
Commerce, Energy and Industry

Three Year Work Plan 2002/03-2004/05

1. Summary

An introduction to the Commerce, Energy and Industry Theme

The Commerce, Energy and Industry theme covers the full range of micro-economic data – i.e. data at detailed sectoral or industrial level (outputs for the macro-economy fall within the Economy theme). Micro-economic data includes indicators of output, gross value added, employment, productivity, trade in goods and services, foreign direct investment, statistics of small and medium size enterprises and insolvency statistics in the manufacturing and service sectors. Statistics on energy covers information on production, trade, supply and energy prices.

The theme has very close links with the Economy theme. In many cases the data sources are the same as are the major users – HMT, the DTI, the IR and the devolved administrations in the UK and Eurostat abroad. These are fully described in the Economy theme and are not repeated here.

Brief Overview of the Theme's Work Programme

The main features of the Work Programme are as follows:

- exploring, under the (ONS) Data Collection Initiatives Strategy, a number of options for improved data collection including collection via the internet, Telephone Data Entry (TDE) and image processing of forms (UK);
- enhancing sample sizes, as already happens for Scotland and Northern Ireland and is planned for Wales for the ABI 2001;
- re-designing sampling schemes and or methodology of UK surveys to improve the quality of sub-national estimates;
- implementing the recommendations of the quality review of the IDBR (UK);
- strengthening the ONS infrastructure systems supporting data collection (cf Economy Theme) and using new technology to disseminate data (UK);
- carrying out the Quality Review of Structural Business Statistics 2002/03 (UK);
- improving estimates of labour productivity (UK);

- maintaining the HMC&E on-line trade information service (www.uktradeinfo.com) introduced in June 2000 (UK); and
- providing provisional summary monthly energy statistics covering production, use and prices on the internet at the beginning of each month with full data being posted at the end of the month (UK).

2. Strategic Influences and Policy Drivers

The first high level work programme for NS stated that “National Statistics also seeks to publish the information needed to allow the impact of government policies and actions to be assessed; to provide the statistics required to assist businesses, researchers and analysts; and to promote these objectives internationally”.

This section outlines some of the drivers and external influences that will need to be considered in taking forward this strategy over the next three years in the topics covered by this theme. These are grouped under the headings of Government Policies, International demands, External influences on a national/global scale and Statistical Challenges.

Government Policies

There are many government policies which have an impact on the data covered by this theme. These relate both to the way the administrations conduct their internal business and the way they interact with individuals and businesses in the UK and abroad. Many of these also impact on the Economy Theme. Some examples are as follows.

The Knowledge Network Project has been established to provide fast, modern flows of knowledge, and facts and figures within and between Departments within the UK Government. One target is to provide detailed regional information on a consistent basis. This will be for use within Government but it will also be made available to the public via the internet. This will place demands on existing sources of information.

As part of the drive to get the UK online, to ensure that the country, its citizens and its businesses derive maximum benefit from the knowledge economy the Office of the e-Envoy has the following three core objectives:

- to make the UK the best environment in the world for e-commerce by 2002;
- to ensure that everyone who wants it has access to the Internet by 2005; and
- to make all Government services available electronically by 2005.

The ONS has already published the first National Statistics on e-commerce by business in May 2001 and has provided estimates of the value of e-commerce sales and purchases in the UK. In addition, a monthly index of connectivity to the internet was published for the first time in December 2001, showing the changes in internet connections since January 2001.

It is Government policy to increase competitiveness and scientific excellence in order to generate higher levels of sustainable growth and productivity in a modern economy. To meet these policies the DTI has focussed on the following three strategic priorities:

- promoting innovation;
- supporting and spurring enterprise; and
- creating competitive frameworks.

To measure whether these priorities have been met all require data.

The UK Government has made it one of its key economic objectives to narrow the productivity gap with other major industrialised nations. At an aggregate level, this falls within the Economy theme. However, at the industry and firm level, there are wide variations in the productivity performance of different enterprises, which are masked by the national-level data. Data are needed to explain and monitor these differences.

The move towards devolved Government generates a demand for high quality and more timely sub-regional data. This demand is likely to increase with the Government commitment to devolution to the English regions. There are also issues to be resolved on how far comparability between different regions of the UK can be maintained, particularly if devolved administrations take different decisions on the relative importance of each set of statistics and/ or allocate different levels of resources to them.

The UK Government's energy policy objective is to ensure secure, diverse and sustainable supplies of energy at competitive prices. This requires information on energy production, the way in which it is used and about prices. Key Government objectives include ensuring gas and electricity prices are in the lower half of the EU/G7 basket; moving towards a 20% reduction in CO₂ emissions, compared with 1990, by 2010; and to remove all vulnerable households from fuel poverty by 2010.

International demands

The enlargement of the EU and the introduction of the Euro are initiatives which have an impact on the macro-economic statistics which are to be found in the Economy theme. Information required at a more detailed level falls to this theme.

Eurostat are pursuing across a range of Regulations improvements in the timeliness of data, further harmonisation of definitions and methods and increases in the scope of information collected. The UK is actively participating in the Europe-wide discussions that are taking place. Timeliness is a major issue particularly on the short period inquiries although the UK is generally among the better performing countries. The most demanding Regulation (the Structural Business Statistics Regulation (SBSR)) is adapted from time to time to include new variables as the contributions to economic output changes. The UK participates in pilot studies to develop the framework for adding these new variables to the SBSR. Currently, the interest is in the computer services and the business services industries.

Initiatives from the European Commission such as the Internal Market Strategy also generate a demand for detailed statistics. Such data are usually required under EU legislation.

Data are also required by other international organisations such as the OECD, the International Energy Agency and the UN. There is particular interest in services output and trade in services data for use in General Agreement on Trade and Services negotiations. In the energy field, there is interest in the development of indicators of energy efficiency to help monitor progress towards emissions targets and develop policies. The European Central Bank currently receives monthly Balance of Payments data – and this also falls within the Economy Theme.

The UN Statistical Commission has cleared for publication the new Manual on Statistics of International Trade in Services. This is now available on the OECD website and provides a better framework for the collection of statistics in this area. The Voorburg Group, an influential group of experts on service statistics, which works closely with the OECD and the UN, has highlighted a number of issues which require attention. These are likely to feed through to demands for data and include the definition and measurement of ICT and International Trade in Services.

There has been a growing drive to increase the level of transparency in the way international oil markets work through increasing the quality and timeliness of information available on global oil production, stocks and trade. Several international organisations (the International Energy Agency, Eurostat, the Asia Pacific Energy Research Centre, the Latin American Energy Organisation, Organization of Petroleum Exporting Countries and the UN Statistics Division) have jointly agreed to initiate measures to bring about such an improvement in the oil market data.

External influences on a national/global scale

There are a number of challenges under this heading. The structure of the economy and, in particular, parts of the service sector have been changing rapidly. Users find that the existing classification systems on many occasions do not adequately reflect new industries which have been created. There is a challenge to find an acceptable way of finding categories to classify industries such as "biotechnology", "knowledge based" industries. A related problem is that there is a continual demand for more detail for policy purposes both inside and outside Government. This brings with it a number of problems – e.g. confidentiality.

The Government policies mentioned earlier should stimulate the demand for information provided electronically. These provide challenges to meet this demand and offer data in a variety of user-friendly formats.

A global issue is climate change and the need to reduce greenhouse gas emissions to help arrest it. This increases the need to know how we use energy and understand the factors that influence it. Domestically, a key influence is the drive to

reduce fuel poverty and to monitor progress towards the achievement of this objective – this includes tracking trends in fuel prices for the less well off.

Statistical Challenges

The preceding sections have set out demands which would almost certainly result in requests for new data. Resources to undertake this work are scarce and additional burdens on business, in particular, are unwelcome. New ways of data collection need to be explored to meet these demands. Users' expectations of access to data in a variety of formats, especially electronic, have also been raised. These expectations need to be managed. Also, detail is expected, but it must meet the quality standards of NS. There must be coherence between estimates from different sources and a transparency of methods. We also need to continue to develop effective collaboration with colleagues in international organisations to ensure the quality of international data and collection arrangements. The need to meet the demands for additional regional data, bearing in mind the burdens on business and available resources, add to the challenges that need to be met in the new work plan.

At the same time, the dissemination of our statistics needs to reflect the Government's commitment to e-business, in particular through continuing to make more information on-line.

3. Planned Developments

There are a number of initiatives in the work plan to meet these challenges which fall under the following broad headings. A number of these are developments of work which were set out in the work plan last year.

Improved Data Collection, Analysis and Design

- the (ONS) Data Collection Initiatives Strategy is exploring a number of options including collection via the internet, TDE and image processing of forms. More than 95% of paper forms are scanned with automatic data extraction and all later processes using the electronic images. Twenty percent of forms, across a wide range of surveys, are returned by TDE, which includes the contributor's response to the validation of the data. Internet data collection has been piloted for the Prodcum and Research & Development inquiries and collaboration

with the Office for the e-Envoy will lead to a secure infrastructure based on the Government Gateway which will allow an Internet option for all inquiries. A medium term goal is to reduce the proportion of paper forms to less than 20%. Collaboration with HMC&E and the business software industry is working towards the development of a structured message system which would allow users of standard business software packages to automate the production and delivery of data required by Government;

- enhancing sample sizes, as already happens for Scotland and Northern Ireland and is planned for Wales for the ABI 2001;
- making better use of existing sources, including linking between sources where appropriate. One recent example involved linking DTI and ONS databases to enable analyses to be conducted to explore the relationships between businesses and industrial sectors receiving DTI grants and the subsequent performance in terms of labour and total factor productivity. All linkage, analysis and dissemination were conducted strictly in accordance with the constraints protecting the confidentiality of the business information held on the databases concerned;
- re-designing sampling schemes and or methodology of UK surveys to improve the quality of sub-national estimates [cf Economy Theme];
- implementing the recommendations of the quality review of the IDBR. Key issues to be considered will be the development of quality measures of the register and modifications to the Annual Register Inquiry for more complete small area data.
- collecting detailed purchases inquiry data for a wider range of industries through the ABI 2001;
- creative Industries (CI) – the potential to develop the availability and quality of data is being explored following the publication of the CI Mapping Document in March 2001 with a view to developing them into NS in the longer term;
- the e-commerce inquiry for 2001 will be extended to 12,000 businesses, including

those with employment less than 10, and will provide additional data on the take-up of broadband technology and the sales and purchases of digitised products;

- in order to ensure the accurate measurement of trade in services the ONS has introduced an enhanced sample design for the 2001 inquiry. The survey has doubled to 20,000 contributors across the whole economy and should allow more robust product and geographical analyses;
- the third Community Innovation Survey, examining the innovative activity of firms throughout the business sector, is currently in the field. The survey is collected by the ONS on behalf of the DTI. Provisional results from the survey will be published in Economic Trends in March 2002;
- the ONS strengthening of its infrastructure systems supporting data collection (cf Economy Theme);
- quality Review of Structural Business Statistics 2002/03;
- following pilot work by the Department of Enterprise Trade and Industry (DETI) (Northern Ireland), the existing Northern Ireland R&D triennial census has been extended to cover the education sector. During 2002/03, the census will move from a triennial to an annual basis and will dovetail with the equivalent annual GB survey to provide comprehensive UK results;
- the DETI (Northern Ireland) will continue to examine the quality of regional data and will commence a project to improve both the quality and timeliness of outputs.

Improved statistical measures

- better estimates of labour productivity may be made because the Annual Business Inquiry now collects annual employment data from the same sample of businesses that are asked to provide output data feeding into the National Accounts;
- there is now a wider range of price indices for business to business activities. Indices which are now published on a regular quarterly basis include road freight, property rentals, market research, secretarial services and

recruitment agencies. Development work is continuing for an additional 15 industries, five of which are expected to be publishable in early 2002 (hotels, rail fares, rail freight, business telecommunications (revised) and accountancy). Many of these feed into the calculation of the experimental IoS (cf. Economy Theme).

Using new technology to disseminate data

- there are now over 130 ONS publications freely available in electronic form under this theme. These titles are the first of the publications to go live on the website as part of the Portfolio Review. There are around 80 titles earmarked under this review to become web-only products over the coming year. Around 60 titles have been successfully loaded already;
- HMC&E launched an on-line trade information service (www.uktradeinfo.com) in June 2000 which carries information with data being available within 24 hours of publication (cf. Economy theme);
- provisional summary monthly energy statistics covering production, use and prices are now posted on the internet at the beginning of each month with full data being posted at the end of the month in a downloadable, easy to use format. Quarterly and annual energy data are also provided on the internet, though hard copy continues to be supplied in traditional publication format;
- the DETI (Northern Ireland) will take forward a project to facilitate the capture of data by electronic means across a range of business surveys.

4. Key Changes from last year's Plan

A revised simplified system for the collection of oil and gas production data came fully into force from January 2001. Given the importance of this production information to the ONS for the Index of Production, a report on the impact of the revised system will be produced in March 2002. The data collection system for the refining and sales of oil products will be undergoing a full quality review during the Spring of 2002, with any necessary revisions and/or simplifications being introduced later in the year.

In the light of other work priorities, the expansion of the Quarterly Profits Inquiry is not going ahead nor is the extension of the Financial Assets and Liabilities Survey to cover Non-Profit Institutions Serving Households.

The pilot SERVCOM (Services of the European Community) survey into computer services was successful and generated some interest in the media and from other users. The ONS is currently reviewing whether to repeat the computer services survey and develop further industries (e.g. telecommunications). However these developments will depend on work priorities currently being discussed.

5. International Considerations

The general influences of international considerations have been outlined in section 2. More specific projects that involve international co-operation are as follows:

- Eurostat are planning to extend the information collected on the services sector under the SBSR. Pilot work is in progress on Standard Industrial Classification (SIC) 72 (Computers) and selected industries within SIC 74 (Other Business Activities). The UK is participating in these pilots;
- the Inter-agency Task Force on statistics of international trade in services has had its draft manual approved by the UN Statistical Commission. It is now available on the OECD website and is likely to lead to a demand for more data on trade in services;
- OECD are also seeking to collect more short-term indicators for services and are working on harmonised definitions to use in the collection of statistics on e-commerce;
- the UN Statistical Commission has set 2007 as a target for the revision of the International Standard Industrial Classification and the Central Product Classification. Preparatory work is already underway;
- with regards to the oil market data transparency exercise mentioned earlier, a 6-month trial data collection exercise was run from June to December 2001 by the international organisations;

- at a meeting in November 2001 to review progress, it was decided to extend the exercise until September 2002, with work to be undertaken to both improve the level of response to the exercise and to assess and improve where necessary the quality of data being submitted. It is hoped that by September 2002 it will prove possible for this exercise to become a permanent source of data, with the overall results from the work starting to be disseminated after that time. The UK data contributions to the exercise are being produced from existing data sources with no additional reporting burden on business being necessary. However, the review of data systems mentioned above will be taking into account the extra needs for data for the data transparency exercise as part of plans to improve the UK contribution to the exercise.

Development of e-commerce statistics	2002/03	£310k
(Accounted for in the Economy Theme)	2003/04	£310k
Trade in Services development	2002/03	£230k
(Accounted for in 'Economic')	2003/04	£230k
Corporate Services Price Index	2002/03	£730k
(Accounted for in 'Economic')	2003/04	£750k

Please note, these figures represent significant developments only and will not match the total expenditure on statistical developments for the theme shown in Table 1 in Appendix B.

6. Costs

For a full explanation of National Statistics costs, see Appendix B.

Theme specific expenditure is as follows:

'Projected' Resource Costs:

2002/03	£4.6m
2003/04	£4.7m

A number of developments will be taken forward primarily by the Commerce, Energy and Industry Theme, although the expenditure has been included, in the main, in the cross-cutting categories. These include:

Implementation of IDBR review	2002/03	£230k
(Accounted for in 'Infrastructure')	2003/04	£335k
Enhanced sample sizes for ABI	2002/03	£200k
(Accounted for in 'Economic')	2003/04	£200k
Detailed purchases inquiry data collection	2002/03	£510k
(Accounted for in 'Economic')	003/04	£510k

7. Contacts and further information

Websites

Further information on statistics covered by this Theme can be found at the following websites:

National Statistics
www.statistics.gov.uk

Department of Trade and Industry
www.dti.gov.uk/statistics

Department for Transport,
Local Government and the Regions
www.dtlr.gov.uk

Department of Enterprise,
Trade and Investment, Northern Ireland
www.detini.gov.uk

HM Customs and Excise
www.hmce.gov.uk

National Assembly for Wales
www.wales.gov.uk/keypubstatisticsforwales/index.htm

Scottish Executive
www.scotland.gov.uk

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