

UK STATISTICS AUTHORITY

Minutes

Meeting of Friday 22 January 2010
Board Room, Statistics House, London

Present

UK Statistics Authority

Sir Michael Scholar (Chair)

Professor Sir Roger Jowell (Deputy Chair, Official Statistics)

Mr Richard Alldritt

Mr Partha Dasgupta

Ms Moira Gibb

Ms Jil Matheson

Professor Steve Nickell

Professor David Rhind

Secretariat

Mr Robert Bumpstead

Mr Mervyn Stevens

Apologies

Lord Rowe-Beddoe (Deputy Chair, ONS)

Mr Stephen Penneck

Other Attendees

Mr Jason Bradbury (National Statistician's Office) for item 5

Mr Ross Young (Secretariat, UK Statistics Authority) for item 10

Mr Richard Laux (Monitoring and Assessment) for items 11 to 15

Minutes of the UK Statistics Authority Meeting 22 January 2010

1. Apologies

- 1.1 Apologies were received from Lord Rowe-Beddoe and Mr Stephen Penneck.

2. Declarations of Interest

- 2.1 There were no declarations of interest.

3. Minutes and Matters arising from the Previous Meeting

- 3.1 The minutes of the previous meeting held on 11 December 2009 were accepted as a true and fair account. There were no matters arising.

4. Reports from Committee Chairs

Office for National Statistics Board

- 4.1 In Lord Rowe-Beddoe's absence Professor Nickell reported on the meeting of the Office for National Statistics (ONS) Board held on 14 January 2010. The Board had considered a draft strategy for ONS for the next five years and had discussed funding and budgetary issues. The meeting had also considered the future development of the ONS website and other Information Technology issues.

Committee for Official Statistics

- 4.2 Professor Sir Roger Jowell reported on the meeting of the Committee for Official Statistics held on 12 January 2010. The Committee had received reports from the National Statistician and the Head of Assessment, had considered its future role and how the Committee membership might be expanded to include external members.
- 4.3 Professor Jowell would be chairing a meeting of Authority Assessment staff and Statistical Heads of Profession on 29 January 2010. The main focus of the meeting was to consider with the producers of statistics the emergent issues from the first 27 Assessment Reports.

5. National Statistician's Statement [SA(10)01]

- 5.1 Ms Matheson presented an outline of the first National Statistician's Statement that she proposed to publish shortly. This would be a personal statement that would set out the National Statistician's views on strategies, priorities and coordinated statistical planning for UK Official Statistics. Representatives from the Statistical Suppliers and Users Group (STATSUG) and the Royal Statistical Society (RSS) were also being consulted about the Statement as well as Statistical Heads of Profession. The Statement would be the start of further dialogue with stakeholders and the user community.
- 5.2 The Authority welcomed this timely initiative and agreed that it would like to be consulted on a further draft before publication.

6. Policy Issues

- 6.1 Following the discussion by the Authority of policy issues at their meeting on 11 September 2009, it was proposed that the Chair should write an open letter to the leaders of the major UK political parties setting out what statistical policies the Authority would wish to see in place in the longer term to strengthen public confidence in Official Statistics.

Minutes of the UK Statistics Authority Meeting 22 January 2010

6.2 It was agreed that the Chair should write to UK political parties and that the Authority's proposals should include: ensuring the arrangements for independence and impartiality of statisticians in all government departments are further strengthened; seeking the advice of the UK Statistics Authority in matters of planning for Official Statistics; and asking the Authority to determine the pre-release access regime for statistics.

7. Mortgage Interest Payments in the Retail Price Index [SA(10)02]

7.1 Ms Matheson presented a paper which reported on the public consultation and assessment by the Bank of England on the proposed change to the measure of mortgage payments in the Retail Prices Index (RPI). In October 2009 the Consumer Prices Advisory Committee (CPAC) had recommended that the interest rate used in the calculation of Mortgage Interest Payments (MIPs) series in the RPI be changed from the Standard Variable Rate (SVR) to the Average Effective Rate (AER) and that this change should be implemented at the earliest opportunity. The Authority had approved these proposals at their meeting on 16 October 2009 and the Bank of England and other users had subsequently been consulted on this proposed change.

7.2 The Bank of England had considered the change and had concluded that it did not constitute a fundamental change in the Index and could proceed without triggering the redemption clause on indexed gilts. The issue would not therefore have to be referred to the Chancellor of the Exchequer. The public consultation closed on 22 January 2010 and the submissions received did not include any arguments against the change which led the Authority to change its view.

7.3 The Authority agreed that this change should be implemented for the February 2010 Retail Prices Index to be published in March 2010. It was important, however to establish ownership of the CPAC Report and it was confirmed that CPAC was a National Statistician's committee reporting to the Authority and the Report should be so described.

8. Consultation on the Third Official Statistics Order [SA(10)03]

8.1 Mr Bumpstead introduced a paper which set out the Cabinet Office's formal consultation with the Authority about a third *Official Statistics Order*. The Cabinet Office had decided to revoke the *2009 Order* and replace it with this updated *Order*. The draft *Order* specified the names of non-Crown Bodies whose statistics would be brought within the scope of Official Statistics and therefore would be subject to the *Code of Practice*. Six bodies had been added to, and one body deleted from, the current list. It was the Government's intention to lay the *Order* before Parliament in January 2010 so that it could come into force on 1 April 2010.

8.2 The Authority noted the draft *Order* and draft Explanatory Memorandum and agreed it was content for the *Order* to proceed.

8.3 The Authority also requested that the Cabinet Office produce a list of Crown bodies in order that there would be a comprehensive list of all bodies producing Official Statistics.

9. Census Regulations

9.1 Ms Matheson reported that the *Census (England and Wales) Order* had been approved by Parliament and was made by the Privy Council in December 2009. The Census Regulations now needed to go before Parliament for approval and the Minister for the Cabinet Office and Welsh Ministers had a statutory duty to consult with the UK Statistics Authority before making any Census Regulations.

9.2 The Authority reviewed and approved the draft Census Regulations.

10. Monitoring Report 6: *Review of Pre-release Access* - Revised Draft Report [SA(10)04]

10.1 Mr Alldritt presented a revised draft of Monitoring Report 6: *Review of Pre-release Access*. The initial draft had been considered by the Authority at their meeting on 11 December 2009. This draft further developed the arguments for and against restricting pre-release access, and the need for consistency across the administrations of the UK. The report would make a number of recommendations in respect of: the application of pre-release controls; the period of pre-release access, the numbers of people who were granted pre-release access and the need for consistency across the UK administrations.

10.2 The Authority agreed that, subject to some revisions, the Report should be published on the Authority's website and that a letter from the Chair should be sent at the same time to the Chair of the Public Administration Select Committee and the relevant Ministers in the Cabinet Office and devolved administrations.

11. Monitoring Report 9: *Environmental Statistics* - Draft Specification [SA(10)05]

11.1 Mr Laux introduced a draft Specification for Monitoring Report 9: *Environmental Statistics*. The Authority had agreed at the meeting on 20 June 2008 that this should be the subject of a Monitoring Report. It was proposed that the title of this Report should be the *Adequacy of Environmental Statistics to Inform Public Debate and Government Policy*.

11.2 In considering the draft Specification the Authority recognised that the potential scope of the Report was very wide and that there was a need to limit this. It was agreed that the Report should concentrate on statistics about the physical environment, particularly climate change statistics and what statistics would be needed in the future and the current availability of data in order to monitor this. The Authority agreed that the Monitoring and Assessment Team should conduct an initial scoping exercise and submit further proposals to the Authority in due course.

12. Monitoring Report 7: *Strengthening the User Voice* - Survey of Opinion-Formers [SA(10)06]

12.1 Mr Laux presented a paper which gave the results from the qualitative research into perceptions of Official Statistics among opinion-formers. The research had been conducted by Ipsos Mori on behalf of the Authority during October and November 2009. The survey had focussed on three areas: the use of Official Statistics; confidence in statistics and how users engage with statistical producers and how this might be improved. This research would be followed by a Survey on Public Confidence in Official Statistics (PCOS) carried out by the National Centre for Social Research.

12.2 The Authority noted the summary results of this research and looked forward to receiving the full report and the PCOS results in due course.

13. Monitoring Report 5: *Barriers to Trust in Crime Statistics* - Interim Report

13.1 Mr Alldritt reported that Monitoring Report 5: *Overcoming Barriers to Trust in Crime Statistics: Interim Report* had been published on the Authority's website on 17 December 2009. A meeting attended by about 60 people had been held at the Royal Statistical Society on Monday 18 January 2010 to discuss the Interim Report. A draft of the final Report would be submitted to the next meeting of the Authority.

14. Assessment Programme Progress Report [SA(10)07]

14.1 Mr Laux presented a Progress Report on the Assessment Programme. The Programme was proceeding well and 27 Assessment Reports, covering 78 National Statistics, had been published by the 31 December 2009. It was anticipated that the Assessment of 200 National Statistics would be completed by 31 March 2010. The Authority noted progress.

14.2 The Assessment Team had reviewed the evidence by producers about the way that Assessment Report requirements had been implemented and the Authority agreed that National Statistics designation be confirmed for the following sets of statistics:

- Statistics on Enrolments at Schools and in Pre-School Education in Northern Ireland (Department of Education, Northern Ireland), and;
- Statistics on Road Freight (Department for Transport).

15. Proposals for Recording and Dealing With Breaches of the Code of Practice [SA(10)08]

15.1 Mr Laux presented a paper which set out proposed revised arrangements for reporting and dealing with breaches of the *Code of Practice*. The current arrangements for reporting breaches needed greater clarity and these proposals gave guidance and procedure aimed at achieving consistency in the way that breaches were handled.

15.2 The Authority endorsed the proposals and agreed that a note outlining the process should be published on the Authority's website and that this should be communicated to the Government Statistical Service through the National Statistician.

16. Communication Issues

16.1 The Authority discussed how it might respond to complaints and issues of public concern during the General Election period.

17. Any Other Business

17.1 The Chair reported that the non-executive director recruitment process was still incomplete.

17.2 The next meeting of the Authority Board would be held on Friday 26 February in London at 11:15 a.m.

17.3 There was no other business.

UK STATISTICS AUTHORITY

Agenda

Friday, 22 January, 2010

Board Room, Statistics House, London, 11:15 - 15:00

Chair: Sir Michael Scholar
Apologies: Mr. Stephen Penneck

1	Minutes and matters arising from previous meeting Declarations of interest	Meeting of 111209
2	Reports from Committee Chairs: <ul style="list-style-type: none">● ONS Board● Committee for Official Statistics	Lord Rowe-Beddoe Professor Sir Roger Jowell
3	National Statistician's Statement	SA(10)01 Ms Jil Matheson Mr Jason Bradbury
4	Policy Issues	Oral Report Sir Michael Scholar
5	Mortgage Interest Payments in the Retail Prices Index	SA(10)02 Mr Dennis Roberts
6	Consultation on the Third Official Statistics Order	SA(10)03 Secretariat
7	Monitoring Report 6: <i>Pre-Release Access to Official Statistics - A Review of the Statutory Arrangements</i> Revised Draft Report	SA(10)04 Mr Richard Alldritt Mr Ross Young
8	Monitoring Report 9: <i>Environmental Statistics - Draft Specification</i>	SA(10)05 Mr Richard Alldritt
9	Monitoring Report 7: <i>Strengthening the User Voice - Survey of Opinion-Formers</i>	SA(10)06 Mr Richard Laux
10	Assessment Programme Progress Report	SA(10)07 Mr Richard Laux
11	Proposals for Recording and Dealing With Breaches of the Code of Practice	SA(10)08 Mr Richard Laux
12	Communication Issues	Discussion
13	Any other business	

Next Meeting: Friday, 26 February, 2010
Statistics House, London, 11:15 - 15:00

UK STATISTICS AUTHORITY

SA(10)01

National Statistician's Statement

Purpose

1. This paper summarises the plans for publication of the first National Statistician's Statement by end February or early March 2010 and includes a draft outline of the proposed Statement for comment. Brief details are also given for information on the way forward for Official Statistics planning in general.

Timing

2. Comments are invited at the meeting on 22 January.

Recommendations

3. Members of the UK Statistics Authority are invited to:
 - i. note the approach and timetable for the production and publication of the first National Statistician's Statement, and;
 - ii. consider the draft outline of the Statement and supporting annexes and comment.

Discussion

4. The reason for implementing a process of coordinated planning for UK Official Statistics is well rehearsed, first described in a paper to the Committee for Official Statistics (COS) in late 2008 and more recently, on 12 January 2010 [SA(COS)(10)05]. That paper reiterated the main purpose of coordinated statistical planning - to develop a strategic direction for Official Statistics in the UK which articulates priorities and needs, explains the drivers behind proposed developments, and which can be disseminated to key stakeholders, users, Permanent Secretaries, Ministers, etc. The goal is to have a coordinated UK approach that addresses common issues, shares best practice, and identifies the extent to which user needs are being met.
5. There are difficulties in producing a UK Government plan for Official Statistics, and it is not intended to attempt this. The National Statistician does not have the authority to set plans for Government Departments or Devolved Administrations. However she can seek to raise awareness on statistical priorities and influence future developments. It is intended to do this through the publication of a *National Statistician's Statement*, which will outline her views on priorities, opportunities and innovations within UK Government Official Statistics. The Statement will be the key output of the planning system, and will be made in her capacity as the UK Statistics Authority's principal advisor on Official Statistics (defined in Section 30(1) of the *Statistics and Registration Service Act 2007*) and Head of the Government Statistical Service (GSS). It will:
 - provide a high level outline of the main strategies and priorities, produced from the National Statistician's perspective, looking across Official Statistics in the UK;
 - describe the priorities and challenges for the GSS, identifying drivers behind proposed developments, specific case studies on use of Official Statistics in decision making, reflecting user needs across the UK, and;
 - draw out the main inter-administration issues.
6. This Statement will not be detailed or prescriptive, impose strategic priorities or attempt to make demands of administrations or departments. It will be aimed at various audiences, specifically Departments and Devolved Administrations (Ministers, Permanent Secretaries and Chief Executives) - where the budget decisions are made - the UK Statistics Authority and users. Statistical planning is a devolved responsibility and each of the Devolved Administrations will continue to produce their own statistical plans.

SA(10)01 - National Statistician's Statement

7. Following discussion at COS on 12 January, it was decided to bring forward publication of the first National Statistician's Statement to the end of February or early March 2010 (from the previously planned end March date) to avoid being caught up in election preparation. Clearly the aim should be for the Statement to be in place for any change in government. The Statement will be published as a discussion document for consultation. The timing and frequency of future Statements will be considered given the Comprehensive Spending Review and the differing timetables for Spending Reviews between administrations.
8. The National Statistician's Office (NSO) is currently working with GSS Heads of Profession (HoPs) and Theme Leaders to build an overview of UK Official Statistics to be included as background to the Statement. The NSO is attempting to collect information on costs and resources dedicated to Official Statistics, however the early returns suggest that the quality may not be good enough to include in the Statement given the tight timetable. The National Statistician's Task Force on Planning and Communication created in December 2009 is being used as an advisory body on the approach and content of the Statement.
9. The outline of the Statement is provided at **Annex A**. The supporting material will be published as annexes, and are shown at **Annex B** (case studies that illustrate the impact of statistics on decision making) and **Annex C** (opportunities for development and/or innovation in Official Statistics), of this paper.
10. Given the tight timetable for production and publication, the following consultation plan is now in place:
 - i. COS - 12 January - comments on approach and timing - completed;
 - ii. UK Statistics Authority Board - 22 January - comments on outline statement and supplementary annexes;
 - iii. User community - 4 February - meeting with representatives from the Statistical Suppliers and Users Group (STATSUG), the Royal Statistical Society (RSS), HoPs' Steering Group, and the National Statistician's Task Force on Planning and Communication to discuss the Statement, and;
 - iv. COS mid February - comments on near final draft Statement via correspondence.
11. Theme Leaders have a major role to play in strategic planning. Theme Leaders were established in summer 2009 as part of the new system for statistical planning endorsed by HoPs and COS. They are tasked with user engagement, and expected to deliver a summary of long-term strategic priorities, addressing inter-administration issues as appropriate in liaison with the Devolved Administrations and via the Inter-Administration Committee. The NSO is assisting Theme Leaders in fulfilling their role through secretariat of a regular Theme Leaders' Group.

Kieron Mahony, National Statistician's Office, January 2010

List of Annexes

- Annex A Outline of National Statistician's Statement**
- Annex B Case Studies (Annex to Statement)**
- Annex C Opportunities (Annex to Statement)**

Annexes A, B and C National Statistician's Statement

This document has been published on the UK Statistics Authority website.

To see the National Statistician's Statement go to:

<http://www.statisticsauthority.gov.uk/national-statistician/guidance/statistics-matter.pdf>

UK STATISTICS AUTHORITY

SA(10)02

Mortgage Interest Payments in the Retail Prices Index

Purpose

1. This paper reports on the public consultation and assessment by the Bank of England on the proposed change to the measure of mortgage interest payments in the Retail Prices Index (RPI).

Timing

2. Urgent if the proposed change to the RPI is to be implemented in Spring 2010. A final decision is required by the end of January.

Recommendations

3. The Authority is invited to:
 - i. agree with the Consumer Prices Advisory Committee's (CPAC) recommendation that the measure of interest used in the calculation of mortgage interest payments in the RPI should be changed to use the Average Effective Rate (AER), and;
 - ii. agree that this change should be implemented for the February 2010 index to be published in March 2010.

Discussion

4. In October 2009, CPAC proposed a change to the interest rate used in the calculation of the Mortgage Interest Payments (MIPs) series in the RPI from the Standard Variable Rate (SVR) to the Average Effective Rate (AER). The Report (see **Annex A**) sets out CPAC's advice and recommendations.
5. CPAC recommended that the switch to the AER from the SVR should be implemented at the earliest opportunity since the AER is much more representative of the mortgage interest rates that consumers are paying.
6. The UK Statistics Authority approved these proposals. The next stage was to formally consult the Bank of England on the proposed change and to consult all users through a public consultation.
7. The Bank of England have considered the change (see **Annex B**) and have noted that 'the proposed change was in line with the Office for National Statistics (ONS)'s general principle that the components of the RPI should be measured as accurately as possible and that it reflected the evolution of the mortgage market in recent years. We therefore concluded that it did not constitute a fundamental change in the Index and could proceed without triggering the redemption clause on indexed gilts'.
8. The public consultation of this proposed change is currently underway, closing on 22 January 2010 (see **Annex C**). Submissions to date have not included any strong arguments against the change, but most responses did note reservations regarding the timing of implementation due to various reasons including the current economic instability and potential negative impacts on index-linked gilt holders if interest rates return to their long run average levels.

SA(10)02 - Mortgage Interest Payments in the RPI

9. Changes to the RPI can only be made at the annual update which occurs in February each year. The optimum timing in respects of interest rates movements in the wider economy may not coincide with this annual update for many years. The view of CPAC and the Bank of England is that priority should be given to ensuring a properly representative RPI. Accordingly, the ONS considers that the change could be implemented with the publication of the February 2010 index in March 2010 on the assumption that late responses to the consultation exercise raise no new issues. ONS will advise Authority Members by correspondence next week following completion of the public consultation.

Dennis Roberts, Director of Surveys and Administrative Sources, ONS, January 2010

List of Annexes

- Annex A** Report from CPAC - *Mortgage Interest Payments in the Retail Prices Index*
- Annex B** Letter from the Bank of England to ONS, 5 January 2010
- Annex C** Interim Summary of Responses Received to the Public Consultation



Consumer Prices Advisory Committee

Mortgage Interest Payments in the Retail
Prices Index

January 2010

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Annex B Effect of Forecasting AER Series on MIPs Index and All Items RPI	

Terms of reference of the Consumer Prices Advisory Committee

Section 21 of the Statistics and Registration Service Act 2007 requires the Statistics Authority to compile and maintain the RPI and publish it every month. It further requires that before making any change to the coverage or the basic calculation of the index, the Authority must consult the Bank of England as to whether the change constitutes a fundamental change in the index which would be materially detrimental to the interests of the holders of relevant index-linked gilt edged securities. If the Bank of England considers that that change is a fundamental change in the index which would be materially detrimental to the holders of index-linked gilts, the Authority may not make the change without the consent of the Chancellor of the Exchequer.

Any methodological changes to the RPI therefore require the approval of the Authority before being referred to the Bank of England. To facilitate this, the Authority established a body to advise it on proposals for change to the RPI. This body is called the Consumer Prices Advisory Committee and it has three distinct roles:

1. To advise the UK Statistics Authority on the implication for the Retail Prices Index (RPI) of the improvements to this index recommended by the Office for National Statistics (ONS).
2. To provide the UK Statistics Authority with advice on RPI methodological issues.
3. To advise the UK Statistics Authority on improvements to the UK Consumer Prices Index (CPI) recommended by the ONS.

Membership of the Consumer Prices Advisory Committee

Members

Ms Jil Matheson	National Statistician (Chair) - from September 2009
Dame Karen Dunnell	National Statistician (Chair) - to August 2009
Mr Partha Dasgupta	UK Statistics Authority
Mrs Pam Davies	Office for National Statistics
Ms Stephanie Flanders	British Broadcasting Corporation
Mr Chris Giles	Financial Times
Mr Neal Hatch	Bank of England
Mr Adam Lent	Trades Union Congress
Professor Stephen Nickell	UK Statistics Authority
Mr David Ramsden	H. M. Treasury
Mr Dennis Roberts	Office for National Statistics
Professor James Sefton	Imperial College London
Mr Prashant Vaze	Consumer Focus
Dr Martin Weale	National Institute of Economic and Social Research

Secretariat

Mr Lewis Conn	Office for National Statistics
Ms Tracy Jones	Office for National Statistics

Introduction

1. The Committee reviewed the present treatment of Mortgage Interest Payments (MIPs) in the Retail Prices Index (RPI) in September 2009. The committee has several recommendations for the UK Statistics Authority's consideration with the view to the changes to be implemented in March 2010 for the February 2010 RPI.

Recommendations

2. The Committee recommends that:
 - a. The Office for National Statistics changes the interest rate measure used in the calculation of mortgage interest payments in the RPI from the Standard Variable Rate (SVR) to the Average Effective Rate (AER) and that the choice of rate should be kept under review in future and changed, if necessary, at the annual RPI reweighting.
 - b. The AER should be introduced into the published RPI in March 2010, at the same time as the annual update of the basket of goods and services that underpin the RPI (and CPI).

Measuring Mortgage Interest Payments

3. The measure of MIPs currently included in the RPI is based on the Standard Variable Rate (SVR) of interest from the main bank and building society providers using data supplied by the Bank of England. The committee noted the two main concerns with this approach:
 - i. the SVR does not reflect the average rate borrowers are paying;
 - ii. the weight given to MIPs in the RPI has been overstated in recent years.
4. Both concerns surround the take up of fixed rate, discount and tracker mortgages which are not covered in the calculations. Data from the Bank of England indicate that fewer than 5 per cent of customers take out SVR mortgages and approximately only 10 per cent of mortgages in stock are on SVR rates.

Alternative measure of interest – the Average Effective Rate

5. The Committee reviewed an alternative measure of interest, the Average Effective Rate (AER), which has been developed jointly by the Office for National Statistics and the Bank of England. The AER is more representative of mortgage rates available, covering around 90 per cent of bank and building society mortgage lending.
6. The AER is calculated using the same data as the Bank of England's published effective rate¹, which includes various mortgage rates weighted together based on market share. For the RPI, these rates are

¹ Bank of England (2009). *Effective interest rates, Bankstats table G1.4*, available at: <http://www.bankofengland.co.uk/statistics/ms/current/index.htm>

Annex A - SA(10)02 - Mortgage Interest Payments in the RPI

weighted by the relevant stock of mortgages each January. (For the calculation of the 'effective rate', the Bank reweight the index each month.) The AER is in line with the RPI concept of a fixed basket with fixed weights within each year. The final MIPs series then reflects both new and existing mortgages.

7. Annex A shows how the RPI would have changed over recent years had the AER been included rather than the SVR.
8. The AER for any month cannot currently be compiled in time to be included directly in that month's RPI. However, the Bank of England forecast the average effective rate for the current month using the latest available data and this can be readily extended to produce a forecast AER. Such an approach would be consistent with the current methodology used to estimate the change in house prices within the existing MIPs series.
9. The effect of the forecasting error in the AER over 2005 to November 2009 is outlined in Annex B. The Committee noted that the effect on the all items RPI rate was very small based on a provisional analysis. The analysis in Annex B is an update but the position has not changed significantly. This forecast error is considered to be acceptable given the improved quality from the use of the AER.
10. The Committee noted that the proposed AER is based on average rates over the whole of a month rather than on a fixed date. This is out of line with current RPI methodology of collecting prices on a single day around the centre of the month. The divergence from current policy cannot be quantified but was considered by the Committee to be minor against the current limitations of using a MIPs series based solely on the SVR. The general issue of timing of collection will be reviewed further by the committee at a later date.

Implementation

11. Following standard practice, no revisions will be made to the RPI for previous periods following the introduction of any new methodology. The AER based series would be linked on to the existing MIPs series in January as part of and using the same methodology as the standard annual update of the basket of goods and services used in compiling the index. In effect monthly movements into January would depend on the SVR and monthly movements beyond January would depend on the AER. The annual relationship over the year would be based partly on SVR and partly on AER monthly movements.
12. The Committee preferred to move to the AER as soon as possible as the AER is more representative of mortgage interest rates that consumers are paying. However, the Committee also noted that the impact of incorporating this change going forward will depend on the relationship between the AER and the SVR from the point of implementation.

Annex A - SA(10)02 - Mortgage Interest Payments in the RPI

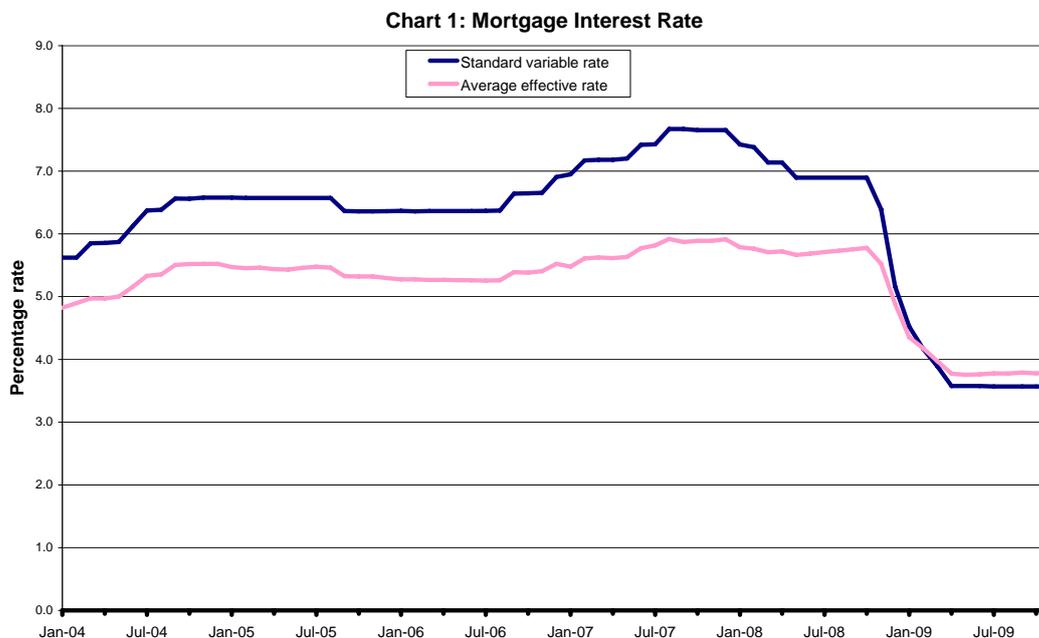
Further, to implement the AER series in the monthly production of the RPI requires further work to be undertaken by the ONS and the Bank of England. The Committee noted that postponing implementation would allow a longer time series of data to be available to study the impact of the change in practice.

13. Changes to the RPI are best made with the standard annual update of the index in March so the first opportunity to incorporate the AER into the published index is for February 2010, to be published in March 2010. Working backwards from this, the Authority will need to send proposals to the Bank by the end of October to allow time for their review of the proposals and, if necessary, for the Chancellor to consider the proposal. Public consultation regarding the proposal should also be launched at the end of October.

Annex A

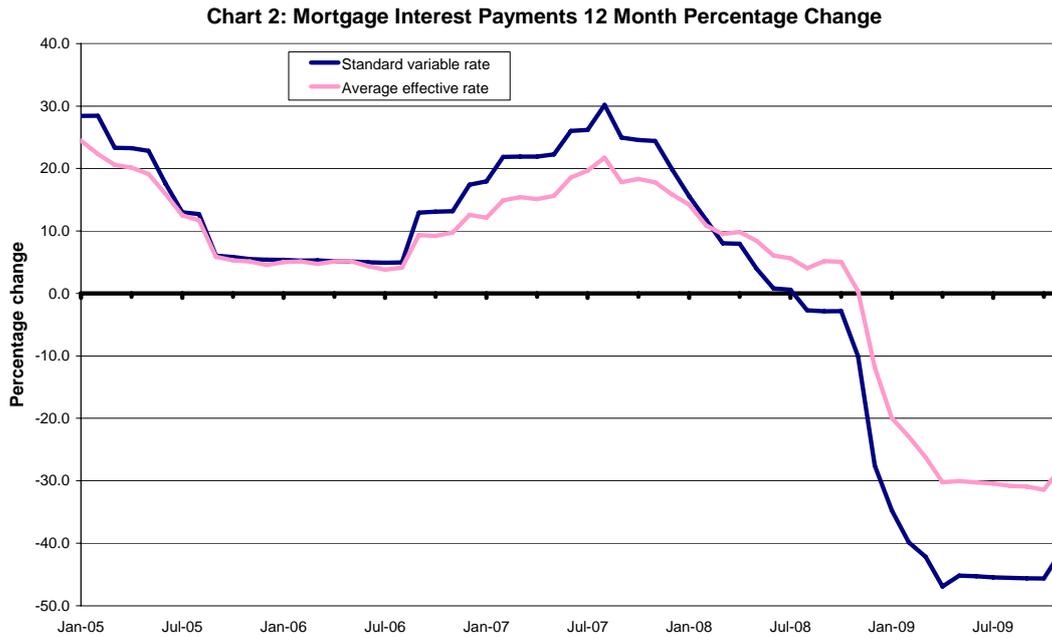
Effect of using the Average Effective Rate in the Retail Prices Index

1. This annex illustrates the effect the proposed methodology would have had on the Mortgage Interest Payments (MIPS) series and the all items RPI had it been in place since 2004. Following standard practice, no revisions would be made to the RPI for previous periods following the introduction of the new methodology.
2. The actual Standard Variable Rate (SVR) used currently and the proposed Average Effective Rate (AER) are graphed in chart 1. From January 2004 to late 2007, the SVR was above and drifting further from the AER before starting to move closer again and crossing over to be below the AER from February 2009.



3. Chart 2 shows the effect of the different interest rates on the percentage changes over 12 months in the MIPS series. Up to March 2008, the AER based series was generally below the SVR, but as the bank rate fell, the SVR fell below the AER series.

Annex A - SA(10)02 - Mortgage Interest Payments in the RPI



- For most recent years the use of the SVR for weighting MIPs leads to a higher weight than would be attributed to the item if the wider range of interest rates included in the AER was used. This is due to its generally high value compared to the average rates borrowers are actually facing once the range of fixed and discount rates are taken into consideration. The effect of a move to using the AER reduces the MIPs weight as shown in table 1.

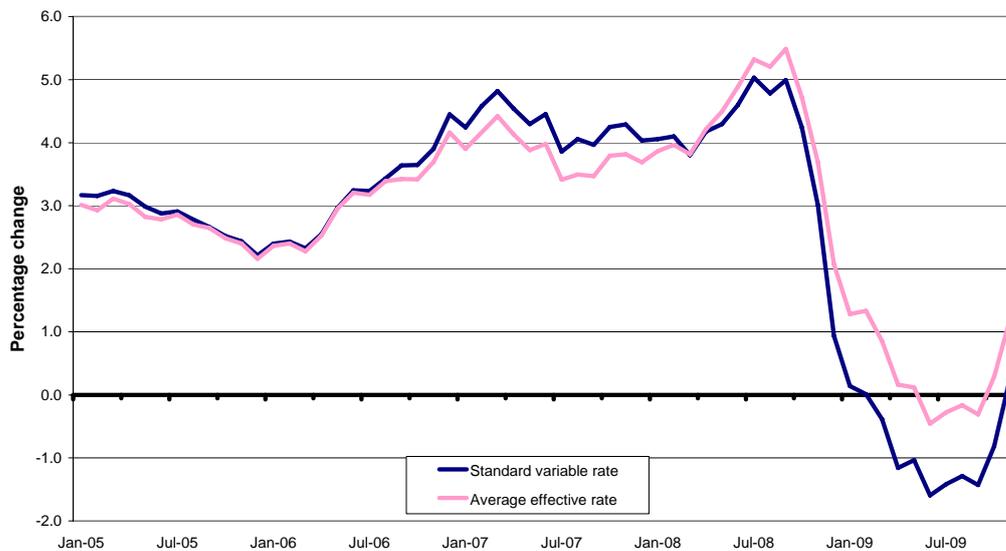
Table 1: MIPs section weights using SVR and AER

Year	Weight (RPI = 1000)		
	SVR	AER	Difference
2005	50	42	8
2006	50	44	6
2007	55	44	11
2008	60	48	12
2009	41	39	2

Annex A - SA(10)02 - Mortgage Interest Payments in the RPI

5. Chart 3 shows the all items RPI twelve month percentage change incorporating the SVR and the AER. For the period of analysis, the RPI twelve month percentage change using the reweighted AER series is 0.1 percentage points higher on average than the RPI using the SVR and the average of the absolute differences between them is 0.4 percentage points. Up to February 2008 the RPI twelve month percentage change using the SVR was generally higher than with the AER. As the official bank rate fell from December 2007, the relationship reversed with the RPI incorporating SVR falling further. The impact of incorporating this change going forward will depend on the relationship between the AER and the SVR from the point of implementation.

Chart 3: All Items RPI 12 Month Percentage Change

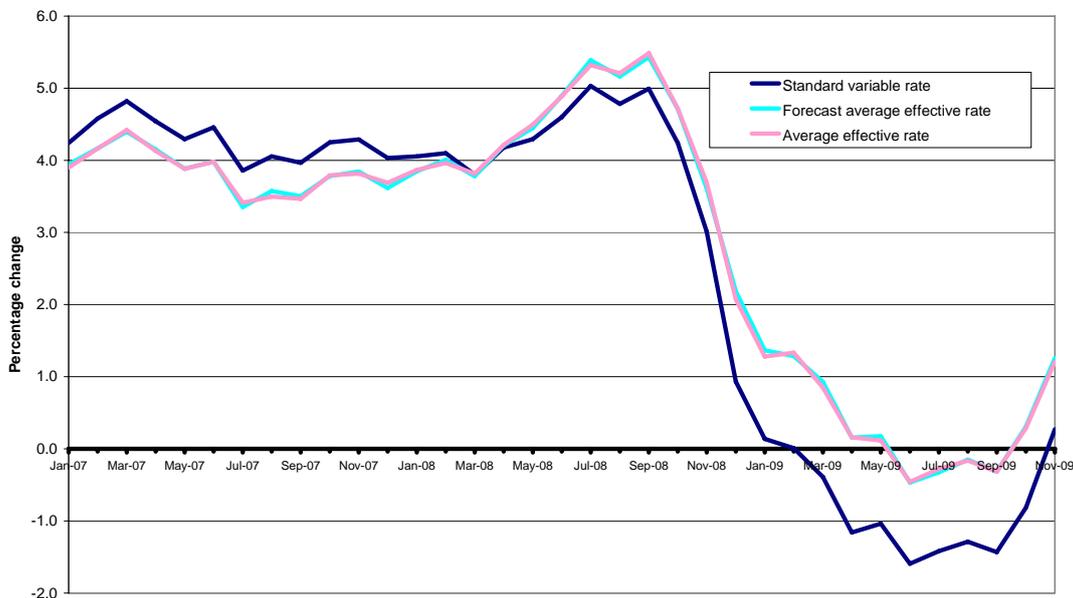


Annex B

Effect of Forecasting AER Series on MIPs Index and All Items RPI

1. One issue with the use of the AER is that it is not available in time to meet current RPI publication schedules. If the MIPs series is to be based on the AER then a one month ahead forecast is required to meet publication dates.
2. The preferred forecast is produced by weighting together a combination of fixed and floating rate mortgage series. The fixed rate series uses 2 and 5 year quoted fixed rates weighted together after taking 24 month and 60 month rolling averages respectively. The SVR has been used for the stock of floating rates.
3. Chart 4 shows the effect of the forecast on the all items RPI. The average error over the period January 2005 to November 2009 between the forecast and the AER based series is 0.00 percentage points, and the average of the absolute differences is 0.03 percentage points. To one decimal place, the RPI rate would have changed in 21 months out of 59 observations with a maximum absolute difference of 0.1.

Chart 4: All Items RPI 12 Month Percentage Change With Forecast AER



4. The use of forecasting does have an effect on both the MIPs series and the all items RPI but any error introduced is much smaller than the difference between SVR and AER based series.



BANK OF ENGLAND
THREADNEEDLE STREET
LONDON EC2R 8AH

CHARLES BEAN
Deputy Governor
(Monetary Policy)

Tel: 020-7601 4999
Fax: 020-7601 3047
charles.bean@bankofengland.co.uk

Pam Davies
Office for National Statistics
Government Buildings
Cardiff Road
Newport NP10 8XG

5 January 2010

Dear Pam

RPI and CPI/HCIP: Planned changes at the time of the annual re-weighting and updating of the baskets

I refer to your letter of 30 October 2009 addressed to Chris Salmon, the head of our Sterling Markets Division. In that letter, you seek the Bank's view as to whether the proposed switch to using the average effective interest rate in calculating the mortgage interest payments component in the RPI constitutes a fundamental change in the index which would be materially detrimental to the interests of holders of relevant index-linked gilts. This pertains to your obligations under the Statistics and Registration Services Act 2007.

A senior committee at the Bank under my chairmanship has considered this matter. We concurred with your view that the proposed change indeed represented a basic change in the calculation of the RPI. We noted, however, that the proposed change was in line with the ONS's general principle that the components of the RPI should be measured as accurately as possible and that it reflected the evolution of the mortgage market in recent years. We therefore concluded that it did not constitute a fundamental change in the Index and could proceed without triggering the redemption clause on indexed gilts.

Annex B - SA(10)02 - Mortgage Interest Payments in the RPI

A copy of this letter goes to Robert Woods, Nicholas Vaughan and Alice Dwyer at the Treasury, to Dennis Roberts and Joe Grice at the ONS, and to Neal Hatch and Chris Salmon at the Bank.

Yours Sincerely



Charlie.

Annex C Interim Summary of Responses Received to the Public Consultation

Introduction

The public consultation¹ on the proposed change to the mortgage interest payments series was published on 30 October 2009 and closes on 22 January 2010. The consultation was widely publicised across the Office for National Statistics (ONS) website, including the ONS consultation homepage, as a link on the inflation main product page, the online CPI release and the CPI Statistical Bulletin.

Summary of Responses

Up to 12 January 2010, there have been 12 responses to the consultation and 7 requests for further information or data. Contact has been from private investment institutions who are holders of indexed gilts and private individuals.

Of the 12 responses to the consultation to date, there was overall support for the change from the Standard Variable Rate (SVR) to the Average Effective Rate (AER) but most responses did raise reservations around the timing of the change. There were also some comments around alternative measures and the independence of the process.

Switching from the SVR to the AER

Almost all responses who commented on the change agreed that it was a better measure and should be implemented. However, there was a response who did not understand the reasons for the change and another response which argued for the use of imputed rents as the measure for housing costs. The choice of measurement of housing costs was considered previously by the RPI Advisory Committee in 1994 and the view, subsequently endorsed by the government, was that mortgage interest payments should continue to be included in the RPI and be estimated from a model. The committee also noted that interest rates used should be those most suitable, on technical grounds, for construction of the RPI, which is a base weighted index and that the final decision should be left to the statistics office. The issue of alternative measures of housing costs (payments, imputed rents, net acquisitions and user cost) is currently under consideration by the Consumer Prices Advisory Committee (CPAC) for the Consumer Prices Index.

Timing of Implementation

The majority of responses to the consultation raised reservations with the timing of implementation. These concerns were primarily around the current economic instability and unusual interest rates leading to potential negative impact on the RPI going forward as the AER is less responsive to changes in interest rates compared to the SVR.

These responses included owners of index-linked gilts who noted the SVR and AER are currently at very low levels relative to their long run historical averages. These responses had various suggestions for the timing of implementation but generally noted it should be when interest rates are 'closer' to their long run averages.

Further responses raised concerns around implementing this change during the current economic instability, noting the impact of the financial crises on the SVR, the current 'Quantitative Easing' policy and economic cycle.

¹ <http://www.ons.gov.uk/about/consultations/measurement-of-mortgage-interest-payments-within-the-retail-prices-index--2009-/index.html>

Annex C - SA(10)02 - Mortgage Interest Payments in the RPI

Independence

A few respondents noted that implementing this change now could be seen as an attempt to manipulate the RPI lower and requesting further information about the process. These queries were addressed by outlining the transparent process and the need to update the basket frequently to ensure it is representative of current UK household expenditure.

UK STATISTICS AUTHORITY

SA(10)03

***Consultation on the Third
Official Statistics Order***

Purpose

1. This paper covers the Cabinet Office's formal consultation with the UK Statistics Authority about a third *Official Statistics Order*.

Timing

2. The Cabinet Office intend to lay the draft *Order* and Explanatory Memorandum in January. It is intended that the *Order* should come into force on 1 April 2010.

Recommendations

3. The Authority is invited to consider and comment on the:
 - i. Cabinet Office note explaining the effect of the *Order* and the reasoning behind it, attached at **Annex A**;
 - ii. draft *Official Statistics Order 2010* at **Annex B**, and;
 - iii. the draft *Explanatory Memorandum to the Official Statistics Order* at **Annex C**.

Discussion

4. Under the terms of the *Statistics and Registration Service Act 2007*, statistics produced by any Crown body are Official Statistics, and are thus within the Authority's remit. Statistics produced by non-Crown bodies may only be considered Official Statistics if the producer body is approved as such by an *Order of Parliament*.
5. *UK orders* are the responsibility of the Minister for the Cabinet Office (section 6, subsection 1b of the *Act*). The Cabinet Office is required to consult the Authority before making such an *Order* (section 6, subsection 3). This is the third such *Order* on which the Authority has been consulted.
6. Rather than amend the *2009 Order*, the Cabinet Office have decided to revoke it and replace it with an updated *Order*, as was the case in previous years. The effect of the *Order* would be to add six bodies to, and delete one body from, the current list. The paper at Annex A describes these changes and the process undertaken. The criteria for inclusion are the same as those used in producing the previous *Order*.
7. The Explanatory Memorandum includes the Authority's response to this consultation (paragraph 8.1 of Annex C). A Statement similar to that used last time is provisionally included, which says that the Authority is content for the Government to proceed with its proposals.

Secretariat, UK Statistics Authority, January 2010

List of Annexes

Annex A	Note from the Cabinet Office to the Authority about the Order
Annex B	Draft Official Statistics Order 2010
Annex C	Draft Explanatory Memorandum to the Official Statistics Order 2010

Annex A Note from the Cabinet Office to the Authority about the Order

1. Summary of Changes

1.1 The bodies that are being added to the *2009 Order* are listed below:

- i. British Educational Communications and Technology Agency (BECTA);
- ii. Children and Family Court Advisory and Support Service (CAFCASS);
- iii. Marine Management Organisation (MMO);
- iv. National College for Leadership of Schools and Children's Services (NC);
- v. NHS Business Services Authority (NHSBSA), and;
- vi. Qualifications and Curriculum Development Agency (QCDA).

1.2 The only body to be removed is the Gas and Electricity Council. MMO was nominated by the Department for Food and Rural Affairs, NHSBSA by the Department for Health, and the others by the Department for Children, Schools and Families.

1.3 This means that the list has grown from 54 bodies in the 2009 order to 59.

2. Effect on Number of Official Statistics

2.1 MMO and QCDA do not yet exist but are expected to do so on 1 April 2010, and this is why they are listed in our *2010 Order*. MMO is effectively replacing a Crown body so this addition does not widen the scope of Official Statistics as such. However QCDA is replacing the Qualifications and Curriculum Authority, which was not a Crown body, so this does widen the scope of Official Statistics. The other additions will increase the number of Official Statistics as well.

2.2 We are removing the Gas and Electricity Council from the *2009 Order* because it has been abolished. Its statistical functions have been taken over by Consumer Focus, which is already in our *2009 Order* under its legal name National Consumer Council. So this deletion does not reduce the number of Official Statistics.

2.3 It should be noted that we have identified two bodies that fulfilled our criteria but do not need to be listed as they are Crown bodies (or will be by 1 April 2010). These are the Supreme Court, and the Office of the Qualifications and Examinations Regulator (Ofqual).

3. Criteria for Inclusion in the Order

3.1 It was agreed that for the *2010 Order* we would not change the criteria from that used for the *2009 Order*. We have specified non-Crown bodies that produce significant, national level statistics. The following is an extract from the Note that was sent to statistical Heads of Profession on 6 November 2009:

[Extract from guidance for HOPs]

The criteria for inclusion of a body that were used last year were whether it produces any national-level statistics which fulfil one of the following:

- they inform the public about the social and economic position of the country;
- they are likely to be used to judge government performance and targets, and;
- they are likely to attract sufficient media attention that the government would regard it as important that the public has trust in them.

Bodies to add - the most likely reasons for this are:

- newly created non-Crown body that meets the above criteria;
- department and body agreed last year to wait till April 2010 in order to prepare for operating with regard to the *Code of Practice*, and;
- body was nominated last year but did not make it onto the list because Cabinet Office was told too late.

Given that the criteria for inclusion have not changed since last year, I do not expect many bodies to be added to our list. This is our annual 'spring clean' to make sure we pick up accidental omissions and bodies that have changed status since the last *Order*.

Bodies to remove - we only expect to do this for bodies which, on 1 April 2010, will no longer be non-Crown bodies. This would be either because they have or will become Crown bodies (e.g. become executive agencies or part of your department) or they have been or will be abolished.

Although since the last *Order* there has been guidance from the National Statistician which might mean that a body that is on the current list is not actually producing 'Official Statistics', we do not propose that we remove the body for that reason just yet. (Guidance and practice are still evolving and we don't want a situation where a body is taken off one year and reinstated the next.)

4. List of Bodies in proposed Official Statistics Order 2010

Bodies are listed by department and with asterisks to signify the proposed additions.

Department for Business Innovation and Skills (BIS)

Certification Officer

Competition Commission

Consumer Panel established under section 16 of the Communications Act 2003
[known as Communications Consumer Panel]

Design Council [this is joint with DCMS]

Higher Education Statistics Agency

Learning and Skills Council for England

National Consumer Council

Natural Environment Research Council

Office of Communications

Student Loans Company

United Kingdom Atomic Energy Authority

Department for Children, Schools and Families (DCSF)

British Educational Communications and Technology Agency [BECTA]*

Children and Family Court Advisory and Support Service*

Qualifications and Curriculum Development Agency*

National College for Leadership of Schools and Children's Services*

School Food Trust

Training and Development Agency for Schools

Annex A - SA(10)03 - Consultation on the Third Official Statistics Order

Department for Communities and Local Government (DCLG)

Audit Commission for Local Authorities and the National Health Service in England
Homes and Communities Agency
Regulator of Social Housing [known as the Tenants Services Authority]

Department for Culture, Media and Sport (DCMS)

Arts Council of England
British Tourist Authority [known as Visit Britain]
Commission for Architecture and the Built Environment
Design Council [this is joint with BIS]
English Sports Council [known as Sport England]
Gambling Commission
Historic Buildings and Monuments Commission for England [known as English Heritage]
Museums, Archives and Libraries Council
National Lottery Commission
UK Film Council

Department for Energy and Climate Change (DECC)

Coal Authority
Nuclear Decommissioning Authority

Department for the Environment, Food and Rural Affairs (DEFRA)

Commission for Rural Communities
Consumer Council for Water
Environment Agency
Joint Nature Conservation Committee
Marine Management Organisation*
Natural England
Sustainable Development Commission

Department for Health (DH)

Care Quality Commission
Health and Social Care Information Centre
Health Protection Agency
National Patient Safety Agency
National Treatment Agency
NHS Business Services Authority*

Department for Transport (DfT)

British Transport Police Authority
Rail Passengers Council [known as Passenger Focus]

Department for Work and Pensions (DWP)

Board of the Pension Protection Fund
Pensions Regulator

Her Majesty's Treasury (HMT)

Financial Services Authority

Home Office (HO)

Her Majesty's Inspectors of Constabulary
Independent Police Complaints Commission
National Policing Improvement Agency

Annex A - SA(10)03 - Consultation on the Third Official Statistics Order

Ministry of Justice (MoJ)

Judicial Appointments Commission

Parole Board

Youth Justice Board for England and Wales

Northern Ireland

Chief Constable of the Police Service of Northern Ireland

Northern Ireland Policing Board

Police Ombudsman for Northern Ireland

Probation Board for Northern Ireland

Annex B – Draft Official Statistics Order 2010

When this document is laid before the UK Parliament a copy will be uploaded on the Authority website.

To see published documents about Official Statistics Orders go to:

<http://www.statisticsauthority.gov.uk/uk-statistical-systems/organisations/index.html>

Annex C - Draft Explanatory Memorandum to the Official Statistics Order 2010

When this document is laid before the UK Parliament a copy will be uploaded on the Authority website.

To see published documents about Official Statistics Orders go to:

<http://www.statisticsauthority.gov.uk/uk-statistical-systems/organisations/index.html>

UK STATISTICS AUTHORITY

SA(10)04

**Monitoring Report 6:
Review of Pre-release Access - Revised Draft Report**

Purpose

1. This paper covers a draft of the Monitoring Report *Pre-Release Access to Official Statistics - A Review of the Statutory Arrangements*, revised following discussion at the December meeting of the Authority [SA(09)71]. The intention is to publish the Report at the end of January or the beginning of February 2010.

Timing

2. Immediate. It would be very helpful to have the comments of Authority members on the revised draft Report, in particular the draft conclusions and recommendations; as well as other suggestions for improvement, so that these can be incorporated into the draft before publication.

Recommendation

3. Authority members are invited to comment on the revised draft Report with a view as to approval for publication.

Discussion

4. At the September and October meetings, the Authority discussed initial plans for a Monitoring Report to review the first year of operation of the new arrangements for pre-release access to Official Statistics as set out in the four *Orders* now in force across the UK administrations. A first draft was presented to the Authority at its meeting in December [SA(09)71]. In light of the comments of members of the Authority, the draft Report has been revised.
5. The revised draft Report contains two Parts. **Part 1** sets out the arguments for and against restricting pre-release access, and a balancing of the two arguments, and the need for consistency in the pre-release arrangements across the administrations of the UK. It contains a series of conclusions and recommendations in respect of: the application of pre-release controls; the period of pre-release access; the numbers of people to whom pre-release access should be granted; the making of policy statements at the same time as statistical releases, and; the need for consistency of approach across the UK Administrations.
6. **Part 2** reviews the policy and legislative background to the current pre-release access regime. It considers the range of parliamentary views about pre-release access expressed before and during the passage of the *Statistics Bill*, during the Government's consultation in advance of the *UK Order* coming into force and the positions adopted during that process, and discusses the nature of the UK, Scotland, Wales, and Northern Ireland *Orders* as they have been brought into force during 2008 and 2009. A more detailed discussion of the parliamentary debates is provided in Annex 1 of the Report.
7. The **Annexes** also include: a summary of findings from a survey of selected departmental Heads of Profession for Statistics (HoPS), including the Chief Statisticians in the three Devolved Administrations; the wording of the four *Orders* currently in force and a summary table comparing them; information about pre-release access regimes in other countries. Given that the evidence on international practice varies significantly, we are undertaking a repeat evidence-gathering exercise among National Statistical Institutes in major countries. Once that exercise is complete, a decision will be taken on how best to present evidence on international comparisons of pre-release access in the

SA(10)04 - Monitoring Report 6: Pre-release Access Revised Draft Report

published Report.

8. After Authority members have considered the revised draft Report and offered comments, and an assessment made of how long it will take to make the required amendments, it may be advisable to pre-announce the likely expected date or week of publication, in the spirit of recent Cabinet Office guidelines on the publication of reports during General Election periods, albeit the Election campaign has not yet formally begun.

Ross Young, UK Statistics Authority, January 2010

List of Annexes

Annex A Monitoring Report 6: Review of Pre-release Access Revised Draft Report

Annex A Monitoring Report 6: Review of Pre-release Access Revised Draft Report

This document has been published on the UK Statistics Authority website.

To see the document go to:

<http://www.statisticsauthority.gov.uk/reports---correspondence/reports/pre--release-access-to-official-statistics--a-review-of-the-statutory-arrangements.pdf>

UK STATISTICS AUTHORITY

SA(10)05

***Monitoring Report 9:
Environmental Statistics - Draft Specification***

Purpose

1. This paper covers an initial proposal for a draft Specification for the Monitoring Review on the *Adequacy of Environmental Statistics to Inform Public Debate and Government Policy*.

Recommendation

2. Authority members are invited to comment on the proposal for a draft Specification, attached at **Annex A**, in particular on the proposed coverage of the review and next steps.

Discussion

3. 'Environmental statistics' encompass a potentially wide range of social and economic statistics, as well as those relating to the natural and built environments. The Specification for this Monitoring Review, as formulated, concentrates particularly on statistics relevant to the monitoring and management of policy and activity to mitigate, and to adapt to, the effects of climate change. The Authority Board may wish to comment on whether this restricted scope is appropriate.
4. This initial proposal for a draft Specification has been drawn up within the Monitoring and Assessment Team: it has yet to be discussed with the most relevant government departments, the Department of Environment Food and Rural Affairs (DEFRA) and the Department of Energy and Climate Change (DECC). We propose to discuss the Specification with these departments once the Authority Board has commented.
5. We also recognise that a significant proportion of the information and research to support environmental decision-making comes from outside the sphere of Official Statistics and, if the Authority Board agree, we propose to seek expert views on the scope and coverage of this review from within the academic and scientific communities, in the first instance from Sir Dave King (former Government Chief Scientist).
6. It is proposed that the Authority tender the production of this Report from independent experts, reporting to a project board with strong external participation. It was previously suggested to the Board [SA(09)53] that the tendering process for this review may need to follow European procurement practices, though this now seems less likely.
7. A tentative timetable would be to publish the Authority's Report (covering that produced by the experts) in interim form in the second half of 2010. This would allow discussion of the Report in the context of the October meeting of the International Association of Official Statistics which will have environmental statistics as its main theme.

Richard Laux, Monitoring and Assessment, January 2010

List of Annexes

Annex A Draft Tender Specification

Annex A Draft Tender Specification

What advice should the Statistics Authority give Government on future needs for Official Statistics relating to the Environment?

Purpose

1. The Statistics Authority wishes to commission a Review to identify relevant information and answer the following questions:
 1. Among the currently published Official Statistics, which ones are relevant to informing and monitoring policy in relation to the environment? A list of such statistics will need to be compiled in consultation with several government departments and agencies across the UK.
 2. Are the needs of government and society for statistical information relating to the environment changing? Are there likely to be new information needs that might best be met by regular Official Statistics – as opposed to one-off or occasional research projects?
 3. To what extent does the existing suite of relevant Official Statistics meet government and society needs, both now and looking forward?
 4. Are the governance, management and resourcing of ‘environmental statistics’ adequate?
 5. Is there scope to improve the presentation of ‘environmental statistics’ to make them more accessible and relevant to decision makers?

Background

2. This Review will assist the Authority in fulfilling its obligations under section 8 of the *Statistics and Registration Service Act 2007*. The Act states that:

The Board [Authority] is to monitor the production and publication of Official Statistics. The Board may report any concerns it has about:

- a. the quality of any Official Statistics,*
- b. good practice in relation to any Official Statistics, or*
- c. the comprehensiveness of any Official Statistics,*

to the person responsible for those statistics.

The Board may publish its findings or any report under this section.

3. Understanding, adapting to and mitigating the potentially adverse consequences of climate change is a major challenge for policy-makers (Stern, 2006). The complexity of environmental processes and the interactions and feedbacks within and between them, and within and between the social and economic behaviours which impact upon them, underlines the need for an authoritative evidence base to support decision-making.

Annex A - SA(10)05 - Draft Specification Environmental Monitoring Report

4. There is international agreement on the need to tackle climate change and reduce greenhouse gas emissions and domestically the UK has legislated for at least a 26 per cent reduction in carbon emissions by 2020 and 60 per cent by 2050, against a 1990 baseline (*Climate Change Act, 2008*). Whilst much of the scientific data to support decision-making comes from outside the Official Statistics system, the scale of the challenge has concentrated international attention on how the international statistical community can ensure an effective contribution (UNSC, 2009).
5. The scope of 'environmental statistics' is very broad. It includes statistics about: natural resources (air, water, soil, land use); pollution (including waste, and recycling); the effects of economic, industrial and social behaviour on the environment, and vice versa; and public attitudes. There are important issues other than climate change that government needs to address and are of concern to society more generally.
6. Environmental statistics include the following 'types' of statistical information: benchmarks; indicators; environmental accounts; scientific observations; models and modelled data, including projections; spatial data; and financial information. The Statistics Authority is primarily concerned with Official Statistics but the review might look at related information to the extent that is relevant to decisions about the future need for Official Statistics.
7. The policy framework which environmental statistics inform is cross-cutting – 'sustainable development' impacts upon energy policy, and transport policy, for example – and international – climate change does not reflect national boundaries, and much environmental policy and associated targets are set at an international level. At the same time there is interest in information about small areas – for example, to monitor the effectiveness of local authority policies, and to assess particular sites. To add to this complexity, scientific, political and public understanding of environmental matters is developing rapidly.
8. It is likely that the statistics needed to understand the range of social, economic and environmental effects of climatic change and inform policy decisions to adapt to and mitigate against these effects will come from across the spectrum of Official Statistics (UNSC, 2009).

Scope

9. The Review will draw upon desk research, discussions with officials in the UK and internationally as appropriate, and discussions with users of environmental statistics and other experts. It is expected that the review will need to involve discussions with up to thirty experts/organisations.
10. The Report should be between 8,000 and 10,000 words, and include a summary and full references.

Annex A - SA(10)05 - Draft Specification Environmental Monitoring Report

Conduct of Review

11. The appointed consultants will work in partnership with the Statistics Authority within a formal project management framework. A project board will be chaired by [], a non-Executive director of the Statistics Authority.
12. A representative of the consultancy organisation will be expected to attend a project board meeting to discuss preliminary findings. The project board will take overall responsibility for the work but it is expected that the consultants will prepare their own report to the Authority, and the Authority will then draw upon the report in preparing its own Monitoring Report on the future needs for Official Statistics relating to the environment.
13. The staff of the Authority will provide support to both the project board and the project manager. The details will be agreed between the parties. The project board will meet at the discretion of its chair but it is likely to meet formally about three times, with the possibility of extra meetings if needed.
14. The project manager will agree the detailed arrangements with the chair of the project board but it is likely that the bulk of the work will be of the following kinds:
 - interviews with key informed individuals;
 - written reports of interviews to be agreed wherever possible with those interviewed;
 - correspondence with interested parties and assessment of written evidence;
 - reports on progress; and other planning documentation to be provided to the project board;
 - draft material for the final Report to be discussed with project board members, and ;
 - final edited text of the Report in Word format and provided in electronic form and hard copy.
15. The Authority will arrange for, and meet the costs of, printing and distributing the Report.

Timetable

16. The timescale for the project is [May to December] 2010.

Format of Response

17. In replying to this requirement you are asked to provide the following information:
 - experience of undertaking similar reviews;
 - brief career histories/CVs of those you propose to undertake the work;
 - a timetable giving the estimated time in days for the project with a corresponding rate per day;
 - date for submission of the final Report, and;
 - all prices are to be exclusive of VAT and on a fixed price basis.

Selection Criteria

18. The Statistics Authority will decide on the successful supplier primarily on the basis of criteria that will include:
 - price;

Annex A - SA(10)05 - Draft Specification Environmental Monitoring Report

- evidence of understanding of the Specification;
- evidence of relevant experience and knowledge;
- previous track record of the supplier in broadly similar work, and;
- an overall assessment of the value for money offered.

UK STATISTICS AUTHORITY

SA(10)06

***Monitoring Report 7: Strengthening the User Voice
Perceptions of Official Statistics Among Opinion-formers***

Purpose

1. This paper presents the background to the results from the qualitative research into perceptions of Official Statistics among opinion-formers. The research was conducted by Ipsos Mori on behalf of the Authority. An oral report will be given at the meeting.

Timing

2. The research was carried out during October and November 2009. The final Report on the research will be published as an annex to the *Strengthening the User Voice* interim Monitoring Report. This interim Report will be presented to the March meeting of the Authority.

Recommendation

3. Authority members are invited to note the results and consider the implications on the work of the Authority.

Discussion

4. The research is one strand of work being carried out within the *Strengthening the User Voice* Monitoring Review. Other strands include the Survey on Public Confidence in Official Statistics (PCOS) which is being conducted by the National Centre for Social Research (NatCen) on behalf of the Authority, and work on user engagement which is being carried out by the Monitoring and Assessment Team.
5. The research among opinion-formers consisted of 60 in-depth interviews with senior stakeholders in the sphere of Official Statistics. A participant profile is given at Table 1 overleaf.
6. A number of topics in two overall areas were discussed in the interviews. First, issues surrounding Official Statistics in general were discussed, such as:
 - the use of Official Statistics; types of statistics used, purpose and frequency of use;
 - faith in statistics; integrity, impartiality, credibility of statistics, factors that can undermine these, view on pre-release access, and;
 - how users engage with statistical producers and how this could be improved.
7. Second, stakeholders were asked to discuss their views of the Authority and its performance to date, give suggestions of how it could improve and discuss views on how the Authority's success can be measured.

Table 1 : Survey of Opinion Formers Participant Profile

Sector	Interviews Conducted
Think tank or Academic	13
Whitehall	11
Business	7
Journalist	7
Regulator	6
Trade Unions or Industry associations	4
Local Government	2
Scotland or Wales	2
Voluntary Sector	2
International	2
Police	2
Tourism	1
Parliamentarian	1

8. The findings of the survey were considered at the December meeting of the User Voice Project Board, when a presentation by staff of Ipsos Mori was given. Summary slides from this presentation are at **Annex A**.

Richard Laux, UK Statistics Authority, January 2010

List of Annexes

Annex A Qualitative Research into Perceptions of Official Statistics among Opinion Formers

Annex A Qualitative Research into Perceptions of Official Statistics among Opinion Formers

This research will be published as part of the Strengthening the User Voice Monitoring Report on the UK Statistics Authority website in due course.

Published Monitoring Reports are available at:

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

UK STATISTICS AUTHORITY

SA(10)07

Assessment Programme Progress Report

Purpose

1. This paper updates the Authority Board with progress on Assessment.

Recommendations

2. The Authority Board is invited to:
 - note the proposed timetable for the consideration of draft Assessment Reports for the next few months and progress with current assessments generally (paragraphs 3 to 5 and **Annex A**), and;
 - agree confirmation of designation for the set of outputs listed in paragraph 6.

Discussion

3. Seven Assessment Reports, covering 30 outputs, were published on 17 December.
 - i. Producer Price Indices.
 - ii. Service Producer Price Indices.
 - iii. Referral to Treatment Waiting Times.
 - iv. Agriculture UK and associated agricultural commodity surveys.
 - v. Scottish Household Survey.
 - vi. Scottish Labour Market Statistics.
 - vii. Child Benefit Statistics.
4. To date we have published 27 Assessment Reports, covering 78 National Statistics outputs.
5. There are no draft Reports for the Board to consider at this meeting, as the Assessment Committee has not met since the last meeting of the Authority Board. Annex A shows how we plan to complete the remaining on-going Assessments, and when they will be submitted to the Assessment Committee and the Authority Board respectively.
6. The Assessment Team has reviewed the evidence from statistical producers about the way they have implemented requirements, and invites the Board to confirm National Statistics designation of the following sets of statistics:
 - Statistics on Enrolments at Schools and in Pre-School Education in Northern Ireland (Report 3), and;
 - Statistics on Road Freight (Report 6).
7. **Annex B** shows the deadlines for implementing requirements from each published Assessment Report, along with a view from the Assessment Team on whether requirements have been fully, partially or not met for those Assessments whose deadline has passed.

Monitoring and Assessment Team, January 2010

List of Annexes

- Annex A Proposed Timetable for Approving the Remaining On-going Assessments**
Annex B Progress in Implementing Requirements from Published Assessment Reports

Annex A Proposed Timetable for Approving the Remaining Ongoing Assessments

1. The timetable presented below is based on our best current estimate of the availability of draft Assessment Reports for consideration by the Assessment Committee.

2. Assessment Committee 9 February/ Authority Board 26 February

- Child and Working Tax Credit Statistics (Department for Work and Pensions)
- 2011 Census Special Assessment, phase 1 (various producers)
- Northern Irish Labour Market Statistics (Department for Enterprise, Trade and Investment, Northern Ireland)

(Total of three Assessment Reports, covering 63 outputs)

3. Assessment Committee 9 March/ Authority Board 25 March

- UK Labour Market Statistics (Office for National Statistics)
- Welsh Labour Market Statistics (Welsh Assembly Government)
- Welsh School Statistics (Welsh Assembly Government)
- Northern Irish School Statistics (Department of Education, Northern Ireland)
- Scottish School Statistics (Scottish Government)
- Emissions Statistics (Department of Energy and Climate Change)
- Council Tax Levels Set by Local Authorities (Communities and Local Government)

(Total of seven Assessment Reports, covering 64 outputs)

4. Assessment Committee 13 April 2010/ Authority Board 23 April 2010

- English School Statistics (Department for Children, Schools and Families)
- Judicial and Court Statistics (Ministry of Justice)
- Freedom of Information Statistics (Ministry of Justice)
- NHS Waiting Times for Suspected and Diagnosed Cancer Patients (Department of Health)
- Scottish Cancer Screening Statistics (Information Services Division, Scotland)
- Scottish Cancer Statistics (Information Services Division, Scotland)
- Scottish NHS Workforce Statistics (Information Services Division, Scotland)
- Balance of Payments (Office for National Statistics)

(Total of eight Assessment Reports, covering 50 outputs)

SA(10)07 - Assessment Programme Progress Report

Annex B Progress in Implementing Requirements from Published Assessment Reports

No.	Report title	Deadline for implementation of requirements	Assessment team views on level of implementation of requirements	Action required from the Board
1	Statistics from the National Drug Treatment Monitoring System	Oct-09	Full	None - designation confirmed on 20/11/09
2	Recorded Crime in Scotland	Oct-09	Partial	None - we await reply from Scottish Government to Authority letter indicating that the Board is minded to confirm designation subject to confirmation from the producers on certain points
3	Statistics on Enrolments at Schools and in Pre-School Education in Northern Ireland	Dec-09	Full	Confirm designation
4	Road Casualty Statistics	Nov-09	Full	None - designation confirmed on 11/12/09
5	UK Energy Sector Indicators	-	-	-
6	Statistics on Road Freight	Sep-09 extended to Dec '09	Full	Confirm designation
7	Prison Population Projections	Nov-09	Full	None - designation confirmed on 20/11/09
8	Migration Statistics	Nov-09	Full	None - designation confirmed on 11/12/09
9	Statistics on International Development and the ODA : GNI Ratio	Oct-09	Full	None - designation confirmed on 11/12/09
10	The Scottish Health Survey	Jan-10	-	-
11	Scottish House Condition Survey	Jan-10	-	-
12	Scottish Crime and Justice Survey	Jan-10	-	-

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13	Statistics on Children Looked After by Local Authorities in England	Feb-10	Full	None - designation confirmed on 11/12/09
14	Statistics on Children Looked After by Local Authorities in Scotland	Feb-10	-	-
15	Statistics on Children Looked After by Local Authorities in Wales	Feb-10	-	-
16	Statistics on Children Looked After by Health and Social Care Trusts in Northern Ireland	April-10	-	-
17	Wealth in Great Britain	May-10	-	-
18	National Child Measurement Programme	Dec-09 and Feb-10	Requirements 2 and 4 met Requirements 1 and 3 not due till Feb -10	None - await confirmation of implementation of remaining requirements
19	Average Weekly Earnings	Apr-10	-	-
20	Energy Statistics	June-10	-	-
21	18 Weeks Referral to Treatment Statistics		-	-
22	Agriculture	Mar-10	-	-
23	Child benefit Statistics	Mar-10	-	-
24	Producer Price Indices	Mar-10	-	-
25	Service Producer Price Indices	Mar-10	-	-
26	Scottish Household Survey outputs	Apr-10	-	-
27	Scottish Labour Market Statistics	Mar-10	-	-

UK STATISTICS AUTHORITY

SA(10)08

Proposals for Recording and Dealing with Breaches of the Code of Practice

Purpose

1. This paper proposes arrangements for reporting and dealing with breaches of the *Code of Practice*.

Recommendations

2. The Authority Board is invited to agree:
 - i. the proposed procedures for reporting and dealing with exemptions and breaches of the *Code of Practice*, and;
 - ii. publication of a webnote, and circulation to the Government Statistical Service (GSS) outlining the processes.

Discussion

3. The *Code of Practice* allows producers to apply for exemptions or exceptions to specific practices (preamble xii of the *Code*) - which is seldom, if ever done - and to publish details of those exemptions (principle 2, practice 5 of the *Code*). The *Code* requires some breaches (related to the inappropriate release of statistics before their publication) to be reported to the National Statistician. By implication, other breaches should be reported, but there is no clear requirement to do so.
4. The differing nature of practices in the *Code* is important context in defining a breach, and specifying a system for reporting breaches. Some practices in the *Code* relate to events - for example, "Issue statistical releases at the standard time of 9.30am on a weekday" (Protocol 2, Practice 4). In such cases it is very clear whether or not a breach has occurred, and it is easy to report it as such and to identify procedural changes needed to prevent recurrence. For other practices that are more ongoing in nature, it is harder to identify and report a breach. In these cases, if a producer suspects that they are non-compliant, it may be more appropriate for them to seek an exemption.
5. The current arrangements for reporting breaches are themselves rather ad hoc. Since 2008, breaches have been reported to the National Statistician, and her staff have passed details to the Assessment Team. The Team has then proposed whether it considers that a response from the UK Statistics Authority is needed; if so, the response has been compiled by the Assessment Team, and approved for publication by the Authority Chair or Deputy Chair responsible for Official Statistics. Breach Reports have been published on the Authority's website.

Importance of Reporting

6. There are a number of benefits of breach reporting. First, it enhances the transparency of the new arrangements, and helps to build trust in the Official Statistics system. Things will go wrong from time-to-time in any organisation such as a statistical producer body; being open about such circumstances, and publicising what improvements have been made to systems as a result of such events, are some of the positive ways to improve trust in the statistical system.
7. Second, consistent reporting of breaches could help to reveal broader issues across the statistical system that need to be further strengthened.

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8. The same logic applies to requests for exemptions and exceptions. All Assessment Reports to date have identified non-compliance with at least one of the *Code's* practices. Strictly speaking, we might have expected Heads of Profession (HoPs) to have identified this non-compliance themselves and to have sought exemptions, in the interests of transparency, ideally along with plans to address them. In practice of course HoPs have quite reasonably been awaiting the results of assessment in order to understand better the way that the Authority is interpreting the *Code*.

Guidance on Which Breaches to Report

9. We believe that breach reporting should be proportionate to the gravity of the breach, the effort involved in reporting, and the potential public consequences. Such public consequences may be:
 - any negative impact of reporting the breach;
 - a negative impact of not reporting a breach where the circumstances of the breach subsequently become public, or;
 - the positive impact of reporting improvements to systems made as a result of the breach.
10. We think it is helpful to distinguish between 'reportable' and 'non-reportable' breaches, and we suggest that a breach is reportable if at least one of the following listed below is met.
 - i. Statements or comments based on prior knowledge of the statistics are published ahead of the publication of the statistics (principle 3, practice 1).
 - ii. The professional independence of statisticians is challenged (principle 3, practices 2 to 4).
 - iii. Unpublished information is used for personal gain (principle 3, practice 7).
 - iv. Confidential (disclosive) information is inadvertently/inappropriately made available outside the producer body (principle 5, practices 1, 2, 5, 6).
 - v. Statistical reports have been released contrary to protocol 2 of the *Code*, including where the content of a statistical report has been made public, or available to key people outside the statistical production process who are not on the relevant pre-release access list (for example policy colleagues) (protocol 2).
11. In addition, we suggest that if a breach is part of a series of repeat 'non-reportable' breaches within the producer body, it should be regarded as 'reportable' if it is considered that making a public statement about learning from the breaches would be advantageous.

Procedure for Reporting

12. We propose that breaches should be reported to the National Statistician if any of the above criteria are met. The National Statistician's Office will decide what action is necessary, in consultation with the Assessment Team, and will produce the UK Statistics Authority's response. The response to be made, and any action to be taken, will be approved by both Richard Laux as Director of the Assessment Programme, and Caron Walker, as Head of Operations in the National Statistician's Office, on behalf of the Authority.
13. We consider it appropriate for any official body responsible for a 'reportable' breach of the *Code* to issue an initial public statement explaining the breach on both its own website and the Publication Hub, as soon as it is aware of the facts, and ideally no later than the time of the publication of the relevant statistics. This should be supplemented with the full breach Report within a week of the breach, unless agreed otherwise with the Authority.
14. In the interests of producer bodies reviewing their processes, and learning from

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shortcomings, 'non-reportable' breaches should be recorded within the producer body. We recommend that these are referred to, for example in organisational annual reports, along with details of improvements that have been made to strengthen the statistical system.

15. We plan to include a description of the procedures for reporting *Code* breaches in the *Code of Practice* when it is revised.

**Mark Pont, Assessment Team, and Caron Walker, National Statistician's Office,
January 2010**

