

## **STATISTICS OF SALES BY INDUSTRY PRODUCT GROUP - SHOULD THE FREQUENCY OF SOME SURVEYS BE REDUCED FROM QUARTERLY TO ANNUAL?**

### **RESPONSE TO THE CONSULTATION**

PRODCOM is a survey of production mainly for the manufacturing industries. Businesses selected for PRODCOM supply value sales data (as a proxy for production) for the products they manufacture. Most industries (206 out of 253) are collected annually, but 47 are collected quarterly (mainly chemicals, textiles and pumps & compressors). The survey is conducted under EU regulation, but that is changing and quarterly collection is no longer compulsory for the UK.

Last October, trade associations in the industries potentially affected (and a range of other interested bodies) were asked for their views on whether this quarterly collection should continue, or whether PRODCOM should become annual for all industries. This note reports on the results of this consultation.

#### **Background**

The Office for National Statistics (ONS) was clear that there was insufficient use within government to justify the costs of collection, both to the public purse and in terms of the compliance costs it places on businesses in the industries affected. If there was to be a case for the quarterly inquiries to continue therefore, there would need to be strong evidence of need that at least offset the estimated £350,000 per annum compliance cost to business and the potential saving of £230,000 to ONS.

Consultees were asked to comment on any aspect of the proposal, but there were three topics in particular on which views were sought:

1. How substantial was their use of quarterly PRODCOM data?
2. If they did make appreciable use of the quarterly data, would annual data, in the same detail and for the same industries, be a reasonable substitute?
3. Did they agree that a change from quarterly to annual collection of data would save respondents' time and effort?

#### **Responses**

ONS invited specific responses from 23 organisations: trade associations in the industries affected and umbrella statistical bodies. In addition it advertised the consultation document on its website and informed all longstanding contributors to the quarterly inquiries.

16 replies were received. The ONS is grateful to all those who responded.

Most replies showed little use of the quarterly data. However, a number of trade associations were concerned that data from an annual inquiry would be available appreciably more slowly than the annual figures are now. In more than one case, their agreement to moving to annual inquiries was conditional on the results for the year as a whole being available with the current timeliness.

Two trade associations were, however, vigorous in their defence of the quarterly inquiries. One described them as vital to their industry (though in part it was the timeliness with which the figures for the year became available that was essential) and another said the key strength of PRODCOM was the ability to analyse performance in year. The first association felt that annual data with the same detail would still be useful, but the other felt that a reduction in the frequency of the inquiries would be a huge loss.

A further respondent, who was writing on behalf of industries not covered quarterly, suggested that the quarterly inquiries should be expanded to cover a greater range of industries. Another felt that national statistics had a role

in improving productivity and recalled that the previous quarterly Business Monitors had sold a substantial number of copies in 1975.

Most respondents, however, said that they would be content with a move to annual inquiries.

There were differing views on the extent to which effort would be saved by a change to annual inquiries. The three quarterly contributors that contacted ONS after learning of the consultation said that they would welcome a change to annual reporting. A couple of the trade associations said that such a change would save time and effort for their members. Others did not respond to this question specifically. Those organisations that argued for quarterly inquiries to continue (or to be extended) felt that the worth of the information outweighed any saving in the form filling burden. One felt that if the completion of product inquiries became an occasional (i.e. annual) task rather than a regular one this could make for problems, so that the saving in compliance costs from switching to annual collection would not be as much as estimated.

### **Decision**

It is clear from the consultation that quarterly inquiries are not required for most of the industries where they exist at present. There cannot therefore be a case for continuing with them for these industries. The ONS has considered whether it would be feasible to limit quarterly inquiries only to those industries where the consultation has shown an evident need. However, that would mean that the entire cost of running a system of both annual and quarterly inquiries would fall on very few industries. In addition, the figures for those industries would be poorer than at present, since it would be difficult to estimate quarterly the extent to which there were sales of their products by businesses in other industries from which data was not collected quarterly. It has therefore on balance decided that PRODCOM should become annual for all industries.

The ONS does recognise the need to respond to the requirement for timely results. It will do its best to ensure that the move to annual inquiries does not slow the availability of the data for full years. Results for those inquiries that are presently annual will be speeded up by the change; the ONS is looking to complete publication of the 2004 figures a month quicker than it achieved for 2003.

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