

# UK STATISTICS AUTHORITY

## Minutes

Thursday 29 October 2015  
R103, Newport

### Present

#### UK Statistics Authority

Sir Andrew Dilnot (Chair)  
Professor Sir Adrian Smith  
Dame Colette Bowe  
Dame Moira Gibb  
Professor David Hand  
Mr Ed Humpherson  
Mr John Pullinger  
Mr Glen Watson

#### National Statistics Executive Group

Mr Jonathan Athow  
Mr Peter Benton (from item 7)  
Mr Robert Bumpstead  
Mr Ian Cope (from item 8)  
Mr Miles Fletcher (from item 8)  
Mr Joe Grice (from item 8)  
Mr Paul Layland (from item 8)  
Ms Heather Savory  
Dr Neil Wooding (from item 8)

#### Secretariat

Mr Joe Cuddeford

#### Apologies

Dr David Best  
Ms Siobhan Carey  
Mr Guy Goodwin  
Mr Glyn Jones  
Dr David Levy  
Mr Nick Vaughan

**1. Apologies**

Apologies were received from Dr David Best, Ms Siobhan Carey, Mr Guy Goodwin, Mr Glyn Jones, Dr David Levy, and Mr Nick Vaughan.

**2. Declarations of Interest**

There were no new declarations of interest.

**3. Minutes and matters arising from previous meetings**

3.1 The minutes of the previous meeting held on 29 September 2015 were agreed.

3.2 The Chair reported on the topics discussed at the meeting of the non-executive directors that had taken place prior to the start of the Board meeting. The non-executives had discussed recruitment of new non-executive directors to the Board, economic statistics, and Electronic Data Collection (EDC).

3.3 The Chair reported that Dame Colette and Dame Moira had been reappointed as non-executive members of the Authority Board.

3.4 Mr Pullinger reported that negotiations with HM Treasury about pay were ongoing. The Board reiterated the importance of reaching an outcome as soon as possible.

3.5 Mr Humpherson reported that he had been considering the various sources of assurance and drivers of innovation across the statistical system, which included regulation, National Statistics Quality Reviews, the ONS quality unit, and the Good Practice Team, and whether further coordination between these sources of assurance was possible.

3.6 Professor Hand reported that he had recently met with the Council of the Economic and Social Research Council (ESRC). UK Statistics Authority and the ESRC were proposing to work together on a joint independent mid-term review of the Network. It was agreed that the Authority Board would consider the Terms of Reference for the ADRN Board's review of the Network in the new year.

**4. Report from the Authority Chair**

4.1 The Chair reported on his recent activities, which included a visit to the Newport site where he spent time with staff from the Regulation team, the Digital Services, Technology and Methodology directorate, the Finance directorate, internal audit team, and the National Accounts and Economic Statistics directorate.

4.2 The Chair drew the meeting's attention to a new ONS experimental release designed to provide provisional estimates for measures of the distribution of household income significantly ahead of the main estimates produced from household surveys. The Board commended the work as an excellent example of providing an innovative, coherent response to important questions users wanted to have answered.

**5. Report from the Director General for Regulation [SA(15)29]**

5.1 Mr Humpherson provided an update on regulation activity since the last meeting, which included providing evidence to Professor Sir Charles Bean's review of economic statistics; and meeting the Chair of the Work and Pensions Select Committee, Rt. Hon. Frank Field MP, regarding two statistical issues raised by him.





- 11.2 The meeting discussed economic statistics generally. The tendency of some commentators to focus on small changes in economic indicators was problematic and had led to a focus on issues such as 'double dip recession' which was not a helpful way to understand economic trends. The Board considered the Authority's role in speaking out against such use of statistics. As had been stated previously, official statistics producers should be clearer that their role was not just about data collection and publication, but was also about analysis, and that role included being bold when statistics were misinterpreted.
- 11.3 It was suggested that a large proportion of effort in economic statistics was currently focussed on production processes, which meant there was less capability available for providing analysis and advice. This was not least due to the need to upgrade technology capability. Once the technology was working better, it would be possible to increase capability. In the meantime some quick wins were possible within the existing legal framework; the recent 'nowcasting' release, and the research outputs from the administrative data programme were examples of what was possible, but also highlighted what the constraints were.
- 11.4 There was a great opportunity to use administrative data to improve economic statistics radically. It was possible that in the future the entire National Accounts could work purely on administrative data. But the Authority would need the power to access the right data sources. It was noted that response rates to voluntary surveys were in decline, and further information on this would be provided to the next Board meeting.

## **12. Discussion: The merits of different brands for different types of statistics**

- 12.1 The meeting considered the different brands currently used to refer to different kinds of statistical analytical outputs. These included official statistics, National Statistics, experimental statistics, research outputs, and articles. There was a risk that, when publishing outputs using new methods and techniques, such outputs would be confused due to unclear branding.
- 12.2 The definition of 'experimental statistics' was that they were 'statistics in the testing phase and not yet fully developed' but this was possibly not sufficiently distinct from core statistical products. Often statistics carrying the experimental badge were not really experimental but were more 'pilot' or 'near final'. More ad hoc innovative work did not fit well into the current model.
- 12.3 The following points were made in the discussion.
- i. With experimental statistics there was an expectation of a path to becoming National Statistics. But sometimes it was desirable to put out data early which with no expectation to move to National Statistics status.
  - ii. The Bank of England's 'Bank Underground' blog was a good example of a platform used for ad hoc innovative outputs.
  - iii. The regulatory perspective was primarily interested in promoting and protecting the National Statistics brand. Mr Humpherson had been working to enhance the value of the National Statistics brand, which should remain the core focus.
  - iv. There was an emerging narrative about core brand and other National Statistics Institutes were interested.

- v. The National Statistics brand was a way of communicating to users that statistics were trustworthy and could be used with confidence. Other outputs were sometimes about providing a fair view on a topic, often in a highly uncertain environment.
  - vi. There was a risk that branding ideas became internally focussed. It was important to consider what they meant for users.
  - vii. It could be helpful to think about branding from a commercial perspective, with statistics viewed as a consumer product. There was established practice from the marketing sector which could be drawn from. Branding could be about making a distinction between a top quality and lower quality brands. While some consumers would choose low quality brands, a brand could help communicate quality to help consumers make an informed choice. This would help people avoid using a low end product for a high end purpose.
  - viii. Our brand should be about excellence in every way, but we should also be about producing different types of output.
- 12.4 The Chair concluded the National Statistics designation was being used more helpfully but it was important that our set of brands kept pace with developments in the statistical service. This work should be considered further by the communications team and by the regulatory team.

**13. Any other business**

There was no other business. The Authority Board would meet next on Tuesday 24 November 2015 at 12:30 in London.

**UK STATISTICS AUTHORITY**

***Agenda***

**Thursday 29 October 2015  
Newport, 10:30 – 16:00**

**Chair: Sir Andrew Dilnot**

**Apologies: Dr David Levy**

1	Minutes and matters arising from previous meetings • Declarations of interest	Meeting of 29-09-15
2	Report from the Authority Chair	Sir Andrew Dilnot Oral report
3	Report from the Director General for Regulation	<a href="#">SA(15)29</a> Mr Ed Humpherson
4	Prices consultation – summary of responses	<a href="#">SA(15)30</a> Mr John Pullinger
5	Electronic data collection	<a href="#">SA(15)31</a> Mr Peter Benton

**12:45 to 14:00 – Visits to Office for National Statistics business areas**

**Joint Authority Board and NSEG meeting  
14:00 – 16:00**

**Chair: Sir Andrew Dilnot**

**Apologies: Dr David Levy, Mr Nick Vaughan, Mr David Best, and Mr Glyn Jones**

6	Welcome and introductions	Sir Andrew Dilnot
7	Report from the Audit and Risk Assurance Committee	Dame Colette Bowe Oral report
8	Report from the Chief Executive	<a href="#">SA(15)32</a> Mr John Pullinger
9	Discussion • Topic 1: Challenges and opportunities in economic statistics • Topic 2: The merits of different brands for different types of statistics	Sir Andrew Dilnot
10	Any other business	

**Next meeting: Tuesday 24 November 2015, 12:00 to 18:30, London**





## UK STATISTICS AUTHORITY

SA(15)29

### *Report from the Director General for Regulation*

#### **Purpose**

1. This paper provides an update on regulation activity since the last meeting.

#### **Recommendation**

2. Members of the authority board are invited to note the activities and proposed actions.

#### **Discussion**

3. The main Monitoring and Assessment activities since the last board meeting on 29 September have been as follows.
  - i. On the Bean Review, we provided an inventory of our work on economic statistics to the Review. The inventory summarises our key assessment reports and monitoring activities, and draws out our broader conclusions on the production of economic statistics. Its aim is to demonstrate that the Authority's regulatory side has provided strong, independent scrutiny of economic statistics, and to provide the Review team with an evidence base that they can refer to as they prepare their report. A copy of the inventory is at **Annex A**.
  - ii. On Health Statistics, we published our assessment of the NHS Outcomes Framework, the last of our five assessments of statistics on patient outcomes. The staggered approach to publication effectively managed the risks that we discussed at the Board, and reaction to the report has been positive. We are now in the second phase of our programme to address the issues of coherence in health statistics in England, which involves an extensive series of bilateral meetings with key decision makers (e.g. senior Department of Health officials, the chair of Monitor, Kings Fund). The early signs are that the Authority's proposal to convene a Better Statistics, Better Decisions event, and our aim to provide a degree of leadership by setting out the principles that producers of health statistics should follow, would be welcome.
  - iii. On crime statistics, I spoke at the conference of Force Crime Registrars in Coventry. I used the event to promote our thinking on what it will take to regain the National Statistics designation in England and Wales, and Scotland. I emphasised that the core question is whether the producers of the statistics have reasonable grounds for confidence that a movement in crime recorded by police reflects a change in the pattern of crime, and not simply a change in recording practices. I also explored the broader question of the value of crime statistics and what questions the statistics aim to answer.
  - iv. We published two other assessment reports: Public Sector Finances and International Aid Statistics. While we proposed confirming National Statistics status in both cases, in the Public Sector Finances report we responded to the discussion at our last Board meeting by adding a Requirement that ONS should enhance the senior level review of the statistical bulletin. We have also published a short report on the common issues emerging from our assessments of population statistics in England and Wales, Northern Ireland and Scotland.
  - v. On income and earnings statistics, we continue to work with the Good Practice Team to support the ONS in implementing the recommendations of our review. I am still concerned by the lack of progress and the absence of senior leadership, and will have to reflect these concerns in the update we publish at the end of the year.

- vi. Our stocktake of the Code of Practice is beginning to swing into action. I led a session at the recent Government Statistical Services (GSS) conference, and we will be doing a range of similar sessions for statisticians across the UK in the coming months. Two important, emerging themes: first, we will need to do a degree of myth busting - people have come to regard the Code as more restrictive than it actually is; and second, we should clarify our position on the interface between the use of management information for operational decisions and to produce statistics, because this may cause some concern for statisticians in a Departments.
  - vii. We are getting further examples of Heads of Profession taking ownership of the National Statistics designation and the quality of statistical practice. The chief statistician of the Scottish Government wrote to me outlining his concerns about the quality of his statistics on firearms and on domestic abuse, and I agreed to remove the designation, and the chief statistician in the Department for Education wrote to me about an error in the use of statistics that effected a press notice produced by his department, and the controls the Department now has in place.
  - viii. We also handled a range of public cases, including two items of correspondence from Frank Field, the new chair of the Work and Pensions Select Committee. We met with him to discuss both cases (on benefit sanctions and on mortality levels of those in receipt of benefits) and hope we can use this correspondence to develop a constructive working relationship with the Committee.
  - ix. Following the last Board, where we discussed sources of assurance and innovation, I have held discussions with the Good Practice Team and my team have held discussions with the ONS Quality Unit. This work is demonstrating the close alignment of aims and objectives between these various functions, and is also highlighting areas where we can work together more closely in future.
4. The main challenges include the below.
- i. The Bean Review, which is starting to consider questions of governance more directly. I am very keen that we emphasise that the core model of independent regulation of statistics is powerful and effective.
  - ii. On our assessment work, we are beginning to roll out changes to our process as a result of a lean review. We will need to monitor closely to ensure that the benefits meet our (quite ambitious) expectations.
  - iii. We now have a range of activities where we are focusing on engagement and outreach, rather than simply writing reports. While we believe that this is a better way of securing positive changes, we also aware that a delivery model based on engagement rather than publication is both more open-ended and takes more effort, and we are not yet confident that we are doing it as effectively as we could. Our new Head of Monitoring, Kerstin Hinds, who started this week, will help us think through this challenge.

**Ed Humpherson, Director General for Regulation, 22 October 2015**

#### **List of Annexes**

- Annex A      UK Statistics Authority – regulatory oversight of UK economic statistics from ONS 2009-2015**
- Annex B      Monitoring and Assessment activity since the last meeting**

## Annex A - UK Statistics Authority – regulatory oversight of UK economic statistics from ONS 2009-2015

- 1.1 One of the UK Statistics Authority's main statutory functions is to develop and maintain the [Code of Practice for Official Statistics](#) (the Code) and assess Official Statistics against that Code. If the Authority judges a particular set of Official Statistics to be fully compliant with the Code it must designate those statistics as 'national statistics'. Producers brand their National Statistics using an approved round green and blue 'tick' logo with the words, 'NATIONAL STATISTICS'.
- 1.2 All public bodies that produce Official Statistics designated as national statistics have a statutory duty to comply with the Code, as well as with the appropriate pre-release access order. The Authority expects Official Statistics producers to ensure that all their Official Statistics, regardless of designation, conform to the best practice principles set out in the Code. A note detailing how the Authority assures national and Official Statistics can be found on [www.gov.uk](http://www.gov.uk).<sup>1</sup>
- 1.3 In 2009, the Authority embarked on a substantial exercise to assess the extent to which all legacy National Statistics complied with the Code and thereby to decide whether to confirm National Statistics status. This first phase closed in June 2012 when the Authority completed the assessment of all existing national statistics (Assessment Reports 1-240)<sup>2</sup>. During that phase, the Authority carried out 29 assessments of Office for National Statistics (ONS)'s economic statistics (detailed in Annex 1), covering 82 sets of statistics.
- 1.4 The Authority's assessments in phase 1, while examining compliance with all of the Code, paid particular attention to those elements most closely aligned with the trustworthiness of National Statistics. For example, the assessments often highlighted aspects of the transparency of the statistical production system and measures to bring about the more orderly releases of statistics, and to ensuring that producers adhere to high standards of integrity. We found that ONS's economic statistics complied with much of the Code - that ONS produces and publishes its statistics in a timely way, to a pre-announced timetable, and engages effectively with the key large institutional users of the statistics. The Authority confirmed the National Statistics status of all of ONS's economic statistics assessed during this phase. We list those ONS economic statistics assessed in phase 1 in an annex to this inventory.
- 1.5 Since the end of 2012 and the start of the second phase of assessment the Authority has, to date, completed nine assessments and re-assessments of ONS's economic statistics. This second phase of assessment has been characterised by more in-depth review of the quality of National and Official Statistics. We have summarised below in an inventory the findings of our assessment and monitoring of ONS's economic statistics in this more recent phase. The focus on quality has surfaced some common themes related to the Code, which act as pointers to how ONS's economic statistics might better serve the needs of those making decisions about the modern economy.
- 1.6 Taking these assessments together, our findings indicate that there are weaknesses in the core building blocks of economic statistics – for example, increasingly out-dated input output tables, and under-investment in measuring the services sector. From the user perspective, our findings suggest that more experienced and senior staff have been engaging, sometimes quite extensively, with users of economic statistics. However, we consider that more junior staff are still missing opportunities to quickly assimilate intelligence from external third parties into improving the quality of the

<sup>1</sup> <https://www.gov.uk/government/statistics/how-national-and-official-statistics-are-assured>

<sup>2</sup> <http://www.statisticsauthority.gov.uk/reports---correspondence/reports/the-assessment-of-uk-official-statistics-2009-12.pdf>

statistics. We found that liaison between teams inside ONS, which we might have assumed to be taking place, sometimes seemed only to have marginal effects on improving the quality of the statistics.

- 1.7 In terms of regional and local statistics, while aggregate UK-level statistics can be good quality, users have often fed back to us their frustration at not seeing equally good local and regional statistics, in part because the weaknesses in the building blocks limit the ability to produce good quality disaggregated statistics. Indeed regional and local statistics have been reduced in recent prioritisation exercises.
- 1.8 In several assessments we also comment on aspects of ONS's culture. We have perceived a lack of capacity to stand back from the detail of individual statistical outputs, caused in part by weak IT, which means that staff must work long hours simply to produce statistics and lack the marginal time to think about what statistics are saying more broadly. The absence of this reflective capacity has manifested itself from time to time in a lack of sense-checking of statistics, which could have avoided some of the errors that have affected some statistics. In summary, ONS's operational model has seemed to us akin to a statistics factory with a culture focused on process rather than outcomes.
- 1.9 We have recognised that ONS, like many other National Statistical Institutes, works within considerable constraints. ONS's outputs have suffered partly due to:
  - the policies and procedures of other bodies such as Companies House registration practices; and
  - restrictive data sharing legislation –ONS has not benefited from the kind of public data sharing that Statistics Canada has enjoyed.
- 1.10 ONS implemented the very large-scale ESA 2010 programme to modernise the National Accounts very well and we have seen the pace of change inside ONS picking up. We welcome ONS's curiosity agenda as signalling a move away from the factory culture, and also the appointment of the new Director Generals with clearer responsibilities.
- 1.11 We summarise our assessment and monitoring of ONS's economic statistics below, in four sections:
  - economic outputs and national accounts
  - trade and regional statistics
  - income and earnings
  - prices and deflators

## **Economic Outputs and National Accounts**

### **2. Assessment of the short-term economic output indicators**

2.1 Whereas in Phase 1 the Authority had tended to group sets of statistics into single assessments, publishing the findings in a unified report, on this occasion, we published this re-assessment of the short-term economic indicators as three separate reports. This reflected the importance the Authority attaches to every set of statistics in this suite. The Authority wished to understand not just the common themes but also the particular matters affecting each set of statistics. A number of key themes emerged such as:

- the need for better engagement with a wider range of users;
- maximising the value derived from the statistics through improved communication and presentation; and
- a tendency for the statistical teams to focus too much on the detail without recognising the bigger picture and exploiting the opportunities to add value.

2.2 The Director General for Regulation stated in his forward to the individual reports that *"... the range of Requirements included within this report reflects the fact that ONS is not doing all that it can to extract maximum value from the statistics"..* *"Being able to step back would allow those experts [ONS analysts] to be able to undertake more activities that have potential to add significant public value to these statistics".*

### **3.0 Assessment Report 278 – ONS [Statistics on GDP, and Indices of Production and Services](#) April 2014**

3.1 In April 2014, the re-assessment of GDP (the flash estimate), Index of Production (IoP) and Index of Services (IoS) found that the statistical teams should

- better understand how users apply the statistics and take that understanding into account in improving the statistics
- improve the explanation of the nature of and scale of revisions
- update information on methods and quality
- improve information on the strengths and limitation of the statistics
- investigate the impact on the short-term economic output indicators of lower response rates to the Monthly Business Survey (MBS)

The Authority also found that ONS was exposed to a high risk of staff turnover and that it struggled to recruit people with the specialist skills required.

3.2 Almost a year after the publication of the report, in March 2015, the Authority confirmed the designation of GDP, IoP, and IoS as National Statistics. ONS had improved the metadata on revisions, methods, quality, and uncertainty. ONS told the Authority that users, including the Bank of England, reported positively on the descriptions of uncertainty, which was piloted for GDP. The Authority observed ONS engaging more positively with users, overcoming previous reported engagement issues and had published improved information on the web. Additionally, ONS had developed a strategic workforce plan to address the issues around recruitment and retention of skilled staff.

### **4.0 Assessment Report 279 – ONS [Statistics on Retail Sales](#) April 2014**

4.1 The re-assessment of the Retail Sales statistics, published in April 2014, found that the information on the strengths and limitations, revisions, and other metadata about the

statistics had not kept pace with developments to the statistics themselves. The Authority required ONS to improve information on uncertainty, examine the statistics in the context of publications from other organisations, and investigate the impact of worsening response rates to the MBS on the short-term economic output indicators. The Authority also found that ONS needed to improve its presentation across the statistical reports and to put in place arrangements to address staff recruitment and retention issues.

- 4.2 Almost a year after the publication of the report, in March 2015, the Authority confirmed the designation of Retail Sales statistics as a National Statistic. Following the re-assessment, ONS had held user events, made improvements to the presentation of the statistical reports, and enhanced the accessibility to the underlying data tables. It published development plans for the statistics, and updated its methods and quality information about the statistics. ONS had also developed a strategic workforce plan to look to address the issues around recruitment and retention of skilled staff.

#### **5.0 Assessment Report 280 – ONS [Statistics on Construction Output and New Orders April 2014](#)**

- 5.1 This re-assessment found in April 2014 that there was insufficient information and explanation of revisions, corrections, and quality assurance arrangements. The statistics team was required to update published information on both the methods used to compile the statistics and the quality of the statistics. We also tasked the statistics team with improving commentary, and investigating the impact of lower response rates to the MBS on the short-term economic indicators. In addition, we identified the need for ONS to address staff recruitment and retention issues.

- 5.2 In December 2014, it was apparent that ONS did not have sufficient information to be able to offer users appropriate assurances about the quality of its construction deflators. Issues with the quality, use and accessibility of deflators were widely known about (Dame Kate Barker had discussed them in her *National Statistics Quality Review: National Accounts and Balance of Payments*). Additionally, BIS suspended its publication of *Construction Price and Cost Indices*. Consequently, ONS had to adopt an interim solution, in effect reverting to an old methodology and substituting modelled inputs in place of observed data, where relevant data were no longer available. Given how quickly the situation had evolved, ONS was not in a position to provide the Authority with appropriate assurances about the robustness of the new, interim approach that it was applying, including some modelling in place of using observed data. As a result, the Authority decided to discontinue the designation of *Construction Output and New Orders* as National Statistics.

#### **6.0. Assessment Report 299 ONS [Annual and Quarterly National Accounts February 2015](#)**

- 6.1 The findings of the re-assessment required the statistics teams to:
- take better account of feedback from users as well as use expert third parties to help validate the statistics and spot errors before they appear in the finalised statistics;
  - improve users' understanding of the limitations of the statistics through enhancing the descriptions of the uncertainties in the estimates;
  - make clear to users when its methods of linking data to create long term series produce inconsistencies;

- make clear its plans to develop new administrative sources for these statistics; continue communicating with users its progress with investigating the replacement of survey data with administrative data;
- provide an adequate narrative to inform users fully about what the statistics mean and about the context in which it publishes these statistics;
- provide better meta-data about the unique value of the *United Kingdom Economic Accounts (UKEA)*;
- better explain how its quality assures the considerable volume of third party data;
- explain to users the current limitations of the National Accounts due to not using double deflation; and
- make clear the terms of reference and the proceedings of the Expert Group set up to develop Flow of Funds accounts, and the timetable for its consultation on Flow of Funds Accounts beyond just the key stakeholders e.g. Bank of England, HM Treasury et al.

6.2 At the time of writing, the statistics teams are implementing improvements, which are likely to complete early in 2016.

### 7.0 Assessment Report 300 ONS [Supply and Use Tables and Input-Output Tables](#)

7.1 The Authority were concerned that an important set of data used in the construction of detailed Input-Output Supply and Use tables – data on purchases by businesses had not been updated since 2004. However, ONS had actively engaged with internal and external expert users to enable them to make a more informed judgement where the purchases data was clearly misleading or out-of-date. Over time though there had been an increasing risk of a widening gap between the last available observed purchases data and the actual nature of economic activity. We took the view that the Tables might not now adequately reflect more than a decade's changes to the structure of the economy. At the time of the re-assessment, ONS had already identified that the best solution to this problem was to gather new purchases data and had put in place plans to reinstate the Purchases Survey, but were aware that it did not expect results until 2017. The Authority told ONS that, in the meantime, it needed to be clearer with users about the limitations in the Tables, how it had substituted informed judgement where the data were inadequate, and the impact of the limitations in purchases data on the usefulness of the Tables. The Authority decided that due to the lack of up-to-date data on purchases by businesses, it could not currently designate these as National Statistics.

## Trade and Regional Statistics

### 8.0 Assessment Report 304 ONS Statistics on [UK Trade](#)

8.1 Following suspensions of National Statistics designation of UK Trade statistics, the Authority re-assessed these statistics publishing the findings in May 2015. We found that users saw the UK Trade team as helpful and professional and communicated with them effectively, but that a number were relatively new in post. The issue with errors that led to the suspension of National Statistics status had impaired users' confidence in the quality of statistics. There were accessibility issues with the publication of information of methods and out-of-date / insufficient information about quality. Processing systems used to produce UK Trade were inefficient, requiring resource-intensive workarounds. The Authority considered that the statistics team needed to strengthen its quality assurance arrangements take better account of user-reported errors, attach a greater focus to reviewing the plausibility of the data, and overcome weaknesses in the overall data processing system.



8.2 The National Statistics status of the UK Trade statistics will remain suspended until ONS enhance the statistics to meet the Requirements the Authority has set. The Authority also cancelled the designation of the statistics on *UK Trade in Goods by CPA* until they comply fully with the Code. The Authority expects completed actions to be reported back to it by February 2016.

#### 9.0 [The Geography of Economic Statistics](#) –Monitoring Reviews February 2014 (interim) and June 2014 (final)

9.1 The Authority's findings echoed many of those found in the Allsopp Review of economic statistics published almost 10 years before in 2004. Increased devolution of policy-making and policy-delivery had spurred analysts to look at new functional geographic areas and the importance of providing statistics at the level of the nine English regions had diminished. Examples of these new geographies included the development of the Northern Powerhouse and the Oxford to Cambridge Arc. To make better decisions, users of these statistics looked for increased flexibility to align analyses with new functional areas. In addition, they wanted to be able to create their own geographies and access a wider range of economic indicators for local areas.

9.2 The Authority found that there was a continuing user need for an online dissemination tool giving users the flexibility to create statistics based on their aggregation of pre-defined geographies. Additionally, we found that the Geography Policy for National Statistics supported many users' needs but its cross-GSS implementation seemed inconsistent and not formally monitored. The Authority felt that the GSS might need to review the implementation of the policy. We also found that the Greater London Authority (GLA) felt that Official Statistics did not serve London as well as they do the devolved administrations. The Authority recommended that ONS and GLA should engage with each other to discuss the key perceived gaps in provision and an appropriate resourcing plan for addressing them. We also saw a case for greater dialogue between the bodies that produce Official Statistics and English Local Enterprise Partnerships (LEPs) and that dialogue with users such as local authorities (LAs) needed to improve.

### **Income and Earnings**

#### 10.0 Assessment Report 273 – ONS [Statistics on the Labour Market](#)

10.1 In January 2014, the Authority published the findings of its re-assessment of labour market statistics, covering a number of sets of statistics including Labour Market Statistics (LMS), Public Sector Employment, and Average Weekly Earnings. We found that while the statistics were accompanied by a range of guidance documents some of the statistical reports were not easily understood by less expert users, the commentary on LMS focussed on recent changes and not on patterns over time, and that there was little signposting to related research and other relevant statistics. Accompanying documentation did not adequately describe sampling errors or draw out the impact of uncertainty in relation to key economic indicators such as the unemployment rate. The Authority did find that engagement with key users was strong, noting the development of a new regular estimate of 'zero hours' employment contracts in response to user interest.

10.2 ONS conducted work to address the Requirements and eleven months after the re-assessment in December 2014, the Authority re-confirmed National Statistics status of four of the statistics. After a subsequent five months, in May 2015, the National Statistics status of the remaining six statistics was re-confirmed. The Authority made particular mention of the development of Not in Education, Employment or Training



(NEET) statistics, which showed ONS's desire to ensure that it improved the statistics on a continuous basis, providing better insight and adding value.

#### **11.0 [Coherence and Accessibility of Official Statistics on Income and Earnings, Monitoring Review February 2015](#)**

11.1 Understanding trends in levels of income and earnings in society is an essential factor in understanding trends in living standards and being able to develop policy in an informed way. The Review highlighted the issues around the coherence of the different statistics used to measure trends and the difficulties of finding, understanding, and using the statistics. This Review benefited from the detailed advice and input from Robert Joyce of the Institute for Fiscal Studies (IFS), who was a core member of the Review team. The Review took account of comments of Jonathan Cribb of IFS and Jonathan Portes of the National Institute of Economic and Social Research.

11.2 Based on the findings we recommended that:

- the timeliness of statistics on income from the self-employed should be addressed;
- how best to provide users with themed analysis should be considered;
- accessibility to the wide range of statistics and underlying data should be improved; and
- the guidance on strengths and limitations of data should be enhanced.

11.3 In response to the review ONS, DWP and HMRC intend, in the short term, to continue to make improvements to information available; address the issue that the relationship between the various statistics and data not always well set out; and start to address the issue of self employed income. They will additionally jointly produce a user guide; consider differences between AWE and ASHE; explore the use of nowcasting; and make greater use of Real Household Disposable Income.

### **Prices and Deflators**

#### **12.1 Assessment Report 246 ONS [The Retail Prices Index March 2013](#) Assessment Report 257 ONS [Statistics on Consumer Price Inflation July 2013](#)**

12.1.1 In 2010, the Statistics Authority invited the National Statistician to investigate the systematic differences between the Consumer Prices Index (CPI) and Retail Prices Index (RPI), and undertook a statutory assessment of Consumer and Retail Price Indices. The National Statistician completed a work programme and public consultation to address this issue and published her findings in January 2013. Her findings were that the current formulation of the RPI failed to meet international standards, and she recommended the creation of a new index, RPI-J. In recognition of the continued user need for the existing RPI in its current form, the National Statistician also announced that the production and publication of the RPI would remain.

12.1.2 Following the announcement of the National Statistician's findings, the Authority ordered a re-assessment of RPI (and their associated sub indices). The RPI assessment focused on a few relevant aspects of the Code raised by the National Statistician's consultation. Despite the widespread use of RPI, the Assessment team did not see the methods used to produce the RPI as consistent with internationally recognised best practices. Additionally, the National Statistician had decided to freeze the methods used to produce the RPI and only to contemplate 'routine' changes. The Authority decided that RPI should not retain the National Statistics designation.

12.1.3 The Authority had decided that when ONS introduced its new Consumer Price Index, including Owner-Occupied Housing costs, it would initiate an assessment against the

Code. This assessment encompassed a reassessment of the CPI statistics (including associated sub-indices) and assessed for the first time both the new RPIJ and CPIH measures. We found that ONS proactively engaged with users and experts generally but particularly in the development of the new indices, which it had added quickly and effectively into its monthly inflation release. We also found that there were issues around strategic governance of these statistics and continued concern around whether the suite of inflation measures was fully meeting users' needs. Both of these concerns the Authority later explored more fully in separate reviews. We required a number of enhancements to the suite of inflation statistics. These enhancements included:

- improving the metadata around the new indices;
- improving users' understanding of the main messages from the statistics through better commentary; and
- provision of better advice and guidance about the most appropriate index for different uses.

12.1.4 ONS fully evidenced their compliance with all Requirements to the Authority's satisfaction leading to confirmation of the National Statistics status of the existing inflation indices and the designation of the new indices as National Statistics in November 2013.

12.1.5 In August 2014, the National Statistician wrote to Sir Andrew Dilnot regarding CPIH, alerting him to concerns about the methods that generate the elementary indices used in compiling the Owner-Occupied Housing component of CPIH. Live running of the CPIH along with further investigation by the producer had suggested that some assumptions behind the source data had resulted in a bias in the statistics. The Authority took the decision to suspend the National Statistics status until ONS had conducted further investigations and, along with its data suppliers, taken remedial action. The Authority received further evidence from ONS about its work to make changes to CPIH, and a re-assessment of CPIH statistics is currently underway.

## 12.2 Assessment Report 290 – ONS [Services Producer Price Indices](#) October 2014

12.2.1 The Services Producer Price Indices (SPPIs) are key economic indicators that measure price changes in the service sector of the UK economy. This re-assessment of the statistics highlighted that ONS had not reflected, in the relative resources that it expended on producing price indicators, the shift in balance from the production industries to the services sector. The re-assessment quoted the estimated cost to the producer of collection, production, and analysis of SPPIs in 2013/14 as £345,000; whereas the cost of producing the Producer Price Indices, which cover the production sector, was £520,000. In relation to this matter, the Director General for Regulation stated in the forward to the report that

*“This raises important questions about ONS's approach. In particular, I am concerned that the failure to divert resources from measuring production to measuring services, and the failure to reflect the increasingly important part services statistics should play in measuring the economy, could reflect a lack of senior strategic oversight for these statistics.”*

12.2.2 This re-assessment captured the essence of a small team struggling with reduced (and relatively disproportionate) resources to produce a set of very important statistics. We saw a team doing many things, including engaging with users, quite well. However, despite a recent increase in resources given to both production and development, previous development work had been ad hoc and had not developed the statistics to reflect properly both users' needs and the changing nature of the UK economy. As a result, the statistics have evolved only slowly. This raised important questions about the producer's approach and it was required to make seven specific improvements to

these statistics. One area remains outstanding at the time of writing in September 2015; the Authority requires further confirmation regarding how the statisticians assure themselves about the quality of source data from third party suppliers. The statisticians are endeavouring to provide the necessary confirmations and completing the final enhancements to meet all the improvements required by the Authority.

### **12.3 March 2015 [Measuring 'Real' values: Taking account of price changes over time in statistical analysis](#)**

12.3.1 The Authority recognised that ONS collects a huge volume of data on prices and uses these data, alongside other information, to produce many aggregate series as deflators. This is a complex process where highly experienced users debate long and hard about the underpinning formulae to use when aggregating these deflator series. The Authority saw inexperienced users as being at a distinct disadvantage – and saw this work as meeting a gap where ONS can publish good practice advice arising from this work to help less expert users choose the best series for their particular purposes. Arising from this Review, a greater focus has been given to the role of deflation and deflators in the National Accounts and ONS has recently initiated a new webpage improving its guidance to users about their choices of deflators.

12.3.2 This short piece of work was undertaken by an Authority Review team augmented with expert advice provided at key stages of the review by a small steering group including leading economists Martin Weale, Graham Parker (member of the Budget Responsibility Committee), Kevin Daly (from Goldman Sachs), Stephanie Flanders (was the BBC's Economics Correspondent). It investigated why deflators are important in Official Statistics production, what statistics are available for use as deflators, and how Official Statistics producers could improve the use of deflators by providing guidance on these questions. In addition, the work highlighted the sorts of users' questions that producers might address to help improve the use of deflators. One particular finding was that, at present, guidance on the use of deflators can be hard to access quickly and some of the information is out of date. Additionally there was limited information on the range of available deflators and limited advice on how to choose from that range. We recommended that:

- ONS review the availability of methodological information, including strengths and limitations, for all deflators that it publishes and commit to a work plan for updating the information available
- ONS produce an accessible deflator summary document, distilling and updating existing documentation, to advise users on the full range of deflators available, including a detailed list of factors to consider when deciding which deflator to use, and links through to deflator specific guidance and more technical deflator methodological information. We provided an illustrated range of questions that producers might seek to answer in their guidance documents
- HMT provide links to further information on alternative deflators alongside the GDP deflator guidance on gov.uk

**Annex 1 A full list of Phase 1 assessments of ONS economic statistics (numbers of statistical outputs shown in brackets):**

[Average Weekly Earnings \(1\)](#)  
[Producer Price Indices \(4\)](#)  
[Services Producer Price Indices \(1\)](#)  
[Labour Market Statistics \(11\)](#)  
[Balance of Payments Statistics \(5\)](#)  
[Statistics on Pensions \(3\)](#)  
[Annual Employment Statistics from the Business Register and Employment Survey \(1\)](#)  
[Consumer Price Indices \(3\)](#)  
[Statistics on Retail Sales \(2\)](#)  
[Short-Term Economic Output Indicators \(2\)](#)  
[Consumer Trends \(1\)](#)  
[Effects of Taxes and Benefits on Household Income \(2\)](#)  
[UK Annual and Quarterly National Accounts \(5\)](#)  
[Environmental Accounts \(2\)](#)  
[Annual Statistics on Hours and Earnings \(3\)](#)  
[UK Regional Accounts \(2\)](#)  
[Statistics on Public Sector Finances \(co-produced with HM Treasury\) \(2\)](#)  
[Statistics on Public Service Productivity \(3\)](#)  
[Statistics on International Transactions \(4\)](#)  
[Statistics on Output and New Orders in the Construction Industry \(2\)](#)  
[Statistics from the Annual Business Survey \(3\)](#)  
[Statistics on UK Business Population and Demography \(co-produced with the Department for Business, Innovation and Skills\) \(3\)](#)  
[Statistics on Labour Productivity \(3\)](#)  
[Statistics on Profitability and Share Ownership \(2\)](#)  
[Statistics on Research and Development \(2\)](#)  
[Statistics on Financial Investment \(2\)](#)  
[Statistics on UK Manufacturers' Sales by Product \(PRODCOM\) \(3\)](#)  
[Statistics on UK Business Investment and Capital Stocks \(4\)](#)

## Annex B Key outputs since the last meeting

### Assessment

- 314 - Patient Outcome Statistics - NHS Outcomes Framework Indicators for England
- 315 - Statistics on International Development Assistance (Department for International Development)
- 316 - Statistics on the Public Sector Finances (Office for National Statistics and HM Treasury)
- 240 – Letter of Confirmation on Statistics on Tuberculosis in Cattle (Bovine TB) (Department for Environment, Food and Rural Affairs)
- 303- Letter of Confirmation on English Indices of Deprivation (Department for Communities and Local Government)

Two de-designations - Scottish Domestic Abuse statistics and Scottish Firearms Certificates statistics

### Casework

- Department for Work and Pensions (DWP) mortality statistics in respect of out-of-work benefit claimants - three pieces of correspondence now replied to (including one from Frank Field MP, Chair of the Work & Pensions Select Committee), about:
  - i. the extent to which the Authority was involved in DWP's release of these statistics;
  - ii. whether the statistical release is compliant with the Code; and
  - iii. the quality of reporting of the main messages in the statistics by DWP, in the context of contradictory media reporting.
- DWP benefit sanctions data for claimants with repeat sanctions - an inquiry (from Frank Field MP) about the availability of these and related data.
- Department for Education processes for fact checking/quality assurance, stimulated by a query about statistics on young people staying with their foster families presented in a press release (subsequently withdrawn quickly by the Department).
- Alleged delays in the publication of NHS performance reports by Monitor and the Trust Development Authority (subsequently published).
- Concerns about the validity of comments made in the House by the Secretary of State for Health about deaths associated with weekend hospital admissions, apparently drawing on research published in the British Medical Journal (BMJ).
- HM Treasury statistical information about the amount of savings made since 2010 as a result of tax credit reforms.



SA(15)29 – Prices consultation

**UK STATISTICS AUTHORITY**

SA(15)29

***Prices consultation – summary of responses***

This document will be published on the UK Statistics Authority website in due course.

This document will be available at:

[http://www.statisticsauthority.gov.uk/reports---  
correspondence/consultations/index.html](http://www.statisticsauthority.gov.uk/reports---correspondence/consultations/index.html)





## UK STATISTICS AUTHORITY

SA(15)31

### *Electronic Data Collection progress update*

#### **Purpose**

1. This paper provides the UK Statistics Authority Board with an update on progress with our plans to move to Electronic Survey Data Collection.

#### **Recommendations**

2. The Board are invited to note:
  - i. the significant changes in the Electronic Data Collection (EDC) Programme;
  - ii. the good progress with the Monthly Wages and Salaries Survey (MWSS) pilot; and
  - iii. the priority choices we are making about business surveys roll-out from April 2016.

#### **Background**

3. The EDC programme – as one of the ONS' major transformation programmes – is seeking to bring ONS survey collection into the 21st Century. Moving survey data collection online will give significant cost savings and has the potential to position ONS as the preferred provider of data collection services for Government.
4. The Board last discussed EDC in February 2015 as part of a broader discussion of data collection strategy. In May, the National Statistics Executive Group requested a review of the programme' technology approach ('EDC Assess') which confirmed that the core EDC product is fit for purpose, but led to more than 50 recommendations relating to both the EDC programme and Office for National Statistics (ONS) in the round, including:
  - i. how we approach technology development;
  - ii. how we structure and resource our development teams;
  - iii. which software tools we use;
  - iv. what infrastructure we use;
  - v. how we prioritise functionality (simplest first); and
  - vi. how we join up across the different projects and programmes in ONS.
5. Since then the programme has worked closely with the new Digital Services, Technology and Methodology (DTM) leadership team to implement the recommendations, resulting in a fundamental change to the technology development approach at ONS.

#### **Discussion**

6. When it last came to the Board in February it was made clear that we needed to have EDC working by Christmas. I have to report that we are not there yet. Whilst EDC Assess has given a strong foundation for all future ONS technology development, implementing such a large scale change of approach has caused some delays. It has changed our focus in the short-term to quickly deliver simple, high value functionality. As a result, the new Purchases Survey will be delivered on paper in its first year.
7. However, we have continued to make progress on a number of fronts. We are developing an electronic questionnaire (eQ) tool in partnership with a Government Digital Service (GDS) approved provider (Methods Digital - who are also supporting redevelopment of the ONS website), and this is progressing very well – we will complete the 'Alpha' phase by Christmas.
8. We are therefore relatively confident that we will be able to put the Retail Sales Inquiry (RSI) and the Monthly Wages and Salaries Survey (MWSS) online from April 2016 and will progress roll-out to other surveys from there.

9. Further, the new architectural approach means the eQ tool is now being designed to cope with the high volumes of the 2021 Census, potentially saving the cost of separate census development, and we plan to use it for the 2017 census test. We are working closely with the census team to assess the viability of this over the coming months.
10. The existing EDC system has also been used to conduct an online MWSS pilot with a sample of 4,500 businesses so far. Early findings are that businesses respond earlier compared with a paper survey, with very positive respondent feedback. Early analysis shows no evidence of statistical bias, although more data are required to confirm this.
11. Having discussed with the National Statistics Executive Group on 16 October, we have chosen to focus on getting some simple surveys online as quickly as possible to prove that we are able to deliver and then, from the summer of 2016, tackling the larger, more complex surveys (which will deliver larger cash savings) during the remainder of the year.
12. We have considered whether we can speed up delivery by adding additional development teams, at a cost of around £1.2 million this financial year. Setting aside budget constraints, however, our new working practices, whilst good, are still bedding in. We have therefore decided that the best way to manage the risks we face and to be most confident of delivery is to continue with the current team size. We are working with a GDS approved agile coach to optimise our approach.
13. We estimate that the reprioritisation on simpler surveys, and the delays resulting from the broader EDC assess changes, will reduce cash savings in 2016/17 from the £700,000 planned to £300,000 - £500,000. However, the new foundation for ONS technology development should soon result in an accelerated delivery, enabling us to remain on track with the £1.5 million - £2 million savings planned in 2017/18. Along with all other parts of ONS we will be looking at all possible other means to deliver maximum efficiency from existing operations to reduce our call on funds in 2016/17.

### **Risks**

14. There are a number of risks to successful delivery. These include: retaining and recruiting the sufficient IT development capability; readiness to progress our eQ Alpha development into Beta; our ability/need to maintain a consistent 'value' focus; the size/sufficiency of our Spending Review settlement; and, finally, our willingness to accept and handle potential statistical discontinuities.
15. These risks are being mitigated and, whilst careful and ongoing attention is required, we do not consider them to be major threats to delivery. For example, by making EDC an exemplar and by working in partnership with GDS approved suppliers we are mitigating much of the capability risk. The partnering and development approach too is helping to mitigate our risk of not progressing to Beta given our close alignment with GDS standards, and our agile coach is helping us to focus our effort on delivering early value.

### **Conclusion**

16. In summary, EDC is transforming its approach and is now delivering its products in a manner more aligned to the DTM strategy and expected GDS practice. We are making good progress with the MWSS pilot and with our new eQ Alpha. While the changes resulting from the "EDC Assess" have slowed development in the short-term they provide a very strong foundation for all future ONS IT development.

**Peter Benton, Data Collection Director, ONS, 20 October 2015**

## UK STATISTICS AUTHORITY

SA(15)32

4

### *Chief Executive's Report, October 2015*

#### **Purpose**

1. This report provides the Board with an overview of activity and issues for October.

#### **Summary**

2. Following the last Board meeting we have been moving to implementation of the various strands of our transformation plans. This has involved senior managers across the Office for National Statistics (ONS) taking responsibility for the elements which fall to them. A meeting of the ONS senior civil service cadre has set the scene for aligned, focused and determined activity over the months ahead. In addition a group of ONS Grade 6 staff has taken the initiative to come together to make an active contribution at this critical level. This initiative flowed from the leadership training programme that was run for all ONS staff at Grades 7 and above earlier in the year.
3. A series of meetings and communications with staff is planned over the next few weeks to enable everyone to see what the changes we are making will mean for them. In parallel we have been working with the Government Statistical Service (GSS) colleagues in various departments to keep abreast of wider changes that will impact on National Statistics as a whole following the Spending Review.

#### **Review of recent activities**

4. The critical priority this year is to get a strong grip on finance. The outcome of the Spending Review will be instrumental. In the meantime we have completed the work on the valuation of ONS software assets which has been reviewed and endorsed by our auditors. We have completed a review of our commercial function and also finalised the commercial plan for the census in a way that will also deliver benefits across the organisation.
5. Effective decision making is going to be essential to us in the months ahead. The Executive Group has been reviewing our decision making processes, including the role of the Business Group which deals with issues that do not always need to be escalated and also the Portfolio Scrutiny Committee. In addition, I have issued guidance to senior managers on the planning round for the Spending Review period so that they can get ahead with the task of drawing up integrated plans well ahead of the start of the next financial year.
6. Our technology plans are now starting to be implemented. We remain on track to switch to the new website this financial year. A major review of the electronic data collection programme should help us manage risk and assure the delivery path steps up as 2016-17 progresses. The pilot work we have done is looking very promising and has given confidence to the team. The new approach will also integrate with our census plans and progressively meet census needs too.
7. Workforce plans are also moving into a more detailed practical phase as we seek to complete the task of dealing with existing issues on pay and move forward in a way that will enable us to develop the skills we need to succeed in future.

8. Other important developments in recent weeks include the following.
- i. World Statistics Day on 20 October drew widespread attention to the importance of good statistics to society.
  - ii. We have continued to support the Bean Review and are awaiting the results of the first phase of the work of the review team. During the month there has been significant interest in the implications of the Review for the Newport site.
  - iii. ONS and Department of Business, Innovation and Skills (BIS) ran an event on measuring the digital economy that attracted a broad audience with excellent engagement on how we can work together to improve our understanding of this critical area.
  - iv. The release of new statistics on cyber crime was the result of extensive work by the team to create information on an important and previously poorly understood topic. Considerable effort went into getting the communications right. Whilst some could not resist the temptation to write lurid headlines, the main messages came through clearly and effectively.
  - v. The public sector classifications team has been under extreme pressure as it has been tackling some very complex cases arising from within the UK government and Scottish government. Again we have sought to ensure that all parties understand the process and that the integrity of decision major is safeguarded in the interests of all.
  - vi. Heather Savory and I have been working actively with the Cabinet Office and others on the Government Data Programme. Paul Maltby from the Cabinet Office and I gave a joint presentation to the Government Policy Profession Board with significant interest from many departments. The Data Leaders Group, which includes Glen Watson is also getting more active. Internally we have continued to develop thinking on data access issues. Also the National Statistics Data Ethic Committee considered its first cases this month. I have been impressed by the insights that we are getting from this diverse and thoughtful group.

**Future look**

9. Over the next few weeks we will be focused on taking forward the outcome of the Spending Review and considering any interim thoughts from the Bean Review.

**John Pullinger, 22 October 2015**