

# Assessment of compliance with the Code of Practice for Official Statistics

## Short-Term Economic Output Indicators

*(produced by the Office for National  
Statistics)*

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### **About the UK Statistics Authority**

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

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

The Statistics Authority has two main functions:

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

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## ASSESSMENT AND DESIGNATION

The *Statistics and Registration Service Act 2007* gives the UK Statistics Authority a statutory power to assess sets of statistics against the *Code of Practice for Official Statistics*.

Assessment will determine whether it is appropriate for the statistics to be designated as National Statistics.

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

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

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

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

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

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

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

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

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

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# 1 Summary of findings

## 1.1 Introduction

1.1.1 This is one of a series of reports<sup>1</sup> prepared under the provisions of the *Statistics and Registration Service Act 2007*<sup>2</sup>. The Act requires all statistics currently designated as National Statistics to be assessed against the Code of Practice for Official Statistics<sup>3</sup>. The report covers the National Statistics produced by the Office for National Statistics (ONS) and published in the following statistical bulletins:

- *Index of Production*<sup>4</sup>; and
- *Index of Services*<sup>5</sup>.

1.1.2 Although the Index of Services is a National Statistic, some components of the index are not National Statistics. ONS publishes these components as experimental statistics in the *Index of Services* statistical bulletin. This report also covers these experimental statistics.

1.1.3 This report was prepared by the Authority's Assessment team, and approved by the Board of the Statistics Authority on the advice of the Head of Assessment.

## 1.2 Decision concerning designation as National Statistics

1.2.1 The Statistics Authority judges that the statistics covered by this report are readily accessible, produced according to sound methods and managed impartially and objectively in the public interest, subject to any points for action in this report. The Authority confirms that the statistics listed in paragraph 1.1.1 are designated as National Statistics, and has determined that the statistics detailed in 1.1.2 can be designated as National Statistics, subject to ONS implementing the enhancements listed in section 1.5 and reporting to the Authority by January 2011 for Requirement 8 and by June 2011 for Requirements 1 to 7.

## 1.3 Summary of strengths and weaknesses

1.3.1 ONS engages well with main users of these statistics within government, but has had less engagement with other users. ONS is introducing a new user engagement strategy to tackle this.

1.3.2 These statistics are produced using methods that are consistent with other economic statistics produced by ONS. The UK is the only EU Member State to publish a monthly Index of Services (IoS). ONS carried out detailed reviews of the data sources and methods used for each service industry. These reviews informed the decision to make IoS a National Statistic in 2007.

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

<sup>2</sup> [http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga\\_20070018\\_en.pdf](http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga_20070018_en.pdf)

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

<sup>4</sup> <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=6230>

<sup>5</sup> <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=9333>

1.3.3 ONS explains significant changes to the methods used to produce these statistics in detailed articles. However, there is scope to improve the way in which these statistics are presented in the statistical bulletins.

## 1.4 Detailed recommendations

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

## 1.5 Requirements for designation as National Statistics

**Requirement 1** Take steps to develop a greater understanding of the use made of these statistics; publish the relevant information and assumptions and use them to better support the use of the statistics (para 3.2).

**Requirement 2** Improve the accessibility of information on ONS's website about the methods used to produce the Index of Production and publish more detailed information about these methods (para 3.8).

**Requirement 3** (a) Publish a plan to review the data sources and methods used to produce the experimental statistics components of the Index of Services, to ensure that these components are produced to a level of quality that meets users' needs;  
(b) include in the plan, feasibility work to improve the methods for deflating turnover data for service industries. The feasibility plan should include examination of suitable data sources, methods and international guidance, taking account of the implications for National Accounts as a whole; and  
(c) consult users about the plan (para 3.10).

**Requirement 4** Demonstrate effective stewardship of resources allocated to these statistics, including how expenditure is monitored against work programmes (para 3.15).

**Requirement 5** Improve the commentary and analysis in *Index of Production* and *Index of Services* to aid user interpretation and understanding (para 3.16).

**Requirement 6** Review the use of headline estimates based on volatile monthly data (para 3.17).

**Requirement 7**

Prepare a report about options for bringing forward the release dates for the Index of Services, and about the implications that this would have for the quality of the statistics (para 3.23).

**Requirement 8**

Ensure that all releases are issued at 9.30am on the day of release (para 3.24).



## 2 Subject of the assessment

- 2.1 The Index of Production (IoP) and the Index of Services (IoS) measure monthly changes in the volume of output of the UK production and service industries. The production industries comprise the manufacturing, mining and quarrying, and energy supply industries, which together account for around 17 per cent of output from the UK economy. The service industries include private sector and government services and account for around 74 per cent of output from the UK economy. (The remainder of the UK economy comprises the construction and agriculture industries.)
- 2.2 These statistics are important indicators of short-term changes in economic activity. They are used by the government, the Bank of England and a wide range of private sector organisations to monitor the performance of the UK economy. These statistics are also used as components of the output measure of gross domestic product (GDP(O)) and contribute to the quarterly and annual National Accounts. The National Accounts provide a comprehensive and systematic statistical description of the UK economy, and will be the subject of a separate assessment.
- 2.3 ONS publishes the IoP each month in a statistical bulletin called *Index of Production*, around 26 working days after the end of the reference month. It publishes the IoS in *Index of Services* around eight weeks after the end of the reference month. ONS also produces a Retail Sales Index (RSI), which is published just over two weeks after the reference month. The RSI is used as an additional indicator of short-term changes in economic activity. The retail component of the IoS uses RSI data in its compilation, although the RSI covers Great Britain whereas the IoS covers the UK. The RSI is the subject of a separate assessment that has been carried out in parallel to this one.
- 2.4 The IoP was first produced in the 1940s at a time when the production industries accounted for a dominant share of GDP. It was originally developed to enable changes in industrial production to be kept continually under review and that role remains relevant today. The UK is required to provide index of production data to Eurostat under the Short Term Statistics<sup>6</sup> (STS).
- 2.5 Since the 1940s, the service industries have grown in importance, creating the need for a timely indicator of growth in the output of service industries. ONS addressed this need by developing the IoS. Measuring output from the service sector is more complicated than for the production sector because of the diversity of activity within the sector and because the units of output cannot be easily defined. The IoS was first published as an experimental index in December 2000. Over the following 6 years, ONS carried out an industry by industry review<sup>7</sup> of the data sources and methods used to produce the IoS to determine whether the components of the IoS were of suitable quality to become National Statistics. The process was considered to establish a benchmark for the development of other statistics produced by ONS.

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<sup>6</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31998R1165:EN:HTML>

<sup>7</sup> <http://www.statistics.gov.uk/downloads/experimental/EvaluationReportForWeb.pdf>

- 2.6 In April 2007 the Index of Services was reclassified as a National Statistic. However, 19 per cent of its components remained as experimental statistics as it was considered too early to test fully the performance of improved methods introduced as a result of the review. These components are considered to be still in the testing phase and are not yet fully developed. In 2008, the share of the total index classified as experimental statistics rose to 26 per cent as a result of changes made to the presentation of the National Accounts which affected the financial services sector. The UK is the only EU Member State to produce an index of services on a monthly basis. ONS is considered a world leader in measuring monthly service sector growth and played a large role in drafting an Organisation for Economic Co-operation and Development (OECD) Index of Services Production Handbook<sup>8</sup>.
- 2.7 The UK's approach to producing the IoP and IoS is based on recording all of a business's activity against the primary industry of the business. This means that all of a business's turnover is classified to a single industry, even if it carries out a secondary activity which would otherwise be classified to a different industry. Although this approach complies with Eurostat's STS Regulation, it differs from the approach of most other EU Member States, which base their measures on the principle products of an industry, where changes in the volume or value of individual products are used to measure production. The main benefits of the UK approach are that it reduces the burden on respondents and ensures all activity is accounted for. The main disadvantages are that activity is classified less accurately, and it can be less straightforward to construct suitable price deflators.
- 2.8 Individual indices of the IoP are obtained from two main types of source data:
- output measured in turnover sales, which comes from the Monthly Business Survey (MBS) that ONS conducts; and
  - output measured in physical units, such as tonnes of coal or cubic metres of gas, which are provided by other government departments.

The IoS also uses turnover sales data from the MBS, but draws on a wider range of other data sources, including the use of direct volume measures and various proxies for output, such as employment numbers. The data sources include other ONS surveys, other government departments, trade bodies and private companies. These are described in more detail<sup>9</sup> on ONS's website.

- 2.9 Before 2010 ONS had two separate surveys, the Monthly Inquiry into the Production Industries (MPI) and the Monthly Inquiry into the Distribution and Services Sector (MIDSS). MPI was the principal source of turnover data for the IoP and its results were published in *Engineering Turnover and Orders Digest*<sup>10</sup> (ETOD). MIDSS was an important source of turnover and employment data for the IoS and its results were published in *Distributive and Services Trades*<sup>11</sup> (DST). In January 2010, ONS merged these two surveys into the new MBS.

<sup>8</sup> <http://www.oecd.org/dataoecd/9/55/37799074.pdf>

<sup>9</sup> <http://www.ons.gov.uk/about-statistics/user-guidance/ios-methodology/source-data/index.html>

<sup>10</sup> <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=326>

<sup>11</sup> <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1477&Pos=&ColRank=1&Rank=208>

The results are published in a new release, *Turnover and Orders in Production and Services Industries*<sup>12</sup> (*TOPSI*).

- 2.10 *TOPSI* is not a National Statistics publication. In 2006 a decision was taken to downgrade *TOPSI*'s predecessors, *ETOD*, from a National Statistics statistical bulletin to a set of tables published as a web release, without commentary or explanation. This change was to achieve efficiency savings. *TOPSI* has retained a similar format to *ETOD*. It comprises tables of turnover and orders in current prices, not seasonally adjusted, and does not include any commentary or explanation.
- 2.11 The IoP and IoS are constructed within ONS's Central Shared Database, the computer system used in compiling the UK National Accounts. The statistics are produced using National Accounts methods and share the same industry coverage as the corresponding quarterly series within GDP(O). Both series are seasonally adjusted. The IoS has a dedicated methodology page on ONS's website which describes the processes that are used produce the IoS. ONS told us that the marginal staff costs to produce the IoP and IoS are around £400,000 a year. The marginal staff costs of producing the MBS, which is used to produce these statistics and also GDP(O), is £1,687,000 a year.
- 2.12 The publication dates for the IoS are coordinated with publication dates for quarterly GDP estimates. In the first and second months of each quarter ONS publishes *Index of Services* on the same day as it publishes the First<sup>13</sup> and the Second<sup>14</sup> Estimates, respectively, of GDP for the previous quarter. In the third month of each quarter *Index of Services* is published on the first working day after *Quarterly National Accounts*<sup>15</sup>, providing an early indicator of economic activity for the following quarter.

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<sup>12</sup> <http://www.statistics.gov.uk/statbase/product.asp?vlnk=15359>

<sup>13</sup> *GDP Preliminary Estimate Statistical Bulletin*,

<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=406>

<sup>14</sup> *UK Output, Income and Expenditure Statistical Bulletin*,

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1129>

<sup>15</sup> <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=818>

### 3 Assessment findings

#### Principle 1: Meeting user needs

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

- 3.1 ONS takes steps to engage with the main users of these statistics in government. HM Treasury (HMT), the Bank of England and the Department of Trade and Industry (now the Department for Business, Innovation and Skills (BIS)) were represented on a steering group that oversaw the major review of the IoS that resulted in it being designated as National Statistics. ONS publishes summary quality reports for both the IoP<sup>16</sup> and IoS<sup>17</sup> that documents the uses of these statistics although there is scope for this to be more comprehensive. The triennial review of the Monthly Inquiry into the Production Industries (MPI) provides some documentation of the experiences of users of the IoP.
- 3.2 ONS statisticians told us that they are developing a new user engagement strategy for these statistics, to improve engagement with users. This will include a regular user feedback survey. The strategy complements a wider initiative across the whole of ONS to review the mechanisms for user engagement, which has been the subject of a public consultation<sup>18</sup>. There remains scope for ONS to provide more complete documentation of user needs for these statistics and of the experiences of users. As part of the designation as National Statistics, ONS should take steps to develop a greater understanding of the use made of these statistics; publish the relevant information and assumptions and use them to better support the use of the statistics<sup>19</sup> (Requirement 1).

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<sup>16</sup> <http://www.statistics.gov.uk/articles/nojournal/SummaryQualityReportforIndexofProduction.pdf>

<sup>17</sup> [http://www.statistics.gov.uk/articles/nojournal/SummaryQualityReport\\_IoS.pdf](http://www.statistics.gov.uk/articles/nojournal/SummaryQualityReport_IoS.pdf)

<sup>18</sup> <http://www.ons.gov.uk/about/consultations/user-engagement-strategy/index.html>

<sup>19</sup> In relation to Principle 1 Practice 2 of the Code of Practice

## Principle 2: Impartiality and objectivity

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

- 3.3 The presentation of the statistics in the releases is impartial and objective. Where there have been errors in the published outputs ONS told us that they have been corrected. *Index of Services* for April and May 2010 contained data that were inconsistent with the data contained in the *Quarterly National Accounts* and *GDP Preliminary Estimate* published on the same dates. The historical estimates of IoS were corrected in *Index of Services* for June<sup>20</sup> along with a correction notice.
- 3.4 *Index of Production* and *Index of Services* both state that they conform to the standard revisions policy for the National Accounts<sup>21</sup> although they do not state what that policy is. Each month, they include a statement about revisions and include a table that shows revisions that have been made since the previous estimates were published. We suggest that ONS provide a link in the statistical releases to the revisions policy for the National Accounts.

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<sup>20</sup> <http://www.statistics.gov.uk/pdfdir/ios0810.pdf>

<sup>21</sup> <http://www.ons.gov.uk/about-statistics/user-guidance/ios-methodology/nat-acc/index.html#5>

### **Principle 3: Integrity**

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

- 3.5 No incidents of political pressure or abuse of trust were reported to or identified by the Assessment team in the course of this assessment.
- 3.6 ONS statisticians are involved in press briefings at the time of statistical releases. This ensures that statistical experts can comment publicly on statistical issues, and minimises the opportunity for misinterpretation of the statistics.

## Principle 4: Sound methods and assured quality

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

- 3.7 *Index of Production* and *Index of Services* provide a summary of methods along with links to further information. There is a dedicated IoS methodology page on ONS's website from where a wide range of detailed information can be found about the methods used to produce the IoS, including its conceptual basis, source data, and quality assurance information. Some of the information provided on these web pages is out-of-date. We suggest that ONS review the content and presentation of information about the Index of Services on its website on a regular basis to ensure that it is up-to-date.
- 3.8 The IoP does not have an equivalent methodology page on ONS's website. ONS publishes occasional reports about the methods used to produce the IoP<sup>22</sup>, but it is difficult to find these on ONS's website. ONS produces additional information for internal use which may be of interest to many users. As part of the designation as National Statistics, ONS should improve the accessibility of information on its website about the methods used to produce the Index of Production and publish more detailed information about these methods<sup>23</sup> (Requirement 2).
- 3.9 ONS's website includes articles<sup>24</sup> that describe the programme of work carried out between 2000 and 2007 to improve the data and the methods used to produce the IoS. The review adopted Eurostat guidance<sup>25</sup> on acceptable methods. The review resulted in the proportion of IoS components based on acceptable methods rising from 46 per cent to 81 per cent. Almost half of the components that are based on methods classified as unacceptable (in accordance with the Eurostat guidance) come from Other Business Activities. The most significant problem is the shortage of appropriate service sector price indices to deflate turnover data. Services Producer Price Indices were the subject of a separate assessment (see footnote 1). In many of these cases, ONS uses the Average Weekly Earnings (AWE) index, which is classified as an unacceptable measure because it is not industry specific. ONS told us that this method is the best that is currently available, and that it is more advanced than the methods used in most other countries. The AWE was the subject of a separate assessment (see footnote 1).
- 3.10 ONS told us that the experimental components of the IoS would be the subject of a further quality review. A suitable time for such a review would be after the IoS has moved from the UK Standard Industrial Classification for 2003 (SIC03) to SIC07, since this move will have an impact on the data sources and methods used. The move to SIC07 will take place in 2011 as part of the process for producing the Blue Book for that year. As part of the designation as National Statistics, ONS should (a) publish a plan to review the data sources and

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<sup>22</sup> [http://www.statistics.gov.uk/articles/nojournal/Impact\\_in\\_IoP.pdf](http://www.statistics.gov.uk/articles/nojournal/Impact_in_IoP.pdf)

<sup>23</sup> In relation to Principle 4 Practice 1 of the Code of Practice

<sup>24</sup> <http://www.statistics.gov.uk/cci/article.asp?id=1741>

<sup>25</sup> [http://www.euklems.net/pub/eurostat\\_handbook\\_on\\_volumes\\_&\\_prices.pdf](http://www.euklems.net/pub/eurostat_handbook_on_volumes_&_prices.pdf)

methods used to produce the experimental statistics components of the Index of Services, to ensure that these components are produced to a level of quality that meets users' needs; (b) include in the plan, feasibility work to improve the methods for deflating turnover data for service industries. The feasibility plan should include examination of suitable data sources, methods and international guidance, taking account of the implications for National Accounts as a whole; and (c) consult users about the plan<sup>26</sup> (Requirement 3).

- 3.11 The quality reports for the IoP and IoS present information about the different dimensions of quality promulgated by Eurostat<sup>27</sup>. These reports note that there is a trade-off between the timeliness and accuracy of these statistics. Although the IoS is a monthly indicator, only around 57 per cent of the data are collected monthly, the remainder are collected quarterly or annually. The releases for the IoP and IoS present the results of revisions analysis, to provide some indication of the extent to which the numbers may subsequently be revised, based on what has happened in the past. The releases also include links to a spreadsheet that presents more detailed information about revisions. In 2007, ONS published an article, *Measures of accuracy for the Index of Production*<sup>28</sup>, which presented some analysis about the accuracy of the estimates, based on their sampling error. We suggest that ONS enhance the current range of quality measures for these statistics by publishing additional information about how non-sampling errors may result in biased estimates.

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<sup>26</sup> In relation to Principle 4 Practices 2 and 5 of the Code of Practice

<sup>27</sup> <http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=13578>

<sup>28</sup> [http://www.statistics.gov.uk/elmr/08\\_07/downloads/ELMR08\\_07Youll.pdf](http://www.statistics.gov.uk/elmr/08_07/downloads/ELMR08_07Youll.pdf)



## **Principle 5: Confidentiality**

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

- 3.12 ONS has assured us that it takes all necessary steps to protect the confidentiality of the data it collects.
- 3.13 Statistical disclosure control is applied to the turnover data collected by the MBS to ensure that no published information can be attributed directly to an individual or individual organisation. In cases where it may be possible to identify an individual or organisation at the level of aggregation used in the publication, that series is suppressed from the release.

## **Principle 6: Proportionate burden**

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

3.14 ONS reports the estimated costs of responding to business surveys in its annual Simplification Plan<sup>29</sup>. The merging of the MPI and MIDSS into the new MBS was the first step of a wider set of plans by ONS to rationalise monthly business surveys to produce an improved and standardised methodology. The MBS is expected to improve the quality of survey outputs while also lowering running costs and compliance costs. Respondents are encouraged to submit data using Telephone Data Entry (TDE) to minimise costs to ONS and data suppliers.

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<sup>29</sup> <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14683>

## Principle 7: Resources

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

- 3.15 The production of these statistics appears to be adequately resourced. ONS is required by European Regulation to produce an index of production. However, it is not clear how ONS monitors and reviews its expenditure on these statistics, to ensure the most efficient use of resources. One user expressed concern that the balance between IoS and IoP in terms of resource is not correct, with too much resource invested in the IoP, given the relatively small share of production in the economy. As part of the designation as National Statistics, ONS should demonstrate effective stewardship of resources allocated to these statistics, including how expenditure is monitored against work programmes<sup>30</sup> (Requirement 4).

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<sup>30</sup> In relation to Principle 7 Practice 4 of the Code of Practice

## Principle 8: Frankness and accessibility

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

- 3.16 *Index of Production* and *Index of Services* share a similar format. They both present a range of data with some useful, clear graphs and a detailed notes section that covers methods and data quality. Neither release includes information that describes what is included in terms of tables and subjects covered. The releases are factual, but do not provide much analysis of the figures to aid interpretation; nor do they include any narrative that places the statistics in a wider context. In some places, the clarity could be improved – for instance, by explaining the terms ‘gross value added’ (GVA) or ‘chained volume index’. As part of the designation as National Statistics, ONS should improve the commentary and analysis in *Index of Production* and *Index of Services* to aid user interpretation and understanding<sup>31</sup> (Requirement 5). We suggest that ONS consider including ‘UK’ in the title of these releases, to be consistent with the titles adopted for the equivalent releases for Wales and Northern Ireland.
- 3.17 Both releases provide a headline estimate based on the percentage growth in the index for the most recent month compared with the same month a year earlier. The background notes to the releases explain that the seasonally adjusted monthly data are volatile and recommend that users focus on the percentage change between the latest three months and the previous three months. As part of the designation as National Statistics, ONS should review the use of headline estimates based on volatile monthly data<sup>32</sup> (Requirement 6).
- 3.18 The IoP and IoS are designed to measure the change in the GVA of the production and services industries although this is not explained in *Index of Production*. Difficulties in measuring all of the outputs and inputs of an industry mean that in practice they measure changes in gross output and do not net off input costs. This is not explained in *Index of Production* nor in *Index of Services*. We suggest that, as part of implementing Requirement 5, ONS provide additional information in the statistical releases about the quality of these statistics as measures of gross value added.
- 3.19 The releases provide somewhat different accounts of how IoP and IoS are used within GDP(O). They do not make reference to other related statistics, for example, to the RSI, or to each other. They do not provide links to other economic outputs produced by ONS. The need to consult a wider range of users has been addressed under Principle 1. However, we also suggest that as part of its user engagement strategy, ONS seeks wider feedback on the content of the main releases, establishes whether there is a need for a user guide for these statistics and whether users would welcome commentary on the broader patterns emerging across these and other outputs, including the RSI.
- 3.20 Many users who contacted us regarding this assessment expressed dissatisfaction with ONS’s website, which is very difficult to navigate. This has been discussed in previous assessment reports. ONS has told us that it has a

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<sup>31</sup> In relation to Principle 8 Practice 2 of the Code of Practice

<sup>32</sup> In relation to Principle 8 Practice 2 of the Code of Practice

development programme to improve its website, which is aiming to deliver improvements in 2011.

- 3.21 Although *TOPSI* is not a National Statistics publication, or part of this assessment, the Assessment team identified a number of ways in which the quality of the release could be improved: the addition of a front page; the inclusion of a publication date in the release; the addition of a short introduction that provides some information about these statistics and links to where additional information can be found, for example, the *Summary Quality Report for the Monthly Business Survey (Production & Services)*<sup>33</sup>. We suggest that ONS review the information that accompanies the statistics that are published in *TOPSI*.

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<sup>33</sup> <http://www.ons.gov.uk/about-statistics/methodology-and-quality/quality/qual-info-economic-social-and-bus-stats/quality-reports-for-business-statistics/summary-quality-report-for-the-monthly-business-survey--production---services-.pdf>

## **Protocol 1: User engagement**

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

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

## Protocol 2: Release practices

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

- 3.23 The timeliness of these statistics is particularly important given their uses as indicators of the most recent developments in the UK economy. ONS told us that it is considering options for bringing forward the release dates for the IoS to coincide with the release dates for the IoP. As part of the designation as National Statistics, ONS should prepare a report about options for bringing forward the release dates for the Index of Services, and about the implications that this would have for the quality of the statistics<sup>34</sup> (Requirement 7).
- 3.24 Both statistical releases are accessible from ONS's website and the National Statistics Publication Hub. ONS releases the statistics at 9.30am, although as noted in Assessment Report 34 (see footnote 1)<sup>35</sup> (*Labour Market Statistics* produced by ONS) there is sometimes a delay before releases are available on ONS's website. ONS informed us that this matter is being reviewed as part of its web development programme, which is due to be delivered in 2011. As part of the designation as National Statistics ONS should ensure that all releases are issued at 9.30am on the day of release<sup>36</sup> (Requirement 8).
- 3.25 Twenty people are included on the pre-release access list for *Index of Production*, of whom ten individuals are from HMT. Eighteen people are included on the pre-release access list for the *Index of Services*, of whom thirteen are from HMT. ONS has completed a corporate review of pre-release access lists, in order to minimise them.

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<sup>34</sup> In relation to Protocol 2 Practice 1 of the Code of Practice

<sup>35</sup> <http://www.statisticsauthority.gov.uk/assessment/assessment-reports/index.html>

<sup>36</sup> In relation to Protocol 2 Practice 4 of the Code of Practice and previously specified in Assessment Reports 34, 45, 47 and 56.

### **Protocol 3: The use of administrative sources for statistical purposes**

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

3.26 As a department, ONS uses a lot of administrative data. ONS has published a Statement of Administrative Sources<sup>37</sup> which lists the administrative sources used in the production of official statistics, and those with a potential use.

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<sup>37</sup> <http://www.ons.gov.uk/about-statistics/ns-standard/cop/statement-of-administrative-sources/index.html>



## Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to ONS's Index of Production and Index of Services, in the interest of the public good. These are not formally required for designation, but the Assessment team considers that their implementation will improve public confidence in the production, management and dissemination of official statistics.

- |                     |   |
|---------------------|---|
| <b>Suggestion 1</b> | Provide a link in the statistical releases to the revisions policy for the National Accounts (para 3.4).  |
| <b>Suggestion 2</b> | Review the content and presentation of information about the Index of Services on ONS's website on a regular basis to ensure that it is up-to-date (para 3.7).  |
| <b>Suggestion 3</b> | Enhance the current range of quality measures for these statistics by publishing additional information about how non-sampling errors may result in biased estimates (para 3.11).   |
| <b>Suggestion 4</b> | Consider including 'UK' in the title of these releases, to be consistent with the titles adopted for the equivalent releases for Wales and Northern Ireland (para 3.16).  |
| <b>Suggestion 5</b> | Provide additional information in the statistical releases about the quality of these statistics as measures of gross value added, as part of implementing Requirement 5 (para 3.18).   |
| <b>Suggestion 6</b> | Seek wider feedback on the content of the main releases, as part of implementing Requirement 1; to establish whether there is a need for a user guide for these statistics; and whether users would welcome commentary on the broader patterns emerging across these and other outputs, including the Retail Sales Index (para 3.19). |
| <b>Suggestion 7</b> | Review the information that accompanies the statistics that are published in <i>Turnover and orders in production and services industries</i> (para 3.21).  |

## Annex 2: Summary of assessment process and users' views

A2.1 This assessment was conducted from July to October 2010.

A2.2 The Assessment team – Neil Jackson and Kat Pegler – agreed the scope of and timetable for this assessment with representatives of ONS in July. The Written Evidence for Assessment was provided in September. The Assessment team subsequently met ONS during September to review compliance with the Code of Practice, taking account of the written evidence provided and other relevant sources of evidence.

### Summary of users contacted, and issues raised

A2.3 Part of the assessment process involves our consideration of the views of users. We approach some known and potential users of the set of statistics, and we invite comments via an open note on the Authority's website. This process is not a statistical survey, but it enables us to gain some insights about the extent to which the statistics meet users' needs and the extent to which users feel that the producers of those statistics engage with them. We are aware that responses from users may not be representative of wider views, and we take account of this in the way that we prepare assessment reports.

A2.4 The Assessment team received 13 responses from the user consultation. The respondents were grouped as follows:

|                            |   |
|----------------------------|---|
| Government departments     | 3 |
| Arm's length bodies        | 2 |
| Trade bodies               | 4 |
| Private sector             | 1 |
| International organisation | 1 |
| Academia                   | 2 |

A2.5 Users were generally happy with the *Index of Production* and *Index of Services*. Some users commented that the releases could be more focussed and links to the detailed tables could be clearer. Many users indicated that they would like the data to be provided at a greater level of detail. Users were happy with the way in which ONS responds to their enquiries, stating that they replied promptly and that they were knowledgeable and professional. Some users commented about the difficulty they experience in navigating the ONS website and would like data and associated documentation to be more easily accessible.

### Key documents/links provided

Written Evidence for Assessment document



