

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

## Statistics on Public Sector Expenditure

*(produced by HM Treasury)*

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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 of compliance with the Code of Practice for Official Statistics**

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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 set of statistics reported in *Public Expenditure Statistical Analysis*<sup>4</sup> (*PESA*), *Public Expenditure Outturns*<sup>5</sup> (*PEO*) and *UK Official Holdings of International Reserves*<sup>6</sup> (*UK Reserves*) produced by HM Treasury (HMT).

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

## 1.2 Decision concerning designation as National Statistics

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

## 1.3 Summary of strengths and weaknesses

1.3.1 The statistics presented in *PESA* and *PEO* are produced almost entirely using administrative data. This means that they have a wide coverage of public sector expenditure whilst placing minimal burden on respondents.

1.3.2 *PESA*, *PEO* and *UK Reserves* contain very little commentary to describe or explain trends in the statistics, and very little information about the quality of the statistics to aid user interpretation.

## 1.4 Detailed recommendations

1.4.1 The Assessment team identified some areas where it felt that HMT 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

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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.hm-treasury.gov.uk/pespub\\_pesa11\\_natstats.htm](http://www.hm-treasury.gov.uk/pespub_pesa11_natstats.htm)

<sup>5</sup> [http://www.hm-treasury.gov.uk/pespub\\_natstats\\_feb2011.htm](http://www.hm-treasury.gov.uk/pespub_natstats_feb2011.htm)

<sup>6</sup> [http://www.hm-treasury.gov.uk/d/pn\\_113\\_11.pdf](http://www.hm-treasury.gov.uk/d/pn_113_11.pdf)

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

- |                      |   |
|----------------------|---|
| <b>Requirement 1</b> | Investigate and document the use made of statistics published in <i>PESA</i> , <i>PEO</i> and <i>UK Reserves</i> and take steps to engage more effectively with a wider range of users of these statistics (para 3.2).  |
| <b>Requirement 2</b> | Publish more up-to-date information about user feedback in relation to the use of these statistics (para 3.3).  |
| <b>Requirement 3</b> | Investigate whether changes to statistics presented in <i>PESA</i> and <i>PEO</i> could be announced in advance and publish the findings (para 3.5).  |
| <b>Requirement 4</b> | Expand the published revisions policy to include <i>UK Reserves</i> and provide information about the nature and extent of revisions to these statistics when they are published (para 3.6).  |
| <b>Requirement 5</b> | Review the arrangements for producing and publishing <i>PESA</i> and the <i>PESA Command Paper</i> to ensure that: (a) the Head of Profession's decision on the timing of <i>PESA</i> is not constrained by the Parliamentary Calendar; (b) the two documents can be readily distinguished from each other; and (c) the <i>PESA Command Paper</i> includes a prominent link to <i>PESA</i> (para 3.11). |
| <b>Requirement 6</b> | Publish full details of the methods used to produce <i>PESA</i> and <i>PEO</i> (para 3.12).   |
| <b>Requirement 7</b> | Review the quality assurance and production procedures for <i>PESA</i> as part of the implementation of 'Project OSCAR' and publish information about the findings (para 3.13).   |
| <b>Requirement 8</b> | Publish information about the quality, including the strengths and limitations, of the statistics presented in <i>PESA</i> , <i>PEO</i> and <i>UK Reserves</i> (para 3.14).   |
| <b>Requirement 9</b> | Improve the commentary and analysis in <i>PEO</i> and <i>UK Reserves</i> to aid user interpretation of the statistics and publish a plan to improve the commentary and analysis in <i>PESA</i> (para 3.20).   |

## 2 Subject of the assessment

### *Public Expenditure Statistics*

- 2.1 The main statistical release for public expenditure is *PESA*, an annual HMT publication that presents analyses of public expenditure by government department, by function and by economic category. It also includes a Country and Regional Analysis<sup>7</sup> of public expenditure. HMT publishes updated estimates of key public expenditure series three times a year, in a separate statistical release, *PEO*.
- 2.2 HMT publishes *Public Expenditure Statistical Analyses Command Paper*<sup>8</sup> (*PESA Command Paper*) each year, shortly after it has published the *PESA* statistical release, to present information on public expenditure to Parliament. Previously, HMT released these statistics through the *PESA Command Paper*, but in 2008 it produced a separate statistical release to allow the Head of Profession for statistics to have more control over the methods, content and timing of the publication of the statistics. The two documents are still very similar, although the *PESA Command Paper* also includes information about the government's expenditure plans over the Spending Review period.
- 2.3 This year, HMT is changing the publication date of *PESA* from April to July and, exceptionally, has published *PESA* in both of these months. The July publication date allows the release to include outturn expenditure estimates for the most recent financial year. In future the updated estimates presented in *PEO* will be published in February, April and October.
- 2.4 *PESA* presents analyses of public expenditure on two separate bases, a Consolidated Budgeting framework<sup>9</sup> and a Total Expenditure on Services (TES) framework<sup>10</sup>. The budgeting framework is used by the government to plan and control public expenditure. It presents expenditure by government departments, agencies, non-departmental public bodies and some public corporations. The TES Framework follows National Accounts classifications<sup>11</sup> to show the level of expenditure made to deliver public services. It presents expenditure statistics by function<sup>12</sup>, by economic category and by country and region. The TES framework provides a more stable measure of public expenditure than departmental budgets, as it is not affected by machinery of government changes. *PESA* presents tables that reconcile the statistics presented on these two different bases.
- 2.5 Public expenditure statistics are used by the National Audit Office to make comparisons between budgeted and outturn expenditure, which provides an important indicator of government performance in managing and controlling public expenditure. The statistics provide Parliament and the public with

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<sup>7</sup> [http://www.hm-treasury.gov.uk/pespub\\_country\\_regional\\_analysis.htm](http://www.hm-treasury.gov.uk/pespub_country_regional_analysis.htm)

<sup>8</sup> [http://www.hm-treasury.gov.uk/pespub\\_pesa11.htm](http://www.hm-treasury.gov.uk/pespub_pesa11.htm)

<sup>9</sup> [http://www.hm-treasury.gov.uk/psr\\_bc\\_consolidated\\_budgeting.htm](http://www.hm-treasury.gov.uk/psr_bc_consolidated_budgeting.htm)

<sup>10</sup> [http://www.hm-treasury.gov.uk/pespub\\_pesa\\_tes\\_framework.htm](http://www.hm-treasury.gov.uk/pespub_pesa_tes_framework.htm)

<sup>11</sup> <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/na-classifications/index.html>

<sup>12</sup> Using the United Nations Classification of the Functions of Government; <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4&Top=1&Lg=1>

information about how much public money is spent on different public services and how this is changing over time. The statistics also provide information about the extent to which each part of the UK (England and the nine English regions, Wales, Scotland and Northern Ireland) benefit from public expenditure.

- 2.6 The majority of the statistics presented in *PESA* are based on data from the Combined On-Line Information System<sup>13</sup> (COINS), the database that HMT uses to collate information on public expenditure. HMT estimates that the direct staff costs associated with producing these statistics is around £90,000 a year.

#### *UK Official Holdings of International Reserves*

- 2.7 *UK Reserves* is a monthly press notice, produced jointly by HMT and the Bank of England, which presents information about movements in the UK's official holdings of international reserves. The reserves are a pool of liquid financial assets that consist of gold, foreign currency assets and International Monetary Fund (IMF) assets. The UK Government has official holdings that are managed on a day-to-day basis by the Bank. The reserves are maintained primarily so that the UK Government's reserves could be used to intervene to support sterling. The UK reserves also include holdings which are owned and managed by the Bank, and which the Bank could use to support its monetary policy objectives. The press notice is the official mechanism by which the size of any such interventions are announced and explained.
- 2.8 *UK Reserves* provides the public, Parliament and international markets with information about the position of the UK's foreign currency reserves. Journalists use the information to report on the Government's financial transactions in foreign currency. The IMF publishes<sup>14</sup> comparisons between the reserves of different member states, and uses this information to inform its assessment of the sufficiency of international reserves. In the 2011 Budget<sup>15</sup>, the Chancellor announced a strategy for financing the reserves. HMT told us that it expected this announcement to increase the level of interest in, and scrutiny of, the size of the reserves.
- 2.9 The official reserves are largely held in the Exchange Equalisation Account<sup>16</sup> (EEA). The Bank conducts all EEA operations on behalf of HMT. A necessary part of the Bank's role is to collate and provide HMT with data on the UK's reserve holdings which HMT uses to produce *UK Reserves*. The Bank publishes<sup>17</sup> reserves data in spreadsheet format on its website later on the day that *UK Reserves* is published on HMT's website. The Bank publishes more detailed statistics than those presented in *UK Reserves*, but does not provide any commentary. HMT estimates that the marginal cost of producing *UK Reserves* is the equivalent of around one full-time staff day per month at HMT. The cost borne by the Bank, and charged to HMT, is approximately the same.

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<sup>13</sup> <http://data.gov.uk/dataset/coins>

<sup>14</sup> <http://www.imf.org/external/np/sta/cofer/eng/index.htm>

<sup>15</sup> <http://www.hm-treasury.gov.uk/2011budget.htm>

<sup>16</sup> [http://www.hm-treasury.gov.uk/ukecon\\_eea\\_index.htm](http://www.hm-treasury.gov.uk/ukecon_eea_index.htm)

<sup>17</sup> <http://www.bankofengland.co.uk/statistics/reserves/index.htm>

### 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 HMT engages with users of these statistics primarily by responding to ad hoc queries via email. HMT keeps records of the queries received, and uses them in deciding what changes to make to the releases. For example, HMT introduced the accounting adjustments tables to *PESA* in response to such queries. HMT tends not to engage proactively with users of these statistics but does engage with key users, primarily within government and with the Bank of England, through formal meetings, conferences and professional fora.
- 3.2 HMT has published a document<sup>18</sup> on its website which details how it engages with users, and which includes a list of known users and the uses made of HMT's statistics. The list of uses is very brief and focuses mainly on use within HMT. As part of the designation as National Statistics, HMT should investigate and document the use made of statistics published in *PESA*, *PEO* and *UK Reserves* and take steps to engage more effectively with a wider range of users of these statistics<sup>19</sup> (Requirement 1). We suggest that HMT refer to the types of use put forward in the Statistics Authority's Monitoring Brief, *The Use Made of Official Statistics*<sup>20</sup> when documenting use.
- 3.3 In 2006, HMT carried out a full public user consultation about *PESA* and published the results<sup>21</sup> on its website. This included some information about user experiences of these statistics. HMT also carried out a further consultation in 2010, but received a poor response. HMT told us that it did not publish the results of this consultation as the priorities of the new coalition government made the issues raised less relevant. HMT plans to consult users of the Country and Regional Analysis, but currently has no timetable for this. As part of the designation as National Statistics, HMT should publish more up-to-date information about user feedback in relation to the use of these statistics<sup>22</sup> (Requirement 2).

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<sup>18</sup> [http://www.hm-treasury.gov.uk/d/statistics\\_user\\_engagement.pdf](http://www.hm-treasury.gov.uk/d/statistics_user_engagement.pdf)

<sup>19</sup> In relation to Principle 1, Practices 1 and 2 of the *Code of Practice*

<sup>20</sup> <http://www.statisticsauthority.gov.uk/assessment/monitoring-briefs/monitoring-brief-6-2010---the-use-made-of-official-statistics.pdf>

<sup>21</sup> [http://webarhive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/pespub\\_consult.htm](http://webarhive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/pespub_consult.htm)

<sup>22</sup> In relation to Principle 1, Practice 5 of the *Code of Practice*

## Principle 2: Impartiality and objectivity

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

- 3.4 HMT makes its statistics available to all, free of charge, on its website. No charges are made for supplementary analyses or services.
- 3.5 When HMT introduced a more detailed presentation of the accounting adjustments table in *PESA*, it announced the change in advance. HMT also published the old table and the new table alongside each other, when the new table was first introduced, to allow users to compare the old and the new approach. Many of the changes made to the statistics on public sector expenditure are driven by changes in the organisation of central government and the budgeting framework. HMT told us that it is not usually aware of such changes before they occur, and so it is unable to announce changes to the statistics in advance. As part of the designation as National Statistics, HMT should investigate whether changes to statistics presented in *PESA* and *PEO* could be announced in advance and publish the findings<sup>23</sup> (Requirement 3).
- 3.6 HMT has published a revisions policy<sup>24</sup> on its website, outlining the procedures for both scheduled and unscheduled revisions and detailing specific policies for individual releases. The revisions policy makes it clear that all statistics published in every release of *PESA* and *PEO* may be subject to revisions. The releases themselves do not make clear the extent to which revisions have been made, nor their magnitude, and do not provide a link to the revisions policy. *UK Reserves* is not specifically mentioned in the revisions policy, although the release states that the Bank of England may sometimes make revisions to the detailed reserves statistics that it publishes, and directs users to the Bank's website for further information. It is not made clear how revisions made by the Bank affect the statistics presented in *UK Reserves*. As part of the designation as National Statistics, HMT should expand the published revisions policy to include *UK Reserves* and provide information about the nature and extent of revisions to these statistics when they are published<sup>25</sup> (Requirement 4). We suggest that HMT provide a link to the revisions policy from each of the releases for these statistics.
- 3.7 HMT alerted users to minor errors in the detailed data in *PESA* in 2004, 2005, 2006, 2007 and 2009. HMT told us that these were mainly processing errors due in part to late submission of data by departments, and that they did not affect the headline numbers. Errors are usually uncovered by the producer team itself within a few weeks of publication, and are rectified promptly. No recent errors have been discovered in *UK Reserves*.

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<sup>23</sup> In relation to Principle 2, Practice 4 of the *Code of Practice*

<sup>24</sup> [http://www.hm-treasury.gov.uk/d/statistics\\_revision\\_policy.pdf](http://www.hm-treasury.gov.uk/d/statistics_revision_policy.pdf)

<sup>25</sup> In relation to Principle 2, Practice 6 of the *Code of Practice*

### 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.**

- 3.8 No incidents of political pressures, abuses of trust or complaints relating to professional integrity, quality or standards were reported to or identified by the Assessment team.
- 3.9 To ensure that those producing statistical reports are protected from political pressures, each submission that goes to ministers includes a statement to indicate that the decisions on content and timing are the sole responsibility of the Head of Profession. The Assessment team considers this to be an example of good practice.
- 3.10 *UK Reserves* was produced, until recently, as a joint publication with the Bank of England. HMT told us that it has always considered this to be a HMT release and has rebranded the publication to reflect this. The Assessment team welcomes this change, which provides clarity on where responsibilities lie for these statistics.
- 3.11 The arrangements for publishing the *PESA Command Paper* impose some constraints on the timing of *PESA*. HMT told us that it would be problematic to move back the *PESA* publication date significantly to give more time for quality assurance, since the subsequent publication of the *PESA Command Paper* has always been published while Parliament is sitting and is subject to ministerial approval. More generally, the tables, text and format of *PESA* and the *PESA Command Paper* are almost identical, and it is difficult for users to distinguish the two documents. There is no link to the *PESA* release from the *PESA Command Paper*. As part of the designation as National Statistics, HMT should review the arrangements for producing and publishing *PESA* and the *PESA Command Paper* to ensure that: (a) the Head of Profession's decision on the timing of *PESA* is not constrained by the Parliamentary Calendar; (b) the two documents can be readily distinguished from each other; and (c) the *PESA Command Paper* includes a prominent link to *PESA*<sup>26</sup> (Requirement 5).

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<sup>26</sup> In relation to Principle 3, Practice 3 and Protocol 2, Practice 9 of the *Code of Practice*

## Principle 4: Sound methods and assured quality

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

- 3.12 Each chapter of *PESA* contains details of the methods used to produce the statistics presented within that chapter. HMT told us that it adopts this approach as some users only use individual chapters. *PEO* contains a paragraph about sources and methods but does not direct users to where further information can be found. The information that is available is not sufficiently detailed. For example, it does not provide information about the Consolidated Budgeting and National Accounts frameworks that are used to compile the statistics. *UK Reserves* is produced in line with the International Monetary Fund's (IMF) International Reserves Template<sup>27</sup> which is based on the Special Data Dissemination Standard<sup>28</sup> (SDDS). This Template sets out how the statistics should be presented and the IMF produce detailed guidance<sup>29</sup> which explains the methods used. HMT follows this guidance fully in the production of *UK Reserves* and has recently added a link to this guidance from the release. As part of the designation as National Statistics, HMT should publish full details of the methods used to produce *PESA* and *PEO*<sup>30</sup> (Requirement 6).
- 3.13 HMT has published a quality statement<sup>31</sup> on its website which outlines its policy on quality in relation to the six dimensions of the European Statistical System Quality Framework. HMT told us that it carries out a great deal of quality assurance on the data contained in COINS. Much of this quality assurance is aimed at ensuring that transactions are classified consistently across departments. HMT pays most attention to areas where errors occur most frequently. HMT told us that even where errors do occur in the underlying COINS data, this is very unlikely to affect the statistics published in *PESA* or *PEO* due to the level of aggregation used. All of the quality assurance processes used are fully documented and are stored on HMT's central records store. In the light of the number of historic corrections to the detailed data in *PESA* (see paragraph 3.7), the Assessment team considers that there may be a need for HMT to strengthen the arrangements for quality assuring these statistics. HMT told us that it is currently reviewing COINS and plans to replace it with OSCAR (Online System for Central Accounting and Reporting) in 2012. HMT has published information<sup>32</sup> about 'Project OSCAR' on its website. As part of the designation as National Statistics, HMT should review the quality assurance and production procedures for *PESA* as part of the implementation of 'Project OSCAR' and publish information about the findings<sup>33</sup> (Requirement 7).

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<sup>27</sup> <http://dsbb.imf.org/images/pdfs/appendix.pdf>

<sup>28</sup> <http://dsbb.imf.org/pages/sdds/home.aspx>

<sup>29</sup> <http://dsbb.imf.org/images/pdfs/opguide.pdf>

<sup>30</sup> In relation to Principle 4, Practice 1 of the *Code of Practice*

<sup>31</sup> [http://www.hm-treasury.gov.uk/d/statistics\\_quality\\_statement.pdf](http://www.hm-treasury.gov.uk/d/statistics_quality_statement.pdf)

<sup>32</sup> HMT to provide link

<sup>33</sup> In relation to Principle 4, Practice 3 of the *Code of Practice*

3.14 Both *UK Reserves* and *PESA* contain statements about the quality of the statistics, but these statements are not very detailed. The quality statement in *UK Reserves* simply states that the release uses the latest data and that quality assurance is carried out by the Bank. *PESA* goes further than this by listing some factors that can adversely affect the quality of the statistics but doesn't comment on the extent to which quality is actually affected. As part of the designation as National Statistics, HMT should publish information about the quality, including the strengths and limitations, of the statistics presented in *PESA*, *PEO* and *UK Reserves*<sup>34</sup> (Requirement 8).

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<sup>34</sup> In relation to Principle 4, Practice 2 and Principle 8, Practice 1 of the *Code of Practice*

## 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.**

3.15 HMT has assured us that it takes all necessary steps to protect the confidentiality of the data it collects. Very little of the data used to compile the statistics on public expenditure is considered sensitive and the statistics are presented at a sufficiently high level of aggregation that they do not reveal any of this sensitive data. Data held in COINS are redacted where they are considered to be sensitive. HMT has published a confidentiality policy<sup>35</sup> on its website and all members of staff who have access to administrative data underlying official statistics before publication are required to sign a declaration of confidentiality for official statistics.

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<sup>35</sup> [http://www.hm-treasury.gov.uk/d/statistics\\_confidentiality\\_statement.pdf](http://www.hm-treasury.gov.uk/d/statistics_confidentiality_statement.pdf)

## **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.**

- 3.16 HMT expects that the introduction of OSCAR in 2012 will simplify the arrangements for data recording and will deliver improvements to the quality of the data and reductions in the burden placed on those who input data.
- 3.17 The Country and Regional Analysis that forms part of *PESA* is not produced using data from COINS; it is produced using data collected via a questionnaire that is sent to government departments. The cost to supplying departments is approximately £60,000 per year. HMT told us that it plans to hold a consultation later this year on the possibility of changing the scope and methods of these statistics to reduce this burden.

## 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.**

- 3.18 HMT has produced a business plan for 2010/11 which includes estimates of the number of staff engaged in both statistical activities and user consultation. There is no clear evidence of how HMT monitors expenditure against the work programme or how it records the relationships between planning, the work programme and outcomes. We suggest that HMT keep clear records showing the relationship between statistical planning, the work programme and outcomes.
- 3.19 HMT follows the Government Statistical Service and HMT competence development and recruitment frameworks.

## Principle 8: Frankness and accessibility

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

- 3.20 *PESA*, *PEO* and *UK Reserves* contain very little commentary to describe the movements or trends in the statistics and give no explanation of the reasons for the changes observed. Charts are used to illustrate trends in *UK Reserves* only, and these charts cover only a 12-month period. As part of the designation as National Statistics, HMT should improve the commentary and analysis in *PEO* and *UK Reserves* to aid user interpretation of the statistics and publish a plan to improve the commentary and analysis in *PESA*<sup>36</sup> (Requirement 9). We suggest that in meeting this requirement HMT should consider the points detailed in annex 2.
- 3.21 HMT told us that all of the data contained in the COINS database are released into the public domain to increase transparency on Government spending, although some of the data are sensitive and are redacted for security and commercial reasons. Comments from users on data.gov.uk<sup>37</sup>, where the data are released, suggest that many users have great difficulty accessing these data. Data have been reproduced by third-party websites including the Guardian<sup>38</sup> and WhereDoesMyMoneyGo?<sup>39</sup>. HMT told us that it recognises the difficulties that users have in accessing these data. In response, it has released additional summary data and also held a user seminar in 2010 to demonstrate how users can replicate the statistics presented in *PESA* from COINS. HMT told us that the introduction of OSCAR should improve the accessibility of these data.
- 3.22 HMT statistical releases are stored as records on the departmental knowledge management system ready for future storage in the National Archives. Snapshots of the COINS database are taken at various points in time.

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<sup>36</sup> In relation to Principle 8, Practice 2 of the *Code of Practice*

<sup>37</sup> <http://data.gov.uk/dataset/coins>

<sup>38</sup> <http://coins.guardian.co.uk/coins-explorer/search>

<sup>39</sup> <http://coins.wheredoesmymoneygo.org/coins>

## **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.**

3.23 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.**

- 3.24 HMT has published a timetable<sup>40</sup> of forthcoming statistical releases on its website and makes its statistics available via the National Statistics Publication Hub. HMT releases were not available through the Publication Hub until recently. HMT told us that this was due to a change in its IT provider which took considerable work with the Publication Hub team to resolve.
- 3.25 *PESA*, *PEO* and *UK Reserves* all contain generic contact details. HMT told us that it plans to include the name and contact details of the responsible statistician in the next releases of *PESA*, *PEO* and *UK Reserves*.
- 3.26 Pre-release access lists<sup>41</sup> are available for each statistical release and are accessible via HMT's website. HMT has reported four breaches of the *Code*, all in relation to providing unauthorised access to official statistics before publication. The first concerned *Public Sector Finances*<sup>42</sup>, produced jointly by HMT and ONS. The other breaches involved *Labour Market Statistics*<sup>43</sup>, *Producer Price Indices*<sup>44</sup> and *Consumer Price Indices*<sup>45</sup> produced by ONS. None of the breaches resulted in data reaching the public domain prematurely and in each case HMT submitted a breach report to the UK Statistics Authority which set out the corrective procedures taken to prevent a recurrence.
- 3.27 In July 2010, HMT delayed the release of *PEO* due to the discovery of errors in the underlying data held on the COINS database. The reason for the delay, along with a revised release date, was announced on HMT's website.

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<sup>40</sup> [http://www.hm-treasury.gov.uk/natstats\\_prog.htm](http://www.hm-treasury.gov.uk/natstats_prog.htm)

<sup>41</sup> [http://www.hm-treasury.gov.uk/national\\_statistics.htm](http://www.hm-treasury.gov.uk/national_statistics.htm)

<sup>42</sup> <http://www.statisticsauthority.gov.uk/news/breach-of-code-of-practice---pre-release-access--public-sector-finances--january-2009.pdf>

<sup>43</sup> <http://www.statisticsauthority.gov.uk/news/investigation-into-the-premature-release-of-office-for-national-statistics-labour-market-statistics--may-2009.pdf>

<sup>44</sup> <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/breach-reports/producer-price-indices.pdf>

<sup>45</sup> <http://www.statisticsauthority.gov.uk/reports---correspondence/correspondence/letter-from-sir-michael-scholar-to-chancellor-of-the-exchequer---26052011.pdf>

### **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.**

3.28 HMT has published a comprehensive Statement of Administrative Sources<sup>46</sup> on its website.

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<sup>46</sup> [http://www.hm-treasury.gov.uk/d/statistics\\_administrative\\_sources.pdf](http://www.hm-treasury.gov.uk/d/statistics_administrative_sources.pdf)

## Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to *PESA*, *PEO* and *UK Reserves*, 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.

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|---------------------|---|
| <b>Suggestion 1</b> | Refer to the types of use put forward in the Statistics Authority's Monitoring Brief, <i>The Use Made of Official Statistics</i> when documenting use (para 3.2). |
| <b>Suggestion 2</b> | Provide a link to the revisions policy from each of the releases for these statistics (para 3.6).   |
| <b>Suggestion 3</b> | Keep clear records showing the relationship between statistical planning, the work programme and outcomes (para 3.18).  |
| <b>Suggestion 4</b> | Consider the points detailed in annex 2, in seeking to improve the statistical releases (para 3.20).  |

## Annex 2: Compliance with Standards for Statistical Releases

- A2.1 In October 2010, the Statistics Authority issued a statement on *Standards for Statistical Releases*<sup>47</sup>. Whilst this is not part of the *Code of Practice for Official Statistics*, the Authority regards it as advice that will promote both understanding and compliance with the *Code*. In relation to the statistical releases associated with statistics on public expenditure, this annex comments on compliance with the statement on standards.
- A2.2 In implementing any Requirements of this report (at paragraph 1.5) which relate to the content of statistical releases, we encourage the producer body to apply the standards as fully as possible.

### Appropriate identification of the statistics being released

- A2.3 The title of *UK Reserves* describes the coverage and the point in time to which the statistics relate. It would be more appropriate for these statistics to be released through a statistical release rather than a press notice. Neither *PESA* nor *PEO* state the point in time to which the statistics relate. The title of *PESA* is the same for both the statistical release and the Command Paper which could be confusing for users.
- A2.4 None of the releases state explicitly how frequently the statistics are released but *UK Reserves* includes the date of the next release and *PEO*, as part of its revisions policy, details the months in which updates will be published.
- A2.5 The three releases all use slightly different formatting and only *UK Reserves* displays the National Statistics logo. *UK Reserves* and *PEO* make it clear that they are produced by HMT and include HMT's logo. *PESA* shares its formatting with the Command Paper and since it is only possible to download individual chapters, its originating department is less clear. Generic contact details are published for each of the releases but details of the responsible statistician are not provided.
- A2.6 All of the releases include a brief summary of what they contain. For *PESA*, an introductory summary is provided at the beginning of each chapter.

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

- A2.7 Only *UK Reserves* presents a summary of the key points contained in the release (although a table forms a large part of this, rather than bullet points to draw out the main messages).
- A2.8 The language used in the releases is fairly straightforward and *PESA* contains a glossary of key terms. None of the commentary in the releases contains any statements to explain trends in the statistics. Only *UK Reserves* illustrates trends using charts but these only cover a 12-month period.

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<sup>47</sup> <http://www.statisticsauthority.gov.uk/news/standards-for-statistical-releases.html>

## Use language that is impartial, objective and professionally sound

- A2.9 The text used in all of the releases is impartial and evidence-based. The releases contain very few descriptive statements but display changes and trends using tables and charts.
- A2.10 *PESA* lists some factors that may adversely affect the quality of the statistics but doesn't discuss the actual impact that these factors have on quality. No discussion of quality is included in *UK Reserves* or *PEO*.

## Include information about the context and likely uses

- A2.11 *UK Reserves* includes contextual information about the statistics and is used as a vehicle to report the size of interventions made by the Bank of England. *PESA* includes contextual information relating to the collection of data but gives little factual information about how the statistics will be used. *PEO* contains no information to put the statistics into context.
- A2.12 None of the releases comment on the quality and reliability of the statistics they contain in relation to the use made of them.

## Include, or link to, appropriate metadata

- A2.13 *PESA* contains information about the sources and methods used to produce the statistics but this is not comprehensive. Minimal information about methods is included in *PEO* and no additional links are provided to where further information can be found.
- A2.14 *PESA* includes a paragraph which describes the comparability with *Public Sector Finances*<sup>48</sup>, although it does not mention the use of public expenditure statistics by the Scottish Government to produce *Government Expenditure and Revenue Scotland*<sup>49</sup>.
- A2.15 Details of significant revisions made to *PESA* and *UK Reserves* are noted within the text of the release. Revisions made to *PEO* are not clearly marked.

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<sup>48</sup> <http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Public+Sector+Finance>

<sup>49</sup> <http://scotland.gov.uk/Topics/Statistics/Browse/Economy/GERS>

## Annex 3: Summary of assessment process and users' views

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

A3.2 The Assessment team – Neil Jackson and Kat Pegler – agreed the scope of and timetable for this assessment with representatives of HMT in May. The Written Evidence for Assessment was provided on 27 June. The Assessment team subsequently met HMT during August to review compliance with the *Code of Practice*, taking account of the written evidence provided and other relevant sources of evidence.

### Summary of users contacted, and issues raised

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

A3.4 The Assessment team received 6 responses from the user consultation. The respondents were grouped as follows:

Central Government	3
Devolved Administration	3

A3.5 Users were generally happy with the level of engagement they received from HMT, although one user commented that they would welcome a *PESA* 'user day'. The main comment received from users was about the need for clear presentation of more detailed statistics in *PESA* and *PEO*. Some users also commented that the statistics were difficult to find on HMT's website. Users would also like longer time series, earlier announcement of publication dates, and a clearer explanation of revisions made since the last publication. One user also raised concerns around the quality of the statistics presented in *PESA*.

### Key documents/links provided

Written Evidence for Assessment document



