



Office for
National Statistics

Business Statistics – User Needs

of National Accounts
and other Government departments

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What do users want?
The world, but no discontinuity...

Data that meets emerging policy needs

For example:

- Understand globalisation
- Measure regional productivity
- Understand international trade
- Measure the digital economy
- Measure the creative economy
- Measure the sharing economy
- How many “zero hours” jobs are there?

National Accounts requirements

- National Accounts is main customer, so all business statistics must produce estimates which are fully in line with SNA 2008 concepts.
- “Bean Review 2016” set out how to improve the UK’s National Accounts and Balance of Payments.
- ...the answer is: more use of administrative and commercial data sources; web-scraping etc.
- But sources other than business surveys use different definitions of concepts.



Office for
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Economic Ownership versus

“What is happening on the ground?”

Output Specification - main users

Global/national - UN
System of National Accounts



➔ Economic Ownership

- Who owns the raw materials & finished goods?
- Where is the money going?

Bank of England –
Monetary Policy Committee



➔ What is the 'real' activity in the UK?

Amazon UK



UK warehouses - thousands of Amazon employees sending goods to customers.



UK customer's order – goods may come from a UK warehouse (mainly) or elsewhere.

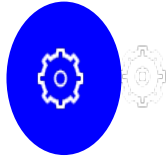


Published accounts show that all the retail activity is carried out in Luxembourg, and the UK just provides a distribution service.



Is Amazon a UK retailer, or not??

Ineos



UK company operates an oil refinery in Scotland.

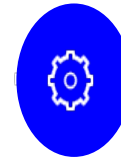


Swiss parent owns the crude oil input and the refined oil output.

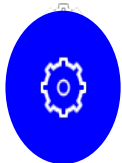


ONS says there is no oil refining in Scotland

INEOS



UK company says it is a service provider.



Scottish Government complains



Who's correct??

The Changing Labour Market

Business survey problems

- Employment agency workers – not allocated to the right site or activity.
- Payroll providers are similar, but they also don't know where people work or what they do.
- Zero hours contracts – are these employees being missed by our “point in time” estimates?
- Sub-contractors – businesses often “employ” self-employed people in roles which used to be carried out by employees.

What doesn't the tax data capture?

- Employers who are exempt – usually because of no internet access
- Employees where everyone on the employer's payroll is paid less than tax and social security thresholds in a given pay period (week or month);
- Where the employee works;
- What type of work is carried out there;

What doesn't the tax data capture?

- Complex elements of remuneration, e.g. share options, gold bars, etc. (annual tax returns);
- Some values which only have to be filled out once at the start of a year or an employment. So they don't appear in every month's records (e.g. home address);
- No specific marker for when employee is not paid in a month;
- Remuneration is not split into components (overtime, bonuses etc.).

Industry or Activity?

Industry or activity?

	Ind 1	Ind 2	Ind 3	Ind 4	Total
Activity 1	x	x	x	x	x
Activity 2	x	x	x	x	x
Activity 3	x	x	x	x	x
Activity 4	x	x	x	x	x
Total	x	x	x	x	x

The table illustrates a 5x5 grid with red annotations. Red ovals encircle the 'x' marks in each row and each column. A red arrow points from the 'Ind 3' header to the 'Total' header.

Measuring economic activity

Two Options

1. Create statistical units (on the business register) that carry out one activity,
or
2. Ask units (groups or enterprises) to provide breakdowns of totals by activity.

Measuring economic activity

1. By creating kind of activity units (KAUs) that carry out one activity:

But how would we identify such units?

- Local Unit survey information provides **one** (principal) activity per site; but there may be other activities 'hidden'.
- ProdCom/"ServCom" might identify activity for **surveyed** enterprises/legal units.

Measuring economic activity

2. By asking units for activity-based breakdowns:
 - how would we ask questions to capture the activities?
 - can the businesses report their employment and financial data in this way?
 - how would turnover and profit and wages by activity be understood by respondents?

Thank you for listening!

Do you have any questions
for me?

ADDITIONAL SLIDES ABOUT

**BUSINESS SURVEYS
REDESIGN**

Transformation of UK business statistics

Business Statistics Transformation Division in ONS has as its vision to transform the collection and production of business statistics. It has 4 key aims:

- Contact with businesses, particularly surveys, to be **digital by default**
- To use **non-survey data sources** such as administrative data and direct data feeds wherever possible
- To **modernise the ONS's technology platforms**, developing common services and IT systems for use in Business and Social Statistics production, Census and if appropriate across government
- To have data from all sources linked in a **single accessible data store**, for use in the collection and production of statistical outputs

Expected benefits

These aims will produce the following benefits:

- Compliance with the government **digital by default** strategy, and associated reputational gain moving away from outmoded paper surveys
- A reduction in surveys and hence respondent burden by using non-survey data sources, and a **reduction in the cost of survey data collection** as a proportion of the total cost of data collection
- An increase in the **coverage and quality of data**, gathering non-survey data from the full available business population rather than a sample
- Benefits from having a **documented, reusable, shared set of platforms, technology and statistical methods**

How are we achieving these aims?

- **Moving business surveys from paper to online submission.** For the last financial year (2017/18) 181,000 questionnaires were dispatched online. We have just successfully migrated to a new online collection service which removes constraints on the number of surveys we can collect online.
- We've established a multi-disciplinary project team who are working to produce a **thin slice collection and production of short term Distributive Trades (Dtrades) statistics**, including the high-profile Retail Sales Index. The team are developing the statistical methods and operational processes to integrate VAT turnover data with survey data, to produce output estimates. The only businesses surveyed will be those where methods show we cannot use VAT data to provide accurate estimates. Wherever possible, new platforms and technologies will be used. This includes the development of a new **Statistical Business Register** for sampling, which will eventually replace the UK's 20 year old Inter-Departmental Business Register.

Data Collection Methods

Phase 1: In depth interviews to explore:

- what businesses currently provide
- what could they provide instead
- how easy or difficult they find providing the current figures
- how easy or difficult they may find providing different figures in the future

Phase 2: Redesign and cognitive testing of e-questionnaires

Main findings – large and small businesses

- value of work and turnover interpreted as one in the same: Quantity Surveyor valuation / money in / invoices out / combination
- may or may not include Work in Progress
- subcontractor fees included (typically)
- the return date is challenging / impossible
- Sales are either split across categories by division, pretty roughly, or not at all
- Respondents used their “*best guess*” for categories because they found them ambiguous and unclear