

Statistics Commission



IMPACT OF EU DEMANDS ON THE UK STATISTICAL SYSTEM

Statistics Commission Report 28
February 2006

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Report No. 28

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Statistics Commission

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Introduction

1. The Statistics Commission's focus is on official statistics within the UK, and on the requirements of the users of those statistics. The outputs of Eurostat, the statistics office of the European Commission, mainly fall outside that remit. However, the demands placed on the UK Government Statistical Service (GSS) by European legislation and by other European agreements have implications for the UK statistical system and users in this country. EU requirements offer some benefits to UK users of statistics, not least through increased comparability between countries of the UK and across the EU, but they also have the potential to divert the statistical agenda from priorities more directly relevant to UK national concerns.
2. This paper looks at some of the benefits and burdens of EU requirements and considers ways in which the UK might manage those demands to maximise the benefits to users. It looks specifically at the relationship between European and UK requirements but recognises that these should be seen in the context of a multi-layered statistical system that has to address competing demands at several different levels of geography. For example, a statistical priority shared at the EU and UK levels may not be seen as so important by the devolved administrations or regions of the UK. In relation to any statistical output, there is usually more than one user perspective within the UK and we have kept that in mind throughout.
3. The findings are based on discussions with selected individuals, attendance at seminars and reviews of existing literature. We focus in particular on **agriculture, labour force and business statistics**. Much of the evidence comes from discussions with producers of official statistics; this is partly because it proved difficult to identify users who felt able to comment knowledgeably on the issues. Indeed, it became clear in the course of our research that these issues are not often publicly discussed. Our aim is therefore to inform readers of some of the issues but also to stimulate debate about them.

4. The paper touches on:
- uses of European data and potential benefits
 - the extent of the EU demands and their legal weight
 - processes for decision-making on European statistical requirements
 - the challenges the GSS faces in managing EU demands
 - user consultation on European issues
 - recent and planned developments in the governance of the European Statistical System.

Conclusions

5. The Statistics Commission draws the following conclusions:
- A) The statistical demands of the EU on member states are substantial but often overlap with the requirements of UK users. In practice therefore it is often, though not always, the case that similar statistical work would be undertaken with or without the EU requirement.
- B) Evolution of UK statistical systems to keep up with changing needs at national level can be hampered by the rigid legal framework for EU requirements. However this rigidity has some benefits too; it can help to ensure the consistency of time series, for example, as well as international comparability.
- C) The UK government is often in a position to influence decisions on EU requirements and has done so on some issues of importance to it. The structures that exist give GSS officials reasonable opportunity to express views and concerns on behalf of the UK.
- D) The process of prioritising, and reducing, EU demands is important in maintaining the flexibility and relevance of statistical outputs at both the EU and UK levels. We would like to see more evidence that the full range of costs and benefits are being taken into account in such prioritisation.

- E) There would be potential benefit however in developing more clear-cut UK policies on broad statistical issues for UK officials to take forward in Europe.
- F) The transparency and visibility of the UK government's contribution to the development of EU statistical regulation needs to be enhanced. To increase openness and encourage debate, the UK position on European statistical issues should be open to public scrutiny.
- G) There is limited opportunity for individual users (either organisations or people) to influence EU requirements, or the UK position on those requirements, directly. We believe that this needs to be addressed at both the European and UK level and will press for improvements.
- H) Consultation on statistical requirements should be organised more coherently. In particular, consultation on EU requirements should be integrated with consultation on related UK developments wherever this is practicable.
- I) With regard to current proposals for a new European statistical advisory body, the Statistics Commission questions whether a single small body can fulfil the function of providing a visible, independent and responsive voice on implementation of the European Code of Practice (ie a 'watchdog' body) and also represent all non-government users.

Background

- 6. The UK has been a member of the EU, adhering to EU statistical legislation, since 1973. But international co-operation between countries on statistics dates back to the 19th century. Eurostat has been in existence in various guises since 1952.
- 7. With very few exceptions, Eurostat has always relied on member states' National Statistical Institutes (NSIs) to collect the data that the European Commission needs. Over the years the EU requirements have become integrated into the UK National Statistics Work Programme and its counterparts in other countries. Ensuring that the resulting data are comparable and useful

is not a straightforward matter. At the 1974 Statistics Users Conference, Professor C.T. Saunders described the effort required to ‘internationalise’ statistical systems: “that is, to get international agreement on common standards, definitions, and classifications, about what information should be collected and the form in which it should be presented”¹. This is even more of a challenge in today’s larger Europe than it was then.

8. The Statistics Commission does not have an explicit role in relation to European or international statistics. Interest in these areas stems from the interaction with the UK’s national systems and the extent to which they can benefit users of statistics. The Treasury’s *Review of Statistics for Economic Policymaking* (The Allsopp Review) in March 2004 identified some specific concerns about the impact of European Regulation on the stratification of business survey samples. The Statistics Commission decided to examine the impact more generally.

Costs and benefits

Uses of European statistics

9. Comparable data for member states are fundamental to academic and government research on policy issues at both EU and national level and to many administrative processes. For example, the Structural Indicators (a set of statistical indicators) are used to monitor progress against the Lisbon Agenda, including aims to improve competitiveness. The EC budget now refers to objectives similar to those enshrined in UK Public Service Agreements (between HM Treasury and government departments). Funding mechanisms within the EU rely on statistical data in much the same way as various UK mechanisms for allocating public funding. MEPs and lobby groups use statistics as evidence to support their arguments just as MPs and lobby groups do in the UK.
10. Comparable international data can also be used by those with a focus closer to home to assess the impact of national policies or cultural change. For example data on alcohol consumption have highlighted differences between UK and

¹ Source: *Statistics and the European Communities*, Statistics Users’ Conference 1974

southern Europe. How UK pregnancy rates compare with those in other European countries adds a dimension to public debate on demographic and health issues. The availability of some data at lower levels of geography – as a consequence of EU regulation – means they can also be used for localised research. The Welsh Assembly's Economic Research Unit has commissioned research using Eurostat data to compare regions in Wales with similar regions in other European countries. For some users of UK data, such as the Bank of England and other economic analysts, international comparability, where it exists, is seen as an added benefit.

Who uses Eurostat's statistics?

from http://forum.europa.eu.int/irc/dsis/eurostat50/info/data/en/today_3.htm

Decision-makers in the fields of politics, higher education and economics use Eurostat services and products to obtain vital information for their activities.

As one of the Directorates-General (DG) of the European Commission, Eurostat's services are principally intended for other Commission DGs and other European institutions (for example, the European Parliament, European Central Bank and European Investment Bank).

Eurostat also offers a media support service in order to meet the growing requests on all kinds of topics from professional journalists all over the world.

More broadly Eurostat aims at enabling the general public to obtain an objective view of developments in European society.

Source: Eurostat 2003

11. With potential users – including officials, researchers, journalists, business and members of the public – spread across 25 member states and beyond, it is not surprising that the use of online sources is high. Almost 2.5 million Eurostat products or tables were accessed from Eurostat online sites in the first half of 2005². There were approximately 800,000 unique visitors³ every month¹. 'EU

² Source: Monitoring Report for July 2005 on Eurostat Electronic Dissemination

Statistics UK', a UK-based service that provides assistance with accessing EU data and advice on interpreting them, received 3,000 emails in the first half of 2005⁴.

12. There are also some benefits to the UK arising from shared statistical practice, as opposed to harmonised data. There are a range of issues faced by statisticians across Europe that are not highly dependent on national factors. Good statistical practice can therefore be developed which applies across many countries. Whether it is processes for disclosure control, definitions of e-commerce or online data presentation, there are benefits from developing common approaches. The EU provides some central funding for developmental projects that improve statistical techniques and practices.

The extent of demands

13. A compendium summarising statistical requirements and setting out their legal basis is produced annually by Eurostat. This compendium does not include all the detail of classification or methodological guidance but still runs to over 300 pages. Over 250 EU legal acts relating to statistics were in force in 2003 and this number is rising steadily⁵.
14. Eurostat is more active in some areas of statistics than others. For example, it has no mandate to cover crime or justice statistics but has been prescriptive in relation to agricultural statistics.
15. While it is relatively straightforward to identify existing demands under European regulations and agreements, this does not in practice equate to the *additional* statistical demand that membership of the EU places on the UK statistical system. European, UK, regional and local statistical requirements overlap considerably. Government statisticians have told us that, if the demands of the European system were simply dropped, many of the data collection processes would change very little. For example, most of the data

³ A unique visitor is defined as the number of identifiable persons visiting the website however this includes error sources like generic IP addresses being used by bigger organisations. For this reason this indicator can only be considered as an estimate.

⁴ Source: ONS

⁵ 2005 ISI conference paper by Antero Pohjola

required to produce business statistics would still be collected. However, over time the detail and definitions might evolve to become more specific to the UK context.

16. Almost a third of questions in the UK Labour Force Survey (LFS: a major regular household survey) are required to satisfy Eurostat requirements⁶. But these include questions on sex and age which would certainly fall into UK requirements if the European ones were not present. Similarly, questions to meet Eurostat requirements on issues such as training, teleworking, hours worked, second jobs and child care are relevant in the UK as well, though at any particular time their policy relevance might be less or more than elsewhere in Europe.
17. The number of questions that can be asked in the LFS, as in any survey, is limited and views on prioritising of variables can, and do, differ. For instance, the Labour Force Steering Group in the UK did not wish to prioritise questions on under-employment but decisions at a European level led to its inclusion. In that sense, national priorities are inevitably subject to some compromises.
18. In a 1973 paper, Claus Moser (now Lord Moser) and Ian Beesley concluded:

“Fortunately, the Communities’ demands by and large fit in with the course on which the GSS was set anyhow. But there are some worries. One is the sheer scale of the work.”

The scale of European statistical prescription is most apparent in relation to agricultural statistics. The Common Agricultural Policy accounts for about half of the EU budget. European agricultural statistics hold a special place within the system. They pre-date the European Union itself and have a distinct structure and decision-making process which is separate from the rest of Eurostat. The detailed statistical requirements for agricultural policy have generated considerable demands on national statistical systems. Officials have estimated that European demands drive as much as 70-90 per cent of the workload on agricultural statistics. Some argue that this limits the capacity of the relevant statistical offices to respond to other priorities. Clearly though that

⁶ LFS users’ guide volume II

will be dependent on wider government considerations of the scale of resources it is prepared to commit to collecting agricultural data.

19. There are examples of data and statistical products – such as statistics on underemployment – being developed to meet a European need that subsequently triggered greater interest in the UK. The NS Work Programme says that the ‘Urban Audits’ which were developed to meet a European need are now being published “in a form that should make their use easier for policy purposes within the UK”.

New developments

20. There are undoubtedly projects across the GSS that have come about as a result of decisions taken in Europe. However, the *National Statistics Work Programme 2005/6- 2007/8* lists priority projects and less than one in ten of these are associated in the text with European requirements. Labour force statistics are one area where a significant number of new projects are associated with European requirements. Areas that make extensive use of national level administrative data such as health and education statistics appear to have relatively few major new projects stemming from European demands.
21. It is not clear if this relatively low level of ‘new additional demand’ is a result of a decrease in new EU statistical initiatives, or that the GSS already collects more statistics than is common across Europe and so is less affected than some other states. Producers of statistics in several areas felt that the UK was ahead of many states and was improving statistics in ways that European regulations then caught up with. The timeliness of national accounts is one area where the UK might be seen as leading the way. However, there are counter-examples. The UK has held back from developing agri-environmental statistics while the details of future EU requirements are fleshed out.

Legal status

“Within the framework of the EC, the Community institutions may draw up legislation in their respective areas of responsibility which applies directly in the member states and may claim precedence over national law⁷”

22. Legislation on statistics is limited to areas where EU law applies directly in the member states and can take precedence over national law.

The areas covered by Eurostat and European Regulations

Eurostat covers nine statistical themes.

1. **General statistics** – Major indicators for the member states of the European Union, non-member countries, applicant countries and regions.
2. **Economy and finance** – Data on national accounts, prices and purchasing power parities, such as statistics on currency and the financial sector.
3. **Population and social conditions** – Statistics on population, health, employment, consumption and living conditions.
4. **Industry, trade and services** – Indicators and statistics on industrial activity, production, wholesale and retail trade, banks and services in Europe.
5. **Agriculture and fisheries** – Accounts, indices, prices and statistics on agriculture and fisheries.
6. **External trade** – Statistics on intra- and extra-European Union trade.
7. **Transport** – Data on air, rail, road and inland waterway transport in the European Union.
8. **Environment and energy** – Statistics and indicators on the impact of population on the environment (production of waste, emissions and pollutants, climate, biodiversity, etc) and on the impact on the economy (environmental expenditure).
9. **Science and technology** – Information on research and development, innovation and employment in the advanced-technology sectors, available for the member states of the European Union and non-member countries.

Source: http://forum.europa.eu.int/irc/dsis/eurostat50/info/data/en/today_4.htm

⁷ Europa website

23. The UK is required to comply with EU statistical regulations unless a formal derogation is agreed. In this respect, EU requirements are marked out from the demands of other international organisations which rely on voluntary compliance.
24. Member states which do not comply with statistical regulations could be subject to legal proceedings. However this is unusual in practice and is reserved for the most serious cases. Infringement procedures have been brought against Greece for failure to report budget deficit statistics accurately. The UK has never been subject to such procedures. This is not to say that the UK is 100 per cent compliant with EU requirements but there are few cases deemed serious enough to warrant time-consuming and expensive infringement procedures.
25. There are options for member states to agree to adopt informal agreements, known as 'gentlemen's agreements', rather than legislation. These agreements do not have legal weight but are often seen as an interim step on the way to legislation. Some countries however, such as Germany, have constitutional difficulty in implementing changes under these informal agreements; legislation helps them push necessary changes through their federal system.
26. Norway, Iceland and Switzerland are not members of the EU. However, all three see benefits in engaging with the European Statistical System and adhering to its guidance. In 2004 a bilateral treaty on statistics was signed between the European Union and Switzerland which placed additional demands on the Swiss Federal Statistics Office but provided benefits in the shape of access to pan-European databases. The Swiss believe this involvement in the ESS helps to create data that give "a more accurate image of Switzerland abroad"⁸.

⁸ Swissinfo 10.07.2005

Conclusions

- A. The statistical demands of the EU on member states are substantial but often overlap with the requirements of UK users. In practice therefore it is often, though not always, the case that similar statistical work would be undertaken with or without the EU requirement.

- B. Evolution of UK statistical systems to keep up with changing needs at national level can be hampered by the rigid legal framework for EU requirements. However this rigidity has some benefits too: it can help to ensure the consistency of time series, for example, as well as international comparability.

Decision-making and influences at work

Process for decision-making and UK influence

27. The UK government and elected UK representatives in the European Parliament are heavily involved in the process of agreeing any new legislation or amendment to existing regulations. Statistical legislation is agreed by co-decision, a potentially lengthy process of readings and amendments to the proposals by the relevant Council of Ministers and the European Parliament (Figure 1). For example, agriculture statistics regulations are dealt with by the agriculture ministers. General statistical issues such as options to revise ESS governance arrangements are considered by the Council for Economic and Financial Affairs (ECOFIN), on which the Chancellor of the Exchequer represents the UK interest.
28. This high-level process is backed up by extensive exchange between officials where many of the more detailed and technical issues are agreed. Traditionally there have been working groups covering every subject area, with membership made up of representatives from every member state. The groups reported to more senior meetings and to the Statistical Programme Committee (SPC), comprising the Heads of NSIs and chaired by Eurostat. The SPC can make amendments to legislation where authority has been formally delegated. Agriculture however has always had a special place in the system. Agriculture statistics have their own equivalent to the SPC.
29. The system is changing. Since enlargement, there has been additional pressure to streamline the process and make greater use of electronic means of communication. Eurostat are moving towards use of small task forces with representation from a selection of Member states, combined with 'virtual' networks. This change appears to have made little difference so far to the UK's influence in Europe as UK officials have been able to sit on the task forces relating to issues of concern to the UK.
30. GSS officials informed us that the UK was a strong and vocal member of task forces and working groups. Evidence of their influence was apparent from the introduction and reinforcement of labour force regulations. This was an issue

Figure 1. The Co-decision process

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http://europa.eu.int/comm/codecision/stepbystep/diagram_en.htm

⁹ ESR - Economic and Social Committee Activities. COR - Committee of the Regions. EP – European Parliament

which the UK had pressed over a number of years. The EU has taken gradual steps towards a model based largely on the UK system.

31. The system outlined in Figure 1 has little formal input from stakeholders who are outside the machinery of government. We address this issue later in the paper.

Drivers

32. Most EU data requirements are set out in regulations or less formal agreements. The development of new regulations is often driven by EU policy development. For example, the Lisbon agenda stimulated interest in data on the new economy and resulted in a regulation concerning Community statistics on the information society. The regulation came into force in 2005, five years after the Lisbon summit.
33. Another driver of EU statistics in recent years has been the Action Plan on Economic and Monetary Union (EMU) statistical requirements¹⁰. The plan, developed in close collaboration with the ECB, was designed to address priority areas for information requirements in Economic and Monetary Union. The UK is not in the euro area so statistical requirements relating to it are not as strict but the government has chosen to adopt the related statistical requirements in order to remain prepared for possible membership and to ensure appropriate evidence is available to make decisions on whether or not to join.
34. For the UK to speak consistently on these statistical issues can be difficult as different parts of government may be involved at different stages. For example, a general desire to monitor a subject may be expressed by policy-makers in DTI and the Treasury. This message is then fed through directorates general in the Commission to Eurostat who will then interpret what is required in terms of data. The proposals that emerge may then be taken forward by the Office for National Statistics to consider issues of practicality and the availability of resources. The process is slightly more straightforward when the policy-makers and statisticians concerned are in the same department.

¹⁰ endorsed by the ECOFIN Council on 29 September 2000

35. Lobby groups, the UK government and officials across Europe are increasingly interested in agri-environmental statistics. DEFRA are keen to produce more statistics on this topic to meet demand from users but find their resources constrained by the existing, more traditional demands. Although there is broad agreement in principle to reprioritise and reduce the burden of current European regulations, agreement on the details is proving more difficult. Even without these resource constraints, the UK would be likely to hold back until agreement was reached in Europe on harmonised definitions. DEFRA have judged the risk of setting up a costly new system, that proved to be inconsistent with future international guidance, to be greater than the short term benefits. While it may take some time to formalise definitions and processes in a regulation, the UK often gets involved in pilot projects. These help to provide early data and have the added benefit of increasing influence over the content of any regulations produced.
36. Several of the activities of Eurostat reflect a broader international demand for data. Discussion and developments at an EU level often mirror those taking place at a global level. The European Commission frequently adopts international guidance on statistics, such as the International Labour Organisation's (ILO) definition of employment, as its own regulations. The European System of National Accounts is based on the internationally agreed System of National Accounts (SNA) which is published jointly by the United Nations, the EC, the International Monetary Fund, the Organisation for Economic Co-operation and Development, and the World Bank. The formalisation of these international guidelines into European law can only happen in areas of EU competence. International work on crime statistics and other areas not covered by Eurostat are carried out through less binding international channels such as the UN organisations and OECD.
37. EU Member states now often attempt to reach agreement on major issues such as the revision of NACE/ISIC classifications before taking that position forward in a global forum such as the UN Statistics Commission.

Managing the demands

Resources

38. Eurostat provide some targeted financial assistance for some statistical development activities. However, ultimately it is the Member states who have to find the resources to meet European requirements. In the UK's case the arrangements for funding statistical activities – with each government department and devolved administration determining its own statistical budget – offer some flexibility in relation to individual pieces of European legislation. But precisely because of their decentralised nature, the UK arrangements do not lend themselves to co-ordinated discussion of UK priorities for the ESS. Education statistics in the UK, for instance, compete with other areas of education for funding and not with other areas of statistics. These structures make it difficult for ONS to negotiate on behalf of the GSS as they are not in a position to juggle national statistical priorities in the absence of some pan-governmental planning mechanism.
39. At a UK level there is another aspect to be taken into account in statistical planning processes, namely the 'compliance' burden on businesses. ONS surveys are constrained by an agreed compliance budget. There is no similar system at the European level. EU demands have the potential to place considerable strain on that compliance budget unless they are contained. ONS have proposed that the cost to businesses is added to the list of considerations when EU legislation is proposed and that this should be routinely monitored.

Flexibility and compliance

40. Regulation, once agreed, is legally binding. However there is some scope to agree derogations if there is a particular reason why the UK cannot comply within the given timeframe. There is also some scope in practice for Member states to allow themselves to fall short of the letter of the regulation. For example, European law clashes with UK law on the issue of questioning 15-year-olds in household surveys. European regulations require information on adults over the age of 15 but UK law prevents the inclusion of 15-year-olds.

Issues of that kind are often resolved without any formal changes to the regulation.

41. ONS officials working with Eurostat on business statistics mentioned a gradual move towards a stricter approach to compliance with regulations in recent years. In the past, a country would be deemed to have complied if they sent any of the required data by the deadline. Now they are expected to send every item within the dataset. Eurostat have adopted a tactic of naming and shaming Member states. There are some indications that this may be a prelude to tougher and more direct action to enforce compliance.
42. There is however some degree of choice open to Member states in compliance with European statistical demands. In 2004 the Allsopp Review supported “an urgent review of whether EU commitments can be met in alternative ways; if necessary by challenging the increasingly outdated basic requirement for industrial detail at the four-digit level of the Standard Industrial Classification”. The Review steered ONS towards designing the industrial stratification around the requirements of UK economic policy-makers and using estimation techniques to impute further details.
43. Regulations can become outdated over time. While in principle all regulations are drafted to harmonise statistical *outputs* rather than inputs, the extraction of some agricultural statistics from administrative records is prevented by the regulation. When the regulation was written, it had not been envisaged that advances in technology would facilitate the use of administrative records to the extent that they have.
44. Regulations and other EU data requests have differing levels of flexibility built into them. For example:
 - Labour Force Survey: the survey dates are strictly dictated, as are the variables required. Precise wording of questions is suggested although it is not mandatory.

- Information Society: the regulation gives authority to SPC for “implementing measures, including adjustment and updating measures to take account of economic and technical changes”¹¹.
 - Structural Indicators: two-thirds of the structural indicators used to monitor the Lisbon Agenda are not covered by EU regulations.
45. Flexibility within the text of a regulations is now being considered as new ones are developed. The Health and Safety Executive’s position on a possible new regulation on ‘public health, occupational accident and ill health’ statistics is that it:
- should be general in its effects, for example, to enable general agreements while leaving detail to be subject to negotiation
 - should reflect national circumstances, custom and practice
 - should set minimum standards which most Member states can meet, while allowing for further standards to be achieved over time through negotiation. A regulation could adopt a two stage model.

Negative prioritisation

46. In practice, the greatest pressures on national statistical systems lie not in the detail of individual regulations but in the sheer volume of them – with over 250 legal acts in force. There has been a stream of new regulations but few of the previous demands have been dropped. The weight of these demands, and the inability of Member states to change them, limits NSIs’ ability to reallocate resources to meet changing demands of their users. There is widespread recognition that something needs to be done to prevent demands from becoming unmanageable.
47. ‘Negative prioritisation’ is a term used to describe the process of assessing low priority areas. A task force has been set up to examine negative prioritisation of statistical requirements. These discussions have yet to yield significant results. In many cases, while requirements for individual outputs can be dropped, the impact on the data collection process is minimal. DEFRA estimated that a set of proposals from Eurostat to the Standing Committee on Agricultural Statistics in April 2005 for cuts to agricultural statistics would

¹¹ Regulation EC No 808/2004 of the European Parliament and of the Council, 21 April 2004

produce a saving in resources of just three per cent. More positively, in November 2005 ECOFIN Council concluded that agriculture statistics, trade statistics (INTRASTAT), manufacturing statistics (Prodcom), structural business statistics and transport statistics were candidates for reprioritisation. Further proposals are due to be produced by Eurostat by July 2006.

GSS Strategy in Europe

48. The National Statistics International Strategy set out in the 2005/06-2007/08 Work Programme gives some indication of a GSS position in Europe although some sections of it apply only to ONS. It listed priorities for ONS during the UK presidency of the EU:

- to contribute to the follow-up and implementation of the European Statistics Code of Practice (see section 7 on future developments)
- to work towards the re-balancing of priorities with a view to reducing administrative burdens, simplifying legislation and freeing up resources for new statistical developments
- to complete the legislative dossiers that are already well advanced and achieve progress on newly emerging dossiers.

It also stated that efforts to improve engagement with the ESS would involve the following:

- strengthening strategic partnerships with Eurostat and a portfolio of key NSIs
 - developing synergies with key stakeholders on the EU agenda, such as HM Treasury, the Cabinet Office and the Bank of England
 - increasing UK co-ordination and strategic contribution to European issues with the objective of providing a high quality and responsive international service.
49. Information of this sort plays an important role in focussing efforts across and within government departments and can also be used to keep other interested parties informed. As the strategy pointed out, there is considerable potential to increase UK co-ordination on European statistical issues and there are plans to

do so. Agreed GSS positions on cross-cutting issues such as the use of administrative data, compliance budgets or consultation arrangements in Europe would help to clarify the collective views of the GSS and ensure a consistently joined-up approach.

Conclusions

- C. The UK government is often in a position to influence decisions on EU requirements and has done so on some issues of importance to it. The structures that exist give GSS officials reasonable opportunity to express views and concerns on behalf of the UK.
- D. The process of prioritising, and reducing, EU demands is important in maintaining the flexibility and relevance of statistical outputs at both the EU and UK levels. We would like to see more evidence that the full range of costs and benefits are being taken into account in such prioritisation.
- E. There would be potential benefit however in developing more clear-cut UK policies on broad statistical issues for UK officials to take forward in Europe.

User consultation

50. One of the principles set out in the European Statistics Code of Practice¹² is that “European Statistics must meet the needs of users”. Eurostat occasionally – but rarely – carries out consultation exercises on specific issues such as the detail of the ‘Prodcom’ survey. Most of the time Eurostat relies on GSS representatives to speak on behalf of UK users of the data as well as speaking on behalf of themselves as producers. The UK National Statistics Code of Practice states that “user consultation will be an integral part of the statistical process”. Officials from the Bank of England, a major user of economic statistics, told us that ONS were aware of their concerns and that the Bank trusted ONS to present the Bank’s statistical interests in Europe. Policy officials also have regular contact with their statistical colleagues, and both groups have the opportunity to raise issues specific to European statistics. Other less visible but important users of statistics (eg businesses, those in the

¹² Adopted by SPC on 24 February 2005

wider public sector, the general public) do not have such regular contact with the GSS and we question whether their views are being taken into account.

51. One recent example which suggests they are not, is the decision to drop the requirement for quarterly surveys of selected industries as part of the Prodcom survey (Products of the European Community). A decision was taken with UK backing at the European level to drop the legal requirement. Following that decision, ONS was faced with the choice of continuing to carry out the quarterly survey to produce UK data (without comparable data from other Member states) or abandoning the survey. It was at this point that ONS carried out a consultation exercise.
52. Collectively the voice of users of multi-country data has the potential to be a powerful one. However if consultations are carried out separately by individual Member states there is a risk that it will not be heard. Some trade bodies such as the European Confederation of Iron and Steel Industries have been effective in lobbying Eurostat and the Commission from a pan-European position. CEIES, the European Advisory Committee on Statistical Information in the Economic and Social Spheres, provides some formal opportunity for multi-country data users to get their voices heard but, with only two or three seminars a year and attendance dominated by officials, their effectiveness in this regard is limited. There are ongoing discussions on proposals for a new high level advisory body in Europe. Further details are provided in the next section.
53. As desirable as consultation is for any statistical system, there are some concerns about the cost-effectiveness of additional consultation exercises on European statistical issues. To do it effectively can be a long and costly process. A new regulation can take years to be developed and adopted; there are often several iterations along the way. A recent consultation on NACE classifications (Classification of Economic Activities in the European Community) gives an indication of how lengthy some of the negotiations can be. Box 1 summarises the consultation process managed by ONS.
54. Users' appetites for lengthy and detailed consultations on statistical issues are limited. It could also be argued that these would not be good value for money as the GSS can take forward the views of users based on existing UK

consultations and other dialogue such as statistical conferences and user group meetings. Bearing in mind the principle in the UK National Statistics Code of Practice that “consultations will be co-ordinated to maximise value and minimise burden” this is an influential argument. It is however difficult for those outside official circles to know whether their voices are being heard through these indirect routes. The details of positions taken by UK officials in discussion with Eurostat, beyond that set out in the GSS strategy, are not regularly made public. While recognising that officials require some scope for compromise and negotiation to reach agreement with European counterparts, making public the positions taken on statistical issues would increase the transparency of the process.

Box 1: NACE Consultation

Eurostat began its revision of NACE (the Classification of Economic Activities in the European Community) in September 2001. Since the launch, a series of consultations has been conducted both nationally and internationally involving all EU member countries, Eurostat and the United Nations Statistics Division. The UN is involved because of the close relationship between NACE and the UN's classification, ISIC. There have been several rounds of consultation resulting in a revised NACE structure approved by the EU Statistical Programme Committee (SPC) in November 2005.

Consultation at EU level has been through the NACE/CPA Committee which is made up of representatives from the National Statistical Institutes of all EU member countries. It reports to SPC. Sub-groups of the main committee have worked on specific issues. There have also been five rounds of written consultations with all Member states. Conflicting proposals coming from the Member states were discussed in more depth at the EU level and voted on by the Member states.

The UK representatives told us that they did not take these consultations lightly and went to considerable effort to gather views from across a wide range of interested parties. A group of co-ordinators was established, comprising statisticians from various government departments with a professional interest in specific areas of economic activity. Together, they covered the whole of the NACE classification and they were responsible for obtaining, through their

working contacts with industry and other interested bodies, UK proposals for changes to the structure of their particular part of the classification.

A group of contacts in other government departments, devolved government, local government, academia, industry and other interested bodies was drawn up, based on contacts established during an earlier revision of the classification. ONS has actively kept this group informed of all developments throughout the revision process and has been able to put forward or comment on their proposals. In addition, information on the revision and consultation process has been placed on the National Statistics website.

There was also provision for national trade associations to make contributions to Eurostat via their European federations. Eurostat organised that part of the consultation process, although ONS also made interested parties aware through the system of co-ordinators.

55. The cost and effort involved in carrying out consultation exercises may justify careful consideration of methods of consultation. However they should not override other considerations. The National Statistics Code of Practice states that: "Suitable resources for consultation should be built into budgets". It also states that, wherever the *Protocol on Consultation Arrangement Between the National Statistician and UK Government Ministers* is invoked and where appropriate, other users should be consulted in parallel. Since consultation with UK Ministers is necessary whenever a decision on statistical legislation is required by the Council of Ministers in Europe, the UK Code implies that user consultation should also take place before new legislation is agreed. The Commission believes the *National Statistics Code of Practice Protocol on Customer Service and User Consultation* should be applied within the UK to all European regulations on statistics.

Conclusions

- F. The transparency and visibility of the UK government's contribution to the development of EU statistical regulation needs to be enhanced. To increase openness and encourage debate, the UK position on European statistical issues should be open to public scrutiny.

- G. There is limited opportunity for individual users (either organisations or people) to influence EU requirements, or the UK position on those requirements, directly. We believe that this needs to be addressed at both the European and UK level and will press for improvements.
- H. Consultation on statistical requirements should be organised more coherently. In particular, consultation on EU requirements should be integrated with consultation on related UK developments wherever this is practicable.

Future developments in the European Statistical System

56. A European Code of Practice for statistics has recently been agreed. This is a voluntary code, more detailed than the UN Fundamental Principles of Statistics but without the detail of the UK Code of Practice. The European Code does not substantially add to guidance material already in existence in the UK and is not expected to result in changes to current practice. Member states will assess their own implementation of the EU Code and this will be supported by a peer review process beginning this year. The member states and the European Commission are currently considering options for a high level advisory body on statistical governance and information. The European Commission is proposing a body to oversee implementation of the Code of Practice and to advise on statistical priorities at a European level. It is not clear yet if this will be separate from a planned replacement for the European advisory committee (CEIES) which will be required to voice the interests of users.
57. Eurostat has suggested the task of the new body would be to:
- contribute to the improvement of the governance of the European Statistical System and to enhancement of the quality of community statistics
 - contribute to the monitoring of progress of the implementation of the European Code of Practice (CoP) by the European Statistical System as a whole. The new body should support the implementation cycle for the European CoP set out by the European Commission Recommendation on the independence, integrity and accountability of the national and European Community statistical authorities

- give an opinion on the balance (priorities and resources) between the different areas in the EU statistical programmes
 - comment on the cost/response burden for those who have to provide the basic information.
58. The European Commission is also considering the option of setting up working groups of experts to support the new body and holding seminars or studies on statistical issues.
59. The body as proposed may meet the aim of being politically visible and influential. But could it also successfully fulfil the original role of CEIES to voice the interests of the users? With 25 member states and millions of organisations and individuals as users, this is no small task. On 8 November 2005, the European Finance Ministers suggested a simplification of this role to limit it to non-government users and respondents to European surveys. Even with this simplification, any small advisory body would struggle to represent all stakeholders.

Conclusion

- I. With regard to current proposals for a new European statistical advisory body, the Statistics Commission questions whether a single small body can fulfil the function of providing a visible, independent and responsive voice on implementation of the European Code of Practice (ie a 'watchdog' body) and also represent all non-government users.

Acronyms

CEIES	European Advisory Committee on statistical information in the economic and social spheres
CoP	Code of Practice
COR	Committee of the Regions
DEFRA	Department for Environment, Food and Rural Affairs
DTI	Department of Trade and Industry
EC	European Commission
ECB	European Central Bank
EMU	European Monetary Union
EP	European Parliament
ESC	Economic and Social Committee Activities
ESS	European Statistical System
EU	European Union
Eurostat	European Office for Statistics
GSS	UK Government Statistical Service
ILO	International Labour Organisation
ISIC	International Standard Industrial Classification of all Economic
LFS	Labour Force Survey
MEP	Member of the European Parliament
NACE	Classification of Economic Activities in the European Community
NSIs	National Statistical Institute
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics
PRODCOM	Products of the European Community
PSA	Public Service Agreement
SPC	Statistical Programme Committee

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