

Assessment of compliance with the Code of Practice for Official Statistics

Statistics from the Annual Business Survey

*(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 reports¹ prepared under the provisions of the *Statistics and Registration Service Act 2007*². The Act requires all statistics currently designated as National Statistics to be assessed against the *Code of Practice for Official Statistics*³. The report covers the set of statistics from the Annual Business Survey⁴ (ABS), produced by the Office for National Statistics (ONS) and reported in:

- *Annual Business Survey – Provisional Results*⁵ (*ABS Provisional*);
- *Annual Business Survey – Revised Results*⁶ (*ABS Revised*); and
- *Annual Business Survey – Provisional Regional Results*⁷ (*ABS Regional*).

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 *ABS Provisional*, *ABS Revised*, and *ABS Regional* are designated as National Statistics, subject to ONS implementing the enhancements listed in section 1.5 and reporting them to the Authority by August 2012.

1.3 Summary of strengths and weaknesses

1.3.1 ONS engages government users of these statistics through the ABS User Group. It does not actively engage users outside government and does not take sufficient steps to evaluate their needs and keep them informed about developments in the ABS.

1.3.2 ONS has improved the commentary in *ABS Provisional*, but there is insufficient information about methods and quality. The releases and supporting information are not sufficiently accessible.

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

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

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

⁴ <http://www.ons.gov.uk/ons/about-ons/surveys/a-z-of-surveys/annual-business-survey/index.html>

⁵ <http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/2010-provisional-results/abs-2010---provisional-results-statistical-bulletin--nov-2011-.html>

⁶ <http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/2009-revised-results/index.html>

⁷ <http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/2009-provisional-regional-results/index.html>

1.4 Detailed recommendations

1.4.1 The Assessment team identified some areas where it felt that the 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 the statistics, including use by non-government users, publish the relevant information and assumptions, and use them to better support the use of the statistics (para 3.2).
Requirement 2	Confirm that future changes to methods will be announced in advance (para 3.4).
Requirement 3	Publish more information about the methods used to produce these statistics, including explanations of why particular choices were made (para 3.7).
Requirement 4	(i) Publish more information about the quality of the ABS statistics in relation to potential uses, and make this information accessible; (ii) explain ONS's judgement about whether the quality of these statistics currently meets users' needs; and (iii) publish a plan outlining how the findings of the quinquennial review of the ABS will be implemented and how other concerns about the quality of these statistics will be addressed (para 3.10).
Requirement 5	Publish guidance about the extent to which statistics from the ABS are comparable with statistics from other sources, to help users identify the most appropriate source for their needs (para 3.11).
Requirement 6	Investigate the need for, and feasibility of, a consistent time series and publish plans (para 3.12).
Requirement 7	Report annually the estimated costs of responding to the ABS (para 3.16).
Requirement 8	Review the resources committed to ABS are allocated, ensure that sufficient statistical resource is allocated to survey development and document how quality is balanced against costs, taking into

account the expected uses of the statistics (para 3.17).

Requirement 9

Improve the commentary in the releases so that it aids user interpretation of the statistics (para 3.18).

Requirement 10

Improve the accessibility of these statistics (para 3.19).

Requirement 11

Investigate whether these statistics can be published more quickly following the reference period (para 3.21).

2 Subject of the assessment

- 2.1 The ABS is an annual survey of about 62,000 businesses in Great Britain. It is ONS's largest survey of businesses, covering almost three quarters of the UK economy⁸. The survey collects financial information – about turnover, wages and salaries, purchases of goods and services, stocks and capital expenditure.
- 2.2 The ABS is a primary source of data used to compile the National Accounts and it provides a key benchmarking source for monthly and quarterly ONS surveys. It is used by HM Treasury and the Bank of England to inform and monitor economic policy. ONS uses the ABS to meet its legal obligations to provide statistics to Eurostat under the Structural Business Statistics Regulation⁹. The statistics from the survey are also important to many UK government departments, the Welsh and Scottish Governments and more widely outside government. The Department for Business, Innovation and Skills (BIS) uses the statistics to monitor change in industry sectors and the Welsh Government uses the statistics to compile its own measure of Gross Value Added (GVA).
- 2.3 The ABS sample is drawn from the Inter-Departmental Business Register¹⁰ (IDBR), stratified by size (the number of people employed) and industry. The Northern Ireland Statistics and Research Agency (NISRA) use the same methods to provide data for Northern Ireland, which are then combined to produce UK estimates. The ABS was called the 'Annual Business Inquiry Part 2' (ABI/2) until ONS changed the names of both ABI Part 1 (ABI/1) (now called the Business Register and Employment Survey¹¹ – BRES) and ABI/2 to make it clear that the surveys are distinct from one another and to reflect changes to ABI/1. ONS introduced ABI/2 in 1998, combining sector-specific annual inquiries (on production, construction, motor trades, wholesale, retail, catering, property and service trades) which had previously been run separately, and at different frequencies, since 1950.
- 2.4 The statistics from the ABS are based primarily¹² on calendar years and are first published in *ABS Provisional* in November, 11 months after the reference period. These statistics are based on an average response rate of 65 per cent. Revised statistics, which incorporate later returns from businesses (contributing to an average response rate of 74 per cent) are published in *ABS Revised* the following June. ONS then publishes the first regional statistics in July, in *ABS Regional*.
- 2.5 ONS estimates that the survey costs £3.3m each year.

⁸ In terms of Gross Value Added

⁹ http://epp.eurostat.ec.europa.eu/portal/page/portal/european_business/introduction

¹⁰ <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/idbr/about-the-idbr/index.html>

¹¹ <http://www.ons.gov.uk/ons/about-ons/surveys/a-z-of-surveys/business-register-and-employment-survey/index.html>

¹² The ABS questionnaire requests 12 months of data. It allows respondents whose accounts don't follow calendar years to specify their own year start and end dates

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's main forum for engaging users of these statistics is the ABS User Group, which includes representatives from ONS, government departments, the Welsh and Scottish Governments and NISRA. The group meets twice each year to discuss the development of the survey and to inform government users about any forthcoming changes. These users also have the opportunity to input into the development process, for example, by discussing proposals to amend or remove certain questions¹³. ONS publishes¹⁴ information about the group's membership, terms of reference and minutes of meetings. ONS has a separate survey Management Board, which runs the survey and takes operational decisions. It takes account of the views expressed through the ABS User Group. ONS does not publish any information about the Management Board. In the interests of transparency, we suggest that ONS publish information about the ABS Management Board, including its membership, terms of reference and minutes of meetings.
- 3.2 ONS keeps records of users' requests for data, but does not actively engage users from outside government. It has not adequately documented the needs and experiences of these users, nor documented how the needs of users will be met. As part of the designation as National Statistics, ONS should take steps to develop a greater understanding of the use made of the statistics, including use by non-government users, publish the relevant information and assumptions and use them to better support the use of the statistics¹⁵ (Requirement 1). We suggest that ONS broaden the membership of the ABS User Group to include users from outside government.

¹³ For example, item 7 at the ABS User Group meeting held on 20 September, 2010

¹⁴ <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/business-and-energy/annual-business-survey/abs-user-group/index.html>

¹⁵ In relation to Principle 1, Practices 1, 2 and 5 of the *Code of Practice*

Principle 2: Impartiality and objectivity

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

- 3.3 ONS presents these statistics impartially and objectively. The releases outline the revisions policy and provide tables showing the extent of revisions to key series.
- 3.4 ONS told us that it discusses forthcoming changes at the ABS User Group but it has not consistently pre-announced changes in a way that is accessible to all users. It has proved difficult to establish the extent to which changes have or haven't been announced, because some historic releases are temporarily unavailable following ONS's update to its website. As part of the designation as National Statistics, ONS should confirm that future changes to methods will be announced in advance¹⁶ (Requirement 2). In meeting this Requirement, we suggest that ONS establish a consistent way to communicate forthcoming changes in a way that is accessible to all users, for example through announcements in its statistical releases.
- 3.5 The releases state that additional bespoke analyses of the data are available at a charge. ONS has published a pricing policy¹⁷. The policy does explain the circumstances under which ONS charges for statistics, but it does not explain clearly how charges will be calculated and what costs will be applied. The ABS releases do not link to the policy. We suggest that ONS clarify the pricing policy so that it explains how charges will be calculated and the costs that are applied, and include a link to the policy from the ABS releases.

¹⁶ In relation to Principle 2, Practice 4 of the *Code of Practice*

¹⁷ <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/charging-policy/index.html>

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.

- 3.6 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.

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 ONS explains the coverage of the ABS in its releases and provides links to articles¹⁸ that describe the sample frame, the development of the survey and some other specific aspects of methods. It has published a document – *Quality and Methodology Information*¹⁹ (*QMI*) – that provides a summary of the methods and further links to other documentation about the methods used to produce these statistics. However, the information is not complete – for example it does not include the questionnaires and it provides only a brief explanation of weighting and imputation. The statistics are based on calendar years, but this is not clearly stated and the methods information does not explain that businesses can (and do) return data for any annual period, to reflect businesses' individual accounting practices. There is little explanation about how the regional statistics are generated. As part of the designation as National Statistics, ONS should publish more information about the methods used to produce these statistics, including explanations of why particular choices were made²⁰ (Requirement 3). Given the importance and complexity of this survey, we suggest it would be most appropriate for ONS to present information about methods in a single, accessible document – for example, a technical report.
- 3.8 *QMI* includes information about the quality of the statistics, and a link to estimates of standard errors, coefficients of variation and response rates. However, these measures are poorly explained. They are not presented alongside the statistics nor updated to reflect the latest statistics at the time the statistics are released. There is insufficient information about other potential sources of bias – for example, the likelihood and extent of incomplete or inaccurate information from businesses, especially given the length and complexity of the questionnaire, or the potential for misclassification of businesses and the likely impact on the statistics.
- 3.9 Some aspects of the quality of these statistics present particular cause for concern.
- The published statistics nominally relate to calendar years, but the survey questionnaire allows businesses to report for other time periods. There is no explanation of the effect this has on the statistics. ONS told us that it does not adjust data that are returned covering different time periods. There is no published information about the proportion of returns that are actually based on the relevant calendar year.

¹⁸ <http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/business-statistics/index.html>

¹⁹ <http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/business-statistics/quality-and-methodology-information-for-annual-business-survey.pdf>

²⁰ In relation to Principle 4, Practice 1 of the *Code of Practice*

- The regional statistics are generated by taking data for businesses and apportioning them across GB based on employment information from the IDBR. However, there is no information about the resulting quality of the statistics and no caveats around their use.
- The questionnaire collects some quite detailed, complex financial information. The questions are followed by extensive guidance notes, indicating what should be included (and excluded) in each section. However, given the complexity of the questions and the guidance, it seems quite likely that respondents' interpretation of the questions may vary, or they may provide the wrong information.
- The industry classification of the statistics is not always straightforward. For example, some businesses provide a single return, but have different units operating in different industries. Other businesses work on a contractual basis, so their returns often cannot be classified according to the nature of the contractual work (which may not be known). A user who contacted us regarding this Assessment expressed a concern that these issues may be contributing to volatility in the statistics.

ONS should take further steps to explain these quality concerns and the impact on the statistics. In June 2011 ONS published the findings²¹ from its quinquennial review of the ABS. The review made some recommendations for improvement, including, for example, to investigate ways to improve the quality of the regional statistics. However, ONS has not published a plan outlining whether or how it will implement the findings from the review, nor any information to make it clear whether the quality of the existing statistics is meeting users' needs.

- 3.10 As part of the designation as National Statistics, ONS should (i) publish more information about the quality of the ABS statistics in relation to potential uses, and make this information accessible (ii) explain ONS's judgement about whether the quality of these statistics currently meets users' needs and (iii) publish a plan outlining how the findings of the quinquennial review of the ABS will be implemented and how other concerns about the quality of these statistics will be addressed²² (Requirement 4).
- 3.11 *QMI* provides some information about the extent to which statistics from the ABS are coherent with statistics available from other sources, including other ONS business surveys. *ABS Provisional 2010*²³ included a clear caveat about the comparability of statistics from the ABS with those from ONS's survey of the construction industry. We regard this as good practice. However, there is room for considerably more information about the comparability of ABS statistics with other sources – in particular, to help users identify the most appropriate source for their needs. *QMI* outlines six surveys that have some overlap with ABS and there are other relevant sources – for example, from HM Revenue & Customs. As part of the designation as National Statistics, ONS should publish guidance about the extent to which statistics from the ABS are comparable with statistics

²¹ <http://www.ons.gov.uk/ons/guide-method/method-quality/quality/reviews/index.html>

²² In relation to Principle 4, Practice 2, Principle 6, Practices 1 and 4 and Protocol 3 Practice 3 of the *Code of Practice*

²³ <http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/2010-provisional-results/index.html>

from other sources, to help users identify the most appropriate source for their needs²⁴ (Requirement 5).

- 3.12 These releases present statistics for different industries, based on the Standard Industrial Classification²⁵ (SIC). When ONS introduced the 2007 version of SIC for these outputs it introduced a break in the time series. ONS told us that it decided not to rework the whole time series due to resource constraints (although it is worth noting that the time series published by the National Accounts were adjusted). It is not clear whether ONS evaluated users' needs when it took this decision. ONS did publish statistics for 2007 and 2008 on both the old and new basis, but this information is no longer presented in the releases. The recent releases only focus on the time series from 2008 and do not provide information to help users interpret the longer time series. The lack of a consistent time series was raised as a concern by users who contacted us regarding this Assessment. As part of the designation as National Statistics, ONS should investigate the need for, and feasibility of, a consistent time series and publish its plans²⁶ (Requirement 6). Regardless of the outcome of its investigations, we suggest that ONS present longer time series in the releases, with appropriate information to help users interpret the series.

²⁴ In relation to Principle 4, Practices 2 and 3 and Principle 8, Practice 2 of the *Code of Practice*

²⁵ <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>

²⁶ In relation to Principle 4, Practice 7 and Principle 8, Practice 6 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.

- 3.13 ONS has assured us that it takes all necessary steps to protect the confidentiality of the data it collects, for example through physical security measures, staff training and statistical disclosure control.
- 3.14 The letter that ONS sends to respondents to the ABS clearly explains why the data are collected, why they are important and provides assurances that the data will be kept confidential. ONS has published a Disclosure Control Policy for Tables²⁷ which explains in more detail how respondents' confidentiality will be maintained. We suggest that ONS include a link to the Disclosure Control Policy in the ABS questionnaire cover letter or relevant ABS web page.

²⁷ <http://www.ons.gov.uk/ons/guide-method/best-practice/disclosure-control-policy-for-tables/index.html>

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.

- 3.15 ONS told us that the cost to businesses of complying with the ABS in 2009/10 was approximately £6.35m. This represents about 16 per cent of the total burden that ONS surveys place on businesses. The quinquennial review recommended that ONS investigate the extent to which administrative sources can be used as an alternative source for these statistics, to reduce the burden on businesses. ONS told us that this will be the focus of a significant project during 2012. This is addressed in Requirement 4 (publish a plan outlining how the findings of the quinquennial review of the ABS will be implemented).
- 3.16 ONS has historically reported the business compliance cost of each of its surveys in its annual *Simplification Plan*²⁸. However, the most recent *Simplification Plan* relates to 2009 and a more recent publication (*ONS Compliance Plan 2010*²⁹) only provided the total cost of compliance with its business surveys. As part of the designation as National Statistics, ONS should report annually the estimated costs of responding to the ABS³⁰ (Requirement 7).

²⁸ <http://www.ons.gov.uk/ons/about-ons/governance/corporate-documentation/compliance/simplification-plan-2009.pdf>

²⁹ <http://www.ons.gov.uk/ons/about-ons/governance/corporate-documentation/compliance/compliance-plan-2010.pdf>

³⁰ In relation to Principle 6, Practice 1 of the *Code of Practice*

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.

3.17 ONS told us that these statistics cost about £3.3m to produce. The data are collected and validated by ONS's central data collection and respondent contact team. A separate team of 30 staff carries out further data validation, analysis, survey development and produces the publications. This is a sizeable team, but much of the resource is dedicated to data validation. ONS told us it is undertaking a review of the survey processes to identify how it might allocate resource more efficiently. However, there is relatively little statistical expertise on the team: the team includes only two professionally qualified statisticians. It is not clear that the cost of the statistics, in terms of both the costs to ONS and the burden on businesses that respond to the survey, is reflected in their quality. As part of the designation as National Statistics ONS should review how it allocates the resources committed to ABS, ensure that sufficient statistical resource is allocated to survey development and document how it balances quality against costs, taking into account the expected uses of the statistics³¹ (Requirement 8).

³¹ In relation to Principle 7, Practices 1, 4, 5 and 6 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.

- 3.18 ONS improved the commentary that supports these statistics when it published *ABS Provisional 2010*. This release included helpful commentary drawing out some key messages and providing contextual information. However, given the size and cost of the survey, and the importance of the results, the commentary is rather limited. ONS could do more to draw out the key findings and provide a more comprehensive picture of the UK economy and international comparisons. ONS should also improve the presentation of the statistics in tables. *ABS Provisional* presents statistics on ‘approximate’ Gross Value Added (GVA) and describes this concept in the notes section. However, the releases should be clear about the definition of ‘approximate’ GVA at the outset, clearly explaining how it differs from GVA published in other sources, and provide numerical comparisons. The releases also use the terms ‘approximate GVA’ and ‘GVA’ interchangeably, which is likely to confuse users. As part as the designation as National Statistics, ONS should improve the commentary in the releases so that it aids user interpretation of the statistics³² (Requirement 9). We suggest that ONS consider the points detailed in annex 2, in seeking to improve the statistical releases.
- 3.19 These statistics are not sufficiently accessible through ONS’s website. The releases and tables of statistics are presented in a list which makes it very difficult to find relevant information. There are insufficient links to background information about the ABS and to information about methods and quality which is available elsewhere on the website. As part of the designation as National Statistics ONS should improve the accessibility of these statistics³³ (Requirement 10).

³² In relation to Principle 8, Practice 2 of the *Code of Practice*

³³ In relation to Principle 8, Practice 4 of the *Code of Practice*

Protocol 1: User engagement

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

3.20 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.

- 3.21 These statistics are based on calendar years. *ABS Provisional* is released in November, 11 months after the reference period. *ABS Revised* is released seven months later. Users who responded to this Assessment queried the timeliness of the statistics. ONS told us that the timing of releases meets the needs of key users in ONS and Eurostat while allowing businesses as much time as possible to respond to the survey. However, the Assessment team felt that there was room to improve the timeliness of these statistics, particularly *ABS Revised* and *ABS Regional*. As part of the designation as National Statistics, ONS should investigate whether these statistics can be published more quickly following the reference period³⁴ (Requirement 11).
- 3.22 ONS does not provide anyone with pre-release access to these publications in their final form. We regard this as good practice.

³⁴ In relation to Protocol 2, Practice 1 of the *Code of Practice*

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.

3.23 As set out in Principle 6, ONS told us that it will initiate a significant project during 2012 to investigate the extent to which administrative sources can be used as an alternative source for these statistics. We suggest that ONS publicise its plans more widely.

Annex 1: Suggestions for improvement

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

- | | |
|---------------------|---|
| Suggestion 1 | Publish information about the ABS Management Board, including its membership, terms of reference and minutes of meetings (para 3.1). |
| Suggestion 2 | Broaden the membership of the ABS User Group to include users from outside government (para 3.2). |
| Suggestion 3 | Establish a consistent way to communicate forthcoming changes in a way that is accessible to all users, for example through announcements in its statistical releases (para 3.4). |
| Suggestion 4 | Clarify the pricing policy so that it explains how charges will be calculated and the costs that are applied, and include a link to the policy from the ABS releases (para 3.5). |
| Suggestion 5 | Present information about methods in a single, accessible document – for example, a technical report (para 3.7). |
| Suggestion 6 | Present longer time series in the releases, with appropriate information to help users interpret the series (para 3.12). |
| Suggestion 7 | Include a link to the Disclosure Control Policy in the ABS questionnaire cover letter or relevant ABS web page (para 3.14). |
| Suggestion 8 | Consider the points detailed in annex 2, in seeking to improve the statistical releases (para 3.18). |
| Suggestion 9 | Publicise plans (to investigate using administrative sources as an alternative source for these statistics) more widely (para 3.23). |

Annex 2: Compliance with Standards for Statistical Releases

- A2.1 In October 2010, the Statistics Authority issued a statement on *Standards for Statistical Releases*³⁵. 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 the ABS, 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 the releases describe the year to which the statistics relate, but do not make it sufficiently clear that the statistics are based on calendar years. The releases do not explicitly state the frequency of publication, although it is implied within the text. The releases clearly display the National Statistics logo and provide the name of the originating department and the responsible statistician.
- A2.4 *ABS Provisional* includes a brief introduction which outlines the importance of the ABS and how the statistics are used, but does not clearly indicate what is included in the release in terms of tables and subjects presented.

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

- A2.5 The releases include a key points section at the start which identifies the main messages.
- A2.6 The language used in the releases is relatively straightforward. There could be clearer explanation of some terms. For example 'approximate Gross Value Added' (GVA) is explained in the notes at the end of the release, but given the importance of this concept for understanding the statistics, it should be explained within the main body of text.
- A2.7 The statistics are presented in graphs and tables alongside descriptive commentary. Some of the tables presented in *ABS Provisional* are difficult to interpret because they are printed across several pages. Also, there are currently no lines separating the rows and columns which make the cells indistinguishable from one another and the figures could usefully be rounded. The tables would benefit from additional columns that indicate the percentage change.
- A2.8 In places, the releases describe the main trends alongside useful and relevant contextual information. For example, in *ABS Provisional 2010* the increase in

³⁵ <http://www.statisticsauthority.gov.uk/news/standards-for-statistical-releases.html>

GVA is contextualised by explaining that the change is driven mainly by manufacturing industries, particularly the manufacture of motor vehicles, and indicates that there was a car scrappage scheme in operation at this time.

- A2.9 The releases primarily discuss trends within and between industry sectors. There is scope to extend the discussion of trends by comparing the statistics for each UK devolved administration, as well as industries.

Use language that is impartial, objective and professionally sound

- A2.10 Generally, the text in the releases is impartial and professionally sound. However, the Assessment team felt that the reference to the ‘whole economy recovery’ in the key points in *ABS Provisional 2010* could mislead. Otherwise, the descriptive narrative is demonstrably related to the statistics presented.

Include information about the context and likely uses

- A2.11 The introduction to the releases describes the survey history and provides a brief account of the main uses of the statistics. The releases do not comment on the quality and reliability of the statistics in relation to their range of potential uses.

Include, or link to, appropriate metadata

- A2.12 The releases include some brief information about methods, and links to more detailed information. The notes section includes some information about the industry classification system. It also explains some important concepts, for example GVA. However, some tables and parts of the commentary refer to ‘approximate GVA. The releases briefly explain how GVA differs from approximate GVA, but do not explain the relevance of the distinction for the uses of the statistics.
- A2.13 The releases do not present the statistics alongside confidence intervals or coefficients of variation. Neither do they include information about potential sources of error or the strengths and weaknesses of the statistics in relation to their potential uses. The notes section of *ABS Provisional 2010* includes some useful information about the coherence of the ABS statistics with statistics from ONS’s survey of the construction industry. The releases include a link to a separate document about quality, within which is a further link to information about standard errors, coefficients of variation and response rates.
- A2.14 The statistics are presented by industry and are categorised using the Standard Industrial Classification 2007 (SIC 2007). Using a standard classification system enhances the comparability of the statistics; however this is not explained within the release. The use of this classification system is not fully explained and non-expert users are likely to be confused by some of the tables which present statistics according to SIC ‘letter sections’. For example, page 20 presents a graph of turnover by service industry, presenting sections H to S. The release does not indicate what sections H to S refer to, nor explain how the letters relate to the industry classification system that is used. The releases do not include any international comparisons.

A2.15 The releases include some information about planned and unplanned revisions and provide the dates of forthcoming revisions. However, the nature and extent of the revisions is not clear.

Annex 3: Summary of assessment process and users' views

- A3.1 This assessment was conducted from September 2011 to February 2012.
- A3.2 The Assessment team – Jacob Wilcock and Ruth James – agreed the scope of and timetable for this assessment with representatives of ONS in September 2011. The Written Evidence for Assessment was provided on 14 September. The Assessment team subsequently met ONS during September and November to review compliance with the *Code of Practice*, taking account of the written evidence provided and other relevant sources of evidence.

Summary of users contacted, and issues raised

- A3.3 Part of the assessment process involves our consideration of the views of users. We approach some known and potential users of the set of statistics, and we invite comments via an open note on the Authority's website. This process is not a statistical survey, but it enables us to gain some insights about the extent to which the statistics meet users' needs and the extent to which users feel that the producers of those statistics engage with them. We are aware that responses from users may not be representative of wider views, and we take account of this in the way that we prepare assessment reports.
- A3.4 The Assessment team received 5 responses from the user consultation. The respondents were grouped as follows:
- | | |
|------------------------------|---|
| ONS | 2 |
| Other government departments | 2 |
| Non-departmental public body | 1 |
- A3.5 Users told us that they find the statistical team responsive and helpful. ONS users reported that the statistical team had made adjustments to its processes in order to accommodate specific user needs. Users had some concerns about aspects of the quality of the statistics, including coherence with other GVA measures. The assessment team is unsure whether all users realise that approximate GVA is not necessarily suited to the same uses as the measure of GVA calculated and reported within the National Accounts. Some users told us that they experienced difficulty accessing information about the methods used to compile the statistics and other survey documents. Some users highlighted a need for a consistent time series and told us that the commentary presented alongside the statistics could be improved – for example, by explaining the impact of methods changes on the statistics. One user queried why ONS no longer publishes statistics on turnover by size (employee size band) of businesses. ONS told us that this relates to the move from ABI/1 to BRES, and that it hopes to resolve the issue in 2012.

Key documents/links provided

Written Evidence for Assessment document

