

Assessment of compliance with the Code of Practice for Official Statistics

Statistics on Public Sector Finances

*(produced by the Office for National
Statistics and HM Treasury)*

© Crown Copyright 2011

The text in this document may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

For any other use of this material please write to Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey TW9 4DU or email: licensing@opsi.gov.uk

About the UK Statistics Authority

The UK Statistics Authority is an independent body operating at arm's length from government as a non-ministerial department, directly accountable to Parliament. It was established on 1 April 2008 by the *Statistics and Registration Service Act 2007*.

The Authority's overall objective is to promote and safeguard the production and publication of official statistics that serve the public good. It is also required to promote and safeguard the quality and comprehensiveness of official statistics, and good practice in relation to official statistics.

The Statistics Authority has two main functions:

1. oversight of the Office for National Statistics (ONS) – the executive office of the Authority;
2. independent scrutiny (monitoring and assessment) of all official statistics produced in the UK.

Contact us

Tel: 0845 604 1857

Email: authority.enquiries@statistics.gsi.gov.uk

Website: www.statisticsauthority.gov.uk

UK Statistics Authority
1 Drummond Gate
London
SW1V 2QQ

Assessment of compliance with the Code of Practice for Official Statistics

Statistics on Public Sector Finances

(produced by the Office for National Statistics and HM Treasury)

ASSESSMENT AND DESIGNATION

The *Statistics and Registration Service Act 2007* gives the UK Statistics Authority a statutory power to assess sets of statistics against the *Code of Practice for Official Statistics*. Assessment will determine whether it is appropriate for the statistics to be designated as National Statistics.

Designation as National Statistics means that the statistics comply with the *Code of Practice*. The *Code* is wide-ranging. Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

Designation as National Statistics should not be interpreted to mean that the statistics are always correct. For example, whilst the *Code* requires statistics to be produced to a level of accuracy that meets users' needs, it also recognises that errors can occur – in which case it requires them to be corrected and publicised.

Assessment reports will not normally comment further on a set of statistics, for example on their validity as social or economic measures. However, reports may point to such questions if the Authority believes that further research would be desirable.

Assessment reports typically provide an overview of any noteworthy features of the methods used to produce the statistics, and will highlight substantial concerns about quality. Assessment reports also describe aspects of the ways in which the producer addresses the 'sound methods and assured quality' principle of the *Code*, but do not themselves constitute a review of the methods used to produce the statistics. However the *Code* requires producers to "seek to achieve continuous improvement in statistical processes by, for example, undertaking regular reviews".

The Authority may grant designation on condition that the producer body takes steps, within a stated timeframe, to fully meet the *Code's* requirements. This is to avoid public confusion and does not reduce the obligation to comply with the *Code*.

The Authority grants designation on the basis of three main sources of information:

- i. factual evidence and assurances by senior statisticians in the producer body;
- ii. the views of users who we contact, or who contact us, and;
- iii. our own review activity.

Should further information come to light subsequently which changes the Authority's analysis, it may withdraw the Assessment report and revise it as necessary.

It is a statutory requirement on the producer body to ensure that it continues to produce the set of statistics designated as National Statistics in compliance with the *Code of Practice*.

Contents

Section 1: Summary of findings

Section 2: Subject of the assessment

Section 3: Assessment findings

Annex 1: Suggestions for improvement

Annex 2: Compliance with the Standards for Statistical Releases

Annex 3: Summary of the assessment process and user views

1 Summary of findings

1.1 Introduction

- 1.1.1 This is one of a series of reports¹ prepared under the provisions of the *Statistics and Registration Service Act 2007*². The Act requires all statistics currently designated as National Statistics to be assessed against the *Code of Practice for Official Statistics*³. The report covers the set of statistics reported in *Public Sector Finances*⁴, produced jointly by the Office for National Statistics (ONS) and HM Treasury (HMT); and in *Government Deficit and Debt under the Maastricht Treaty*⁵ produced by ONS.
- 1.1.2 This report was prepared by the Authority's Assessment team, and approved by the Board of the Statistics Authority on the advice of the Head of Assessment.

1.2 Decision concerning designation as National Statistics

- 1.2.1 The Statistics Authority judges that the statistics covered by this report are readily accessible, produced according to sound methods and managed impartially and objectively in the public interest, subject to any points for action in this report. The Statistics Authority confirms that the statistics detailed in paragraph 1.1.1 are designated as National Statistics, subject to ONS and HMT implementing the enhancements listed in section 1.5 and reporting them to the Authority by February 2012.

1.3 Summary of strengths and weaknesses

- 1.3.1 *Public Sector Finances* presents timely statistics on the whole of the public sector. The statistical and administrative sources used to produce the statistics are well developed allowing the production of statistics on deficit and debt for the whole of the public sector rather than for the government sector alone. This goes beyond the requirements of the European Union and exceeds the coverage of statistics produced by other member states.
- 1.3.2 The statistics presented in *Government Deficit and Debt under the Maastricht Treaty* are regularly scrutinised by Eurostat and the findings published. Both releases publish details of any revisions made since the last release and provide a link to a summary quality report. *Public Sector Finances* makes reference to some aspects of quality in the background notes but this is lacking detail.
- 1.3.3 The presentation of the statistics in *Public Sector Finances* could be improved. The release contains very little commentary and there is scope for improving the labelling of the charts. The presentation of *Government Deficit and Debt*

¹ <http://www.statisticsauthority.gov.uk/assessment/assessment-reports/index.html>

² http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga_20070018_en.pdf

³ <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

⁴ <http://www.ons.gov.uk/ons/publications/all-releases.html?definition=tcm%3A77-223986>

⁵ <http://www.ons.gov.uk/ons/publications/all-releases.html?definition=tcm%3A77-21837>

under the Maastricht Treaty provides some context to the statistics although the release contains a lot of technical language.

1.4 Detailed recommendations

1.4.1 The Assessment team identified some areas where it felt that ONS and HMT could strengthen their compliance with the *Code*. Those which the Assessment team considers essential to enable designation as National Statistics are listed in section 1.5. Other suggestions, which would improve the statistics and the service provided to users but which are not formally required for their designation, are listed at annex 1.

1.5 Requirements for designation as National Statistics

Requirement 1	Investigate and document the users and uses made of these statistics and seek to engage with users outside of the public sector, such as academics and financial institutions (para 3.2) - (ONS & HMT).
Requirement 2	Publish information on users' experiences of these statistics (para 3.3) – (ONS & HMT).
Requirement 3	Commit to either (a) the publication of the statistics by one or the other organisation; or (b) the publication of a note explaining who is responsible and accountable for decisions about <i>Public Sector Finances</i> (para 3.11) – (ONS & HMT).
Requirement 4	Update the <i>Methodological Guide to Public Sector Finances</i> and document the data sources used to produce these statistics (para 3.12) – (ONS & HMT).
Requirement 5	Provide additional information on the quality of the statistics, including their strengths and limitations, in relation to the use made of them (para 3.25) – (ONS & HMT).
Requirement 6	Improve the presentation and commentary in the releases so that it aids user interpretation of the statistics (para 3.26) – (ONS & HMT).
Requirement 7	Review the presentation of the tables accompanying <i>Government Deficit and Debt under the Maastricht Treaty</i> to ensure that users are easily able to access the information that they require (para 3.27) – (ONS).
Requirement 8	Ensure that the administrative sources used in the production of the statistics on public sector finances are clearly listed in the Statement of Administrative Sources and that specific information is provided on

the arrangements for auditing the quality of these data (para 3.33) – (ONS).

2 Subject of the assessment

- 2.1 Statistics on public sector finances present measures of government and public sector borrowing and debt. The statistics are used to inform economic and fiscal policy. They provide an important measure of how effectively public sector debt and deficit are managed and controlled.
- 2.2 *Public Sector Finances* is a monthly statistical release that presents key indicators about public sector finances, including the public sector current budget, public sector net borrowing and public sector net debt as a percentage of Gross Domestic Product (GDP). The statistics use definitions based on National Accounts concepts, adapted to allow effective monitoring of performance against the fiscal forecasts.
- 2.3 The arrangements for producing and publishing Public Sector Finances are unusual, in that it is jointly released by ONS and HMT. This arrangement reflects their joint responsibility for measuring these statistical aggregates.
- 2.4 *Government Deficit and Debt under the Maastricht Treaty (Government Deficit and Debt)* presents the statistics that ONS provides to the European Commission about the UK's general government deficit⁶ and debt⁷. ONS produces these statistics in accordance with the Protocol on the Excessive Deficit Procedure⁸ (EDP), which is an annex to the 1992 Maastricht Treaty on European Union⁹. The Treaty obliges Member States of the European Union to avoid excessive budgetary deficits. EDP defines two criteria and reference values for compliance with the Treaty. These are a deficit to GDP ratio of three per cent, and a debt to GDP ratio of 60 per cent. ONS publishes the EDP statistics twice a year, in March and in September, to meet deadlines for providing the estimates to the European Commission.
- 2.5 The Government uses statistics on public sector finances to monitor economic and fiscal policy. The Bank of England uses them to inform monetary policy. City analysts use them to assess government's control of public finances and to anticipate movements in the financial markets. The European Commission uses these statistics to monitor the UK's performance against the Maastricht Treaty and the Stability and Growth Pact¹⁰ through the EDP. The statistics are also used by other international organisations, such as the Organisation for Economic Co-operation and Development, the International Monetary Fund and the European Central Bank.
- 2.6 The definitions and responsibilities for debt measurement have varied over time. ONS has published a document¹¹ that describes some of the historical background to these statistics. In 1998 the government introduced a new

⁶ Deficit is defined as net borrowing.

⁷ Debt is the total gross debt at nominal value outstanding at the end of the year and consolidated across all sectors of general government.

⁸ http://ec.europa.eu/economy_finance/sgp/deficit/index_en.htm

⁹ http://europa.eu/legislation_summaries/economic_and_monetary_affairs/institutional_and_economic_framework/treaties_maastricht_en.htm

¹⁰ http://ec.europa.eu/economy_finance/sgp/index_en.htm

¹¹ <http://onstest.landmarkgovernment.co.uk/ons/guide-method/method-quality/specific/economy/public-sector-statistics/government-and-public-sector-debt-measures.pdf>

framework for public finances¹², which corresponded more closely to the National Accounts. *Public Sector Finances* was first published in its current form in 1999 to present statistics relating to the new framework. ONS also published a *Methodological Guide*¹³ to monthly public sector finance statistics which explained the concepts underlying the new monthly statistics, and the way that they are produced.

- 2.7 A measure of debt excluding Northern Rock was announced in Budget 2008 and has been published in *Public Sector Finances* since September 2008. In the *Pre-Budget Report 2009*¹⁴ the Government announced new measures of Public Sector Net Borrowing and Public Sector Net Debt that exclude the temporary effects of financial interventions. The inclusion of banks into the public sector and the Bank of England Asset Purchase Facility Fund¹⁵ are examples of such interventions. These measures of borrowing and debt are published alongside the existing measures, which include the temporary effects. The Government has used the measures that exclude the temporary effects of financial interventions as the basis for its target for public sector debt and deficit. The *Budget 2010*¹⁶ set out a target for public sector debt, as a proportion of GDP, to be falling by 2015/16 and a target for the cyclically adjusted public sector current budget to be in balance by 2015/16. The cyclically adjusted measure is based on the measure of current budget published in *Public Sector Finances*.
- 2.8 *Public Sector Finances* relates to the public sector (and so includes local and central government and public corporations) whereas *Government Deficit and Debt* relates to the general government sector (and so excludes public corporations). *Public Sector Finances* also presents public sector debt net of liquid assets rather than general government sector gross debt as used in *Government Deficit and Debt*. ONS has published an article¹⁷ that describes the different bases of the definitions of deficit and debt used in the two releases. ONS told us that the European Union requirements for a measure of general government deficit and debt were in large part driven by data availability in Member States in the 1990s. Due to the relative maturity of statistical and administrative systems in the UK, the UK has been able to publish and monitor deficit and debt levels for the entire UK public sector and has chosen to do so in *Public Sector Finances*.
- 2.9 ONS compiles these statistics using data for central government that are supplied by HMT and data for local authorities and public corporations that are compiled from other sources, mainly surveys of local authorities carried out by the Department of Communities and Local Government (DCLG) and banking statistics collected by the Bank of England.

¹² *Economic and Fiscal Strategy Report*, June 1998,

<http://archive.treasury.gov.uk/pub/html/efsr/3978.htm>

¹³ <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/public-sector-statistics/monthly-statistics-on-public-sector-finances--a-methodological-guide.pdf>

¹⁴ http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/prebud_pbr09_repindex.htm

¹⁵ <http://www.bankofengland.co.uk/publications/news/2009/009.htm>

¹⁶ http://cdn.hm-treasury.gov.uk/junebudget_complete.pdf

¹⁷ <http://www.ons.gov.uk/ons/rel/psa/wider-measures-of-public-sector-debt/september-2010--update/index.html>

2.10 *Public Sector Finances and Government Deficit and Debt* cost approximately £230,000 per annum to produce.

3 Assessment findings

Principle 1: Meeting user needs

The production, management and dissemination of official statistics should meet the requirements of informed decision-making by government, public services, business, researchers and the public.

- 3.1 ONS and HMT engage with government users and suppliers of data for these statistics through a number of cross-governmental groups, including a Public Finance Statistics group, chaired alternately by ONS and HMT, which focuses on operational issues, and a Sector Accounts and Local Government (SALG) group, which discusses Local Government data. No agendas or minutes are published for any of these groups. The Fiscal Sustainability Group, which is a sub-group of the Economic Statistics Theme group, also provides a forum for HMT and ONS to engage with users of these statistics. The group is new and has met only twice so far. It includes representatives from both the public and the private sectors, including the Office for Budget Responsibility (OBR), the Bank of England, the Devolved Administrations, the British Bankers' Association and some City organisations. Representatives are encouraged to submit agenda items. Agendas or minutes of these meetings are not published because of concerns that this would inhibit what some members would be able to say at the meetings.
- 3.2 ONS and HMT acknowledge that they have little systematic engagement with users of these statistics outside of the public sector. ONS respond to ad hoc enquiries from users via telephone and email but no analysis of this contact is conducted to identify the users or the queries made. ONS publishes some information about the use made of these statistics in the *Summary Quality Report for Public Sector Finance Releases*¹⁸, but there is no comprehensive documentation of the users and uses made of these statistics. As part of the designation as National Statistics, ONS and HMT should investigate and document the users and uses made of these statistics and seek to engage with users outside of the public sector, such as academics and financial institutions¹⁹ (Requirement 1). We suggest that in meeting this requirement ONS and HMT refer to the types of use put forward in the Statistics Authority's Monitoring Brief: *The Use Made of Official Statistics*²⁰.
- 3.3 ONS has recently consulted users about the presentation and content of *Public Sector Finances* and plans to carry out a similar consultation in relation to *Government Deficit and Debt*. ONS plans to publish the findings from both of these exercises. Eurostat provides ONS with feedback about the statistics that ONS provides on EDP, and publishes²¹ it on its website, although ONS does not draw this information to the attention of users. As part of the designation as

¹⁸ <http://www.ons.gov.uk/ons/rel/psa/public-sector-statistics/summary-quality-report-for-public-sector-finances/summary-quality-report-for-psf.pdf>

¹⁹ In relation to Principle 1, Practices 1 and 2 of the *Code of Practice*

²⁰ <http://www.statisticsauthority.gov.uk/assessment/monitoring/monitoring-briefs/index.html>

²¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0187:FIN:EN:PDF>

National Statistics, ONS and HMT should publish information on users' experiences of these statistics²² (Requirement 2).

- 3.4 The *Summary Quality Report for Public Sector Finance Releases* states that *Public Sector Finances* is the most timely release of its kind in the world and that it is published 15 working days after the end of the reference month. *Government Deficit and Debt* is published on the last working day of March and September to meet the deadlines for providing the estimates to the European Commission.

²² In relation to Principle 1, Practice 5 of the *Code of Practice*

Principle 2: Impartiality and objectivity

Official statistics, and information about statistical processes, should be managed impartially and objectively.

- 3.5 These statistics are presented impartially and objectively in the statistical releases. The statistical releases are published in an orderly manner.
- 3.6 The measures published in *Public Sector Finances* are defined by HMT as part of fiscal policy. ONS told us that the definitions used to compile the statistics are based on National Accounts definitions but can differ in terms of detailed presentation in order to reflect user needs in relation to developing and monitoring fiscal policy. Most classification decisions relating to statistics on public sector finances are taken using ONS's usual classification processes and involve the independent National Accounts Classification Committee (NACC) where they are of great enough importance. Where decisions are specific only to statistics on public sector finances, they are taken by a Technical Advisory Group (TAG). The membership of this Group is drawn from ONS, HMT and DCLG; it reports to the Public Finance Statistics group. The Bank of England has observer status. ONS told us that if a consensus cannot be reached, decisions are reached by a majority vote. ONS and HMT each have two votes and DCLG has one vote. ONS told us that a vote is rarely needed, and that the group has not needed to meet in the last two years.
- 3.7 In December 2009, the government announced its fiscal consolidation plan in the *Pre-Budget Report 2009*, which included new measures of Public Sector Net Borrowing and Public Sector Net Debt that exclude the temporary effects of financial interventions. On the same day, ONS published a statement²³ that explained how these new measures would be calculated and that they would be published each month in *Public Sector Finances* to allow progress against the new measures to be monitored.
- 3.8 ONS has published a revisions policy²⁴ for these statistics. Following a review²⁵ in 2002, statistics on public sector finances now use more timely data than are used in the National Accounts. *Public Sector Finances* explains that the revisions policy is more flexible than the policy used in the National Accounts, although it does not provide a direct link to where the policy can be found. We suggest that ONS and HMT provide a direct link to the revisions policy for these statistics in the statistical releases.
- 3.9 Minor errors were discovered in *Public Sector Finances* in August 2010 and May 2011. In both cases, the errors were discovered by users on the day of publication and were quickly rectified. ONS told us that, following discovery of these errors, steps were taken to prevent them recurring, including the introduction of additional checks during the quality assurance of the statistics. We suggest ONS and HMT review the quality assurance procedures currently in place for *Public Sector Finances* to reduce the risk of future errors

²³ <http://www.ons.gov.uk/ons/media-centre/statements/new-measure-of-public-sector-borrowing.html>

²⁴ <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/revisions/index.html>

²⁵ <http://www.ons.gov.uk/ons/guide-method/method-quality/quality/nsqr/theme/economy/nsqr-series-report-no--13--review-of-government-accounts-and-indicators.doc>

Principle 3: Integrity

At all stages in the production, management and dissemination of official statistics, the public interest should prevail over organisational, political or personal interests.

- 3.10 No incidents of political pressures, abuses of trust or complaints relating to professional integrity, quality or standards were reported to or identified by the Assessment team.
- 3.11 The joint production and publication arrangements for *Public Sector Finances* (see para 2.3) do not seem to have raised questions about the integrity of these statistics. However, ultimately a single organisation must be responsible for statistical decisions. As part of the designation as National Statistics, ONS and HMT should commit to either (a) the publication of the statistics by one or the other organisation; or (b) the publication of a note explaining who is responsible and accountable for decisions about *Public Sector Finances*²⁶ (Requirement 3).

²⁶ In relation to Principle 3, Practice 3 of the *Code of Practice*

Principle 4: Sound methods and assured quality

Statistical methods should be consistent with scientific principles and internationally recognised best practices, and be fully documented. Quality should be monitored and assured taking account of internationally agreed practices.

- 3.12 ONS has published a detailed description about the sources of the statistics and the way that they are calculated in *Inventory of EDP data*²⁷. The Inventory is produced using a standard format determined by Eurostat. ONS has published a *Methodological Guide to Public Sector Finances* which explains the concepts and compilation of the statistics. The document was published in 1999 and needs updating, although ONS told us that much of the information in the guide still remains relevant. ONS told us that it plans to update the methods document but currently has no fixed date to do this. No documentation is available to describe all of the data sources used to compile *Public Sector Finances*. As part of the designation as National Statistics, ONS and HMT should update the *Methodological Guide to Public Sector Finances* and document the data sources used to produce these statistics²⁸ (Requirement 4).
- 3.13 The methodology and data sources used by ONS for compiling *Government Deficit and Debt* are rigorously scrutinised by Eurostat to ensure that they are consistent with the *European System of Accounts 1995*²⁹ (ESA95) and the guidance in the *Manual on Government Deficit and Debt*³⁰. Every two years, Eurostat conducts an assessment of the statistics submitted to them and publishes³¹ its findings on its website. We suggest that ONS informs users about the findings from Eurostat's biennial assessments of the statistics published in *Government Deficit and Debt under the Maastricht Treaty*, and about the actions that it plans to take in response.
- 3.14 ONS publishes information about the quality of these statistics in the *Summary Quality Report for Public Sector Finance Releases*. It refers to two quality reviews of these statistics, a published report in 2002, and an unpublished report by David Wroe, in 2004. We suggest that ONS and HMT publish the Wroe report and provide users with information about how it has responded to the main recommendations in the report.
- 3.15 The National Accounts Classification Committee (NACC) decides on the classification of institutions and transactions to the various sectors of the economy. These decisions can affect the composition of the public and general government sectors and therefore impact upon the statistics presented in *Public Sector Finances* and *Government Deficit and Debt*. ONS has consulted³² publicly about how it makes and publicises classification decisions

²⁷ <http://www.ons.gov.uk/ons/rel/psa/eu-government-debt-and-deficit-returns/supporting-information/description-of-sources-and-methods-in-the-context-of-the-transmission-of-the-edp-notification-tables.pdf>

²⁸ In relation to Principle 4 Practice 1 of the *Code of Practice*

²⁹ <http://circa.europa.eu/irc/dsis/nfaccount/info/data/esa95/en/titelen.htm>

³⁰ http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-09-017/EN/KS-RA-09-017-EN.PDF

³¹ http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/excessive_deficit/eurostat_edp_visits_member_states

³² <http://www.ons.gov.uk/ons/about-ons/consultations/closed-consultations/2011/consultation-on-the-national-accounts-classification-process-and-sector-classification-guide/index.html>

for the National Accounts. The consultation period ended on 30 June 2011 and we were told that the results will be published in due course.

- 3.16 The statistics presented in *Government Deficit and Debt* are produced using methods consistent with those of countries across the European Union (EU). The statistics are sent to Eurostat and are published, alongside statistics from other countries, on Eurostat's website. ONS makes clear that the UK assessment of deficit and debt is made on a financial rather than a calendar year basis (unlike other EU countries), but does not promote international comparability by directing users to where comparable statistics can be found. We suggest that ONS provide a link from *Government Deficit and Debt* to comparable statistics published on Eurostat's website.

Principle 5: Confidentiality

Private information about individual persons (including bodies corporate) compiled in the production of official statistics is confidential, and should be used for statistical purposes only.

- 3.17 ONS and HMT have assured us that they take all the necessary steps to protect the confidentiality of the data they collect. Most of the data are derived from administrative sources and resource accounts for public sector bodies that are already in the public domain. The Bank of England provides ONS with profit and loss and balance sheet data provided by the public sector banks.
- 3.18 The recent addition of new data for the public sector banks raised confidentiality issues that needed to be managed. The statistics needed to provide an accurate measure of the entire public sector debt and deficit to meet user needs; but it was also important to avoid the disclosure of confidential bank data, to avoid any adverse impacts on their competitiveness. Extended discussions were held with the banks resulting in an agreement whereby the required data could be sourced through the Bank of England, but confidentiality could be maintained by publishing the statistics at a level that did not identify an individual institution, in accordance with ONS guidelines.

Principle 6: Proportionate burden

The cost burden on data suppliers should not be excessive and should be assessed relative to the benefits arising from the use of the statistics.

- 3.19 Most of the data that are supplied to ONS for these statistics are already needed by the data suppliers for their own financial management purposes. HMT supplies data on central government expenditure through the Combined Online Information System (COINS), the data collection system it uses to plan, control and report on departmental expenditure. COINS will be replaced by a new system (OSCAR) in 2012. HMT told us that it is working with departments to ensure that the new system and the data, governance and processes associated with it are aligned with departments' own internal reporting needs, which will minimise the burden of data supply.
- 3.20 ONS and HMT engage with local authorities through meetings of the Central and Local Government Information Partnership (CLIP) Group³³, which considers ways of accessing local government information in ways that minimise the burden placed on the respondents. DCLG has started to collect quarterly spending data from local authorities on behalf of the ONS, HMT and the OBR; this includes the data needed for public sector finance statistics. In order to reduce the burden on data suppliers, the delivery dates have been moved back by a month so that local authorities can use the information that they have already prepared for their own board reports as the basis of the data supply to DCLG. It was also agreed that local authorities would not need to supply data for the last quarter of the financial year as this would coincide with their end-year reporting requirements.

³³ <http://www.clip.local.gov.uk/lgv/core/page.do?pageId=1>

Principle 7: Resources

The resources made available for statistical activities should be sufficient to meet the requirements of this Code and should be used efficiently and effectively.

- 3.21 ONS compiles much of the data for these statistics using spreadsheets, but plans to migrate these processes to the new Central ONS Repository for Data (CORD). It hopes that all processing will be carried out in CORD by 2013, although additional resources are likely to be needed to manage the transition.
- 3.22 The responsibility for producing statistics on public sector finances was transferred from London to Newport at the end of 2009, as part of ONS's corporate relocation programme³⁴. The relocation appears to have gone smoothly but, during Eurostat's biennial assessment³⁵ of *Government Deficit and Debt* held in January 2011, ONS acknowledged that the current team in Newport were relatively inexperienced.
- 3.23 Also during Eurostat's biennial assessment, ONS suggested that the level of expertise within NACC could be improved by broadening the membership of the committee to include non-ONS staff. This suggestion formed part of the consultation held on classification issues (para 3.15) and ONS told us that it is likely to be implemented.
- 3.24 ONS and HMT have centralised recruitment processes to ensure that suitably skilled people are employed to produce these statistics. Appropriate competence frameworks are in place and we were told that ONS and HMT support their staff in developing their skills.

³⁴ <http://www.ons.gov.uk/ons/media-centre/statements/ons-relocation.html>

³⁵ http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/documents/Final%20findings%20of%20the%20EDP%20dialogue%20visit%20to%20the%20UK%20on%2026.pdf

Principle 8: Frankness and accessibility

Official statistics, accompanied by full and frank commentary, should be readily accessible to all users.

- 3.25 Both releases include information about the revisions made to the statistics as an indicator of reliability but no other information about the quality of the statistics is included in the release. The *Summary Quality Report for Public Sector Finance Releases* comments that the statistics are reliant on the quality of information provided by government departments and the Bank of England but does not relate this to the statistics themselves, or to their uses. As part of the designation as National Statistics, ONS and HMT should provide additional information on the quality of the statistics, including their strengths and limitations, in relation to the use made of them³⁶ (Requirement 5).
- 3.26 *Public Sector Finances* contains little commentary that goes beyond describing the rises and falls observed in the statistics and no information is provided to put the statistics into context. The release does not clearly present an overall picture of public sector finances and does not explain the relationship between budget deficit and debt nor explain the impact of financial interventions. In some cases, charts are poorly labelled, and tables and text are misaligned. *Government Deficit and Debt* is better presented and includes some information about the obligation to collect and provide these statistics to the European Commission, but more explanatory information could be provided. ONS has recently consulted users about the *Public Sector Finances* release and plans to carry out a similar consultation on *Government Deficit and Debt*. ONS told us that it plans to use the comments received to improve the release, along with its own ideas for improvement. As part of the designation as National Statistics, ONS and HMT should improve the presentation and commentary in the releases so that it aids user interpretation of the statistics³⁷ (Requirement 6). We suggest that in meeting this requirement ONS and HMT should consider the points detailed in annex 2.
- 3.27 Supplementary data, in spreadsheet format, is published alongside *Public Sector Finances* and a link is provided from the release. It presents time series data back to 1946 and uses 4-letter codes to identify the individual series, making it easy to relate them back to the statistics presented in the statistical bulletin. Statistics are also published in spreadsheet format to accompany *Government Deficit and Debt*. All of the data sent to Eurostat are published for the purposes of transparency but the number of different tables, in separate files, makes it difficult to find the data required or to relate the data to the statistics published in the release. As part of the designation as National Statistics, ONS should review the presentation of the tables accompanying *Government Deficit and Debt* to ensure that users are easily able to access the information that they require³⁸ (Requirement 7).

³⁶ In relation to Principle 8, Practice 1 of the *Code of Practice*

³⁷ In relation to Principle 8, Practice 2 of the *Code of Practice*

³⁸ In relation to Principle 8, Practices 4 and 6 of the *Code of Practice*

Protocol 1: User engagement

Effective user engagement is fundamental both to trust in statistics and securing maximum public value. This Protocol draws together the relevant practices set out elsewhere in the Code and expands on the requirements in relation to consultation.

3.28 The requirements for this Protocol are covered elsewhere in this report.

Protocol 2: Release practices

Statistical reports should be released into the public domain in an orderly manner that promotes public confidence and gives equal access to all, subject to relevant legislation.

- 3.29 ONS and HMT told us that *Public Sector Finances* is available on both ONS and HMT's websites at 9.30am. ONS told us that it usually checks that the release is there at around 9.30am and that they are not aware of it having been delayed. HMT's web team email the producer team to confirm that the release has been published on its website.
- 3.30 Both *Public Sector Finances* and *Government Deficit and Debt* are available via the National Statistics Publication Hub³⁹ and future publication dates for 12 months ahead are published. *Government Deficit and Debt* is published on the Publication Hub under the title 'EU Government Debt and Deficit returns' and *Public Sector Finances* is published under the titles 'Public Sector Finances' and 'Public Sector Statistics'. We suggest that ONS and HMT review the titles used on the Publication Hub to make them consistent with the titles given to the statistical releases.
- 3.31 The *Code* requires National Statistics releases to be issued at 9.30am on the day of publication. ONS's website systems historically did not enable releases to be published simultaneously, which meant that there was sometimes a delay beyond 9.30am. ONS reviewed this matter as part of its web development programme, and has informed the Statistics Authority that its website is now able to issue National Statistics releases at 9.30am.
- 3.32 ONS and HMT recently reviewed the lists that they maintain of those granted pre-release access to these statistics, and have removed some people from them. The list⁴⁰ that ONS maintains of those granted pre-release access to *Government Deficit and Debt* contains 11 names, all but one of whom are based in HMT. The list⁴¹ that ONS and HMT maintain of those granted pre-release access to *Public Sector Finances* contains the names of 14 individuals, 10 of whom are based in HMT. HMT publishes a separate list⁴² containing only those individuals in HMT who have pre-release access.

³⁹ <http://www.statistics.gov.uk/hub/index.html>

⁴⁰ <http://www.ons.gov.uk/ons/rel/psa/eu-government-debt-and-deficit-returns/september-2011/index.html>

⁴¹ <http://www.ons.gov.uk/ons/rel/psa/public-sector-finances/august-2011/index.html>

⁴² http://www.hm-treasury.gov.uk/natstat_comp_psflist.htm

Protocol 3: The use of administrative sources for statistical purposes

Administrative sources should be fully exploited for statistical purposes, subject to adherence to appropriate safeguards.

3.33 ONS has published a Statement of Administrative Sources⁴³ but neither *Public Sector Finances* nor *Government Deficit and Debt* are listed against any of the administrative sources listed, and no information is provided about how the quality of the data is audited. HMT has also published a Statement of Administrative Sources⁴⁴ which is complete with respect to these releases. As part of the designation as National Statistics, ONS should ensure that the administrative sources used in the production of the statistics on public sector finances are clearly listed in the Statement of Administrative Sources and that specific information is provided about the arrangements for auditing the quality of these data⁴⁵ (Requirement 8).

⁴³ <http://www.ons.gov.uk/ons/guide-method/the-national-statistics-standard/code-of-practice/statement-of-administrative-sources/index.html>

⁴⁴ http://www.hm-treasury.gov.uk/d/statistics_administrative_sources.pdf

⁴⁵ In relation to Protocol 3, Practice 5 of the *Code of Practice*

Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to the statistics on public sector finances produced by ONS and HMT, in the interest of the public good. These are not formally required for designation, but the Assessment team considers that their implementation will improve public confidence in the production, management and dissemination of official statistics.

- | | |
|---------------------|---|
| Suggestion 1 | Refer to the types of use put forward in the Statistics Authority's Monitoring Brief, <i>The Use Made of Official Statistics</i> , in meeting Requirement 1 (para 3.2). |
| Suggestion 2 | Provide a direct link to the revisions policy for these statistics in the statistical releases (para 3.8). |
| Suggestion 3 | Review the quality assurance procedures currently in place for <i>Public Sector Finances</i> to reduce the risk of future errors (para 3.9) |
| Suggestion 4 | Inform users about the findings from Eurostat's biennial assessments of the statistics published in <i>Government Deficit and Debt under the Maastricht Treaty</i> , and about the actions that it plans to take in response (para 3.13). |
| Suggestion 5 | Publish the Wroe report and provide users with information about how it has responded to the main recommendations in the report (para 3.14). |
| Suggestion 6 | Provide a link from <i>Government Deficit and Debt</i> to comparable statistics published on Eurostat's website (para 3.16). |
| Suggestion 7 | Consider the points detailed in annex 2, in seeking to improve the statistical releases (para 3.26). |
| Suggestion 8 | Review the titles used on the Publication Hub to make them consistent with the titles given to the statistical releases (para 3.30). |

Annex 2: Compliance with Standards for Statistical Releases

- A2.1 In October 2010, the Statistics Authority issued a statement on Standards for Statistical Releases⁴⁶. Whilst this is not part of the *Code of Practice for Official Statistics*, the Authority regards it as advice that will promote both understanding and compliance with the *Code*. In relation to the statistical releases associated with statistics on public sector finances, this annex comments on compliance with the statement on standards.
- A2.2 In implementing any Requirements of this report (at paragraph 1.5) which relate to the content of statistical releases, we encourage the producer body to apply the standards as fully as possible.

Appropriate identification of the statistics being released

- A2.3 The titles of the releases do not fully describe the coverage of the statistics or the point in time to which they relate.
- A2.4 Both releases give the date of the next publication of the statistics.
- A2.5 Both releases are presented using formatting consistent with other ONS statistical bulletins. They both contain the National Statistics logo.
- A2.6 *Government Deficit and Debt under the Maastricht Treaty* states clearly that it is produced by ONS and *Public Sector Finances* makes clear that it is a joint publication between ONS and HMT. The name and telephone number of the responsible statistician are provided alongside a generic email address.
- A2.7 *Government Deficit and Debt under the Maastricht Treaty* contains a brief account of what is included in the release but no such account is included in *Public Sector Finances*.
- A2.8 Neither release makes it particularly clear which of the statistics presented are new but both contain a section detailing any revisions made since the statistics were last released.

Include commentary that is helpful to the non-expert and presents the main messages in plain English

- A2.9 Both releases contain a brief summary of the main messages contained in the release.
- A2.10 Both releases use some technical language and would benefit from an explanation, in plain English, of exactly what is meant by some of the key terms used - for example: financial intervention; net borrowing; and gross consolidated debt.
- A2.11 Neither release contains any commentary that goes further than describing the rises and falls observed. The charts contained in *Public Sector Finances* are not very clearly presented, they do not always contain labels on the axes and in some cases, lines used to label data points look as though they are part of the series itself. The chart on the first page of *Public Sector Finances* is labelled

⁴⁶ <http://www.statisticsauthority.gov.uk/news/standards-for-statistical-releases.html>

with acronyms which are not written out in full until the eighth page of the release. The columns in tables presented in *Public Sector Finances* for June 2011 are poorly aligned, the characters in some paragraphs of text are also misaligned and the release contains spelling mistakes. Some contextual information and explanation about why and to whom the statistics are important is included in *Government Deficit and Debt under the Maastricht Treaty* but this is lacking in *Public Sector Finances*.

Use language that is impartial, objective and professionally sound

- A2.12 The text contained in both releases is impartial.
- A2.13 The descriptive statements included in both releases are consistent with the statistics presented.
- A2.14 The descriptions of trends in the statistics are generally professionally sound. There is no mention of variability or error in either of the releases.

Include information about the context and likely uses

- A2.15 *Government Deficit and Debt under the Maastricht Treaty* includes some information about the operational context in which the statistics have been collected and will be used. *Public Sector Finances* gives an indication of use by the OBR but is otherwise lacking in detail about operational context.
- A2.16 No comments are made in either release about the quality or reliability of the statistics in relation to the use made of them.

Include, or link to, appropriate metadata

- A2.17 Both releases include a link to a summary quality report which in turn, contains a link to a methodological guide.
- A2.18 Some information about international comparability is contained in both releases but this could be improved, for example by providing a link to where comparable statistics can be found.
- A2.19 Changes to classifications are summarised in the releases with links provided to articles containing more detailed information.
- A2.20 Both releases contain some helpful information about revisions that have been made to the statistics. *Public Sector Finances* points out when revisions are most likely and *Government Deficit and Debt under the Maastricht Treaty* suggests the likely magnitude, but further information about which statistics will be revised could be provided.

Annex 3: Summary of assessment process and users' views

A3.1 This assessment was conducted from June to September 2011.

A3.2 The Assessment team – Neil Jackson and Kat Pegler – agreed the scope of and timetable for this assessment with representatives of the ONS and HMT in June. The Written Evidence for Assessment was provided on 15 July 2011. The Assessment team subsequently met ONS and HMT during August to review compliance with the *Code of Practice*, taking account of the written evidence provided and other relevant sources of evidence.

Summary of users contacted, and issues raised

A3.3 Part of the assessment process involves our consideration of the views of users. We approach some known and potential users of the set of statistics, and we invite comments via an open note on the Authority's website. This process is not a statistical survey, but it enables us to gain some insights about the extent to which the statistics meet users' needs and the extent to which users feel that the producers of those statistics engage with them. We are aware that responses from users may not be representative of wider views, and we take account of this in the way that we prepare assessment reports.

A3.4 The Assessment team received 5 responses from users of these statistics and 2 responses from data suppliers. The respondents were grouped as follows:

Central Government	2
International Organisation	3
Supplier	2

A3.5 Users of *Public Sector Finances* and *Government Deficit and Debt under the Maastricht Treaty* were generally happy with the level of engagement they received from both ONS and HMT. Two users said that they would like more detailed breakdowns of the statistics and one user said that they would like additional commentary in the *Public Sector Finances* release, in particular to explain the effects of the financial interventions and the impact of each intervention on the overall deficit. Data suppliers who responded generally found the process of providing data relatively straightforward and not overly burdensome.

Key documents/links provided

Written Evidence for Assessment document

