

In brief

Independence – ONS becomes a non-ministerial government department

On 1 April 2008, the Office for National Statistics (ONS) celebrated its newly independent status, following the biggest shake-up of the statistical system for more than half a century. At the highest level, ONS is no longer answerable to a minister in the Treasury but to the new UK Statistics Authority, chaired by Sir Michael Scholar, who will report directly to Parliament.

The National Statistician, Karen Dunnell, has become Chief Executive of the Authority. She sits on the Authority's board alongside Deputy Chairs Lord David Rowe-Beddoe (responsible for the governance of ONS) and Professor Adrian Smith (responsible for promoting and safeguarding official statistics across the UK) and fellow members Sir Alan Langlands, Professor Stephen Nickell, Moira Gibb, Professor David Rhind, Partha Dasgupta and Steve Newman.

One of the most immediate and noticeable changes to take effect on 1 April was the move of the General Register Office and National Health Service Central Register out of ONS to the Identity and Passport Service and NHS Information Centre, respectively. Their work requires ministerial input so does not sit well with the non-ministerial status of the UK Statistics Authority.

Another major change is to the way statistics will be assessed and quality assured. The Authority will conduct assessments on statistical outputs against its own Code of Practice, and then determine whether to designate them National Statistics. The process will be carried out by an assessment team working directly to the Authority, independent of statistical producers. The team will be led by a Head of Assessment who, once appointed, will also sit on the board. Current National Statistics will retain their status, and will be reassessed in due course.

To further underline statistical independence, privileged access to statistics before publication is likely to be considerably reduced for ministers. Fewer people will be granted access to figures and all privileged access will be restricted to a substantially reduced period before release. The Government has proposed a limit

of 24 hours.

These changes present an opportunity to raise the profile and credibility of ONS, and the Government Statistical Service as a whole, with the public, the media and politicians, as well as increasing public trust in official statistics.

Contact

Robert Bumpstead
 ☎ 020 7533 5308
 ✉ robert.bumpstead@ons.gsi.gov.uk

CPI and the Budget

On 12 March 2008, the Chancellor of the Exchequer in his Budget statement announced a number of changes to excise duties. ONS subsequently produced a short article for the National Statistics website which summarised the changes in duty rates, and provided estimates of their contributions to the consumer prices index (CPI) and retail prices index (RPI) inflation rates. It also compared this with the measures announced in the previous year's Budget.

In the article, it is estimated that changes to duties announced in the March 2008 Budget will in total add 0.25 percentage points to the one-month change in the CPI, if duty changes are passed on immediately and in full to consumers. This total breaks down as follows (with date of implementation):

- tobacco: +0.05 per cent (12 March)
- alcohol: +0.12 per cent (17 March), and
- road fuel: +0.08 per cent (1 October)

This total is greater than the estimated increase from the measures that were implemented following their announcement in the March 2007 Budget. Once last year's tax changes are taken into account, the net effect of the two most recent Budgets on the CPI annual inflation rate is estimated to be approximately +0.06 percentage points.

The 2007 Budget measures are now fully reflected in the CPI; the effects of the 2008 Budget will feed into the index over several months, including the delayed increase in road fuel duties from 1 October 2008.

For the RPI, it is estimated that this year's Budget will add 0.29 percentage points to the one-month change. The effect of changes in excise duties for alcohol, tobacco and road fuel are similar to those in the CPI; there was also a +0.02 per cent

contribution from vehicle excise duty (13 March) which is not included in the CPI. This total is greater than the estimated increase arising from the 2007 Budget. Overall, the net effect of the two most recent Budgets on the RPI annual rate is estimated to be approximately +0.07 percentage points.

More information

✉ www.statistics.gov.uk/cci/article.asp?id=1956

Contact

Rob Pike
 ☎ 01633 455375
 ✉ ron.pike@ons.gsi.gov.uk

Improvements to DWP published Jobseeker's Allowance statistics

Following a review by the Department for Work and Pensions (DWP) of the methodology for compiling DWP Jobseeker's Allowance (JSA) statistics, improvements were identified to the way in which data were processed within DWP.

The improved methodology involved:

- using individual level claimant count data, and additional DWP administrative data, to set claim end dates for cases previously recorded as 'live' within DWP JSA statistics that were not 'live', and
- using individual level claimant count data to identify cases that should be recorded as 'live' JSA cases

As DWP data are published on a quarterly basis, these improvements affected all quarterly estimates of the number of JSA claimants, going back to the beginning of the series in August 1999. The effect was to reduce the number of recorded claimants by, on average, 3 per cent.

DWP JSA statistics now follow the trend in the ONS claimant count statistics very closely. Existing differences are due to known defined reasons and stem from five main differences in the way in which the counts are calculated:

- the headline claimant count covers UK, whereas DWP covers only Great Britain
- the headline claimant count measures 'live' claimants on the second Thursday of the month, whereas DWP JSA

measures 'live' claimants on the last day of the quarter

- the headline claimant count includes claims which are processed clerically, whereas DWP only include computer processed claims
- the headline claimant count statistics are seasonally adjusted whereas the DWP statistics are not
- ONS claimant count statistics allow approximately three weeks for late processed claims to be input into the DWP computer system whereas DWP JSA statistics allow approximately three months

The full version of the document 'Improvements to DWP published Jobseekers Allowance statistics' can be found on the DWP website

More information

✉ www.dwp.gov.uk/asd/asd1/improvements_to_JSA.pdf

Contact

Ray Harris
 ☎ 01633 455825
 ✉ raymond.harris@ons.gsi.gov.uk

ONS at the Royal Economics Society Conference

Economists from the Office for National Statistics (ONS) contributed to a special session at the Royal Economics Society conference at Warwick University on 17–19 March, with a presentation on future changes in National Accounts to recognise the increasing importance of innovation and the knowledge economy.

The session, organised by Professor Jonathan Haskel, from Queen Mary, University of London, benefited from contributions from leading academics and various government departments and agencies.

Fernando Galindo-Rueda of ONS discussed recent and planned improvements in the estimation of investment in lasting, intangible knowledge assets. These include software – where recent methodological improvements have led to significant GDP revisions – and the less well-known entertainment and artistic originals, which embody knowledge produced by sections of the so-called 'creative economy'. The presentation concluded with an overview of development plans for new R&D satellite accounts, in line with a recent international agreement to treat R&D as investment, building a new type of scientific knowledge

asset. A preliminary analysis of the impact of this decision was provided in article published in the December 2007 edition of *Economic & Labour Market Review*.

Other speakers in the session covered developments in international thinking and the treatment of innovation in economic analysis. Professor Paul Stoneman of Warwick Business School outlined new work on 'soft innovation', related less to technology and product functionality than to user perceptions and aesthetics. Professor Jonathan Haskel summarised recent work to estimate 'intangible investment' in the UK, and the new insights it provides on economic growth and productivity. Carol Corrado of the Conference Board (recently of the US Federal Reserve Bank) drew out some of the implications of this approach, as developed in the US, especially the distributional effects of treating certain labour intensive services as activities which create assets for the future.

As discussant, Simon Price of the Bank of England – speaking in a personal capacity – encouraged the presenters to provide a solid conceptual and quantitative basis for the analysis of the knowledge economy. He also challenged those involved in this work to develop stronger criteria to distinguish between innovation investments which help individual firms to compete in their markets, and those which genuinely add to productive capacity in the economy as a whole.

Contact

Tony Clayton
 ☎ 020 7014 2031
 ✉ tony.clayton@ons.gsi.gov.uk

Correction

There was an error in one of the charts in the article 'Regional gross value added' in the March edition of *Economic & Labour Market Review*. On page 46, in Figure 3, 'GVA per head: by NUTS1 region', the index for Scotland in 1995 should be 100, not 70 as shown.