

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

## UK Business Investment and Capital Stocks Statistics

*(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 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 sets of statistics reported by the Office for National Statistics (ONS) in:

- *Business Investment* (provisional<sup>4</sup> and revised<sup>5</sup>);
- *Capital Stocks and Capital Consumption*<sup>6</sup> (*Capital Stocks*); and
- *National Balance Sheet*<sup>7</sup> (*Balance Sheet*).

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 materiality<sup>8</sup>. 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 Business Investment and National Balance Sheet statistics listed in paragraph 1.1.1 are designated as National Statistics, subject to ONS implementing the enhancements listed in section 1.5 and reporting them to the Authority by November 2012.

1.2.2 The Statistics Authority defers any decision about the designation of the suspended Capital Stocks statistics until ONS is able to confirm the future

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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.ons.gov.uk/ons/rel/bus-invest/business-investment/q3-2011-provisional-results/stb-bus-invest.html>

<sup>5</sup> <http://www.ons.gov.uk/ons/rel/bus-invest/business-investment/q4-2011--revised-results/bus-invest---stb-bus-invest.html>

<sup>6</sup> <http://www.ons.gov.uk/ons/rel/cap-stock/capital-stock--capital-consumption-and-non-financial-balance-sheets/2010-results/capital-stocks--capital-consumption-and-non-financial-balance-sheets--2010.pdf>

<sup>7</sup> <http://www.ons.gov.uk/ons/rel/cap-stock/the-non-financial-balance-sheets/2011-results/index.html>

<sup>8</sup> <http://www.statisticsauthority.gov.uk/assessment/assessment/guidance-about-assessment/criteria-for-deciding-upon-the-format-of-an-assessment-report.pdf>

publication arrangements and is in a position to implement the enhancements listed in section 1.5.

### 1.3 Summary of strengths and weaknesses

- 1.3.1 ONS has published Quality and Methods documents which provides users with some helpful information about the methods used to produce these statistics and about aspects of their quality. But the Quality and Methods documents do not provide information about, for example, the impact of using forecasting to compile Capital Stocks statistics.
- 1.3.2 ONS's engagement with users focuses on government departments and the Bank of England. The ONS division responsible for producing UK Business Investment and Capital Stocks statistics has published a user engagement strategy for its statistics. ONS published the results of its *Business Investment* user survey in 2011 and will undertake user surveys for *Capital Stocks* and *Balance Sheet* when they are next published.

### 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

<b>Requirement 1</b>	Investigate the impact of the different financial reporting standards used by companies on the quality of Balance Sheet statistics and Capital Stocks statistics and publish the results (para 3.4).
<b>Requirement 2</b>	Provide more information about the quality and reliability of UK Business Investment and Capital Stocks statistics in relation to the range of potential uses (para 3.5).
<b>Requirement 3</b>	Publish information about outstanding Eurostat 'reservations' that have been placed on UK Business Investment and Capital Stocks statistics (para 3.6).
<b>Requirement 4</b>	Provide information about the comparability of UK Business Investment and Capital Stocks statistics with those produced by other countries (para 3.7).
<b>Requirement 5</b>	Improve the commentary in the releases so that it aids user interpretation of the statistics (para 3.8).

**Requirement 6**

Clarify when scheduled revisions to Capital Stocks statistics and Business Investment statistics will be made (para 3.9).

**Requirement 7**

Ensure that pre-release access lists are kept under close review so that access is granted only where absolutely necessary (para 3.11).



## 2 Subject of the assessment

- 2.1 UK Business Investment and Capital Stocks statistics are produced according to *European System of Accounts 1995*<sup>9</sup> (ESA 95) and the *System of National Accounts*<sup>10</sup>. ONS is required<sup>11</sup> to supply UK Business Investment and Capital Stocks statistics to Eurostat for the compilation of European quarterly national accounts.
- 2.2 ONS previously published statistics on capital stocks and balance sheets in a single release *Capital Stocks, Capital Consumption and the Non-Financial Balance Sheets*<sup>12</sup>. On 2 November 2011 ONS announced<sup>13</sup> that it would separate the release into two publications - *Balance Sheet* and *Capital Stocks* - partly because there is little coherence between the statistics published in the single release.
- 2.3 ONS published *Balance Sheet* in November 2011. However, ONS suspended *Capital Stocks* in November 2011 due to quality issues caused by (i) the transition from SIC2003 to SIC2007, and (ii) problems arising from the methods used to depreciate assets with extended life spans. ONS told us that the transition had caused several anomalous results, for example, buildings having a lower value than vehicles. ONS is uncertain when Capital Stocks statistics will be of publishable quality.
- 2.4 The Assessment team reviewed the 2010 edition of *Capital Stocks, Capital Consumption and the Non-Financial Balance Sheets* and the associated metadata to assess *Capital Stocks*.
- 2.5 ONS produces one quarterly and two annual publications:
- *Business Investment* is a quarterly publication that presents statistics about business capital expenditure<sup>14</sup> in current and constant prices by manufacturing and non-manufacturing businesses. Provisional estimates are published approximately 2 months after the period to which the statistics relate, and revised estimates are published 1 month later. ONS has published *Business Investment QMI*<sup>15</sup> for *Business Investment*. Statistics are compiled from the Quarterly Capital Expenditure Survey run by ONS.
  - *Capital Stocks and Capital Consumption (Capital Stocks)* is an annual publication that presents statistics about gross stock, net stock and capital consumption (also known as depreciation). The statistics are presented in

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<sup>9</sup> <http://circa.europa.eu/irc/dsis/nfaccount/info/data/esa95/esa95-new.htm>

<sup>10</sup> <http://unstats.un.org/unsd/nationalaccount/sna.asp>

<sup>11</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:324:0001:0078:EN:PDF>

<sup>12</sup> <http://www.ons.gov.uk/ons/rel/cap-stock/capital-stock--capital-consumption-and-non-financial-balance-sheets/2010-results/capital-stocks--capital-consumption-and-non-financial-balance-sheets--2010.pdf>

<sup>13</sup> <http://www.ons.gov.uk/ons/rel/cap-stock/capital-stock--capital-consumption-and-non-financial-balance-sheets/2011-results/index.html>

<sup>14</sup> The amount of money that a business spends on buying fixed assets

<sup>15</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/quality-information/economic-statistics/summary-quality-report-for-business-investment.pdf>

current prices and constant prices by asset and industry as well as by asset and National Accounts sector – for example, Private non-financial corporations; and Central Government. ONS has published *Capital Stocks QMI*<sup>16</sup> for Capital Stocks statistics. Statistics are calculated using the perpetual inventory model<sup>17</sup> (PIM). The PIM is an economic model that calculates the values of assets based on assumptions of how long an asset is expected to be of economic use; and the rate at which an asset reduces in value.

- *National Balance Sheet (Balance Sheet)* is an annual publication that presents statistics about the market value of non-financial assets in the UK – for example, buildings and vehicles – to provide an estimate of the UK's net wealth. It provides estimates of tangible assets – for example, property and machinery – and intangible assets – for example, computer software and patents – for a range of National Accounts sectors. The statistics are produced from a mixture of administrative data and survey data<sup>18</sup> sources, and some series are modelled using the PIM if survey data or administrative data are unavailable. ONS has published *Quality and Methods Information*<sup>19</sup> (*Balance Sheet QMI*) which describes the concepts, sources and methods used to produce these statistics. ONS told us that it is reviewing the concepts, sources and methods used to compile Balance sheet statistics as part of the transition to ESA10 – the latest system for producing National Accounts.

2.6 ONS uses these statistics to produce *UK Environmental Accounts*<sup>20</sup>; *Public Sector Finances*<sup>21</sup>; *Profitability of UK companies*<sup>22</sup>; and the *UK National Accounts* – Balance Sheet statistics are a key component of the expenditure measure of Gross Domestic Product. The Bank of England and HM Treasury use the statistics to monitor economic performance and to develop and monitor monetary and fiscal policy. Eurostat uses the information to make comparisons between member states.

2.7 ONS told the Assessment team that the approximate annual cost of producing these statistics, including analysis, publication and survey work is:

- *Capital Stocks*, £35,000.
- *Business Investment*, £205,000.
- *Balance Sheet*, £35,000.

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<sup>16</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/economic-statistics/quality-and-methodology-information---capital-stocks-and-capital-consumption.pdf>

<sup>17</sup> [www.oecd.org/dataoecd/13/58/2552337.pdf](http://www.oecd.org/dataoecd/13/58/2552337.pdf)

<sup>18</sup> <http://www.ons.gov.uk/ons/guide-method/surveys/respondents/business/a-z-of-business-surveys/quarterly-survey-of-capital-expenditure/index.html>

<sup>19</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/economic-statistics/quality-and-methodology-information-for-non-financial-balance-sheets.pdf>

<sup>20</sup> <http://www.ons.gov.uk/ons/rel/environmental/uk-environmental-accounts/2011---blue-book-update/stbenvironmentalaccountsbbupdate.html>

<sup>21</sup> <http://www.ons.gov.uk/ons/rel/psa/public-sector-finances/april-2012/stb---march-2012.html>

<sup>22</sup> <http://www.ons.gov.uk/ons/rel/pnfc2/profitability-of-uk-companies/q3-2011/stb-profitability-of-uk-companies-2011q3.html>

### 3 Assessment findings

- 3.1 ONS discusses National Accounts with the Bank of England, HM Treasury and the Department for Business, Innovations and Skills (BIS) at quarterly meetings. ONS engages with other government users through the Economy theme working group<sup>23</sup>. ONS has published a user engagement strategy<sup>24</sup> for statistics produced by its Business Indicators and Balance of Payments Division (BiBoP), which is responsible for producing these statistics. The strategy includes undertaking user feedback surveys. ONS published a response<sup>25</sup> to the results<sup>26</sup> of its *Business Investment* user feedback survey in 2011. The response detailed changes made to *Business Investment* as a result of user engagement, including the inclusion of a time series for total non-manufacturing private sector business investment and revisions tables that are easier to interpret and navigate. ONS told us that it intends to consult users of *Capital Stocks* and *Balance Sheet* via online surveys when it next publishes these statistics. ONS has published some general information about the users of the UK Business Investment and Capital Stocks statistics within the QMIs accompanying the statistical outputs; and has committed to conduct user engagement surveys for Balance Sheet statistics and Capital Stocks statistics. The information provided about users and uses is generic and does not provide specific examples of how these statistics have been used by different types of users. ONS told us that it documents requests for information on Capital Stocks statistics and Balance Sheet statistics and reviews them annually. We suggest that ONS publish more information about how the UK Business Investment and Capital Stocks statistics are used and refer to the types of use put forward in the Statistics Authority's Monitoring Brief, *The Use Made of Official Statistics*<sup>27</sup> when documenting use.
- 3.2 ONS told us that it has been working to resolve the quality issues that caused the delay of the 2011 edition of *Capital Stocks*. ONS told us that the methods used to produce Capital Stocks statistics, along with many other data inputs into the National Accounts, are to be updated to take account of ESA10; At the same time, ONS hopes to resolve the data quality issues which led to the suspension of *Capital Stocks*. The transition to SIC2007, which in part resulted in the suspension of *Capital Stocks*, was announced in *Methods changes in the 2011 Blue Book*<sup>28</sup> in September 2011; however, this article outlines the changes to the UK National Accounts, but does not make clear that Capital Stocks statistics would be affected. Users reported that several time series on which they had based data models have been discontinued in *Business Investment*. ONS had not informed users of the reasons for discontinuing the time series, or the options considered before it decided to discontinue the statistics. ONS told us that it had discontinued these data series due to quality concerns. During the course of this assessment ONS confirmed that, in future, it will consult users of UK Business Investment and Capital Stocks statistics

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<sup>23</sup> <http://www.ons.gov.uk/ons/guide-method/the-national-statistics-standard/themes/economy/index.html>

<sup>24</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/user-engagement/index.html>

<sup>25</sup> <http://www.ons.gov.uk/ons/rel/bus-invest/business-investment/q1-2011/information-note.pdf>

<sup>26</sup> [www.ons.gov.uk/ons/rel/bus-invest/business-investment/q2-2010/information-paper.pdf](http://www.ons.gov.uk/ons/rel/bus-invest/business-investment/q2-2010/information-paper.pdf)

<sup>27</sup> <http://www.statisticsauthority.gov.uk/assessment/monitoring/monitoring-briefs/monitoring-brief-6-2010---the-use-made-of-official-statistics.pdf>

<sup>28</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/methods-changes-in-the-2011-blue-book.pdf>

before changes that affect statistics are made. In future, we suggest that ONS make clear which statistics will be affected as part of changes to the UK National Accounts.

- 3.3 In 2005 the EU required UK companies listed on a European stock exchange to produce their accounts in line with the International Financial Reporting Standards<sup>29</sup> (IFRS) – a set of international accounting standards – by 2013. ONS published an article<sup>30</sup> explaining the reasons for the move to IFRS and the broad impact on UK business statistics and UK National Accounts statistics. It is not clear from this article how Capital Stocks statistics and Balance Sheet statistics would be affected. ONS told us that due to the extended period of adoption, companies listed on a stock exchange are providing data on assets on different bases – some use the IFRS whilst others use older standards. Furthermore, the difference in reporting standards for those companies listed and those not listed will continue beyond 2013; some unlisted businesses may voluntarily report on the IFRS standards, others may continue with older standards.
- 3.4 ONS created an IFRS taskforce in 2004 to determine the type and the extent of the impact of IFRS on business and National Accounts statistics. However, ONS has not explained to users the potential impact on the quality of Capital Stocks statistics and Balance Sheet statistics, or how it plans to ensure that consistent statistics are published. The commentary in *Balance Sheet* explains that the adoption of IFRS has led to higher valuations of some tangible assets and that this has caused a discontinuity in Balance Sheet statistics. ONS recommends that users do not make year-on-year comparisons between 2005 and 2013 in *Balance Sheet* and *Balance Sheet QMI*. *Balance Sheet* reports year-on-year changes in the commentary and highlights changes that are likely to be the result of the change to IFRS. ONS has not produced a consistent time series for these statistics because to attempt to do so would place too great a burden on data suppliers. As part of the designation as National Statistics, ONS should investigate the impact of the different financial reporting standards used by companies on the quality of Balance Sheet statistics and Capital Stocks statistics and publish the results<sup>31</sup> (Requirement 1). We suggest that ONS publish the investigation into the feasibility of providing a consistent time series of Balance Sheet statistics and Capital Stocks statistics.
- 3.5 ONS told us that Capital Stocks statistics are based on forecast data when data from other sources are unavailable, with forecast data replaced with actual data in the next round of compilation; *Capital Stocks* briefly refers to actual data replacing forecasts in the Revisions section, but does not explain the extent or impact of forecasts on the statistics. One user, who we contacted as part of this Assessment, found the lack of information about the method of deflating Capital Stocks statistics a particular barrier to use – neither *Capital Stocks* nor *Capital Stocks QMI* outlines how the statistics are deflated. Balance Sheet statistics and Capital Stocks statistics are calculated using the PIM; ONS has published

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<sup>29</sup> <http://www.ifrs.org/IFRSs/IFRS.htm>

<sup>30</sup> <http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--623--october-2005/impacts-of-international-financial-reporting-standards-on-business-statistics.pdf>

<sup>31</sup> In relation to Principle 4, Practice 2 of the *Code of Practice*

- an article<sup>32</sup> explaining the PIM, but this article is not signposted in *Balance Sheet*, *Capital Stocks* or their QMIs. ONS has documented the assumptions that underpin the PIM, but told us that it has not published this document. One user of the UK Business Investment and Capital Stocks statistics explained that ONS includes the value of the land underlying dwellings when valuing property assets, meaning that UK statistics are not comparable with other countries. As part of the designation as National Statistics, ONS should provide more information about the quality and reliability of UK Business Investment and Capital Stocks statistics in relation to the range of potential uses<sup>33</sup> (Requirement 2). We suggest that ONS signpost users to the article explaining the Perpetual Inventory Model within *Balance Sheet* and *Capital Stocks*, or their accompanying Quality and Methods Information.
- 3.6 Eurostat currently has concerns about the quality of statistics on the consumption of fixed capital of roads, bridges and other structures in *Capital Stocks* and has placed a reservation<sup>34</sup> on the methods used to produce Capital Stocks statistics. ONS told us that this reservation relates to the way that ONS interprets and implements the requirements of ESA95, and that it is in discussion with Eurostat to resolve this issue. ONS told us that the reservation may be removed as methods are changed to meet ESA10 – the new system for producing National Accounts. Neither *Capital Stocks* nor *Capital Stocks QMI* provide information about the reservation. As part of the designation as National Statistics, ONS should publish information about outstanding Eurostat ‘reservations’ that have been placed on UK Business Investment and Capital Stocks statistics<sup>35</sup> (Requirement 3).
- 3.7 *Capital Stocks*, *Business Investment*, *Balance Sheet* and their supporting QMIs do not discuss comparability with other countries or signpost to similar statistics for other countries. As part of the designation as National Statistics, ONS should provide information about the comparability of UK Business Investment and Capital Stocks statistics with those produced by other countries<sup>36</sup> (Requirement 4). We suggest that ONS signpost similar statistics for other countries in *Business Investment* and *Capital Stocks*.
- 3.8 *Business Investment* provides information about the economic context of the statistics, but *Balance Sheet* and *Capital Stocks* do not provide any contextual information. As part of the designation as National Statistics, ONS should improve the commentary in the releases so that it aids user interpretation of the statistics<sup>37</sup> (Requirement 5). We suggest that in meeting this requirement ONS should consider the points detailed in annex 2.
- 3.9 ONS has not published a revisions policy specifically for these statistics, but the statistics team told us that it follows ONS’s corporate revisions policy<sup>38</sup> and the

<sup>32</sup> <http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--9--september-2008/methods-explained--perpetual-inventory-method--pim-.pdf>

<sup>33</sup> In relation to Principle 4, Practice 2 of the *Code of Practice*

<sup>34</sup> Eurostat places a ‘reservation’ on Member States’ statistics if it has doubts about the data quality. This usually means that technical issues need to be resolved, and that the published figure for that Member State cannot yet be considered fully in accordance with Eurostat’s rules

<sup>35</sup> In relation to Principle 4, Practice 6 of the *Code of Practice*

<sup>36</sup> In relation to Principle 4, Practice 6 of the *Code of Practice*

<sup>37</sup> In relation to Principle 8, Practice 2 of the *Code of Practice*

<sup>38</sup> <http://www.ons.gov.uk/ons/guide-method/revisions/corporate-statistical-policy/index.html>

National Accounts revision policy<sup>39</sup>. *Balance Sheet* clearly states that it adheres to the National Accounts revisions policy, but *Capital Stocks* and *Business Investment* do not. Provisional Business Investment statistics are published approximately 2 months after the period to which the statistics relate, and revised estimates 1 month later; however, the sequence and timing of the revisions are not made clear in *Business Investment*. As part of the designation as National Statistics, ONS should clarify when scheduled revisions to Capital Stocks statistics and Business Investment statistics will be made<sup>40</sup> (Requirement 6).

- 3.10 *Capital Stocks*, *Business Investment* and *Balance Sheet* are available in PDF format with detailed information contained within accompanying data tables. Four letter identifier codes are included in the data tables. These codes allow users to identify the statistics and download them from the Data section of ONS's website. However, ONS does not provide enough information about how to use these codes to extract data from its website. We suggest that ONS improve the level of accessibility of data available via the Data section of its website by providing instructions to help users.
- 3.11 ONS does not grant pre-release access to *Capital Stocks* or *Balance Sheet*. ONS publishes the pre-release access list<sup>41</sup> for *Business Investment*. 23 people are granted pre-release access to *Business Investment*. The list includes the Prime Minister and 16 people from HM Treasury. ONS told us that these lists are reviewed regularly and are kept as short as possible. As part of the designation as National Statistics, ONS should ensure that pre-release access lists are kept under close review so that access is granted only where absolutely necessary<sup>42</sup> (Requirement 7).

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<sup>39</sup> <http://www.ons.gov.uk/ons/guide-method/revisions/revisions-policies-by-theme/economy/national-accounts-revisions-policy.pdf>

<sup>40</sup> In relation to Principle 2, Practice 6 of the *Code of Practice*

<sup>41</sup> <http://www.ons.gov.uk/ons/rel/bus-invest/business-investment/q4-2011--revised-results/bus-invest---pra-bus-invest.pdf>

<sup>42</sup> In relation to Protocol 2, Practice 7 of the *Code of Practice*

## Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to ONS's UK Business Investment and Capital Stocks statistics, 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> | Publish more information about how the UK Business Investment and Capital Stocks statistics are used and 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 3.1). |
| <b>Suggestion 2</b> | Make clear which statistics will be affected as part of changes to the UK National Accounts (para 3.2).  |
| <b>Suggestion 3</b> | Publish the investigation into the feasibility of providing a consistent time series of Balance Sheet statistics and Capital Stocks statistics (para 3.4).   |
| <b>Suggestion 4</b> | Signpost users to the article explaining the Perpetual Inventory Model within <i>Balance Sheet</i> and <i>Capital Stocks</i> , or their accompanying Quality and Methods Information (para 3.5).   |
| <b>Suggestion 5</b> | Signpost similar statistics for other countries in <i>Business Investment</i> and <i>Capital Stocks</i> (para 3.7).  |
| <b>Suggestion 6</b> | Consider the points detailed in annex 2, in seeking to improve the statistical releases (para 3.8).  |
| <b>Suggestion 7</b> | Improve the level of accessibility of data available via the Data section of ONS's website by providing instructions to help users (para 3.10).  |

## 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>43</sup>. While 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 statistics detailed in Section 1.1.1, 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 *Balance Sheet*, *Capital Stocks* and *Business Investment* do not include the coverage of the release in the title, but do indicate the time period to which the statistics relate. The coverage is included below the title of the release. *Business Investment* includes a statement about the frequency of release and the frequency of the compilation of the data. This information is implied in *Balance Sheet* and *Capital Stocks*.
- A2.4 The releases include suitable headings and logos for National Statistics releases, and clearly distinguish which statistics are new. The originating department is clearly named and contact details for the responsible statistician are included in the releases. *Business Investment* includes a brief account, at the beginning of the release, of its content and a list of tables is presented at the end of the commentary before the detailed statistics. *Balance Sheet* and *Capital Stocks* do not include information about the release in terms of tables and subjects discussed.

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

- A2.5 *Business Investment* and *Balance Sheet* include five bullet points which briefly detail the key points; *Capital Stocks* does not detail the key points. The language used in the releases is mostly straightforward. *Business Investment* explains technical terms within the text and includes a small glossary. *Balance Sheet* and *Capital Stocks* include jargon and technical terms that are not defined, such as 'Households and non-profit institutions serving households' and 'non-marketable tenancy rights'.
- A2.6 The commentary in *Capital Stocks* and *Business Investment* focuses on comparing the latest statistics with those released in the previous publication. The commentary within *Balance Sheet* focuses on reporting the latest year's statistics, but does include some year-on-year comparisons despite the discontinuities caused by the move to the IFRS. *Business Investment* includes an explanation of the changes and a useful section about economic context;

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<sup>43</sup> <http://www.statisticsauthority.gov.uk/news/standards-for-statistical-releases.html>



*Balance Sheet* and *Capital Stocks* do not include such information. Tables and charts are not numbered in the releases. Some tables and charts in *Business Investment* have orphaned titles, making cross-referencing more difficult. The number of categories used in charts in *Balance Sheet* can make them difficult to understand. The releases do not include international comparisons. *Business Investment* includes an explanation of why the statistics are important, to whom, and for what they are likely to be used, but this provides only general information about uses. *Balance Sheet* and *Capital Stocks* do not include information about users or uses or explain why the statistics are important.

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

A2.7 The text used in the releases is impartial and demonstrably evidence based. Descriptions of the statistics included in the releases are professionally sound; however, the use of different units in some charts in *Business Investment* and the text describing the chart may confuse users. *Business Investment* includes a section linking to information about methods and a section discussing response rates to the underlying survey.

### **Include information about the context and likely uses**

A2.8 *Business Investment* provides information about the economic context for the statistics; *Balance Sheet* and *Capital Stocks* do not provide information about the context for the statistics. *Balance Sheet* and *Business Investment* include information in the background notes about interpreting the statistics, but do not discuss quality and reliability in relation to known and potential uses. *Capital Stocks* does not discuss quality and reliability in relation to use or potential uses.

### **Include, or link to, appropriate metadata**

A2.9 *Balance Sheet* and *Business Investment* signpost users to their QMIs which contain quality and methods information; *Capital Stocks* does not provide links to quality or methods information. The releases do not indicate the comparability of the statistics with other similar international statistics.

A2.10 The implementation of the IFRS means that year-on-year comparisons cannot be made for statistics from 2005 (up to 2013) in *Balance Sheet*. ONS has not included a quantified comparison of the extent of the discontinuities.

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

A3.1 This assessment was conducted from February to June 2012.

A3.2 The Assessment team – Gary Wainman and Joe Cuddeford – agreed the scope of and timetable for this assessment with representatives of the ONS in February. The Written Evidence for Assessment was provided in February and March. The Assessment team subsequently met ONS during May 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 9 responses from the user consultation. The respondents were grouped as follows:

Trade association	5
Central government	2
International organisation	1
Public sector	1

A3.5 Users reported that they considered the statistics team to be helpful and prompt in responding to queries. Users reported that they would like more detailed disaggregation of the statistics, for example a more detailed industry breakdown, and would like more information about the methods used to remove the effect of inflation. One user said that they would like more timely statistics and information about the coherence between capital stocks, capital consumption and investment data.

### Key documents/links provided

Written Evidence for Assessment document



