



Consultation Document  
ONS Statistical Work Programme 2008-2012

**11 October 2007**

**Summary**

ONS today launches the second phase of a consultation on statistical priorities.

We are delighted to announce that following the first phase of consultation and the excellent feedback received, the Office for National Statistics is proposing to invest an additional £40m over the next 4 years to continue to enhance and improve our statistical output.

Phase 1 of the consultation took place during June and July and resulted in responses from 90 organisations and individuals. Details are at <http://www.statistics.gov.uk/about/consultations/open.asp> in the related links sections. ONS has considered these responses as part of an exercise to identify projects that need to be taken forward and can now set out a draft statistical work programme for 2008/12.

The draft programme envisages expenditure on outputs increasing by around ten percent over the period of the plan. This gives ONS the opportunity to progress statistical developments in population and migration statistics, services statistics, and regional statistics, as well as upgrading part of our statistical infrastructure.

For each National Statistics Theme, Annex C describes the current range of outputs, the developments that are already planned, the responses to phase 1 consultation and ONS proposals for additional investment.

We invite views from all of our stakeholders, using the response template at Annex A which asks just four questions and seeks replies by 30 November.

Responses will be considered by ONS and feed into our planning process. The final statistical work programme will be published in the new year. The work programme and the responses to the consultation will inform the thinking as the new Statistics Board start to consider statistical priorities for the long term.

**Available funding**

The Comprehensive Spending Review settlement for ONS made it clear that ONS is expected to make substantial improvements to regional statistics, implement the recommendations of the Task Force on migration statistics and to improve service sector statistics. The ONS is also expected to work with user departments to agree funding for some of these improvements.

The settlement includes a challenge to make 5% real efficiency savings a year from 2008/09, with 2.7% in the final year. Cumulatively, this means a 16% reduction by 2011/12 compared with the 2007/08 base. By rolling our existing work programme forward and applying the efficiency challenge, this settlement means that we expect to be able to fund enhancements to our statistical work programme of about £40m (in total) over the 4 year period 2008/09 to 2011/12. The purpose of this phase of the consultation is to seek feedback on the choices ONS has provisionally made on how best to use this funding.

## Costs and Plans by National Statistics Theme

Before considering options for future statistical development it is important to be clear on what the existing ONS baseline budget will deliver. We have worked up costs for each group of statistical outputs within the existing National Statistics (NS) Themes. All ONS primary sources have been mapped to the analytical outputs they support, which have been grouped further into the NS themes. Not all ONS costs have been allocated to outputs – information management/technology, methodology, accommodation, corporate services, capital charges and other overhead costs are excluded, as are the costs of the 2011 Census preparations and the modernisation programmes. The resulting estimates of the direct statistical output costs are shown at Annex B, and will allow users to gain new insights into how ONS spends its budget.

It needs to be borne in mind that ONS outputs mainly cover the areas of industry, the economy, labour market, population, social statistics and some health statistics. National Statistics for other themes are mainly produced by other government departments. For a comprehensive view of all National Statistics outputs please refer to the NS Work Programme or the National Statistics Annual Report.

[http://www.statistics.gov.uk/about/national\\_statistics/documentation.asp](http://www.statistics.gov.uk/about/national_statistics/documentation.asp)

The plans in annex C show the scope of existing work by NS theme. They describe the theme, who uses the statistics and for what purpose, the main outputs and developments in the planning period, the costs, the responses to phase 1 consultation and ONS proposals for additional investment. The plans describe the top priorities that we propose taking forward and a series of other high priority proposals that we would like to be able to take forward but cannot afford within the programme.

Annex C also includes plans for a number of cross cutting themes that have been given particular priority. A summary of costs by National Statistics theme for 2007/08 is:

Agriculture, Fishery and Forestry	£0.6m
Commerce, Energy and Industry	£2.6m
Economy	£27.7m
Health and care	£3.6m
Labour Market	£17.3m
Natural and Built Environment	£3.4m
Population and Migration	£12.5m
Public Sector and Other	£3.1m
Social and Welfare	£11.6m
Transport, Travel and Tourism	£1.0m
Total	£83.4m

## How we arrived at the proposed package

ONS has recently refreshed its vision and values for the period 2008-12. To meet the challenges ahead we will:

- work in partnership with our key customers to understand both their current and future needs
- deliver a prioritised statistical work programme which evolves to meet customer needs and reflects the UK as it changes. Lower priority activity may need to make way to address new demands

- devote a greater proportion of resources to adding value by analysing data, improving accessibility and producing easy-to-read reports
- undertake high-quality data collection emphasising improved efficiency through the use of administrative data, streamlined survey design and integrated sources
- improve respondent trust and goodwill through efficient survey design and developing collection methods
- standardise our processes, systems and tools where there are business benefits in doing so strengthen the way our statistical directorates and our corporate services work together.

Consistent with the renewed vision, we have prioritised a large number of potential new projects including many requested in the phase 1 consultation exercise. These projects would enhance our existing outputs, develop new outputs, allow us to meet new European regulatory requirements and improve our underlying statistical infrastructure. All of these projects were considered in terms of the responses to the consultation, the public good, the impact on policy customers, the strategic fit with our business, the capacity for ONS to do the work and the degree of choice that we have.

We were very pleased with the scale and the quality of the responses to the phase 1 consultation (see link above). Summaries for each National Statistics theme are also contained in Annex C.

### **The proposed enhancements to the statistical work programme**

Over the years we have continued to prioritise our expenditure to support statistics to meet user needs. In addition, we have monitored key policy developments to ensure our statistics remain relevant. It is difficult to balance needs between a variety of users who often have specific requirements and may not always be aware of the needs of other users. This is especially so when budgets are limited and the demands are growing. As a consequence we have been working over the last year to develop a more transparent and systematic approach to priority setting. In considering priorities, we have tried to:

- Understand our work as a set of main outputs, and analyse how costs are attributed to each area
- Concentrate on our core business: while we make some contribution to all the National Statistics themes, we are the definitive source of population statistics, key aspects of social statistics and analysis, economic statistics including the National Accounts, inflation, labour market and public service productivity
- Maintain and develop our statistical infrastructure which is used for statistics across government, such as the business register, statistical classifications and operational definitions such as for ethnicity and sexual identity
- Plan proactively for data linkage between different administrative sources, to improve statistical accuracy, deepen our capacity for analysis, provide a key research resource and reduce costs of alternative approaches to data collection
- Update data collection processes and reduce burdens on data providers
- Continue work to improve statistical quality, including improving survey response rates and the reporting of quality measures
- Ensure our presentation and analysis meet users' needs
- Plan for all statistical products to be well designed for internet access, including better visualisation tools
- Continue the analytic priorities from 2007/08, including work on children and young people, ageing, societal well-being, public sector productivity, service sector, regional statistics and population statistics.
- Maintain and modernise our statistical systems, to improve their reliability, reduce risk and improve our efficiency

We considered proposals for statistical improvements totalling over £220m over the four year period. Bids went through a number of stages of filtering and prioritisation, resulting in a number of top priority projects that are included in the ONS proposed work programme and a number of other high priority projects that are not proposed as part of the work programme, but are included within the scope of this consultation. Details are contained by NS theme, and for some cross cutting topics, in Annex C. In summary the proposals are shown below.

	Total (£m)
<b>Within Proposed Package - top priorities</b> (see annex C)	
Commerce Energy & Industry Servcom	3.0
Economy	9.3
Service Producer Prices Index	
Regional price deflators	
Targeted regional survey boost	
Completing NA re-engineering & relocation	
Reinstating / refocusing Purchases Inquiry	
Complying with new FATS Regulation	
Housing component of CPI	
Health and Care	0.1
Changes to Cancer system to maintain data flows after NPfIT	
Labour Market	2.0
Continuation of NOMIS	
Population and Migration	12.6
Population and Migration work programme (composite)	
Changes to Vital Events systems arising from Independence	
Social and Welfare	5.5
Analysis to further our understanding of society: composite	
EU-SILC	
Pensions Survey	
Statistical Infrastructure	9.0
SIC 2007 / SOC 2010	
Complying with the recast Structural Business Stats Reg	
Consolidated admin data bid	
<b>Total</b>	<b>41.4</b>
<b>Outside of proposed package</b>	
Other high priority projects (see annex C)	13.0
Lower priority projects considered but filtered out (not detailed here)	165.6
<b>Total bids</b>	<b>220.0</b>

Subject to being able to meet the challenging efficiency targets and bearing in mind that the costs of the projects in the proposed package will need to be refined and confirmed, ONS believes that the proposed package (ie the "top priorities" in Annex C) is affordable in addition to maintaining the ONS's existing statistical work. The other high priority projects detailed in Annex C, and the large number of other projects not detailed here cannot be afforded within the available funding.

This is the first time ONS has published a four year work programme. Much of it must be regarded as indicative. Clearly the plans for the first year or two are more fully developed than those for the last two years. It is our intention to produce an annual work programme each year from 2009/10 which will update this work programme. This will enable us to reflect priorities which emerge during the course of the programme.

### **Implications of proposed work programme**

This work programme is wholly dependent on ONS being able to continue to meet the 5% a year efficiency challenge described earlier. In the past we have met such challenges through a mixture of true efficiency savings and cuts to outputs. The intention, going forward, is that the focus will be on efficiency savings rather than cuts in outputs, although we will continue to look for opportunities to streamline our products. We expect to be able to meet the efficiency challenge largely through changes in our approach to data validation and editing, exploration of mixed mode data collection (ie the balance between paper/postal and on-line collection for business surveys, or between face to face and telephone collection for household surveys), further improvements to sample design and through the introduction of modernised systems and processes.

We will also be approaching some Government Departments to discuss the possibility of jointly funding some programmes.

One of the results of funding this new work programme is that we will find it hard to meet the better regulation targets. We have a target to reduce the burden we place on business by 19% by 2010. We have been progressing well against this but this package of measures would increase sample sizes for some of our existing business surveys (eg regional boosts) and would introduce new business surveys (eg Foreign Affiliate Trade Statistics), making it very difficult to meet this target and continue reducing beyond 2010 in line with the Government's expectations.

Changes in the statistical work programme focus mainly on enhanced and new outputs. We will also be looking at a number of statistical infrastructure projects that will further develop the systems and processes used in ONS, building on the work done so far under the modernisation programmes. Such investment is needed to allow ONS to achieve the efficiency challenge and to reduce statistical risk in our ongoing work.

Preparations for the 2011 Population Census are proceeding to plan and we are not seeking to use this consultation to gather feedback on the Census.

### **What next?**

This paper initiates the second phase of the consultation begun in June. Results from this phase will feed into our planning process and be considered by the ONS in December. The third phase will see the publication of the Statistical Work Programme to be presented to the new Statistics Board for consideration.

ONS does not expect to make significant changes to the work programme for 2008/09 at that point, but feedback will be used to inform the thinking as the new Statistics Board gets to grips with the statistical priorities and the options for 2009/10 and later.

A summary of the responses to this second phase of consultation will be made available on the National Statistics website ([www.statistics.gov.uk](http://www.statistics.gov.uk)). Individual responses will be made publicly available as well, although confidentiality will be respected if requested.

The proposed investment of over £40m to enhance our services is a clear demonstration of our commitment to continually improve. Nevertheless, as we expected there are many areas where we could not invest to meet all of the demand. We therefore would be interested in an indication of whether any of these might supported by funding from other areas.

**Please complete the response template at Annex A and reply by 30 November.**

## **Annex A: Response template**

Name

Organisation(s) represented

Address

Telephone number

e-mail address

### ***Your views on ONS's statistical priorities during the 2008 to 2012 period***

1. Does the statistical work programme fairly reflect the balance of user needs?
  
2. Should any of the "other high priority" projects be included in the proposed programme? If so what "top priority" projects should be dropped from the programme, bearing in mind that we must work within the overall funds available?
  
3. Do you have any other comments that are relevant to this consultation?
  
4. Are you content for your response to be made public?

Please tick

Yes I am content for my response to be made public

No I want my response to remain confidential

Please respond by e-mail or letter to:

[priorities.consultation@ons.gsi.gov.uk](mailto:priorities.consultation@ons.gsi.gov.uk)

Office for National Statistics  
Room 2.164, Government Buildings  
Cardiff Road,  
Newport  
South Wales  
NP10 8XG.

Please submit your responses **by 30 November 2007**.

**Annex B**

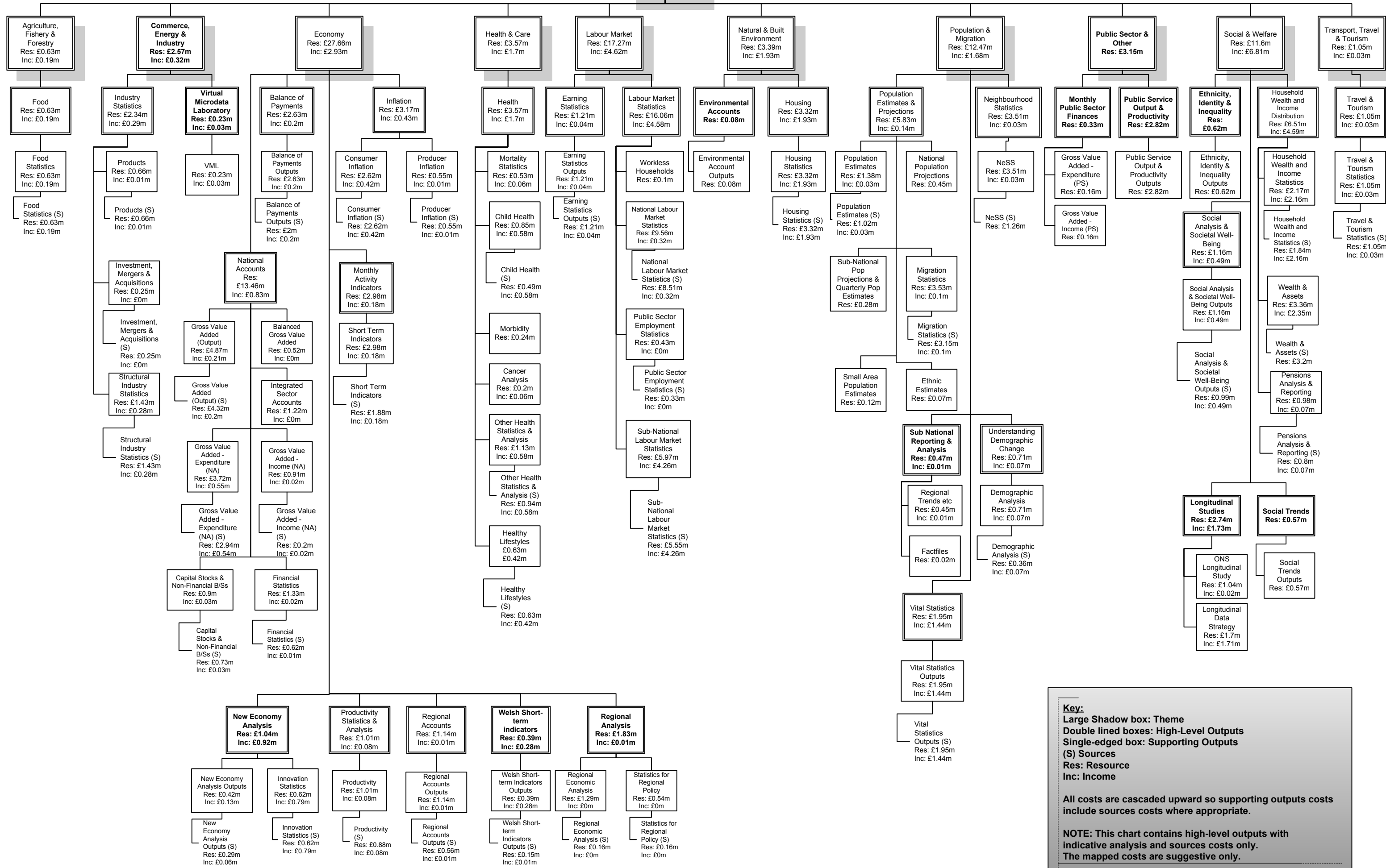
**Costs by outputs**

# ONS High-Level & Supporting Statistical Outputs

V5.0

06/08/2007

ONS Statistics  
Res: £83.36m  
Inc: £20.21m



## **Annex C**

### **Plans by NS themes**

- C1 Agriculture, Fishery and Forestry
- C2 Commerce, Energy and Industry
- C3 Economy
- C4 Health and care
- C5 Labour Market
- C6 Natural and Built Environment
- C7 Population and Migration
- C8 Public Sector and Other
- C9 Social and Welfare
- C10 Transport, Travel and Tourism

### **High profile, cross cutting issues where a consolidated package of measures is proposed**

- C11 Migration
- C12 Service sector Statistics
- C13 Regional Statistics
- C14 Analysis to further our understanding of society
- C15 Infrastructure Projects

## Annex C1 : Agriculture, Fishery & Forestry

### Objective

Most statistics of agriculture, fishing and forestry are produced by the Department for Environment Food and Rural Affairs (Defra) and the devolved administrations. For details see the National Statistics Work programme, <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=9212> and the web sites of the departments concerned.

The Expenditure and Food Survey is a continuous household survey collecting information on household expenditure on goods and services, including food and drink. The Office for National Statistics (ONS) has overall project management and financial responsibility for the EFS while Defra sponsors the specialist food data. The estimates of household expenditure are used to provide weights for the Retail Prices and Consumer Prices Indices, for household consumption estimates in the UK National Accounts and to analyse trends in nutrition. These statistics provide part of the assessment of the UK economy and of the health of the nation.

Defra is the main external customer and a significant sponsor of the EFS.

### Input to this theme from other Government departments

A number of other government departments are responsible for key data sources which feed into statistics on agriculture, fishery and forestry, principally the Department of the Environment, Food and Rural Affairs (DEFRA).

### Outputs

Results from the EFS are published in two key publications - "Family Spending" and "Family Food". Family Spending, produced by ONS, provides a comprehensive overview of household expenditure and income whilst Family Food, produced by DEFRA, provides detailed statistical information on the purchase and consumption of food and drink.

Family Spending - <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=361>

Family Food - <http://statistics.defra.gov.uk/esg/publications/efs/default.asp>

In addition, EFS data are available from the UK Data Archive (UKDA) as fully anonymised, non-disclosive data for the UK.

### Resources

Not all ONS costs have been allocated to outputs, Information Management, Methodology, accommodation, corporate services, capital charges and other overhead costs are excluded, as are the costs of the Census preparations and the modernisation programme.

	£m
2007/08	0.6

These costs are partly met by Defra.

### Planned developments and milestones (within existing baseline)

In common with other ONS continuous household surveys the EFS will become part of the Continuous Population Survey from January 2008.

## **Responses to the first phase of the consultation**

No responses received relating specifically to this theme

## **Proposals for additional investment**

There are no proposals for significant investment

## Annex C2: Commerce, Energy & Industry

### Objective

The Commerce, Energy and Industry theme covers the full range of micro-economic data - i.e. data at detailed sectoral or industrial level (outputs for the macro-economy fall within the Economy theme). Micro-economic data includes indicators of output, gross value added, employment, productivity, trade in goods and services, foreign direct investment, statistics of small and medium size enterprises and insolvency statistics in the manufacturing and service sectors. Statistics on energy covers information on production, trade, supply and energy prices.

The data underpinning these statistics are collected mainly from a range of business surveys which report in the main on the structure and trends of UK industry and services.

The Theme has very close links with the Economy theme. In many cases the data sources are the same as are the major users - HMT, the Business, Enterprise, and Regulatory Reform (BERR), the IR and the devolved administrations in the UK and Eurostat abroad.

Regional economic statistics are used by national government and devolved country administrations to inform policy and resource allocation. For example the Treasury and the Department for Business, Enterprise, and Regulatory Reform (BERR) share responsibility for a Public Service Agreement objective of making sustainable improvement in the economic performance of English regions. They are used by Regional Development Agencies (RDAs) in the development of their economic strategies; by Government Offices for the Regions (GORs) and local authorities for planning purposes; by a wide range of consultants, academics and others with an interest in regional and local issues; and by the European Union (EU) for funding purposes.

### Input to this theme from other Government departments

A number of government departments have a strong policy interest in these statistics, principally: Department of Business Enterprise and Regulatory Reform (BERR), HMT, Department of Culture, Media and Sport (DCMS) and Her Majesty's Revenue and Customs (HMRC).

### Outputs

This theme covers the outputs from most of ONS business surveys excluding those into prices and the labour market. In particular it includes

- short period surveys which feed into the National Accounts
- ABI/2 - ONS' structural survey on financial variables to business
- PRODCOM,
- financial surveys covering insurance companies, pension funds and trusts
- surveys which contribute to an understanding of globalisation such as ITIS and FDI
- surveys on innovation such as e-commerce and R&D

### Resources

Not all ONS costs have been allocated to outputs, Information Management, Methodology, accommodation, corporate services, capital charges and other overhead costs are excluded, as are the costs of the Census preparations and the modernisation programme.

£m

2007/08

2.6

Note that total business survey costs have been apportioned between this plan and that for the economy on the basis of broad assumptions on usage.

## **Planned developments and milestones (within existing baseline)**

The introduction of the new Business Register Employment Survey (BRES) will bring some improvements to the estimation of regional statistics

## **Responses to the first phase of the consultation**

The responses on Commerce, energy and industry statistics were extensive and in some cases very detailed and it is not possible to summarise them in a comprehensive and concise way. Nevertheless there were a number of common themes:

- improvements in timeliness, quality and availability of regional information through greater sample sizes, improved sampling and estimation methodology and a flexible approach to geographies
- improving the industrial classification to reflect the changing economy and the growing importance of the services sector
- development of better services statistics including SERVCOM
- reinstating an improved purchases inquiry

## **Proposals for additional investment: top priority**

### Servcom

see 'service statistics' annex

### Reinstating and refocusing the Purchases Inquiry

The purchases inquiry was suspended for one year (2007) as an economy measure and to refocus the survey to ensure it delivers the best value for its cost. The purchases inquiry collects details of purchases by product. It is required to provide weights for Producer Prices Indices and to provide estimates of GDP.

Work is currently proceeding on the design of the new survey, which will be focused on national accounts needs, possibly providing five yearly benchmarks with annual updates for key sectors of the economy. A discussion paper will be issued in due course.

### Complying with the new FATS Regulation

Foreign Affiliate Statistics (FATS) measure trade flows between parent companies and their subsidiary companies. They are regarded as essential for an adequate assessment of the structure and activities of foreign affiliates within the economy of the EU. The statistics are vital to any understanding of the concept of Globalisation and are regarded as important in the context, amongst others, of the General Agreement on Trade in Services (GATS) and the Trade-Related Intellectual Property Rights Agreement (TRIPs).

To this end a Regulation was passed on June 20th 2007 requiring the EU-wide collection of FATS. These statistics can be divided into Inward and Outward FATS. Inward FATS covers the activities of foreign affiliates in the UK economy; Outward FATS covers the activities of UK-owned affiliates in the Rest of the World. The Regulation only obliges the UK to publish data on non-EU affiliates but other potential users will want EU affiliates as well.

Inward FATS are produced as a special analysis using ABI data coupled with foreign ownership codes from the IDBR. Outward FATS will require a new survey. The costs to business for direct collection are likely to be very high. As FATS data will require the compilation of data from every level in a company hierarchy. Within the project studies will be undertaken to look at other potential data sources.

### Services Producer Prices Index

see 'service statistics' annex

### Pensions Surveys

see 'social and welfare' annex

### SIC 2007 / SOC 2010

see 'service statistics' annex

### Complying with the recast Structural Business Statistics Regulation

see 'service statistics' annex

## **Other high priority proposals**

There were a number of other proposals which ONS considered high priority but for which it has not yet been possible to identify funding. These are described briefly below.

### Business data validation

A more strategic approach to editing is needed for business surveys. An editing guide would be used as part of a wider training and education process to produce editing strategies for each business survey. This is likely to include a centralised rules repository and rule processing system which will lead to greater visibility of rules and a much better understanding of their effects. Implementation of the editing strategy has become more pressing with the efficiency challenge set by the CSR 2007.

### International Trade in Services

International Trade in Services (ITIS) is collected under international definitions codified in the International Trade in Services manual ( a joint UN/OECD publication) and the Balance of Payments Manual issued by the IMF. The 6th edition of the Balance of Payments Manual (BPM6) introduces changes that must be introduced into the ITIS survey in order for that survey to remain compliant with international regulations. These will be consistent with changes to the SNA.

Additional questions must be introduced into the questionnaires, such as:

- Goods for Processing
- Transactions in unallocated gold

The project will deliver a finer disaggregation of services in line with the shifts in economic transactions. One example will be a better understanding of on-line transactions. At present the ultimate geographical sources and destinations of on-line transactions are not well understood.

### Pilot web collection for business surveys

ONS's future Data Collection Strategy for business surveys will offer respondent the most appropriate and cost-effective collection mode and where possible, a choice. This encourages speedy response and reduces burden.

This project funds a small scale pilot to put at least one business survey "on-line". This will enable us to gauge whether this will be a usable future collection channel. Some respondents have asked ONS for

web-based facilities to be able to submit data, in particular surveys such as E-commerce and Internet Service Providers.

The deliverable would probably be an out-hosted service. A supplier would run the "service", hosting an electronic form collection instrument and would periodically supply ONS with the collected data. Special consideration will be paid to data security.

## Annex C3: Economy

### Objective

The Economy Theme covers macroeconomic statistics for the UK as a whole and economic statistics and accounts for the devolved countries and English regions. They include the National Accounts, balance of payments, price statistics such as the CPI and RPI, monthly activity indicators such as retail sales, productivity statistics and the regional accounts. Most macroeconomic statistics are produced by the ONS, but a number of other government departments and the devolved administrations also produce some important indicators and provide source data for ONS outputs.

The data underpinning macroeconomic statistics are collected in a number of different ways and from a variety of sources, including business and household surveys, specialised monthly price collections, external trade statistics, administrative data including from the tax system and banking statistics.

Statistics on the economy have a very wide range of uses, including by government departments and the Bank of England for policy purposes, by devolved country, regional and local bodies, by industry and by the academic and research community. For example the Treasury uses them for analysis and assessment of macroeconomic and fiscal developments and prospects, including for the Pre-Budget and Budget reports. They are a crucial input into the decision making process of the Bank of England's Monetary Policy Committee. A large number of other users, particularly in the financial sector and research community, use the statistics to monitor, comment on and predict policy. Industry needs to monitor and predict economic developments in order to run its businesses. The Society of Business Economists noted that for many of its members "the core macroeconomic data .....are clearly crucial".

Regional economic statistics are used by national government and devolved administrations to inform policy and resource allocation. For example the Treasury and the Department for Business, Enterprise, and Regulatory Reform (BERR) share responsibility for a Public Service Agreement objective of making sustainable improvement in the economic performance of English regions.

They are used by Regional Development Agencies (RDAs) in the development of their economic strategies; by Government Offices for the Regions (GORs) and local authorities for planning purposes; by a wide range of consultants, academics and others with an interest in regional and local issues; and by the European Union (EU) for funding purposes.

### Input to this theme from other government departments

A number of other government departments are responsible for key data sources which feed into statistics on the economy, principally: Her Majesty's Revenue and Customs (HMRC) which provides Intrastat data for the trade in goods components of the National Accounts and balance of payments and estimates of household and company incomes for the National Accounts; and the Bank of England which provides banking data for the National Accounts and balance of payments.

### Outputs

The monthly statistical outputs under this theme include: Retail Sales, Index of Production, Consumer and Producer Prices, Index of Services, UK Trade, Public Sector Finances, and the Economic and Labour Market Review and Financial Statistics.

On a quarterly basis outputs include: Preliminary GDP, UK Output, Income and Expenditure, Quarterly National Account, Business Investment, Productivity, Profitability of UK Companies, UK Balance of Payments, Regional Economic Indicators, Welsh Index of Production/Construction, Welsh Index of Distribution (experimental), Welsh Index of Hotels and Restaurants (experimental), Welsh Index of Transport, Storage and Communication (experimental), and Market Sector GVA (experimental). International Comparisons of Productivity are published twice a year.

Regular annual publications include: National Income and Expenditure Blue Book, UK Input Output Analysis, Share Ownership, Capital Stock and Non-Financial Balance Sheets and the UK Balance of Payments Pink Book .

## **Planned developments and milestones (within existing baseline)**

The main development in progress is the modernisation of National Accounts systems and methods. The first phase of this modernisation, scheduled for Blue Book 2008 in September 2008, is an extension of the input-output supply and use framework for balancing income, output and expenditure. Balancing will be undertaken in volume terms as well as in current prices, with a facility to balance quarterly as well as annual data. The numbers of industries and products identified will be increased, with expanded coverage of the service sector.

Over time from next year there will be significant benefits to users in the form of better quality estimates. As a result it is anticipated that a more coherent picture of the economy, greater articulation of the services sector and early estimates of GDP less subject to revision. (For further details see: "Modernising the UK's National Accounts": Economic and Labour Market Review April 2007.) Other benefits will include estimates of market sector GVA from the expenditure side and improved coherence between the National Accounts and labour market statistics, which in turn will improve estimates of productivity.

Under the aegis of the Allsopp programme work is also in hand to develop better regional accounts, including an experimental estimate of regional real GVA from the production side.

Other developments to be taken forward within the existing Economy resource baseline include:

- development of an R and D satellite account for the National Accounts, a requirement of the update of international national accounts standards.

## **Resources**

Not all ONS costs have been allocated to outputs. Information Management, Methodology, accommodation, corporate services, capital charges and other overhead costs are excluded, as are the costs of the Census preparations and the modernisation programme.

	£m
2007/08	27.7

## **Responses to the first phase of the consultation**

The responses on Economy statistics were extensive and in some cases very detailed and it is not possible to summarise them in a comprehensive and concise way. Nevertheless there were a number of common themes:

- improved service sector statistics (Treasury, Bank of England, Department for Business, Enterprise and Regulatory Reform, Society of Business Economists);
- the importance of delivering National Accounts re-engineering and managing the risks to the quality of the National Accounts from the relocation of the ONS from London to Newport;
- improved regional economic accounts including regional price deflators.

Individual proposals in each of these areas are outlined below, but there are also overviews of service and regional statistics in dedicated annexes.

## **Proposals for additional investment: top priority**

Servcom

see 'service statistics' annex

#### Services Producer Prices Index

see 'service statistics' annex

#### SIC 2007 / SOC 2010

See 'service statistics' annex

#### National Accounts: completing modernisation and maintaining quality during relocation

The first phase of National Accounts modernisation, or re-engineering, to September 2008 described above covers modernisation of the supply and use system only. This will deliver most of the direct user benefit from modernisation. It is also necessary to modernise the systems underpinning the detailed GDP components. This will make systems more robust, minimising the risk of errors, making them more transparent and flexible and making it easier to introduce methodological changes. The completion of modernisation will take several years. Over the same period the National Accounts group will be relocating from London to Newport. Several responses to the first phase of the consultation expressed concern about the possible effects of relocation on the quality of the National Accounts. The ONS has made it absolutely clear that it is fully committed to managing risks and maintaining quality during the relocation. A principal way the risk will be managed is extensive parallel running, and therefore doubling up of the staff, during the transition. The staff cost of this parallel running and of retaining expert staff to complete modernisation is just over £1 million a year on average.

#### Reinstating and refocusing the Purchases Inquiry

The purchases inquiry was suspended for one year (2007) as an economy measure and to refocus the survey to ensure it delivers the best value for its cost. The purchases inquiry collects details of purchases by product. It is required to provide weights for Producer Prices Indices and to provide estimates of GDP.

Work is currently proceeding on the design of the new survey, which will be focused on national accounts needs, possibly providing five yearly benchmarks with annual updates for key sectors of the economy. A discussion paper will be issued in due course.

#### Regional Price Deflators

See 'regional statistics' annex

#### Targeted regional survey boost

See 'regional statistics' annex

#### Housing component for CPI

Development of an owner occupier housing component for the Consumer Prices Index(CPI); this is currently being taken forward as part of an EU pilot study lead by Eurostat (while known as the CPI in the UK it is the EU's Harmonised Index of Consumer Prices); if the pilot study is not successful the ONS will seek to develop a stand alone UK owner occupier housing measure as suggested by a number of respondents to the first phase of the consultation.

## Other high priority proposals

There were a number of other proposals which ONS considered high priority but for which it has not yet been possible to identify funding. These are described briefly below.

### Producer Price Index annual chainlinking and prices re-engineering

Currently the Producer Prices index (PPI) is rebased every five years, when the weights are updated to reflect the changing structure of industrial production. This usually leads to big revisions, including to the National Accounts. Best practice requires, however, that the weights should be updated every year through annual chainlinking, which is the practice in the National Accounts. Chainlinking would mean that revisions would be made at an earlier stage, improving the quality of the earlier estimates.

Current ONS systems for prices are, however, not capable of sustaining annual chainlinking. Re-engineering those systems is therefore a condition for the implementation of PPI annual chainlinking. Re-engineering is also a prerequisite before some major changes to the CPI and RPI, such as the move to a December base month, could be introduced.

These two proposals have therefore been linked, and the costs shown below. The cost of re-engineering would be substantial.

### Expenditure and Food Survey re-engineering

The Expenditure and Food Survey (EFS) is a key input to a number of important statistical outputs:

- household expenditure on services for the National Accounts;
- weights for the CPI and RPI
- analysis of the income distribution and effects of taxes and benefits

Re-engineering the EFS and its systems would reduce the risk to quality from the increasingly fragile current systems and facilitate improvements in the quality of the outputs listed above.

## Annex C4: Health & Care

### Objective

ONS produces a variety of publications, statistical outputs and services to report on the health and wellbeing of the population. ONS data are used to measure progress on government targets, for example to reduce inequalities in life expectancy and infant mortality and to reduce teenage pregnancy, and provide an essential input into the planning and performance management of the NHS.

A major element of ONS activity on health, and the topic with the longest history, is the reporting and analysis of death registrations in England and Wales. Research using this data source improves knowledge on causes of death, patterns and trends in adult and childhood mortality and life expectancy, including health inequalities. Other relevant topics covered by ONS include self-reported health and illness measured in the census and population surveys; key policy-related measures such as health expectancies based on those data sources; cancer incidence and survival; congenital anomalies in babies.

ONS works with other government departments and the academic community to make best use of the available health data sources, promote the development of new surveys, and ensure the quality of statistical outputs; improve the coherence of UK-wide health statistics; and meet the UK's international obligations. In the context of independence, ONS is working closely with the NHS to ensure the smooth continuation of key data flows around births, deaths and cancer registrations.

### Input to this theme from other Government departments

It should be noted that the consultation is being carried out for the ONS Work Programme and that not all data used within ONS outputs are produced by ONS, with most health and social care statistics produced by the Health and Social Care Information Centre for England and separate bodies for Scotland, Wales and Northern Ireland. Some ONS health outputs depend on information flows, under strict governance controls from health service bodies.

We also liaise closely with others on data vetting, expertise in specific fields, working collaboratively and joint funding of outputs and projects.

### Outputs

ONS publishes an internationally cited journal, *Health Statistics Quarterly*, which contains many of key health and care outputs including in-depth research and methodological articles and shorter topic updates and reports. Other outputs are published mainly through the National Statistics website:

- Annual reference volumes containing detailed tables on adult and childhood mortality, cancer and congenital anomalies
- Major occasional publications include *Focus on Health* (web-based) and *UK Health Statistics*
- Life expectancy for local authority areas is published in an annual web report
- Data sets on mortality, life expectancy and healthy life expectancy are disseminated through the Neighbourhood Statistics website
- Short-term monitoring of mortality is facilitated by a weekly deaths report

Regular unpublished outputs include data files supplied to the Department of Health and NHS organisations, while tables and data files on a range of health subjects are provided to many government and academic users on an ad hoc basis.

ONS and external users produce published research from the ONS Longitudinal Study, a major resource whose availability to researchers is financially supported by the ESRC as well as ONS.

## Resources

Not all ONS costs have been allocated to outputs, Information Management, Methodology, accommodation, corporate services, capital charges and other overhead costs are excluded, as are the costs of the Census preparations and the modernisation programme.

	£m
2007/08	3.6

## Planned developments and milestones (within existing baseline)

ONS is working with other government departments to harmonise outputs on selected key health statistics for inclusion in the next edition of *UK Health Statistics* (early 2008).

New methods are being developed for the monitoring of social inequalities in mortality, leading to high profile decennial analyses and technical improvements in the estimation of life expectancy from the ONS Longitudinal Study.

Work is planned to improve the relevance and coherence of official statistics on disability, starting with the establishment of a Disability Statistics User Group.

In recognition of the major policy interest in healthy ageing and projections of population health status and disability, ONS is investigating a number of methodologies and research directions, including measurement of health-related quality of life, further extension of work on health expectancies, and applications of micro-simulation modelling.

## Responses to the first phase of the consultation

28 responses of which;

7 on births and deaths asking for increased data on neo- and post-natal deaths(2) and other issues (5)

3 on disability and mental health asking for data to better understand the topic area (2)

18 on general issues

## Proposals for additional investment: top priority

### Changes to Cancer system to maintain data flows after NPfIT

ONS will meet essential costs of transitional arrangements consequent on changes in the NHS Central Register and plans for the National Programme for IT, to ensure continued flow of key data. Following NPfIT the Central Health Register Inquiry System (CHRIS) at ONS Southport will be decommissioned to be replaced by the Personal Demographic System (PDS) and the Secondary User System. PDS will provide tracing functionality and SUS will provide event reporting functionality. There will be no changes to the National Statistics Database at ONS Titchfield.

## Annex C5: Labour Market

### Objective

The Labour Market Theme brings together information and statistics about many aspects of the labour market relating to people, to employing enterprises and to relevant elements of the social security system. Labour Market Statistics (LMS) use household and enterprise surveys as the core source for data, although in the future administrative-based data will have a key role in supplementing these survey sources.

The Labour Market Theme has close links with a number of other themes. Namely, as inputs to the production of Productivity Statistics under the Economy Theme, and with the Population and Migration Theme in terms of producing headline employment and unemployment rates, and measuring the effects of migration on the UK labour market. Also there are links with the Commerce, Energy and Industry Theme, under which the Business Register and Employment Survey (BRES) is being developed as a replacement for part of the Annual Business Inquiry (1) and the Business Register Survey, to become the provider of annual employment estimates.

#### Macroeconomic policy

Labour market statistics have a key role in providing some of the information which is important for macroeconomic policy in both the short term and the longer term.

In the short term, labour supply figures from the Labour Force Survey (LFS), together with statistics of labour demand and changes in earnings, are closely watched by analysts in order to assess the extent of inflationary pressures arising from labour costs. In the longer term, macroeconomic analysis reflects the understanding that both the quantity and quality of the nation's supply of people and their skills, as measured by statistics from the LFS and elsewhere, are key determinants of national output and performance.

#### Employment policy

Government policy, relating to the promotion of employment opportunities for all, requires good quality statistics showing the extent of employment among different groups of people within the community, and the extent of the skills these groups have acquired.

Statistics of educational qualifications and skills already obtained by people, as well as the extent of the job related training being undertaken to develop improved skills, are important for understanding the quality of available labour supply and for formulating training policies designed to improve the prospects for employment. In the context of industrial relations policy, statistics are needed relating to working time arrangements, trades union membership and the extent of labour disputes. Statistics relating to the distribution of earnings are also needed in connection with the National Minimum Wage policy. Most recently, in the context of the government's policy for public services reform, there has been a surge of high-level policy interest in the improvement of statistics relating to public sector employment.

#### Regional policy

Labour market statistics support economic planning at sub-national level and the devolved administrations in Scotland, Wales and Northern Ireland have a distinct interest in all aspects of labour market statistics applying to their countries.

### Input to this theme from other Government departments

Department of Work and Pensions have a strong policy interest in the Labour Market and also publish a range of relevant outputs, including statistics on benefits and the New Deal. Department for Innovation,

Universities and Skills (DIUS) produce statistics on skills, education and training. Department for Business, Enterprise and Regulatory Reform (BERR) also have a strong interest and have lead responsibility for statistics on Trade Union membership. Each of these departments produce regular analyses of different aspects of the Labour Market.

## Outputs

ONS publishes a wide range of Labour Market Statistics outputs, analytical assessments and expert advice. The highest profile outputs are the Labour Market Statistics monthly First Releases for the UK, countries, and regions, together with all the associated web-based outputs and briefing material. Significant articles and statistics are published in the monthly journal "The Economic and Labour Market Review". A range of other regular outputs include the work and worklessness among households annual First Release, the public sector employment annual analytical article and quarterly local area labour market statistical indicator reports. ONS also supports the Nomis electronic dissemination service including local area labour market profiles. Other high priority outputs and work activities include local area modelled unemployment estimates, implementing the recommendations of the recent Employment and Jobs Quality Review, developing modernised systems for producing labour market outputs, updating the Labour Market Review 2006 and the complementary on-line guide to Labour Market Statistics and regular updates of the labour market activity projections.

In addition, ONS delivers a wide range of Earnings Statistics which directly contribute to the Labour Market theme, namely short-term statistics on earnings, public sector employment, work-force jobs, vacancies and labour disputes and annual structural statistics on earnings and employment.

## Resources

Not all ONS costs have been allocated to outputs, Information Management, Methodology, accommodation, corporate services, capital charges and other overhead costs are excluded, as are the costs of the Census preparations and the modernisation programme.

	£m*
2007/08	17.3

\*Earnings statistics and Labour Market Statistics

## Planned developments and milestones (within existing baseline)

- To take forward the recommendations of the Quality Review of Employment and Jobs Statistics and Workforce Jobs Review
- To deliver reweighted LFS microdata for 1992 to 2007 consistent with the 2006 Mid-Year population estimates
- To complete the reconciliation of the Average Earnings Index (AEI) and Average Weekly Earnings (AWE) and move AWE to National Statistics status
- To further develop public sector employment data, including improvements to NHS data and the development of regional statistics
- To incorporate Business Register Survey data in the annual employment estimates produced by the Annual Business Inquiry

## Responses to the first phase of the consultation

86 responses of which:

19 - were covering ASHE asking for the cuts to be reversed (9); provision of increased local level data (4); increased sample size (2) and a number (8) of single issue responses

15 - were covering ABI asking for increased local level data (4) and an improvement to data reliability (2), with 9 covering single issues

15 - were covering LFS asking for increased local level data (4) and 11 covering single issues

7 covered NOMIS issues - requesting the expansion or greater use to reduce costs elsewhere(2); provision of better estimates (2)

37 covered general issues - such as employment data (5) claimant count data (3) and other issues (26)

Of the responses to the consultation, a number of the labour market contributions concerned the cut to the sample of the annual survey of hours and earnings (ASHE). Considering users' views, ONS commissioned a detailed analysis of the potential impact of the cut to inform any decision to restore the sample to its previous level. Having reviewed that analysis in the context of the competing bids, a decision was taken to maintain the sample reduction into future ASHE surveys. However, ONS has confirmed that it could increase the sample provided that the costs of doing so were met by users and, in order to assure stability in the survey design, a commitment to funding for the length of the CSR period is given.

## **Proposals for additional investment: top priority**

### Continuation of NOMIS

This involves continuation of a small area labour market statistics web service, currently paid for by Communities and Local Government (CLG) who have confirmed they will not fund this after 2007-08. In the long term, ONS would like to integrate the service into the NS website, but will need to continue to support the existing arrangements until new ONS systems are in place.

### LFS Re-weighting

Once the current re-weighting exercise is completed a process can be put in place to reweight the LFS system every two years, until modernised systems are available.

## **Other priority proposals**

### Coherence of job estimates from LFS and Business Surveys

Greater coherence in jobs statistics from LFS and other household surveys and business surveys, in particular development towards a single jobs series, is needed for greater certainty about what is happening to jobs contributing to the UK economy. This was a main theme of the NS Quality Review of Employment and Jobs Statistics in 2006.

To achieve significant progress towards a single series of jobs estimates by region/area and industry of workplace, as well as to improve the consistency of coding between the survey sources and the IDBR generally, routine linkage between the LFS (ultimately the IHS and other surveys) and the IDBR needs to be developed.

## Annex C6: Natural and Built Environment

### Objective

ONS statistics on the natural and built environment include the environmental accounts and housing surveys.

Environmental accounts provide the linkage between economic activity (in National Accounts terms) and environmental impacts which only ONS can provide. They provide information on air pollution, energy consumption, oil and gas reserves, trade in basic materials, environmental taxation and spending on environmental protection. This enables modelling of sustainable development policy options, of fiscal or monetary measures and the evaluation of the environmental performance of different industrial sectors. Customers include a range of government departments and public authorities, businesses, and the voluntary sector. The statistics are also used in academic research.

The English House Condition Survey (EHCS) collects data on the condition and energy efficiency of housing and the quality of neighbourhood conditions in England. The information obtained through the survey provides an accurate picture of the type and condition of housing in England, the people living there, and their views on housing and their neighbourhoods. It provides an independent audit of progress towards meeting the government's Decent Homes target at a national and regional level. Department for Environment Food and Rural Affairs (Defra) and Department for Business, Enterprise and Regulatory Reform (BERR) also use the EHCS to analyse fuel poverty, energy consumption, heating patterns, and targets for carbon emissions.

The survey is conducted for the CLG who pay for the survey and publish the results.

### Input to this theme from other Government departments

Most statistics of the natural and built environment are currently produced by the Department for Environment Food and Rural Affairs (Defra), Communities and Local Government (CLG), the Department for Business, Enterprise and Regulatory Reform (BERR) and the devolved administrations. For details see the National Statistics Work programme, <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=9212> and the departmental web sites.

### Outputs

Environmental accounts are produced every six months, in spring and autumn each year. Further details are in:

<http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=3698>

The English House Condition Survey is published annually by CLG. See:

<http://www.communities.gov.uk/index.asp?id=1155269>

### Resources

Not all ONS costs have been allocated to outputs, Information Management, Methodology, accommodation, corporate services, capital charges and other overhead costs are excluded, as are the costs of the Census preparations and the modernisation programme.

	£m
2007/08	3.4

## **Planned developments and milestones (within existing baseline)**

From April 2008, ONS will be conducting the English Housing Survey on behalf of CLG as part of the new Integrated Household Survey. This survey will bring together the English House Condition Survey with the Survey of English Housing, also published by CLG.

## **Responses to the first phase of the consultation**

5 responses of which:

3 asked for additional environmental information ie environmental indicators;

2 asked for improvements to environmental accounts data

## **Proposals for additional investment**

There are no plans for significant investment

## Annex C7: Population & Migration

### Objective

Population and Migration statistics are a basic element of the statistical infrastructure: accurate population counts are an essential for almost all analysis, regardless of the topic. Accurate Demographic statistics describe the composition and profile of society.

These statistics are used widely by policy makers, analysts and researchers in Central and Local Government, as well as by business and third sectors. They are important for economic policy making as well as for informing decisions about likely demand for services. Key users for economic forecasting include HM Treasury, Bank of England, and DWP. Population and migration statistics affect funding to Local Authorities as well as resource allocation for health care and schools. Regeneration initiatives and EU policies and funding also require accurate population and migration statistics

This Theme also includes the Neighbourhood Statistics Service (NeSS) which cuts across many other themes by making available to the public social and economic analyses available at regional and small area levels, thereby implementing PAT 18 recommendations made by the Neighbourhood Renewal Unit / CLG.

There is a wide public interest, including in terms of accountability of the Government, and in societal change.

### Input to this theme from other Government departments

A number of other Government departments contribute to this theme. The General Register Office for Scotland (GROS) and Northern Ireland Statistics and Research Agency (NISRA) undertake similar functions to ONS in relation to population statistics within their territorial administrations. The National Assembly for Wales, the Home Office and the Department for Communities and Local Government (CLG) undertake additional statistical work that contributes significantly to this theme.

### Outputs

The statistical outputs produced under this Theme include: Annual & Quarterly Population Estimates; National and Sub-National Population Projections Population Estimates by Ethnic Group; Electoral Statistics and National Life tables (life expectancy). Migration Statistics, both international and internal are the subject of considerable public interest at the moment.

Demographic Analysis reports on three key areas of the UK population: Fertility Trends; Statistics on Families and Households; Ageing population. Regular outputs provide some of the more complex analysis for annual reference volumes on 'Births' and 'Marriages, divorces and adoptions' and provide the fertility assumptions for National Population Projections. Advice is also regularly sought from others in ONS for flagship publications. Ad hoc statistics are produced on families and households, such as number of lone parents and the children living within lone parent households, and numbers of people cohabiting. Topic advice is also supplied to Census.

The Neighbourhood Statistics Service (NeSS) makes available to the public through the internet a whole range of analysis at regional and small-area level that is drawn from ONS and other sources across Government.

### Resources

Not all ONS costs have been allocated to outputs, Information Management, Methodology, accommodation, corporate services, capital charges and other overhead costs are excluded, as are the costs of the Census preparations and the modernisation programme.

	£m
2007/08	12.5

### **Planned developments and milestones (within existing baseline)**

To remain current ONS must continually explore the scope for improving its statistical outputs, ensuring that it utilises the most suitable available data and provides outputs that meet the changing needs of our users. Similarly our dissemination tools, such as NeSS, must contain up-to-date data and must keep abreast of developments in web design. Throughout the year ONS reviews NeSS capabilities and identifies new enhancements that will increase its value to users. this, and new data that will be received from OGDs, will help to deliver some of the enhancements requested by users in the first phase of the consultation exercise where these will deliver particular benefits. Likewise, we will also implement conclusions from reviews of our printed publications about population statistics.

Topic	Description	Milestone
<b>Improving Migration and Population Statistics (IMPS) Project</b>	<p>The key strands of the IMPS project are: developing the population statistics needed for the future; migration data development; reconciliation of the Census and population estimates; demographic analysis and understanding; improvements to sources and their use; integrated systems and efficiencies; and quality measurement.</p> <p>One aim of our development work is to be prepared for 2012, when we will receive the results of the 2011 Census, minimising any differences between the 2011 Census results and the rolled forward mid year population estimates. We will also be continuing work on improving the quality of our migration data in line with users' priorities (see under the new work annex). Another goal is to be able to develop better quality measures and reporting so that users have a better sense of the fitness for purpose of what we produce.</p>	<p>To be determined but some of the existing milestones are:</p> <p>A final report late in 2007 will summarise findings from four LA case studies and make recommendations. These studies investigated the potential for using local sources (data and intelligence) to improve ONS population statistics for all LAs in E&amp;W or groups of LAs. Consequent work will be taken forward in 2008/09.</p> <p>Stochastic forecasting - ONS, in collaboration with the University of Leeds, aim to develop probabilistic national population projections for the UK, thus enabling the uncertainty in national projections to be specified. Depending on the progress of the methodological issues being considered in 2007-08, we aim to publish a trial set of probabilistic projections as experimental statistics during 2008-09.</p> <p>Working towards improving the quality and coherence of population outputs produced as printed matter (including population trends) and on the web. Completion of a publication review in December 2007. The findings will be implemented from 2008/9.</p>
<b>Neighbourhood Statistics Service</b>	<p>quarterly (phased) updates/enhancements; enhancements to the analysis tool-kit</p>	<p>To be determined</p>

## Responses to the first phase of the consultation

142 responses received referred to the Population and Migration Theme. Of these, the highest proportion of comments related to Population Statistics, asking for:

- more robust and useful data about rural and local authorities;
- more frequent population estimates; and
- improved projections of births, deaths and populations.

Ethnicity and migration statistics were mentioned in a similar number of responses, where comments included:

- the need to increase data availability on black and ethnic groups;
- migration both inward and outward; and
- concerns over current international migration flows as well as the more general point about reliable comprehensive and up to date data featured as concerns.

Neighbourhood Statistics was referred to in 16 responses, and respondents sought:

- more accurate small area information; and
- improvements and regular updates to health / crime data.

Although we do not propose to seek additional funding for any new work, we recognise the importance of NeSS, and existing resources already allow NeSS to be under continual development with a view to remaining current. This will continue to be the case.

A significant number of responses related to the 2011 Census covering enumeration of 2011 Census to be of high standard; improvements made to the outputs of the Census; wider range of data; reduced focus on out of date Census data. The Census is not part of this consultation exercise, and proposals for the 2011 Census are not included in the workpackages that we are proposing in this document. These responses will, however, be taken into account by the Census 2011 team when preparing their own proposals.

## **Proposals for additional investment: top priority**

### Population & Migration composite package

ONS proposes a package of developments that are necessary to implement the findings of the Migration Task Force. This includes improving the International Passenger Survey and increasing use of administrative data such as that collected on Landing Cards to improve the statistics about international migration. It also includes plans for collecting data from communal establishments as part of the Integrated Household Survey, which will help improve the quality of data about internal migration and inward migration. Accessing administrative data relating to students and health will improve the understanding of the issues that affect migrants within the UK. The sums included for this work set out in this consultation document reflect the costs for ONS. In addition, supporting initiatives are planned by a number of other Government Departments, which they will fund and undertake separately.

At the same time, ONS proposes to start work on exploring how to overhaul the population statistics system so that it is capable of delivering more reliable and timely data. The current system has been in place for many years and does not make the best use of the information that is now available to Government. These proposals will explore the contribution that administrative data can make to improving the Population Estimates, and will include an examination of the continuing role of the decennial census of population. The conclusions of this study will establish the framework for a cost-efficient population statistics system that meets the needs of users in the 21st Century.

For further information see 'migration' annex.

### Changes to Vital Events systems arising from Independence

To ensure the continued receipt and processing of Life Events Data. This covers any changes to the VEMP processing systems which may be required because of Independence. The current flows of data between NHSCR, GRO and VEMP need to be preserved, including the N3 gateway used for transmitting Birth Notifications data to VEMP.

## **Other high priority proposals**

### Implementation of ICD10 version 2007.01 coding program

Moving to new version of Mortality Medical Data System Software (MMDS) for coding cause of death. This will enable ONS to be more consistent with the rest of the world, be able to participate more fully in mortality forums and will help in the answering of queries on coding from other countries.

Since January 2001, cause of death in England and Wales has been coded to the tenth revision of the International Classification of Diseases ICD10. Software versions are updated annually and Updates take account of bug fixes, changes in coding rules and agreed updates from the WHO Mortality Reference Group (MRG). All annual revisions since this version have been tested on receipt, and declined for use due to a variety factors, as it was felt they would have a negative impact on coding quality and statistical continuity. It is expected that software version 2006.nn will contain a major version change to ICD10 . The software should allow the Cause coders to automatically code about 88% of all routine deaths, an increase on the current levels. The remainder are output for manual coding along with non-routine deaths. Neonates and Stillbirths are also coded manually to ICD10 using ONS bespoke software TRACER.

### Human Embryology Act implementation

A requirement of the Human Embryology Act is for single sex couples to be able to register the birth of a child as their own. The proposals mean that following assisted reproduction same sex couples will be treated as parents for registration purposes.

This will require changes to Births, Death and Still-births systems to allow a 'mother' and 'parent' to be recorded instead of a mother and father in appropriate cases and including of additional information about civil partnerships where applicable. These changes may impact on the Birth, Death and Stillbirth indexes and outputs, or for data release to OGDs as well as Overseas Registrations and the Parental order register.

### Development of automated coding for VEMP

Development of a new automated coding system for VEMP for Occupation and Country of Birth coding. The requirement is for an Automated Coding Text Recognition package (ACTR) to code both occupation and country of birth text automatically and interactively thus cutting down on the current staff resource in miscellaneous coding. Currently only 10% of births are occupation coded due to resource restraints and there may be a requirement in the future to code 100% of births records and extend the age limit for coding occupation of deceased from the current age limit of 74 and under.

### Enhanced information on Life Events collected via RON

Improved information from vital events data collected via RON system . Funding RFCs to RON to ensure statistical requirements are met.

## Annex C8: Public Sector & Other

### Objective

ONS set up a new unit, the UK Centre for Measurement of Government Activity, in 2005 to take forward the recommendations of the Atkinson Report on Measuring Government Output and Productivity for the National Accounts. The unit provide figures for the National Accounts and also research and publish articles on public service productivity. A particular theme is to measure quality as part of public service output, and ring fenced funds from the Treasury Invest to Save Budget are being used to develop a quality measurement framework, with particular focus on provision by third sector bodies. Productivity analysis is part of wider accountability for public spending; articles are produced independently from government departments, though with close work on sources and contextual information.

ONS publishes monthly public finance statistics, including measures of the current budget and public sector net debt which are used to monitor HM Treasury's performance against the Chancellor's fiscal rules (the 'Golden Rule' and the debt rule). They are also used to monitor UK performance against the EU's debt and deficit criteria as set out in the Maastricht Treaty. The public sector accounts are consequently very high profile and the ONS is closely scrutinised for independence in this area. This release is produced jointly by ONS and HM Treasury, but all decisions relating to classification of bodies and transactions in or out of the public sector boundary are taken independently by the ONS. Such decisions, and the compilation of the accounts, are done according to national accounting standards, as required by EU legislation.

### Input to this theme from other Government departments

It should be noted that the consultation is being carried out for the ONS Work Programme and that not all data used within ONS outputs are produced by ONS, but is provided by other government departments and Devolved Administrations eg Department for Work and Pension, Department of Health, Scottish Government and Welsh Assembly Government. We also liaise closely with others on data vetting, expertise in specific fields, working collaboratively and joint funding of outputs and projects.

The public sector finance statistics are compiled jointly with HM Treasury, and with input from DCLG.

### Outputs

Productivity articles covering a range of areas including education, health, adult social care and social services. In addition, there are methodology articles and papers. There are also contributions to international conferences and liaison with other National Statistical Organisations to develop best practice.

Public finance statistics are release monthly in First Release format, and are supplied twice a year to Eurostat for debt and deficit monitoring. Classification decisions are made continuously and are made public via a dedicated area of the NS website containing explanatory articles, relevant correspondence with HM Treasury and other government departments. Expenditure and income data are also incorporated into the quarterly and annual National Accounts, with sectoral breakdowns for central government, local government and public corporations.

### Resources

Not all ONS costs have been allocated to outputs, Information Management, Methodology, accommodation, corporate services, capital charges and other overhead costs as are the costs of the Census preparations and the modernisation programme.

	£m
2007/08	3.1

## **Planned developments and milestones (within existing baseline)**

Current funding will be used to continue annual productivity articles for most main services, with more 'methods articles' to explain techniques, and expansion into new work areas like criminal justice and defence. Current plans are for 4 productivity and 10 methods articles in the current financial year.

Work will also be taken forward on the implementation in the public sector finances (and National Accounts) of new accounting guidance for central government consistent with International Financial Reporting Standards (IFRS). ONS continue work to improve the treatment of PPP and PFI schemes.

## **Responses to the first phase of the consultation**

There were no responses on this topic.

## **Proposals for additional investment**

See 'Analysis to further our understanding of society' annex.

## Annex C9: Social & Welfare

### Objective

ONS has a long history of social and welfare analysis. This broad heading covers many areas, ranging from ethnicity data through inequalities and income distribution to analysing general social trends. The ONS longitudinal study is an important source for linking data from different censuses, and ONS also runs the Millennium Cohort Study and the English Longitudinal Survey of Ageing. ONS conducts the Wealth and Assets survey and will be running a Disability Survey, both on the basis of specific external funding.

### Input to this theme from other Government departments

A wide range of data and analysis on social and welfare issues is published by other government departments and organisations eg Department for Work and Pension, Department of Health, Scottish Government and Welsh Assembly Government. We also liaise closely with others on data vetting, expertise in specific fields, working collaboratively and joint funding of outputs and projects.

### Outputs

Key outputs from this area are:

- Social Trends
- 'Focus on' reports
- Annual Abstract of Statistics
- Monthly Digest of Statistics
- Pension Trends
- Occupational Pension Scheme Survey Annual Report

Articles on a variety of topics, including the effects of taxes and benefits on household income and aspects of the longitudinal study, are published in other journals and publications.

ONS and external users produce published research from the ONS Longitudinal Study, a major resource whose availability to researchers is financially supported by the Economic and Social Research Council (ESRC) as well as ONS.

### Resources

Not all ONS costs have been allocated to outputs, Information Management, Methodology, accommodation, corporate services, capital charges and other overhead costs are excluded, as are the costs of the Census preparations and the modernisation programme.

	£m
2007/08	11.6

### Planned developments and milestones (within existing baseline)

Current outputs will continue. Developments in measuring societal wellbeing, to complement GDP and other national accounts measures of economic well-being, and the UK sustainable indicator set, with coherent, authoritative measures of wider societal wellbeing. Linked to this is social capital and the extent

to which different aspects contribute to individual wellbeing the take up of, and response to, services, health and participation. There are also plans to expand aspects of analysis to further our understanding of society, including particular analysis on equalities and children and young people, a key strand of the Government agenda, social exclusion and ethnicity, disability and religious and sexual identity.

## **Responses to the first phase of the consultation**

35 responses of which:

8 covered child data asking for statistics on child poverty (2); data on who cares for children (3) and other issues (3)

16 for Household data including the General Household and the Integrated Household Surveys asking for - improvements to data access (2); improvement to coverage, sample size and additional questions (9); discontinuation of surveys included in IHS (1)

3 for Social and Welfare data asking for - production of more good quality socio/economic data (1); collection of family data (1)

3 for pension statistics asking for - more data on the accumulation of pensions by working age population (2); discussion following pension reform to identify data sources (1)

2 for expenditure and food survey

3 for other topics

## **Proposals for additional investment: top priority**

### Pensions surveys

Pensions is a key area for policy development within government. The availability of good quality, relevant information on pensions is important to several government departments in monitoring and development of policy, from the impact on the economy to the impact on individuals through addressing inequalities in pension provision. ONS collects key information on pensions through several surveys and is therefore in a key position not only to supply results for others to use but also to provide analysis to inform the continuing pensions debate. Improvements to these ONS surveys will ensure the results are kept relevant. Improvements to the financial surveys and to the OPSS questionnaires will make data collection and validation more efficient and so reduce data collection costs and compliance. Improvements to the OPSS design should improve the quality of results, allowing for sample reductions.

### Continuation of EU Survey of Income & Living Conditions

ONS is continuing the work on the European Union Survey on Income and Living Conditions (EU SILC) project is an instrument aiming at collecting timely and comparable cross-sectional and longitudinal multidimensional microdata on income, poverty, social exclusion and living conditions. Once the European Union subsidy for this projects ends, and given the requirement for these statistics under EU regulation, ONS will continue funding.

For other developments see 'Analysis to further our understanding of society' annex

## Annex C10: Transport, Travel & Tourism

### Objective

Most statistics of transport, travel and tourism are produced by the Department for Transport (DfT), the Department of Culture, Media and Sport (DCMS) and the devolved administrations. For details see the National Statistics Work programme, <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=9212> and the web sites of the departments concerned.

The International Passenger Survey (IPS) is a continuous survey collecting information on international passenger travel. The main aims of the IPS are to:

- collect data in order to measure travel expenditure and how it impacts on the UK balance of payments (on the travel account);
- provide detailed information about overseas visitors to the UK for tourism policy;
- provide data on international migration; and
- collect travel information on passenger routes as an aid to aviation and shipping authorities.

The survey meets a wide range of government department needs, including HM Treasury and the Bank of England, DCMS, DfT and HM Revenue and Customs, as well as VisitBritain, the National Tourist Boards and others with an interest in tourism.

### Input to this theme from other Government departments

As indicated above, most statistics on transport, travel and tourism are produced by DfT, DCMS and the devolved administrations. The detail of their contributions are given in the web link above. They include large scale questionnaire surveys, such as the National Travel Survey, observation data, e.g. traffic counts and administrative data, such as that collected by DVLA.

### Outputs

Results of the International Passenger Survey are published in Travel Trends, annually in November?. See

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1391&Pos=&ColRank=1&Rank=272>

Summary results are published monthly by First Release and quarterly in Overseas Travel and Tourism (MQ6)

### Resources

Not all ONS costs have been allocated to outputs, Information Management, Methodology, accommodation, corporate services, capital charges and other overhead costs are excluded, as are the costs of the Census preparations and the modernisation programme.

	£m
2007/08	1.0

These costs are based on the present structure and assume efficiencies to cover inflation. However see below for planned improvements which may impact on these costs. These costs are primarily covered by ONS funding with small contributions from other government departments and VisitBritain to cover non-core questions.

## **Planned developments and milestones (within existing baseline)**

The IPS is currently being reviewed following the Report of the Inter-Departmental Task Force on Migration Statistics. For further information see

<http://www.statistics.gov.uk/about/data/methodology/specific/population/future/imps/updates/default.asp>

(produced in December 2006). This review is planned to lead to improvements to the IPS as a measure of migration flows.

There have been some discussions between ONS, DCMS and other interested stakeholders on the sitting of responsibility for tourism statistics. The NS Quality Review on Tourism Statistics, see

<http://www.statistics.gov.uk/about/data/methodology/quality/reviews/population.asp>

recommended that responsibility for and running of all tourism statistics should come under one organisation and that ONS was best situated to take this responsibility. This would include, amongst others, the running of the IPS, the coordination of other surveys (eg UK Tourism Survey, Leisure Day Visits), and the construction of Tourism Satellite Accounts. Apart from the IPS, they are currently controlled through DCMS - with much of the work and maintenance presently carried out by the various UK tourist boards. Discussions on the feasibility of establishing a central unit at ONS are continuing.

## **Responses to the first phase of the consultation**

4 responses of which:

2 required more information on travel data; 1 requested a dedicated unit for tourism statistics

## **Proposals for additional investment: top priority**

The proposals of the Migration Task Force have a significant impact on the IPS. These are described in the plans for population and migration statistics. A package of work on migration has been given high priority for taking forward as part of the statistical work programme.

## Annex C11 New work package: Migration

### Introduction

The United Kingdom is currently witnessing a period of significant population change with, in particular, recent international migration to and from the UK at much higher levels than a decade ago.

This can have a profound effect on economic and social policy and service delivery. Relevant, accurate and timely statistics are needed to support the development and monitoring of new and existing policies, plan and resource service delivery and to analyse the social change that is taking place. Population and migration statistics have also assumed increased importance for formulating macro-economic policy; they are seen as crucial in helping to judge the size of the potential labour supply and therefore the extent to which the economy can grow in a non-inflationary way.

At the same time, initiatives elsewhere in Government potentially create the opportunity to access new sources of administrative data: these may enable us to provide improved statistics about the size and distribution of the population - whether on their own or in conjunction with traditional methods. This creates a need to research new approaches to population and migration statistics.

Within the Population and Migration theme, we therefore propose to undertake two major pieces of new work during the years 2008/09 to 2011/12. These are:

- a refocusing of the Improving Population and Migration Statistics (IMPS) project, in line with the recommendations of the Migration Statistics Task Force; and
- developing proposals for an Integrated Population Statistics Service (IPSS)

### Improving Migration and Population Statistics (IMPS)

#### Background

Producing accurate counts and tracking changes in the pattern of migration in a timely fashion has proved difficult using existing sources, methods and definitions and this has affected user confidence in the range of available figures. Users would like to see ONS, and Government more widely, deliver a "step change" in the quality of population statistics. In particular, it is difficult to estimate geographic distributions of international migrants.

The key issues are:

- no systematic register exists of all people entering or leaving the country;
- existing migration statistics are focused on long term migrants. Only the International Passenger Survey (IPS) separately identifies short-term migrants and there are sample limitations in its use;
- in-country surveys, such as the Labour Force Survey, do not capture all migrants (eg those in communal establishments, most short term migrants and disproportionate numbers in hard-to-enumerate households);
- available administrative sources do not provide a quick fix. In particular, administrative sources only collect residence information on migrants once they have registered and information on intended stay or departure from the country (and hence actual duration in the country) is not well documented.

To make such a "step change", ONS will need a considerable level of collaboration from Whitehall Departments and will therefore seek to work in a cross-Government partnership to deliver this change. For example, ONS would need to receive raw and aggregated data on people moving into, and around, the country from administrative systems.

## **Deliverables**

ONS proposes to contribute £12m over the four year period towards the cross-Government funding partnership that will be required to meet the need for better migration statistics and in line with the recommendations of the Migration Statistics Task Force Report. It is expected that ONS will be the largest contributor but further funding will need to be sought from other Departments in order to deliver the programme in full (or the programme scaled back accordingly).

The recommendations of the task force include:

- An improved port survey to collect data on a substantially increased sample of migrants;
- Collecting and processing data from landing cards;
- Analysing data from the points-based information system;
- Developing a communal establishments module on the Integrated Household Survey;
- Linking administrative data on migrants for statistical purposes, where we can lawfully gain access to this data;
- Using raw and aggregate data from other Government Departments and other sources;
- Improved data sharing between Departments, where this is lawful;
- Linking sample data across a number of sources, where we can lawfully gain access to this data;
- Improved outputs: key indicators, coherent annual reporting on Migration, and establishing an expert committee on Migration Statistics to inform the work.

Together these changes would significantly improve the quality of information about international and internal migration. Once the cross-Government partnership is established to take forward the recommendations, the group will assess what might be possible and which recommendations (if not all of them) can be taken forward with the available funding.

## **User Benefit**

User benefits will include:

### **Resource Allocation: Planning and providing for public services**

Improved international migration estimates will feed into population estimates and projections for the constituent countries down to local area level, and also for the cross border migration flows between local areas and constituent countries in the UK. These figures also form the basis of household projections.

Migrant groups can have very different demands on local services, and linguistically and culturally diverse groups may have specific requirements. For example, there may be specific health needs associated with some ethnic groups that are more prevalent in migrant populations; increased numbers of short-term migrants can impact on the demand for temporary accommodation in local areas etc.

### **Developing fiscal and monetary policy**

International migration estimates, including all people who move to the UK for work, will ensure that:

- (i) the labour market is accurately estimated,
- (ii) population denominators are correct for key economic indicators such as employment rates and

(iii) they can feed into wider economic analyses e.g. factors affecting the measurement of inflation through the Consumers Price Index.

Foreign workers need to be separately estimated by intended length of stay for economic analyses e.g. to aid estimation of the impact on GDP of remittances abroad.

### **Developing and monitoring social policy and immigration policy.**

More comprehensive information, e.g. on first inward moves for non - EEA nationals and characteristics of migrants, is needed for assessing integration. Information about long-term intentions of migrants will enable improved assessment of the impact of migration on pension and benefit policies.

## **Integrated Population Statistics System**

### **Introduction and Background**

Accurate and timely population counts are essential for all types of statistics. A sound population statistics system is an essential element in any statistical infrastructure and affects both social and economic policy making.

The existing approach to producing population statistics has grown up piecemeal over many years and relies on the decennial census as the means by which we baseline statistics; indeed, the population count is still the most important purpose of the Census. ONS is concerned at the high risks attached to the current approach to producing population estimates. There is a need for improved population statistics to deliver:

- more accurate population counts to provide denominators for other statistics;
- continually updated official population statistics;
- better access to geodemographic data for market modelling and targeting purposes;
- enhanced capacity for analysis of population change ;
- more consistent national statistics, between different statistical sources and between statistical and administrative sources.

The population estimates become increasingly unreliable towards the end of the ten-year period between censuses. There is also a need to provide better, more regular information about the characteristics of the population, but the current system for population statistics cannot adequately meet these because:

- Traditional censuses are expensive operations and there would be major cost implications for Government if they were conducted more frequently than every ten years. At the same time the need for more timely and accurate data is growing;
- Populations are becoming increasingly difficult to count using traditional enumeration methods, partly as a result of greater mobility and partly because of changes in social attitudes. Under-counting has been a problem in most censuses since the Second World War, but the problem became particularly marked in 1991 and 2001. The UK is not alone in facing this problem;
- It is increasingly hard to justify the powers to collect the data that we need under existing powers in the Census, where this data has already been collected by Government for administrative purposes.

At the same time, opportunities for considering alternative sources of data collected in censuses have grown with the creation of new government Databases such as the National Identity Register and the Children's Index, as well as more well-established databases such as those held by DWP and DH. These create the potential to revise population baselines more frequently than every 5-10 years.

In addition, the Neighbourhood Statistics Service (NeSS) has made it possible to offer more detailed analysis at local level for the benefit of users. The delivery of population statistics needs to be integrated fully with NeSS in order to maximise the benefits to users of both NeSS and the statistics it disseminates, enabling richer analysis and more informed debate on topical issues relating to the size, characteristics, and distribution of the population.

Research undertaken in 2002-3 examined what will be the requirement, in 2011 and beyond, for the types of information that have traditionally been provided by a Census and how these needs should be met. The research concluded that a full census will still be needed in 2011, but that after that the aim should be for a more integrated and more flexible population statistics system. This would make increasing use of administrative sources over time so that in 2021 a Census might either be reduced to very small question set or be replaced by a rolling census / large population survey, allowing the production of up to date population counts on an annual basis, giving the benefits of the core census at greater frequency. The major potential financial benefit is value for money - that for the same or less money than that previously spent on the decennial Census, an IPSS might provide better data than the Census-based estimates.

Lack of funding meant that no further work was done at that stage, but the proposal was strongly welcomed by our users. The UK Population Committee/NSCD Advisory Board recently confirmed its support for proceeding with this vision. This was reinforced by the latest Comprehensive Spending Review, which placed a specific obligation on ONS to look at options for alternatives to the Census.

The scope and vision need to be refreshed and the business case teased out further than was possible in 2003. The aim is that the planned work should produce firm proposals for an integrated population statistics system that can respond to the needs of the UK for the next 50-100 years, and take this work to a point at which decisions can be made about how this should be done.

### **Deliverables**

The overall project would not be completed within the period under review, but by 2011/12 we will have developed a business case setting out the costs and benefits for an IPSS, and have conducted some "proof of concept" feasibility studies. We will be in a position to propose operating models and to take a view on the continuing need for enumerated censuses in the light of the links with administrative data. We will be in a better position at that date to estimate the levels of funding that would be required for implementation.

# Annex C12 New work package: Service Statistics

## 1. Introduction

### Growth of the service sector

The increasing importance of the service sector has been one of the most significant economic developments in the last thirty years. This change has presented a major challenge to the statistical system, which historically had been developed to suit the measurement of manufacturing.

The rapid growth in relative importance of the service sector accelerated around the beginning of the 1970s as manufacturing sector growth first lagged behind services. As shares of GVA, services accounted for about 53 per cent of GVA at the start of the 1970s; in 2002 they accounted for 73 per cent. Conversely, manufacturing accounted for about 33 per cent of GVA in 1970 and 16 per cent in 2002.

### Improvements in services' measurement

Over the past fifteen years, the UK has led the way in addressing the measurement of services, encouraged by the Pickford, Allsopp and Atkinson Reviews. Most recently the measurement of this sector has been reviewed as a key part of the Allsopp *Review of Statistics for Economic Policymaking*, and the Atkinson Review of the *Measurement of Government Output and Productivity for the National Accounts*. The Allsopp Review recommended a number of developments, many of which are underway, and the Atkinson Review has led to the creation of the UK Centre for the Measurement of Government Activity, which leads a programme of ongoing improvements to the measurement of public services.

### User demand: responses to the current consultation

In their response to the first stage of the current consultation exercise, the Bank of England indicated that they continue to attach a very high priority to improving the quality of services sector data. In particular they noted that *'it is important that the quality and quantity of services-sector data, which still lag behind manufacturing, continue to improve. As an example of how this would be useful, we would like to be able to assess whether the strength in financial intermediation over the recent past has been broadly based across its different sub-sectors. As a good example of an innovation we have found useful, ONS have recently provided a breakdown of the published "other services" category of business investment into e.g. real estate, renting and business, and finance.'* The Bank also noted that they would like to see the Services Producer Price Index move towards 'National Statistic' status.

Similarly, in their response, HMT noted that they would like to see the improvements in *'the breakdown of data within the services sector[where] at present the classification is very coarse for parts of the services sector (in contrast to manufacturing), with some groupings containing very heterogeneous activities/businesses.'* Furthermore, HMT attached *'high priority to chain-linking of the SPPI [Services Producer Price Indices] in order to produce better quality statistics that are less prone to revision, with consequential benefits for the national accounts.'* Finally, HMT said, ONS's should give the highest priority for investment over the period to 2012 to *'improvements in service sector statistics, reflecting the increasingly important role this sector plays in the wider economy, further shifting the balance away from disproportionate focus on manufacturing.'*

These observations go very much with the grain of the recommendations of the Allsopp Report in 2003, which included (Rec. 32) *'The coverage of the service sector in surveys of activity and prices should continue to be increased, building on the development of the experimental Corporate Services Price Indices [now Services Producer Price Indices] and Index of Services, especially on improving the sectoral coverage. The ONS should accelerate this work and move towards the milestone of both the CSPI and the IoS losing their 'experimental' labels as early as possible, recognising also that further improvement will be necessary for some considerable time after that. The ONS should keep users informed of progress and should aim to demonstrate visible improvement by 2006, with continuing development thereafter.'*

## **2. Current state of measurement of services**

Significant progress has been made in the past 15 years in the development of service sector statistics. In the early 1990's, as a result of the Chancellor's Initiative, a large program of data collection in the service sector was put in place. The collection of quarterly turnover data from service sector businesses was started in 1992. This has subsequently moved to monthly collection, so that today some 30,000 services businesses are surveyed each month.

The Index of Services development programme began in 1999. In March 2007, consistent with the timetable agreed with senior users, the index was designated as a mainstream National Statistic. This is a major advance in the measurement of the sector, and has been widely acknowledged by senior users.

However, service sector prices are influenced by significantly more complex factors than the prices of goods, so that their measurement has proved much more difficult. One aspect of this difficulty is the conceptual problems associated with defining the services themselves, and in measuring prices for specific services 'products'. Nonetheless, much progress has been made in the development of SPPIs, and 32 are currently produced as experimental series covering around 50% of the sector. However, the absence of a robust and comprehensive statistical frame for services products, i.e. a SERVCOM, has frustrated wider development of prices.

### **Benefits of National Accounts re-engineering**

It should be noted here that improvements in the measurement of the sector will flow from the re-engineering of national accounts methods and systems. For example, the development of more rigorous and frequent alignment of the output / income / expenditure measures of GDP through supply-use balancing will improve the coherence of service sector statistics, and may also reduce revisions. The ability to analyse deflators within this framework will also improve the coherence of the current price and volume measures for services, and increase the relevance of industry level derived prices.

## **3. Description of the proposal**

Service sector (and regional) statistics will continue to be developed in the context of the strategic direction and objectives set by the Allsopp report. The proposals in this consultation document represent a significant investment in the Allsopp agenda. The ONS believes, however, that the development of both service and regional statistics will be more effectively managed and consultations with key stakeholders more focused if the two streams are progressed separately (while recognising there are some interdependencies). Accordingly from next April there will be separate internal steering and external stakeholder groups for regional and service sector statistics. The existing Allsopp groups will be consulted further about the new arrangements.

In terms of the development of service sector statistics, specific proposals for additional funding in the coming period are:

### **i) Services Producer Price Indices (SPPIs) - top priority**

Expansion of the current survey to fully cover Service Sector (i.e. above what is required to meet Eurostat requirements) and development to full National Statistic status. Development work in 2008-10 with full coverage from 2010-11 onwards. SPPI would become a National Statistic in 2013.

In addition, the quality assurance and maintenance of SPPIs could be improved to ensure that existing indexes remain relevant and of sufficient quality over. Further, ONS would have the potential to develop regional SPPIs as a downstream benefit from expansion, especially if SERVCOM is delivered.

## **ii) SERVCOM - top priority**

SERVCOM is a comprehensive survey of the sales of detailed products produced within the services sector in the UK. It has two main benefits

- i) it would provide a sampling frame for SPPIs (as PRODCOM does for the PPI), and also the annual weights needed for chainlinking SPPIs.
- ii) it would provide detailed product sales data for services in national accounts Input-Output tables, in a similar manner to PRODCOM.

The development of a 'full' SERVCOM with coverage equivalent to the existing PRODCOM would cost around £3.2m annually. The current proposal is for the development of an 'incremental' SERVCOM, with coverage built up over time and focussing initially on those sectors where estimates of services' prices are considered most deficient.

## **iii) SIC 2007 - top priority**

The introduction of the new industrial classification represents an important challenge to the production of statistics in the UK and the rest of the world. The change, with its emphasis on increasing the detail available for service sector statistics and covering new technological products and industries, will bring improvements to users. In terms of the redressing the balance in the level of detail available for the service and manufacturing sectors, there are a number of areas where significant improvements will arise, for example:

1. SIC 2007 identifies a range of new activities which have evolved over time, e.g. web portals, wireless telecommunications, internet telephony, etc.
2. Services activities which are currently 4-digits headings will be promoted to 2-Digit Division, so providing much greater detail, for example: Legal and Accounting activities, Architectural and engineering activities, Advertising and Market Research, Gambling & Betting, Sports Activities, Radio and TV broadcasting, and Publishing (which will move into services, whereas its currently classified to manufacturing).
3. Information and Communication will be covered by a new section to reflect the new economy, by pulling together activity from all across the old SIC (publishing, telecoms, radio & TV and IT)

The classification has now been agreed internationally. The UK has finalised SIC 2007. The recoding of businesses on the register is anticipated as being complete by the end of 2007 which will allow work on surveys in the new classification to be carried out from 2008.

A new regulation to implement NACE Rev 2 includes the timing of the move to the new classification, which needs to happen simultaneously for all countries so that EU aggregates can be calculated. Therefore no derogations are being allowed. The timetable is as follows:

- 2008 reference year for most statistics
- 2010 for short term statistics
- National Accounts September 2011

The successful, coordinated implementation of the new classification across all ONS outputs, according to agreed European timetables will lead to increased international comparability of statistics and a better reflection of the greater importance of services in the world economy. In particular there will be better coverage of the information and IT industries.

## **iv) Complying with the recast Structural Business Stats Regulation - top priority**

The Structural Business Regulation includes a new module on business services to reflect the growing importance of these activities. There is also provision in the regulation for an ad-hoc module which is expected to address mainly service activities.

*NB At this stage there are two other proposals which may be taken forward if funding is available:*

**i) Household expenditure on services (EFS re-engineering) - other high priority**

**ii) International Trade in Services - other high priority**

The proposed improvements to the International Trade in Services survey will ensure that the measurement of imported and exported services keep up with the latest technological developments and changes to international standards and also that the data are collected in the most accurate and efficient way to meet user needs.

## Annex C13 New work package: Regional Statistics

### Background

Recent improvements to regional economic statistics have largely been taken forward under the auspice of the Allsopp Programme. The focus to date has been on the development of the essential infrastructure (the Business Register, access to business administrative data) on which surveys depend, as well as on the technical development work required for the development of new surveys.

Regional and Service Sector statistics will continue to be developed in the context of the strategic direction and objectives set by the Allsopp report. The proposals in this consultation document represent a significant investment in the Allsopp agenda. The ONS believes, however, that the development of both Services and Regional statistics will be more effectively managed and consultations with key stakeholders more focused if the two streams are progressed separately (while recognising there are some interdependencies). Accordingly from next April there will be separate internal steering and external stakeholder groups for Regional and Service Sector statistics. The existing Allsopp groups will be consulted further about the new arrangements.

### User demands

The first phase of consultation reinforced users' need for economic data required to support regional policy. Our Work Plan reflects the increasing focus on regional economic development, the growing importance of the regional devolution agenda, and the increasing information needs of the regions.

### Current position / Progress to date

Work to date has been planned to deliver enhanced regional statistics within a tight budget. Small scale pilot work for the Business Register & Employment Survey (BRES) will be undertaken in 2007 and a large scale pilot of the survey in 2008, with the full survey launched in 2009. The development of the Neighbourhood Statistics Service (NeSS) with more employment and local business data has further increased the information base. The IDBR, ONS's business register, has been enhanced to develop the essential infrastructure needed for surveys. Business Data Linking has been developed as a tool to aid analysis of existing data sources. In addition, ONS launched a statistical presence in each of the English regions in March 2007, working in partnership with RDAs.

### Planned developments

The following work, funded from existing baseline, is expected to continue to deliver improvements important to the Regional agenda:

*Regional real GVA:* This is a high priority investment that will go towards the development of the technical methods and processes for producing real regional GVA using the production approach. Outputs expected include experimental real regional GVA (P) at NUTS1 produced by March 2008 and the first estimate of real GVA (P) at NUTS1 level for 2008 data published by December 2009.

*BRES:* This development work is well advanced and it is expected that we will be completing the development of BRES. This project will improve regional and local employment data. We plan to use BRES data to improve the regional apportionment methodology of the financial part of the Annual Business Inquiry (ABI/2). This will be a primary data source for producing robust Regional GVA figures, particularly for the new development of constant and current price regional GVA using the production approach.

*Regional Economic Analysis:* It is expected that the current level of ONS' Regional Economic Analysis capacity will continue so that we can exploit to the maximum existing data sources to improve the regional

knowledge base. This will include ongoing research and publication of new analytical articles over and above updating existing regular publications such as Quarterly Regional Economic Indicators.

*ONS Regional Statisticians:* Early feedback from the evaluation of their first year in post has been very positive. Therefore, it is expected that the Regional statisticians will continue and that there will be two staff in each of the 9 English regions, subject to continued funding from the RDAs.

### **Proposals for additional investment**

In addition to the developments noted above, the selection of new work to take forward over the next four years focused on areas that would establish good quality baseline Regional GVA estimates, enhance local data, while maintaining existing information. Therefore, the following development package is proposed to improve regional statistics:

*Regional Price Deflators investigations:* There is widespread user demand for regional price deflators, confirmed by the first phase of the consultation. However, full scale production of regional deflators would be very expensive - up to about £3million per year dependant on collections. ONS is of the view that undertaking such a substantial investment would not be justified without prior evaluation. Therefore, initial investigations in 2009/10 will determine whether current proposed method using enhanced national industry deflators by Region are suitable or whether prices differ markedly by industry from one region to another. Results of this investigation will help determine the scale and timing of delivery of new regional price outputs in the future. It is anticipated some pilot work would be undertaken in 2010/11 to improve our knowledge in this area.

*Targeted Regional survey boosts:* This funding is to improve the quality and sample sizes of ONS surveys which produce regional estimates, particularly those which feed in to the current and future measures of regional GVA. The key surveys that will be considered include ABI (1&2), ASHE, BRS, STES, SPPI, CSPI, PPI, MWSS, ITIS, E-commerce, Prodcum, MIDSS and MPI. Additional survey boosts to meet specific user needs may be considered if funded from the relevant user(s).

*Continuation of Nomis:* Users have highlighted the need to ensure the continuation of Nomis. Nomis is ONS's online database that makes labour market and other data (mainly census, population estimates and DWP benefits) available to users for a range of geographical areas.

*Business Administrative Data Sources:* Although not part of the Regional package, this development is important to the regional agenda (see 'Infrastructure Projects' annex C15). This is a high priority investment which will deliver the investigations into and incorporation of administrative data variables, particularly HMRC data, to supplement or replace ONS Business Survey data.

The added bonus of the planned improvements to regional statistics is that they also improve the quality of national statistics. In particular better survey designs, survey boosts, investment in administrative data sources and having ONS staff in the regions quality assuring source data will all add to better national statistics.

## Annex C14 New work package: Analysis to further our understanding of society

### Proposals for additional investment: top priority

ONS intends to expand social and economic analysis. Key themes within 'Analysis to further our understanding of society' will include Children and Young People, Societal Wellbeing and Ageing.

Children and Young People is a key strand of the Government agenda, with the *Every Child Matters* and *Youth Matters* initiatives already in the public eye. Our work will focus on measurement issues and analysis in areas such as narrowing the gap between disadvantaged children and their peers, improving outcomes for looked after and disabled children, children's health status, reducing teenage pregnancies and increasing work and education opportunities. Detailed plans will be developed in consultation with key partners such as Department for Children, Schools and Families and Department of Health, and the devolved administrations.

Measuring societal wellbeing is designed to complement existing measures of GDP and other national accounts measures of economic wellbeing with coherent and wider authoritative measures - that is, there's more to life than GDP. With the OECD stating that "the development of cross-cutting, high quality, shared accessible information ... is crucial to ensure that decision-making is responsive and responsible at all levels", ONS aims to investigate and develop measures that will provide more and better information, supporting better policy making. Detailed plans will be developed in consultation with key partners such as Department for Environment, Food and Rural Affairs, Department for Communities and Local Government and Department for Work and Pensions, and the devolved administrations.

In March 2005, *Opportunity Age*, a cross-government strategy with the objective of developing a national approach to demographic ageing, was published. From this, and other strategic plans, ONS has identified six strategic themes to make an informed contribution to the subject. They are life course transitions, older workers, healthy ageing, caring and social care, ethnicity and migration. Our analysis will help provide a more coherent approach to reporting on an ageing population, in developing and monitoring social policy and with providing and planning public services. Detailed plans will be developed in consultation with key partners such as Department for Work and Pensions and Department of Health, and the devolved administrations.

Satellite accounts will be developed, for example to analyse the contributions of informal care as well as publicly and privately funded social care. Detailed plans will be developed in consultation with key partners such as Department of Health, and the devolved administrations.

ONS will also extend analysis of mortality and health, based on registration data and other sources.

ONS will make further developments on the measurement of public services output and productivity, including quality of public services. The work programme will use a coherent framework for studying links between population characteristics, outcomes and patterns of possible causality. Detailed plans will be developed in consultation with key partners such as Department for Children, Schools and Families and Department of Health, Ministry of Justice, Department of Work and Pensions and the devolved administrations.

Since ONS work in this area is important to underpin a wide range of public policies, ONS will be seeking an equal increase in external funding to support health, social and economic analysis within these themes. Proposals will be discussed, during the next phase of consultation, with DH, HSCIC, DWP, MoJ, Cabinet Office, HMT and other interested parties, including the devolved administrations.

The review of equalities data to be completed in 2007 will generate a forward work plan, subject to wider endorsement of proposals and agreement on responsibilities. ONS will continue work on inequalities including development of a harmonised question on sexual identity for use in household surveys with accompanying guidance on the collection of sexual identity data.

## Annex C15 New work package: Infrastructure projects

### Background

In addition to the cross-cutting issues where consolidated packages of measures are proposed, there are proposals to enhance ONS's statistical infrastructure. The relevant projects will bring different types of benefits across a broad span of statistical outputs. Among the top priorities within the proposed statistical work package are a series of initiatives to develop administrative sources of data for statistical purposes.

### Planned developments

- Access to specified data items from priority administrative sources including the School Census, the Work and Pensions Longitudinal Study, data on students in higher education, VAT, Self Assessment, Pay As You Earn and Corporation Tax.
- Improved methods of data linkage and matching.
- Pilot / feasibility studies to assess the potential for linking matching and processing data from specified sources primarily to support work on population, migration and business surveys.
- Common standards for data sharing (processing and analysis) in a secure way.
- Better basis for making investment and other decisions for taking this work forward and changing existing working methods/practices.
- Better understanding of administrative sources and their potential to support research and analytical requirements.

### Proposals for additional investment: top priority

#### Developing administrative sources

These proposals would support work designed to enable ONS to access and make better use of record level data from administrative sources. This work would be an integral part of a long term strategy for taking advantage of the data sharing clauses in the Statistics and Registration Service Act as well as wider cross-cutting GSS and ESRC research initiatives. Access to micro-data from administrative sources such as those managed by the Department for Work and Pensions, the Department for Children, Schools and Families, the Home Office and HM Revenue and Customs will be vital if ONS is to be able to respond to the recommendations outlined in the report of the Migration Task Force, improve the accuracy of its population estimates and projections, improve regional economic statistics and meet Better Regulation targets.

Access to, and use of, data from administrative sources is essential if ONS is to meet the increasing need for accurate and up-to-date population estimates and projections, to provide better information at small area level, to contribute to work on evidence based policy making and to improve the quality and relevance of a range of National Statistics.

These proposals would also make a significant contribution to the National Data Strategy for Social Sciences, recently launched by the UK Data Forum. The strategy sets out a number of current initiatives and proposes more to work towards the long term strategic goal of ensuring that the National Data Infrastructure (comprising of the census, administrative data and surveys operated largely by academia and government departments) meets the demands of current and future research.

## **Other high priority proposals**

Other high priority proposals include enhancements to improve the effectiveness of visualisation and data presentation tools and to make small-scale enhancements to the results systems that generate primary statistical outputs in ONS.

### Visualisation and data presentation

Effective presentation of data is an essential component in maximising the investment in data collection and provides a low cost way of adding value to National Statistics outputs. Critically, there is real scope for using visualisation techniques to help identify errors and save on license costs of expensive data analysis tools by providing targeted, open source alternatives. There is also a demand for effective training on visualisation techniques to enable better interpretation and create data graphics.

The benefits of effective visual tools are widely recognised and demand from across ONS to capitalise on these benefits is rising steadily. The high visibility of externally available visualisation outputs such as the Neighbourhood Statistics Area Classification, interactive population pyramids and the Personal Inflation Calculator has also increased understanding of the potential of these tools. Over the past five years, ONS has made significant progress in its use of visualisation and data presentation techniques, demonstrating how the effective use of well designed graphics and leading-edge visualisation technologies can be used to leverage maximum advantage from its statistics. These proposals would deliver:

- best practice guidance, training, improvements to ONS's approach.
- value added to a range of high profile ONS outputs.

### Small scale investments to enhance results systems

Investment in the repair, re-platform and rebuild of some of the key results systems used to produce primary statistical outputs will be required over the period of this work programme, focussing on those posing highest risk. Priorities for investment are likely to include the results processing systems for the Occupational Pension Scheme Survey, Productivity statistics, the Integrated Household Survey modules due to replace the Labour Force and Expenditure & Food Surveys, Prodcom and the small financial inquires. This investment will be for relatively small-scale enhancements to existing systems in addition to any larger modernisation projects funded through ONS's programme of innovation.