

National Statistician and Registrar General

**Len Cook**

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Statistics Commission  
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Dear David

### **THE ATKINSON REVIEW AND PUBLIC SECTOR JOBS STATISTICS**

Further to my letters of 27 April and 15 October, I am now writing to tell you about plans for taking forward the Atkinson Review and about the ONS's related work on public sector jobs statistics.

As you are aware, in December last year I asked Sir Tony Atkinson to conduct a review into the way ONS measures public sector output and productivity in the National Accounts. In accordance with his remit, Sir Tony published an Interim Report on 19 July. He will publish his Final Report as planned in January 2005. Given his personal commitments, it seems likely that publication will be towards the end of that month. When the exact date is fixed, we will make it known publicly in advance through the ONS release calendar on the National Statistics website and by means of an ONS Operational Note.

Once I have Sir Tony's recommendations, it will be for me as National Statistician to decide how to react to them. Sir Tony has told me that the Report will not itself contain any new numbers. Like the Interim Report, it will be about principles and methodologies, including some proposals for change in the areas covered in the Interim Report (health, education, public order and safety and social protection, and working towards inclusion of information from devolved administrations in these areas).

#### **Changes stemming from the Atkinson Review and associated work**

During the course of the Review, a great deal of work has been carried out by the main departments responsible for the public services, in conjunction with ONS and Sir Tony's own Review team based within ONS. This has led to the identification of a number of potentially helpful advances in the way that we measure public sector output within the National Accounts.

In some cases, departmental work with the Atkinson Review team is leading to possible methodologies which would be significantly different from those which currently underpin the relevant parts of the National Accounts. In particular, I understand that DfES and the Home Office are planning to publish papers on the measurement of output from schools and from the Criminal Justice System, respectively. I welcome this approach. It is important that measures of public service output in the National Accounts command expert support. A procedure to allow discussion and scrutiny seems wholly appropriate, prior to my considering change to the National Accounts.

In other cases, I understand from Sir Tony that the proposals that have been identified (and which will be further explained in his final report), while representing potentially significant improvements, are essentially refinements to the existing methodology. In those instances, I intend to submit the proposals to the usual rigorous ONS quality assurance procedures. Arrangements are already in hand to allow this to happen.

Consistent with the Code of Practice, where such proposals for methodological change pass the rigorous quality assurance procedures, my intention would be to follow the normal procedure of incorporating any such improvements in the National Accounts at the time of the 2005 Blue Book, in the summer of next year. But details of any revisions to individual components of government output would be published well in advance of the Blue Book with a full explanation of the changes.

### **Productivity Articles**

I also intend to continue with the series of productivity articles which were instituted in the autumn. As I explained when the health article was published, these are intended to explore public sector productivity within the context of the National Accounts but painting a more detailed picture of public sector output and productivity than the National Accounts themselves do. However measures of productivity need to be interpreted with care. There are no simple or unique answers. The articles are not intended to be a comprehensive assessment of productivity. The limitations of measurement in this area are such that we may never have what might be regarded as definitive statistics. The articles will try to explain the limitations of published information, as far as we know them. They are intended as part of a process of increasing the amount of information available from the official statistical system relevant to the key public services.

Each article will be subjected to rigorous peer appraisal by an expert group convened for this purpose. The names of the expert group will appear in the article itself. It will be my final decision, as National Statistician, as to whether articles are of sufficient quality to be published. But my decision will be based upon, and have full regard to, the advice of the expert group.

ONS has already indicated that the next in the series will be devoted to education. It will draw on the National Accounts and any relevant proposals in the Atkinson Report, and will also have reference to the DfES paper. The article will also draw on wider information sets where these help the "triangulation" process in building a coherent picture of inputs - the volume of public

spending, outputs and productivity growth. The publication date is not yet determined. Originally I had thought that it might be in the New Year, but we need to allow further work in a range of areas and so that we can benefit from the DfES paper referred to above. Publication is therefore likely to be in summer 2005.

I should note that I have come to a view about the timetable for publication of the work on output and productivity without any knowledge of the numbers emerging from current work, nor of their implications for the National Accounts.

### **Public sector jobs statistics**

For some years ONS has published an annual article setting out the latest available statistics for jobs in the public sector. However, the situation has been unsatisfactory in a number of respects. For example the figures are annual only and published with a considerable time lag. Moreover they are derived from a multiplicity of sources, administrative and statistical, using different definitions and reference dates. The consequence is that we cannot be sure of the coherence of the estimates, neither within the public sector, nor with estimates for the private sector. Nor were the ONS estimates necessarily fully consistent or reconcilable with figures produced by other government departments. In particular we know that they are not comprehensive.

Since summer 2004, however, ONS has been leading an inter-departmental effort to improve the quality of public sector jobs statistics. This has a number of dimensions but includes trying to standardise definitions as far as possible and to incorporate the statistics more coherently into the overall UK employment and jobs statistics system. We are doing this in part by extending the scope of ONS surveys.


This project is now beginning to bear fruit and we hope to publish a first account of it in two to three months' time. This will include, subject to completing an extensive quality assurance exercise, publishing the latest available data up to March 2004. Existing sources have been reviewed allowing quality improvements to be made. This will, however, necessitate revisions to be made to statistics published previously. This is largely the result of improving the coverage in the figures of staff working in non-Civil Service public sector bodies. All revisions will be carried backwards as far as possible on an estimated basis so that consistent time series can be published. The date of publication of the new estimates with explanatory material will be pre-announced in the usual way.

Subsequently during 2005, ONS will move towards using the data from its extended quarterly survey of employment in central and local government, complemented by information for particular groups of staff assembled from departmental and other sources, to introduce a new system for publishing better quality PSE statistics every quarter rather than every year. The end result should be estimates of better quality, which are more timely and quarterly as well as annual.

## Conclusion

I hope this letter will help provide some assurance about the integrity of the process in this sensitive area. In view of the public interest, and as with my earlier letters, I plan to make this letter publicly available on the National Statistics website. I am also copying it to Oliver Letwin, Vincent Cable and John McFall, chairman of the Treasury Committee. I have also written in similar terms to Treasury Ministers and Ministers responsible for the main public service departments.

Yours sincerely,

  
PP Len Cook