

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

## Statistics on Regional Economic Performance

*(produced by the Department for Business, Innovation and Skills)*

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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**

## **Statistics on Regional Economic Performance Indicators**

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Skills)*

## ASSESSMENT AND DESIGNATION

The *Statistics and Registration Service Act 2007* gives the UK Statistics Authority a statutory power to assess sets of statistics against the *Code of Practice for Official Statistics*. Assessment will determine whether it is appropriate for the statistics to be designated as National Statistics.

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

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

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

Assessment reports typically provide an overview of any noteworthy features of the methods used to produce the statistics, and will highlight substantial concerns about quality.

Assessment reports also describe aspects of the ways in which the producer addresses the 'sound methods and assured quality' principle of the *Code*, but do not themselves constitute a review of the methods used to produce the statistics. However the *Code* requires producers to "seek to achieve continuous improvement in statistical processes by, for example, undertaking regular reviews".

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

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

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

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

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

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# 1 Summary of findings

## 1.1 Introduction

- 1.1.1 This is one of a series of reports<sup>1</sup> prepared under the provisions of the *Statistics and Registration Service Act 2007*<sup>2</sup>. The Act requires all statistics currently designated as National Statistics to be assessed against the *Code of Practice for Official Statistics*<sup>3</sup>. The report covers the set of statistics reported in *Regional Economic Performance Indicators*<sup>4</sup> (*REPI*), a compendium publication produced by the Department for Business, Innovation and Skills (BIS).
- 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>5</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 Assessments of compendium publications against the *Code of Practice* relate to the processes involved in preparing the publication, rather than in producing the statistics that are included. Those sets of statistics will normally be subject to separate assessment. Designation of a compendium publication as National Statistics therefore means that the producer body has, for example: identified and met user needs in terms of the content of the publication; considered the appropriateness of each series for inclusion; and written appropriate commentary.
- 1.1.4 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 *REPI* is designated as National Statistics, subject to BIS implementing the enhancements listed in section 1.5 and reporting them to the Authority by June 2012.

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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.bis.gov.uk/analysis/statistics/sub-national-statistics/regional-economic-performance-indicators>

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

### 1.3 Summary of strengths and weaknesses

- 1.3.1 BIS has held several consultations to find out about the needs of users and their views of the regional economic performance indicators. Following one consultation, BIS removed the detailed commentary from *REPI*, despite some users saying that the commentary was helpful. In the last edition it published a guide to using the statistics but provided little commentary to aid interpretation.
- 1.3.2 BIS provides detailed background information about the sources of the statistics and highlights issues with their quality. It also provides links to the underlying sources and other relevant documents.

### 1.4 Detailed recommendations

- 1.4.1 The Assessment team identified some areas where it felt that BIS 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>	Publish the <i>REPI</i> revisions policy (para 3.1).
<b>Requirement 2</b>	Include an explanation of the distinction between National Statistics, other official statistics and statistics that are not official, and comment on the extent to which they are reliable (para 3.2).
<b>Requirement 3</b>	Improve the presentation of <i>REPI</i> to provide: a) clear titles; b) commentary that aids user interpretation of the statistics; and c) signposting with the statistics to background information about quality and methods (para 3.3).

## 2 Subject of the assessment

- 2.1 *REPI* was first published in 2001 under the title, *Regional Competitiveness and State of the Regions*, by the Department for Trade and Industry (BIS's predecessor department). This was an amalgam of two earlier publications that reported measures of regional competitiveness and sustainable economic development, skills and social regeneration. The reports were intended to assist those responsible for developing regional economic strategies and to provide monitoring and evaluation guidance for the Regional Development Agencies (RDAs). In combining the reports the content was focused on 11 groups of indicators.
- 2.2 *REPI* is a compendium that brings together existing economic and labour market statistics for the regions of England and the devolved administrations. The report is published<sup>6</sup> annually as a series of tables in an Excel workbook, accompanied by a background notes and definitions document and an 'economic context note' that gives advice about using the various indicators. A dynamic version<sup>7</sup> of the Excel tables is also released, with the statistics being updated as they become available from the producer.
- 2.3 The statistics are produced mainly by the Office for National Statistics (ONS), from sources such as the Regional Accounts, Annual Business Inquiry, Business Register and Employment Survey and the Labour Force Survey. Other suppliers include HM Revenue and Customs, the Department for Education, and the Department for Enterprise, Trade and Investment Northern Ireland. BIS also obtains enterprise statistics from Global Entrepreneurship Monitor UK which is not an official statistics producer. The BIS team obtains the statistics from the suppliers' websites where possible; it otherwise liaises with the producers to obtain the required statistics.
- 2.4 In 2010 government policy<sup>8</sup> resulted in a shift in emphasis from the regional to the local. RDAs will close by March 2012 and be replaced by Local Enterprise Partnerships<sup>9</sup> (LEPs) involving groups of local authorities and businesses. The regional level remains relevant, however, for statistical purposes as it is used to compare economic performance within member states by Eurostat. In addition much of the economic information is not available at lower geographic levels.
- 2.5 BIS uses *REPI* in its economic analysis to support its objective to encourage the development and growth of business in regions. It is used for targeting support and advice in different parts of the country. Local authorities use the statistics for benchmarking their own performance with their region rather than nationally. Businesses also use the statistics to understand the economic patterns in their area. The statistics are especially relevant for local authorities and businesses in areas bidding for funding through the Regional Growth Fund<sup>10</sup> and those establishing LEPs.

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<sup>6</sup> Each of the documents are given on the REPI web page: <http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/regional-economic-performance-indicators>

<sup>7</sup> <http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/regional-economic-performance-indicators/live-tables>

<sup>8</sup> <http://www.bis.gov.uk/policies/economic-development/englands-regional-development-agencies>

<sup>9</sup> <http://www.bis.gov.uk/policies/economic-development/leps>

<sup>10</sup> <http://www.bis.gov.uk/policies/economic-development/regional-growth-fund>

- 2.6 BIS has recently conducted two user consultations. The first, in 2008, received 13 responses, mainly from users in regional organisations. The latest consultation closed at the end of August 2011. BIS told us that it received around 50 responses. The responses included some from users in local authorities which flagged their need for more economic performance information at areas below regional level. BIS told us that it will review this feedback and intended to publish its response in December 2011. BIS is also establishing the English Business Survey<sup>11</sup>, to measure business confidence. These developments will inform the future of *REPI*.
- 2.7 The annual cost to BIS of producing *REPI* is around £25,000. There are no direct data collection costs.

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<sup>11</sup> <http://www.bis.gov.uk/eburvey>

### 3 Assessment findings

- 3.1 BIS has written but not yet published a revisions policy for both the annual (static) report and dynamic versions of the statistics. As part of the designation as National Statistics, BIS should publish the *REPI* revisions policy<sup>12</sup> (Requirement 1).
- 3.2 Global Entrepreneurship Monitor UK (GEM) is an international academic research consortium which produces statistics on entrepreneurial activity and involvement in business start-ups – it is not a producer of official statistics. The compendium does not explain the distinction between National Statistics, official statistics and others. The inclusion of the entrepreneurial activity statistics was intended to provide a more complete picture for users; however, the statistics for 2010 and 2011 were not available at a regional level due to a smaller sample, and were given at a country-level only. BIS gives some information about the quality of the statistics in *REPI* but does not include information about errors or biases that may be associated with these statistics, for example relating to completeness. As part of the designation as National Statistics, BIS should include an explanation of the distinction between National Statistics, other official statistics and statistics that are not official, and comment on the extent to which they are reliable<sup>13</sup> (Requirement 2). We suggest that BIS review whether the GEM statistics should be included in *REPI*.
- 3.3 BIS does not provide clear titles for the documents that make up the statistical release (such as the Excel workbook and the notes and definitions document). It gives some explanation of the indicators in the economic context note which it illustrates with some recent findings. However, *REPI* does not set out clearly the main findings in the statistics or give an overview of regional economic performance. BIS does not provide background material with the statistics or signpost users to the notes and definitions document. As part of the designation as National Statistics, BIS should improve the presentation of *REPI* to provide: a) clear titles; b) commentary that aids user interpretation of the statistics; and c) signposting with the statistics to background information about quality and methods<sup>14</sup> (Requirement 3). We suggest that in meeting this requirement BIS consider the points detailed in annex 2. We also suggest that BIS provide publication dates for each table released in the dynamic version of *REPI*, with an indication of the next anticipated release.
- 3.4 BIS gives the name of the responsible statistician on the *REPI* web page, as well as in the economic context note and notes and definitions document, but not with the statistics. We suggest that the name and contact details of the responsible statistician are included with the *REPI* statistics.

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<sup>12</sup> In relation to Principle 2, Practice 6 of the *Code of Practice*

<sup>13</sup> In relation to Principle 4, Practices 1 and 2 of the *Code of Practice*

<sup>14</sup> In relation to Principle 8, Practices 1, 2 and 4 of the *Code of Practice*

## Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to BIS's *REPI* 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> | Review whether the GEM statistics should be included in <i>REPI</i> (para 3.2).  |
| <b>Suggestion 2</b> | Consider the points detailed in annex 2, in seeking to improve the statistical release (para 3.3).   |
| <b>Suggestion 3</b> | Provide publication dates for each table released in the dynamic version of <i>REPI</i> , with an indication of the next anticipated release (para 3.3). |
| <b>Suggestion 4</b> | Include the name and contact details of the responsible statistician with the <i>REPI</i> statistics (para 3.4).   |

## **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>15</sup>. Whilst this is not part of the *Code of Practice for Official Statistics*, the Authority regards it as advice that will promote both understanding and compliance with the *Code*. In relation to the statistics on regional economic performance, 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 introductory text of the *REPI* web page makes clear the coverage and frequency of the statistics. It explains that static tables at one point in time are being published in an Excel workbook and that a parallel set of continuously updated tables are also available. The publication date is not given for these dynamic tables.
- A2.4 The notes and definitions document gives a description of the content of the release. The title of this document is unclear – it appears to be the statistical release, and so would contain the statistics, rather than the background information. The statistics and commentary are not included in this document. The Excel workbook does not give the main title of the statistical release or the name of the responsible department.
- A2.5 The release gives the name of the department and the National Statistics logo at the top of the web page. The name of the responsible statistician with contact information is also given on the product web page, as well as in the notes and definitions document and economic context note. The responsible statistician and contact details are not given with the statistics.

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

- A2.6 No commentary is given with the statistics, although BIS does provide maps and charts alongside the detailed tables. The economic context note includes some brief description of findings, to help illustrate the definitions, but these don't sufficiently describe the main findings.
- A2.7 Detailed commentary was previously published at the same time as the detailed tables but this was removed following the 2008 user consultation<sup>16</sup> – BIS concluded that 'the main text of the publication added limited value and should be dropped'. Some of the users who responded told BIS that they thought the commentary was helpful to inexperienced users and recommended retaining it.

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<sup>15</sup> <http://www.statisticsauthority.gov.uk/news/standards-for-statistical-releases.html>

<sup>16</sup> <http://webarchive.nationalarchives.gov.uk/+/http://www.berr.gov.uk/consultations/page47717.html>

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

A2.8 The commentary in the economic context note is impartial and factually based. The descriptions, although limited, are in line with the statistics.

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

A2.9 The economic context note and the notes and definitions document give some information about why BIS produces the indicators and how the regional statistics can be used to bridge the national and local picture.

A2.10 The notes and definitions document outlines issues relating to the quality of the statistics, including advice on the strengths and weaknesses of the various measures and guidance on use.

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

A2.11 The notes and definitions document gives an explanation of the sources for each measure, providing links to other relevant documents. It sets out where the statistics are based on international standards and measurement issues regarding, for example, the coverage, sampling and changes to method but not provide sufficient information about response rates and sources of bias for GEM. The notes and definitions document sets out where the coverage is not consistent across the UK countries.

A2.12 BIS published a separate announcement note<sup>17</sup> to explain forthcoming changes to methods prior to the release of the statistics. *REPI* provides consistent time series where these were made available by the supplying department and an explanation for the changes.

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<sup>17</sup> Pre-announcement of changes: <http://www.bis.gov.uk/analysis/statistics/sub-national-statistics/regional-economic-performance-indicators>

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

A3.1 This assessment was conducted from August to December 2011.

A3.2 The Assessment team – Penny Babb and Joe Cuddeford – agreed the scope of and timetable for this assessment with representatives of BIS in August. The Written Evidence for Assessment was provided on 23 September 2010. The Assessment team subsequently met BIS during October 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 4 responses from the user consultation. The respondents were grouped as follows:

Local government	2
Non-departmental public body	1
Commercial	1

A3.5 The statistics were used for local reporting and monitoring of economic trends. There was interest in obtaining similar statistics at a local level, particularly in relation to LEAs. There was also interest in more detailed information by Standard Industrial Classification.

#### **Key documents/links provided**

Written Evidence for Assessment document



