

Assessment of compliance with the Code of Practice for Official Statistics

Statistics on Output in the Construction Industry in Northern Ireland

*(produced by the Northern Ireland Statistics and Research
Agency)*

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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 reported in *Northern Ireland Construction Bulletin: Output in the Construction Industry*⁴, produced by the Northern Ireland Statistics and Research Agency (NISRA).
- 1.1.2 Section 3 of this report adopts an ‘exception reporting’ approach – it includes text only to support the Requirements made to strengthen compliance with the *Code* and Suggestions made to improve confidence in the production, management and dissemination of these statistics. This abbreviated style of report reflects the Head of Assessment’s consideration of aspects of risk and materiality⁵. The Assessment team nonetheless assessed compliance with all parts of the *Code of Practice* and has commented on all those in respect of which some remedial action is recommended.
- 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 Statistics Authority confirms that the statistics published in *Output in the Construction Industry* are designated as National Statistics, subject to NISRA implementing the enhancements listed in section 1.5 and reporting them to the Authority by June 2012.

1.3 Summary of strengths and weaknesses

- 1.3.1 NISRA conducts an ongoing user survey for these statistics, and has recently formed a user group. NISRA has been prompt to make improvements to the statistics in light of the findings from these activities.
- 1.3.2 NISRA has published a useful Summary Quality Report (SQR) and a summary of the methods used to produce its construction statistics. The SQR provides users with a comprehensive account of the quality of the statistics, including a

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.csu.nisra.gov.uk/survey.asp84.htm>

⁵ <http://www.statisticsauthority.gov.uk/assessment/guidance-about-assessment/criteria-for-deciding-upon-the-format-of-an-assessment-report.pdf>

summary of the comparability of the statistics with figures for GB. *Output in the Construction Industry* includes some information about the policy and operational context of the statistics, for example the ways in which the statistics are used as leading economic indicators.

- 1.3.3 The release contains commentary that mainly describes rises and falls in the statistics. It also contains a chapter about the 'structure of the construction industry', taken from a variety of survey sources. Whilst this information is useful, it is not supported by any explanation and the status of these statistics is not made clear.

1.4 Detailed recommendations

- 1.4.1 The Assessment team identified some areas where it felt that NISRA 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 Improve the commentary in the releases so that it aids user interpretation of the statistics (para 3.6).

Requirement 2 Provide information about the status of the 'structure of the construction industry' statistics, and appropriate explanation for these statistics (para 3.7).

2 Subject of the assessment

- 2.1 *Output in the Construction Industry* is released quarterly. It presents information about the value and volume of construction output in Northern Ireland. The figures are derived from the Northern Ireland Quarterly Construction Enquiry (QCE). Additional information about the construction industry in Northern Ireland is also contained in the publication. This information is provided by the Economic and Labour Market Statistics Research Branch of NISRA and the Health and Safety Executive Northern Ireland, from a variety of survey sources.
- 2.2 The QCE is a statutory survey of construction firms operating in Northern Ireland. Each quarter a sample of construction firms is asked to provide information about construction activity undertaken. The sample is selected from the Northern Ireland element of the Inter-Departmental Business Register⁶ (IDBR), which includes all businesses registered for VAT and employers with employees in PAYE schemes. The principal output of the QCE is the Index of Construction, which is an estimate of the volume of construction output, and which is released in *Output in the Construction Industry*.
- 2.3 In addition to overall construction output, a breakdown of construction output is provided for the following:
- New Work;
 - Repair and Maintenance;
 - Housing (New Work, and Repair and Maintenance);
 - Infrastructure (New Work, and Repair and Maintenance); and
 - Industrial and Commercial Work (New Work, and Repair and Maintenance).
- 2.4 The data are used by ONS' National Accounts team in the calculation of the output measure of UK Gross Domestic Product (GDP). The statistics are also used by government departments, economists, construction industry analysts and academics to understand the state of the construction sector in Northern Ireland. They are also used by economic commentators reporting on the performance of the Northern Ireland economy. The statistics have been used by government statisticians and private sector economists, along with the other main economic indicators (Index of Production and Index of Services), to provide an overall measure of the performance of the wider Northern Ireland economy in the absence of a regional GDP figure⁷.
- 2.5 The annual cost of carrying out the QCE and publishing *Output in the Construction Industry* is around £80,000. This mainly covers staff costs, but also includes the printing and postage costs of the survey forms. The estimated compliance cost to firms participating in the survey in 2009/10 was around £51,700.

⁶ <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/unpublished-data/business-data/idbr/index.html>

⁷ For example, http://www.ulsterbankcapitalmarkets.com/Handlers/docstream.ashx?doc_id=962 and <http://www.belfastcity.gov.uk/economicdevelopment/docs/EconomicIndicatorsReport.pdf>

3 Assessment findings

- 3.1 NISRA has recently formed a user group to discuss these statistics, the use made of them and any issues regarding quality and timeliness of the statistics. The group has met once so far. It consists of officials from NISRA and the wider Department of Finance and Personnel (DFP), with some representatives from the construction industry. NISRA also conducts an ongoing user survey through its website. The most recent results⁸ and user comments⁹ were published in August 2011. NISRA has already acted on the results of the survey, making a number of improvements as a result of user feedback, including: moving publication forward by two weeks; providing comparisons with GB figures; providing further information about methods; and publishing tables in Excel format.
- 3.2 The statistics are accompanied by a Summary Quality Report¹⁰ (SQR) and a summary of the methods used to produce them¹¹. The SQR provides users with a comprehensive account of the quality of the statistics, including a summary of the comparability of the statistics with figures for GB. We regard this as good practice.
- 3.3 NISRA has published a short summary of the uses of its construction statistics¹², which is linked from its SQR. We suggest that this description of use be further developed to cover assumptions about a wider range of potential uses, and the accessibility of this document be improved by providing clearer links in the release and on NISRA's website.
- 3.4 When errors have been discovered in the statistics, NISRA has made corrections promptly by withdrawing the incorrect statistics and publishing a correction notice alongside the corrected release. We suggest that NISRA provide clear signposting from corrected bulletins to the original incorrect release, (which should be clearly marked as superseded) and publish a clear audit trail, to ensure that users are able to refer back to the superseded statistics and commentary.
- 3.5 In 2009, NISRA commissioned ONS to review the seasonal adjustment model used in the production of the statistics. The review found that some series were not seasonal, and so should not be adjusted. NISRA has published the review and implemented the recommendations.
- 3.6 The statistical release contains commentary that highlights the main points. This tends to describe rises and falls since the previous quarter, although some commentary on longer time series is included. More information could be included about the economic context for these statistics; for example, an indication of the proportion of the wider Northern Ireland economy that the statistics cover, and of how wider economic conditions may affect the trends. As part of the designation as National Statistics, NISRA should improve the commentary in *Output in the Construction Industry* so that it aids interpretation

⁸ http://www.csu.nisra.gov.uk/QCEdocs/Online_Survey.pdf

⁹ http://www.csu.nisra.gov.uk/QCEdocs/Survey_Comments.pdf

¹⁰ <http://www.csu.nisra.gov.uk/QCEdocs/QCE%20Quality%20Report.pdf>

¹¹ <http://www.csu.nisra.gov.uk/QCEdocs/QCE%20methods.pdf>

¹² http://www.csu.nisra.gov.uk/QCEdocs/Summary_of_Usage.pdf

of the statistics¹³ (Requirement 1). We suggest that in meeting this requirement NISRA should consider the points detailed in annex 2.

- 3.7 The release also contains a chapter about the ‘structure of the construction industry’, which presents tables compiled from a variety of survey data sources. These data feed in to other published National Statistics and official statistics prior to the publication of Output in the Construction Industry. Their inclusion in Output in the Construction Industry is helpful to users, but the tables in this chapter are not supported by any explanation. As part of the designation as National Statistics, NISRA should provide information about the status of the ‘structure of the construction industry’ statistics, and publish appropriate explanation for these statistics¹⁴ (Requirement 2).
- 3.8 NISRA grants pre-release access to these statistics to six individuals.

¹³ In relation to Principle 8, Practice 2 of the *Code of Practice*

¹⁴ In relation to Principle 8, Practices 2 and 4 of the *Code of Practice*

Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to NISRA's *Output in the Construction Industry*, 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

Further develop the summary of the uses of these statistics to cover assumptions about a wider range of potential uses, and improve the accessibility of this document by providing clearer links in the release and on NISRA's website (para 3.3).

Suggestion 2

Provide clear signposting from corrected bulletins to the original incorrect release, (which should be clearly marked as superseded) and publish a clear audit trail, to ensure that users are able to refer back to the superseded statistics and commentary (para 3.4).

Suggestion 3

Consider the points detailed in annex 2, in seeking to improve the statistical releases (para 3.6).

Annex 2: Compliance with Standards for Statistical Releases

- A2.1 In October 2010, the Statistics Authority issued a statement on *Standards for Statistical Releases*¹⁵. 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 Output in the Construction Industry statistics, 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 *Output in the Construction Industry* adequately describes the coverage of the statistics and the period to which the latest statistics relate. The publication includes the standard heading and logo for a National Statistics release. A publication schedule for the next four statistical bulletins is included.
- A2.4 The publication contains a contents page at the start and a brief description of what is included in the release. A short overview of the background to the statistics is given in the introduction, with more detailed information provided in the 'Background Notes' towards the end of the publication.

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

- A2.5 The publication includes a brief summary near the start that provides key findings. A glossary of definitions is also provided that explains terms such as 'construction output' and 'infrastructure'.
- A2.6 The commentary in chapter one – 'output' – largely describes rises and falls since the previous quarter. Longer time series analyses, such as comparisons with the same quarter in the previous year and comparisons with notable peaks in output are also included. The release includes little information about the economic context for these statistics; for example, the proportion of the wider Northern Ireland economy that the statistics cover, and how wider economic conditions may affect the trends seen.
- A2.7 The release also contains a chapter about the 'structure of the construction industry', taken from a variety of survey sources. This is not supported by any commentary or analysis. The release does not state whether these statistics are from previously published sources or whether they are National Statistics or not.
- A2.8 The publication includes comparisons between statistics for Northern Ireland and GB.

¹⁵ <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 the release is impartial and evidence based. The descriptions of proportions, changes and trends in the releases are appropriate. Sampling and non-sampling variability is discussed in the SQR.

Include information about the context and likely uses

A2.10 The release includes some information about the policy and operational context of the statistics, for example the ways in which the statistics are used as leading economic indicators. There is some information about how the statistics are used in the SQR, and in a separate summary of usage, although this is quite high level.

Include, or link to, appropriate metadata

A2.11 The release links to information about the sources and the methods used to compile the statistics. It links to data for GB, and a summary of comparability with these statistics is included in the SQR. NISRA has provided users with notification of changes to methods.

Annex 3: Summary of assessment process and users' views

- A3.1 This assessment was conducted from October 2011 to January 2012.
- A3.2 The Assessment team – Joe Cuddeford and David Duncan-Fraser – agreed the scope of and timetable for this assessment with representatives of NISRA in October 2011. The Written Evidence for Assessment was provided in November 2011. The Assessment team subsequently met NISRA during December 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 six responses from the user consultation. The respondents were grouped as follows:

Media	1
Central Government	3
Industry	2

A3.5 Users were satisfied with the level of detail provided, although one mentioned that it would be useful if the statistics were broken down into individual components; NISRA has informed us that this would not be possible without increasing the respondent burden. One user mentioned that the ability to download the statistics in Excel format was useful.

A3.6 In response to user feedback, NISRA moved the publication date for the statistics forward by two weeks to reduce the gap between their publication and that of other related economic indices. Output in the Construction Industry is now published on the same day as the NI Index of Production and NI Index of Services on two of the four quarterly releases, and for the remaining two quarters it is published a week later. Two users mentioned that it would be helpful if the statistics were always published on the same day as the related indices, although we recognise that this may not currently be possible.

A3.7 Users were complimentary about the level of engagement with the producers.

Key documents/links provided

Written Evidence for Assessment document

