MQ5: Investment by Insurance Companies, Pension Funds and Trusts: Revisions Policy

Introduction

In official statistics, revisions to published estimates occur for a number of reasons: from the on-going incorporation of late survey data, to occasional methodological improvements and changes to international classifications and standards.

Revisions policies are used to manage the timing of the release of revisions to published estimates. The Code of Practice for Official Statistics includes a Protocol on Revisions which provides a broad framework for how the release of revised estimates should be managed. Consistent with this Protocol, this information paper outlines the revisions policy and revision information specific to MQ5: Investment by Insurance Companies, Pension Funds and Trusts (MQ5).

Output covered

This policy describes how planned revisions will be published for MQ5. Arrangements for unplanned revisions are included as part of the ONS compliance statement. This policy covers all releases of the output, whether through statistical bulletin or release of datasets. The MQ5 output is not market sensitive, so the associated provisions in the ONS compliance statement do not apply.

MQ5 contains quarterly net investment data arising from financial transactions (investments) made by insurance companies, self-administered pension funds, investment trusts, unit trusts and property unit trusts. Quarterly balance sheet data for short-term assets and liabilities are also reported. Income and expenditure data for insurance companies and self-administered pension funds are also reported quarterly. All data are reported on a current price basis.

In addition, every third quarter release contains annual balance sheet data for all sectors, providing information on the market value of assets and liabilities. Annual income and expenditure data for insurance companies are also reported at this time.

Cycle of planned revisions[2]

Category	Reference Period	Scope	Reason
1	Quarter 1 (Jan to March)	All open[1] quarters (up to t-4).	• To account for late information from respondents; • To account for errors made by respondents.
1	Quarter 2 (Apr to Jun)	All open[1] quarters (up to t-1).	• To account for late information from respondents; • To account for errors made by respondents.
2	Quarter 3 (July to Sept)	All open[1] quarters (up to t-6)	• Annual alignment; • To reflect methodological or conceptual changes; • To take account of annual survey data; • To account for late information from respondents; • To account for errors made by respondents.
1	Quarter 4 (Oct to Dec)	All open[1] quarters (up to t-3).	• To account for late information from respondents; • To account for errors made by respondents.
3	Undefined	Applicable to all time series	• To take account of improvements to methodology and unanticipated changes to time series data.

1 ‘Open quarters’ refers to those reference periods that have not been annually aligned or confirmed as being accurate (‘closed’) as part of the annual revisions process.

2 See Unplanned revisions paragraph within this article

Category 1 and 2 revisions will be published at the scheduled release date for the output, i.e. revisions to first quarter data will be published with new second quarter data and alignment revisions will be published with the third quarter data (unless otherwise pre-announced).

Annual survey data and alignment process

The introduction of annual survey results leads to revisions of the published quarterly estimates, both to income and expenditure, and to transactions data. Revisions to transactions data are usually caused by problems with quarterly misreporting of data by businesses, which are identified as part of the quality assurance of the corresponding annual survey returns made by the businesses.

For income and expenditure, the revisions are due to the incorporation of the annual insurance survey results, which are based on larger samples and also, generally reflect audited accounts. It is important to note that for both the pension funds and trusts sectors an annual income and expenditure survey is not undertaken.

For each institutional group (for example, pension funds) there is a common sample for all their surveys (for example, quarterly transactions and quarterly income and expenditure), but each survey is conducted independently, which can result in different response rates. In some instances individual survey questionnaires are completed by different people within the business, and with limited linkage within existing systems between the surveys at the individual respondent level.

Therefore, there can be discrepancies at an aggregate level between the numbers emerging from the transactions and income and expenditure surveys. The set of annual surveys includes balance sheet data from the insurance companies and pension funds sectors. This allows the data to be 'aligned' so that transactions, income and expenditure and the balance sheet are consistent. The alignment process assumes that the transactions data are the weakest of the three strands of information and therefore take the necessary adjustment. This assumption has been confirmed by contact with respondents when data have been queried. It is important to note that no alignment process is currently undertaken for the trusts sector.

At the annual alignment stage we usually expect to revise six quarters: the four for the year being aligned, plus the two from the most recent year. Revisions are made to the most recent quarters because the alignment process changes the view of the data path, and any late data that has been returned for these periods can be incorporated. These more extensive revisions are published in the statistical bulletin for the third quarter each year. Revisions to net investment estimates are published in each quarterly release. There is also a table displaying the average values and revisions for key series, over the last five years, arising from the incorporation of the annual survey results.

Arrangements for advance notes and back data

Where category 3 revisions are planned, a note describing the scope and reasons for the revisions will be published, three months before the revision takes place.

Unplanned revisions

From time to time revisions will need to be made outside of this timetable. Examples of such revisions include improvements to methodology, revisions to data that feed into MQ5 datasets and the discovery of incorrect data through extensive quality assurance procedures. Each of these revisions will be examined to see if the effects are significant in terms of the degree of change or whether the changes affect the story the data portray.

If revisions arising through improvements to methodology or changes to source data are found to be insignificant, they will be introduced in the next planned set of revisions according to the timetable above. However, if these revisions are thought to affect analysis or are sufficiently large, they will be introduced more quickly.

If incorrect data are discovered after publication, these too will be examined for their impact. Where the changes are significant, a correction notice will be issued as soon as is practicable, while minor corrections will be included in the next planned release. In all cases a full explanation will be included as part of the release.

References

Code of Practice for Official Statistics:
http://www.ons.gov.uk/ons/guide-method/the-national-statistics-standard/code-of-practice/index.html

Code of Practice for Official Statistics: Protocol on revisions:

http://www.ons.gov.uk/ons/guide-method/the-national-statistics-standard/code-of-practice/protocols/protocol-on-revisions.pdf