications (**Andrew Garratt**, RSS)

Efficiency and Modernisation at ONS – what is changing and what do the proposed 5% cuts mean? (**Richard Laux** and **Stephen Penneck**, ONS)

Access and Disclosure – issues and problems (**Abigail Armstrong**, Statistics Commission; **Simon Briscoe**, Financial Times)

The Role of Users - what do users want and what can they do to improve usage of and confidence in British statistics? (**Keith Dugmore**, Statistics User Forum)

NEWS FROM ONS

GLOBALISATION: WHAT ARE THE MAIN CHALLENGES?

The main challenges facing the ONS in meeting policy and wider evidence needs on the ongoing process of social and economic integration includes globalisation as one of its most prominent topics, write **Karen Dunnell**, **Fernando Galindo-Rueda** and **Richard Laux** in an article in **Economic and Labour Market Review**, September 2007. Migration will be the main work priority for ONS in this area. Other crucial challenges are posed by new forms of 'weightless' trade, increasing specialisation in internationally-engaged firms, greater importance of intangible investment, unprecedented financial integration and the wide range of social and economic impacts on the population. Increased and more focused, interdepartmental and international co-operation is needed. But there are limits to how far improvement can go without major shifts in policy and resourcing. The article can be accessed on <http://www.statistics.gov.uk>.

FINANCIAL STATISTICS USER GROUP Conference

8 November 2007, 2.00 – 5.00 pm
RSS, 12 Errol Street, London EC1.

SURVEYS AND MONETARY POLICY

Chair: **DAVID B SMITH**, Visiting Professor,
University of Derby,
Acting Chairman, Shadow MPC,
Institute of Economic Affairs,
Visiting Lecturer, Cardiff University Business
School

JACQUI DWYER
Agency Co-ordinator, Monetary Analysis,
Bank of England

DAVID PICKLES
Academetrics

LAI WAH CO
Principal Economist, CBI

JOHN GILBERT
John Gilbert Financial Research

NICK MOON
NOP

For attendance, notify david.dooks@bba.org.uk by
end October

Conference fee £35, payable by cheque to the
Royal Statistical Society
at the registration desk on the day

NEWS FROM BERR

That's the Department for Business, Enterprise and Regulatory Reform, created as part of the June Machinery of Government changes, but the official acronym omits the "D". The major changes compared with the former DTI are that responsibility for policy on innovation, research and science has moved from DTI to the new Department of Innovation, Universities and Skills (DIUS), while the Better Regulation Executive has moved into BERR from the Cabinet Office. The new Department also has a remit to be the "Voice for Business".

In October, it was announced following a review that responsibility for collecting statistics on construction output and new orders will transfer from BERR to ONS, with effect from 1 March 2008. Statisticians in BERR will continue to analyse and interpret construction data for policy colleagues within the department and for industry customers in the same way as the past.

On a personal note, this article represents my return to BSUG activity, following internal reorganisations. Most of my work now relates to regional and geographical data, along with data matching, rather than industry statistics but I hope I can remember enough about my previous responsibilities to be of use to the User Group.

Michael Clary

STATISTICS USER FORUM ANNUAL CONFERENCE

Thursday, 15 November 2007 10.00-5.00
The Royal Society, 6 Carlton House Terrace,
London SW1

**Statistics on income, earnings and wealth
Where do they come from and why do we need
them?**

Details from
The Royal Statistical Society, 0207 614 3939 or
www.rss.org.uk/sufconference

Stephen Penneck (ONS) mentioned the 5 per cent efficiency cuts assumption, imposed by the Comprehensive Spending Review, in addition to the cuts which had been made in ONS resources during the last two years. Yet, there was a presumption of investment in improved statistics.

Phase 1 of the consultation on the 2008-2012 Work Programme had elicited 90 responses the results of which were available on the ONS website (see <http://www.statistics.gov.uk/about/consultations/downloads/1phasereponse1pdf; also 2pdf and 3pdf>), together with details by theme of those projects which were planned for inclusion in the programme. Not unsurprisingly, the Bank's priorities featured: Service sector statistics – SERVCOM, Service PPIs, the business services module on the ABI and the implementation of SIC 2007; Regional statistics – a feasibility study on regional price deflators, boosts to regional survey samples, the investigation of administrative data sources. It was mentioned that the DWP is to cease funding NOMIS, with ONS taking over that portion of costs.

Joe Grice (ONS) mentioned the work in hand to improve migration statistics, including the operation of the Migration Task Force; and the coverage of data to improve understanding of society – relating to children and young people, societal well-being, ageing, caring and equalities.

The meeting was rounded off with a short Q&A session which enabled a number of criticisms to be voiced.

The deadline for responses to Phase 2 of the consultation, which contains an

explanatory introduction, a detailed list of actions and projects included in the Programme and a very short questionnaire to guide respondents (see <http://www.statistics.gov.uk/about/consultations/ons-stat-work-prog-phase2.asp>) is 30 November. A summary of submissions will be published. This would feed into the preparation of a new corporate 4-year plan to be complete before the beginning of 2008-9.

NEWS FROM THE CABINET OFFICE

NON-EXECUTIVES SOUGHT FOR STATISTICS BOARD

As anticipated from the recently-passed Statistics and Registration Services Act, in advertisements which appeared in **The Sunday Times** and on the ONS website, the Cabinet Office is seeking 5 to 7 non-executive directors for the new Statistics Board. For 2-3 days per month, they will be paid £20,000 per annum for promoting and safeguarding "the quality and comprehensiveness of official statistics". It had already been indicated, that just like the chairman, they need not be professional statisticians but to have a strong understanding of the use and value of statistics both within and outside government. HM Treasury is advising on the recruitment process. Appointments will include a Deputy Chair and a Chair of the Audit Committee, which will require a higher time commitment and receive higher remuneration. Tenure will be for 2 or 3 years with possibility of renewal for a similar period.

NEWS FROM EUROSTAT

New Director-General sought and forthcoming Conference

In mid-September, an advertisement appeared in *The Economist* seeking applications for a vacancy of a Director-General of Eurostat. It seems only 'yesterday' (Spring 2006) that Hervé Carré, after Maria Bohatá (Deputy D-G) had temporarily been acting, replaced the late Günther Hanreich (2004-6) who had followed Michel Vanden Abele, who was appointed after the move in 2003 to another post of long-serving incumbent Yves Franchet. However, no announcement has been made about Carré's departure.

On 6-7 December, 2007 Eurostat is hosting a conference in Luxembourg on Modern Statistics for Modern Society. Details at <http://circa.europa.eu/Public/irc/dsis/modernstatistics/library>.

FUTURE RSS EVENT

ROYAL STATISTICAL SOCIETY

**Wednesday, 12 December
at 5.0pm
12 Errol, Street,
London EC1**

**Presidential address
TIM HOLT
Official Statistics, public
policy and public trust**

events@rss.org.uk

FUTURE SBE MEETINGS

Wednesday 28 November 2007

CIPFA, 3 Robert Street, London WC2 (6.0pm)

RUSSIA AND THE FORMER SOVIET COUNTRIES; OPPORTUNITIES, ISSUES AND CHALLENGES

JEAN LEMIERRE, President,
European Bank for Reconstruction and Development

Wednesday 9 January 2008

CIPFA, 3 Robert Street, London WC2 (6.0pm)

IS 'SOCIAL EUROPE MAKING A COMEBACK, AND WHAT DOES THIS MEAN FOR THE UK?'

IAIN BEGG, European Institute, LSE

Wednesday 6 February 2008

Annual Dinner, Institute of Directors

'CHARLIE MCCREEVY, European Commissioner#

All enquiries about attendance (#booking essential) or membership:
Society of Business Economists 01264 737552 or admin@sbe.co.uk

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