

Title: Introduction of new powers for access to identified data for the purposes of producing national and other official statistics and research IA No: Lead department or agency: Cabinet Office Other departments or agencies: UK Statistics Authority (UKSA)/Office for National Statistics (ONS)	Impact Assessment (IA)		
	Date: 07/12/2015		
	Stage: Consultation		
	Source of intervention: Domestic		
	Type of measure: Primary legislation		
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Summary: Intervention and Options	RPC Opinion: RPC Opinion Status
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out?
£m	£m	£m	Yes/No
			Measure qualifies as In/Out/zero net cost

What is the problem under consideration? Why is government intervention necessary?

Current legislation provides a framework for the provision of national and other official statistics that serve the public good. Decision-makers are increasingly frustrated that better statistics and statistical research cannot be generated on a wide range of policy topics, ranging from economic productivity to immigration. The UK lags behind international best practice in making use of administrative and commercial data for statistical purposes, to meet the challenges of modern public administration and to inform better decision-making. Existing legislation needs updating to give the National Statistician and the Office for National Statistics access to the data needed to support the production of better statistics for better decision-making.

What are the policy objectives and the intended effects?

Across Government there is an increased drive to share data for statistical and research purposes to support good public administration and inform better evidence-based policy-making. The production of official statistics relies heavily on traditional survey-based sources, where respondents (individuals, households, businesses) provide information often held elsewhere across Government, imposing significant administrative and financial burdens on data collectors and data providers alike. Giving the National Statistician and ONS a right of access to new sources of data will significantly reduce such burdens while providing access to richer sources of statistical insight about how our society and economy are changing.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

The following options have been considered: Option 1 (preferred option): To give the National Statistician a power to compel disclosure of identifiable data held by public authorities and private undertakings for his statutory functions to produce official statistics and research for the public good, to strengthen the evidence-base for policy-making and provide decision-makers with better quality and more timely statistics about the UK economy and society. Option 2: To give the National Statistician a power to compel disclosure of data held by public authorities only. This would not address the current administrative/financial burdens arising out of compulsory business surveys. Option 3 (Do nothing): persisting with the current restrictive legislative framework for giving ONS access to identifiable data held by public authorities and businesses will prevent improvements to the coverage, accuracy and timeliness of official statistics. Existing survey costs on data collectors and administrative/financial burdens on survey respondents will remain.

Will the policy be reviewed? It will/will not be reviewed. If applicable, set review date: Month/Year					
Does implementation go beyond minimum EU requirements?				Yes / No / N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes/No	< 20 Yes/No	Small Yes/No	Medium Yes/No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded:	
				Non-traded:	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible
 SELECT SIGNATORY: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate:

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

ONS is currently undertaking scoping work to identify costs associated with transforming its workforce and infrastructure to accommodate new data flows, principally around the integration of survey and administrative data / systems. OGDs / businesses would potentially incur additional compliance costs based on the need to transition or upgrade data collection and transmission systems and familiarise their staff, although costs will vary according to the level of adjustment needed in each case.

Other key non-monetised costs by 'main affected groups'

The UK Statistics Authority anticipates minimal internal non-monetised costs associated with the proposed legislation, although the Authority recognises the potential for unanticipated costs to arise from the internal transformation exercises required for the organisation to fully exploit administrative data. The legislation may also lead to non-monetary opportunity costs on UK businesses. The Authority undertakes to fully explore the potential for non-monetary costs through the consultation.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

The transformation of data collection practices enabled by the legislation would lead to a reduction, over time, of costs associated with compliance, currently estimated at £24 million annually for UK businesses. The legislation will also help to deliver future savings within the ONS by reducing the cost of survey collection and validation, and will remove the legal and administrative costs associated with the existing secondary legislation process (Information Sharing Orders).

Other key non-monetised benefits by 'main affected groups'

Better decision-making, based on more accurate, frequent and timely statistical outputs, will support central, local and devolved governments in delivering better targeted and more efficient front-line services, with a range of tangible social benefits for service users and indirect benefits accrued from a corresponding reduction of inefficiencies and wastage. Businesses of all sizes will also benefit through more informed, and therefore better, monetary and fiscal decision-making.

Key assumptions/sensitivities/risks

The policy proposal is based on a reasonable assumption, informed by current experience of working with administrative data, that ONS will be able to effectively exploit future sources of administrative data. The possibility of administrative data being unhelpful for statistical purposes, or the validation and integration being too costly, represent genuine, but small risks. There are also sensitivities and risks associated with privacy, mitigated by ONS' expertise and record in data security.

Discount rate

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs:	Benefits:	Net:	Yes/No	IN/OUT/Zero net cost

Summary: Analysis & Evidence

Policy Option 2

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate:

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

ONS is currently undertaking scoping work to identify costs associated with transforming its workforce and infrastructure to accommodate new data flows, principally around the integration of survey and administrative data / systems. OGDs would potentially incur additional compliance costs based on the need to transition or upgrade data collection and transmission systems and familiarise their staff, although costs will vary according to the level of adjustment needed in each case.

Other key non-monetised costs by 'main affected groups'

The UK Statistics Authority anticipates minimal internal non-monetised costs associated with the proposed legislation, although recognises the potential for unanticipated costs to arise from the internal transformation exercises required for the organisation to fully exploit administrative data. The Authority undertakes to fully explore the potential for non-monetary costs through the consultation.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

The transformation of data collection practices enabled by the legislation would lead to some reduction, over time, of costs associated with compliance, currently estimated at £24 million annually for UK businesses. The legislation will also help to deliver future savings within the ONS by reducing the cost of survey collection and validation, and will remove the legal and administrative costs associated with the existing secondary legislation process (Information Sharing Orders).

Other key non-monetised benefits by 'main affected groups'

Better decision-making, based on more accurate, frequent and timely statistical outputs, will support central, local and devolved governments in delivering better targeted and more efficient front-line services, with a range of tangible social benefits for service users and indirect benefits accrued from a corresponding reduction of inefficiencies and wastage. Businesses of all sizes will also benefit through more informed, and therefore better, monetary and fiscal decision-making

Key assumptions/sensitivities/risks	Discount rate (%)
<p>The policy proposal is based on a reasonable assumption, informed by current experience of working with administrative data, that ONS will be able to effectively exploit future sources of administrative data. The possibility of administrative data being unhelpful for statistical purposes, or the validation and integration being too costly, represent genuine, but small risks. There are also sensitivities and risks associated with privacy, mitigated by ONS' expertise and record in data security.</p>	

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO? Yes/No	Measure qualifies as IN/OUT/Zero net cost
Costs:	Benefits:	Net:		

Evidence Base

Problem under consideration

Official statistics and statistical research provide independent objective analysis to help Government and others understand the demographic, social and economic characteristics of the UK, and how it is changing over time. Official statistics are currently produced drawing on data collected by voluntary or statutory (mandatory) surveys of individuals, households and businesses, or through reusing data that has been collected elsewhere across Government and beyond for various purposes, including service provision and policy delivery. Specifically, official statistics provide essential numerical and analytic insight for:

- **Policy-makers in central and local government**, for the purpose of evaluating the need for new policy interventions and for tailoring existing policies to reflect the changing circumstances of the population and the economy. Official statistics are used in monitoring and evaluation to ensure public expenditure is directed to where it is most needed.
- **Determining funding and resource allocations**, for example allocating central government funding to local authorities and other public services.
- **Businesses and financial institutions** use official statistics about the population and the economy to inform their commercial and market decisions, impacting their contribution to the UK economy, economic growth and productivity.
- **Individuals** use official statistics to inform personal and household decisions, and to hold Government, elected representatives and policy-makers to account.

The UK Statistics Authority recognises that these benefits can only be fully realised in a changing world if statisticians have sufficient access to the data needed to provide these insights; if these functions are reflected in the design, management, and development of data collection systems; and if adequate safeguards are put in place to ensure the professional integrity of any official statistics derived from these processes. In line with stipulations under protocol three of the *Code of Practice for Official Statistics*,¹ the UK Statistics Authority has therefore been committed to taking steps to better exploit administrative and other data sources to this end, and to actively encourage and support other public bodies to do similarly.

The modernisation of the Census programme, which cost £480 million in 2011, provides an instructive example of this work in practice. The census provides information for public and private organisations that is critical for the planning of services nationally and in the community over the next 10 years, for example:

- An accurate population count helps the Government to calculate the grants it allocates to each local authority and health authority.
- Data collected and analysed about the age, social and economic composition of the population, and on general health and long-term illness, enables the Government and local authorities to plan and fund health and social services.
- Information about housing and its occupants indicates where accommodation provision is inadequate and helps in planning new housing.
- Knowing how many people work in different occupations helps government, local authorities and businesses to plan jobs and training policies.
- Information about travel to and from work and car ownership highlights the pressures on transport systems and how road and public transport can be developed to meet local needs.
- Information about ethnicity helps central and local government to plan and fund programmes to meet the needs of BME groups.
- Population statistics enable licensed census distributors to create business planning software products.
- Census statistics help research organisations to decide how, when and where to capture representative samples.
- Population statistics help businesses to decide where to locate or expand their premises to reflect local demand and the available workforce.

¹ UK Statistics Authority (2009), *Code of Practice for Official Statistics*. London: Crown Copyright, p.15.

In March 2014, following a public consultation, the National Statistician published the Statistics Authority's recommendations on the future provision of population statistics and the 2021 census. The National Statistician's recommendation was for: (i) an online census of all households and communal establishments in England and Wales in 2021 as a modern successor to the traditional, paper-based ten-yearly census; and (ii) increased use of administrative and other data sources to enhance population statistics for 2021 and beyond, and to improve the quality, coverage and timeliness of official population estimates between censuses. The Government confirmed its support for the National Statistician's recommendation in July 2014.

The Office for National Statistics (ONS; the executive office of the UK Statistics Authority, and the UK's national statistical institute) has established a Census transformation programme to take forward the development of an online census in 2021, to increase the use of administrative data to enhance population statistics, and to develop plans for the delivery of population statistics after 2021. ONS published a research paper in October 2013 setting out an initial assessment of a broad range of public authority administrative data sources that could be used for the purposes of census-taking and the production of population statistics.² In May 2014, ONS published four case studies which reviewed the potential for using administrative data for some key Census topics: ethnicity, household estimates, unemployment and income.³ This work indicated the clear benefits of combining administrative and other data sources to provide this information. ONS's ongoing research programme is exploring these benefits further. In October 2015, ONS published an update of its administrative data research programme, including trial population estimates using administrative sources as the first of a series of annualised estimates.⁴

In parallel with developments in the ONS Census transformation programme, the UK Statistics Authority has also prioritised a programme to deliver electronic data collection, so that by the end of the current planning period (2017/18) business data collection will be digital by default. Electronic data collection will be introduced for the business surveys that underpin ONS's economic statistics, leading to savings within ONS and also significant compliance savings for businesses. ONS's economic statistics will build on this foundation to develop a statistical production model that is fit for the digital age.

The UK Statistics Authority anticipates that efforts to reduce costs for these and other data collection programmes within ONS would be significantly assisted by greater access to and use of administrative and other data sources. Government departments, other public authorities and private enterprises **already** hold increasing amounts of administrative data collected as a by-product of their services to users and consumers which could be opened up to be used by the statistical service for the purposes of producing aggregate national and official statistics and analysis about the UK economy and society. By using data which are already available within administrative systems rather than collecting data afresh (thus supporting the data management principle of 'collect once, use many times') ONS can, over time, reduce the overall burden placed on its data providers, lower its data collection and processing costs, increase the timeliness, coverage and quality of published statistics, and better answer policy-makers' questions in support of better decision-making for the public good.

The rationale for intervention

These ambitions are not, however, supported by current legislation, despite an increased drive across Government to support data sharing for statistical and research purposes in order to meet the challenges of modern public administration, and to inform better evidence-based policy-making. Current legislation requires ONS to secure access to identifiable data to fulfil its statistical functions through Information Sharing Orders (ISO). The Statistics and Registration Service Act 2007 (SRSA) requires the Minister for the Cabinet Office to make ISOs to authorise a public authority to disclose clearly defined sets of data to ONS. ISOs can only give legal gateways to remove a barrier in a rule of law or an Act passed *before* July 2007 but not for a prohibition that came into force after that date. The procedure around ISOs is also inflexible and cumbersome. It takes a minimum of six months and frequently much longer to complete. Legislation covering access to data from businesses dates from the 1947 Statistics of Trade Act, and does not have the flexibility to tailor the public good need for access to statistics with efficient, effective and proportionate mechanisms expected by businesses. As a result, decision-makers in Government, Parliament and the wider public and private sectors are increasingly frustrated that better statistics and

² www.ons.gov.uk/ons/about-ons/who-ons-are/programmes-and-projects/beyond-2011/reports-and-publications/beyond-2011-producing-socio-demographic-statistics-2.pdf.

³ <http://www.ons.gov.uk/ons/about-ons/who-ons-are/programmes-and-projects/beyond-2011/reports-and-publications/methods-and-policies-reports/beyond-2011--statistical-research-update.pdf>.

⁴ <http://www.ons.gov.uk/ons/guide-method/census/2021-census/progress-and-development/research-projects/beyond-2011-research-and-design/research-outputs/index.html>

research cannot be generated on a wide range of topics, ranging from the economy to immigration. The operation of these legislative arrangements is therefore in practice incompatible with meeting the needs of users of statistics across Government and beyond for timely and responsive data from the statistical service to inform better decision-making.

There is therefore a strong case for updated legislation. New powers enabling access to a wider range of data sources for the production of official statistics would enable and empower decision-makers and citizens to make better, more timely and well-informed decisions about our constantly changing society and economy.

In addition, the current need for respondents – individuals, households and businesses – to complete voluntary or compulsory surveys, often supplying information already held elsewhere across Government, imposes a significant administrative burden both on data collectors and data providers. Allowing the National Statistician a power to compel disclosure of data held elsewhere across government and beyond will significantly reduce the administrative and financial burden on the statistical service and the millions of respondents to its surveys each year, in keeping with the data management principle of “collect once, use many times”. These data sources, particularly when they are linked and matched with data from other sources, can also provide a richer and more flexible source of information about how our society, population, economy and businesses are changing. Restricting such access limits the professional statistician’s ability to add objective insight to this important evidence-base.

The SRSA limits the UK Statistics Authority’s statutory role to producing official statistics, promoting and assisting in statistical research, and providing statistical services, for the public good. The Cabinet Office-led open policy-making process in 2014/15 considered a specific proposal from Government to enable public authorities to disclose identifiable data to ONS to enable it to carry out its statutory functions without the need for approval via the current ISO procedure. Potential alternatives that were discussed included a form of Ministerial approval and a new power to provide for an independent ethics/approvals body in the decision-making process. A key principle behind this was that decisions needed to be transparent and made at an appropriate level, by a person or body which could be held to account.

While the statistics and research strand attracted little controversy during the open policy-making process, complete unanimity was not reached on the question of replacing the existing process for parliamentary scrutiny of new gateways. While there was a consensus on addressing a specific issue with HMRC’s ability to share less sensitive, general, aggregated and de-identified data for public benefit, which the Statistics Authority welcomed, this would only deliver marginal improvement for UK National and official statistics as a whole.

Policy objective

New legislation would be tightly restricted to give access only to the data necessary to deliver statistics and research that serve the public good. The restrictions would cover all data held by public authorities and private undertakings (with the exception of small businesses). As part of this legislation, public authorities and private undertakings covered by these new powers would have an obligation to comply with a request to disclose data that is needed for the National Statistician’s statistical and research functions. In effect, the legislation would be a 'one way valve' through which identifiable data can be accessed by the National Statistician and ONS for statistical purposes but cannot then subsequently be used and passed on for operational purposes. This would be similar to the arrangements in Canada, Ireland and New Zealand discussed below.

This statutory framework would provide the National Statistician and ONS with a gateway to access a much wider range of administrative data sources to use for statistical purposes than is currently possible, while providing strong restrictions and safeguards. This would enable the statistical service to improve the quality of its existing economic and social statistics by making them more relevant, timely and reliable, alongside developing new statistical outputs to meet the needs of users in the future. Access to new data sources will provide fresh insights on social and economic change which will strengthen the evidence base for policies and improve policy-making decisions based on research and statistics. Some examples include:

- **Population and public policy:** Modernisation of the Census (cost £480 million in 2011), and better quality statistics about our population, migration and life events. For example, more frequent and better integrated population statistics outputs, and the development of new indicators (e.g. local authority-based estimates of long and short-term international migration).

- **Economy and productivity:** Improving our understanding of the economy, including economic productivity, consumer prices, National Accounts, GDP, and regional economies. For example, better estimates of the contribution of different industries to economic growth, and the characteristics of regional economic variation to support the development of local economic policies.
- **Employment and incomes:** Better statistical analysis of the labour market, pensions, earnings, and household and personal incomes. For example, analysis about continuous and multiple employment, variations in earnings, and the determinants of moving between being in work and on benefits.
- **Business statistics:** Access to sources of data about businesses will reduce the current level of respondent burden, and reduce the size, scope and number of existing mandatory business surveys, while improving the quality of statistical estimates and outputs.
- **Registers, sampling and coverage:** Increasing the coverage, for example, of the inter-departmental business register to identify the active trading status of businesses and to more easily identify the smallest of undertakings, will enable ONS to improve its analysis of the economy and provide more responsive analysis.

New legislation can also include a right for the National Statistician to share data for statistical purposes with other statistical producers in the Devolved Administrations. This would enable Scotland, Wales and Northern Ireland to meet their statistical needs from further devolution, and also for the ONS, as the UK's national statistical office, to continue to meet its international obligations to produce comparable statistics for the UK as a whole. Discussions with officials in the Devolved Administrations are ongoing.

Continuity of data supply is also essential if the statistical service is to reduce its reliance on traditional survey-based sources in favour of directly accessing administrative and other sources. The National Statistician will therefore need to be consulted about changes to the collection and processing systems for data which are used subsequently for the purposes of producing National and other official statistics and research, to maintain the quality and integrity of published statistical outputs.

Specifically, new legislation would:

- Give the National Statistician a new power to compel disclosure of data held by public authorities (excluding Crown bodies) and private undertakings for the sole purpose of producing statistics and statistical research;
- Enable the National Statistician to securely share information with statisticians in the Devolved Administrations for their statistical purposes, to help them meet their statistical needs arising out of further devolution;
- Re-affirm rigorous penalties for the inappropriate use of identifiable data to maintain public confidence and trust; and,
- Include an obligation to consult the National Statistician before changes to data collection are made in order to protect the security of data supply, and the accuracy and reliability of statistical outputs derived from these data.

New statutory arrangements for access to data will deliver significant benefits for UK official statistics and Government as a whole.

- **More efficient:** the statistical service can maximise the benefits of administrative data held across Government by collecting data once but using it many times, reducing the burden on survey respondents and reducing administrative costs;
- **Better statistics:** giving the National Statistician access to a much wider range of data sources will make UK official statistics more relevant, more timely, and more reliable, and will reduce some of the current sizeable uncertainties around social and economic change arising out of survey estimates; and,
- **Better decisions:** access to new sources of data will improve policy-making decisions based on official statistics and statistical research, and will strengthen the evidence base for Government policy. New and better statistical sources, and fresh statistical insight on social and economic change, can be delivered in more relevant and timely ways, informing public debate and policy-makers much earlier than is currently possible.

Arrangements in the UK lag far behind international best practice. Nearly all other national statistical offices make use of administrative data for the purposes of producing official statistics and research. In many other countries, legislation gives national statistical offices access to the necessary data sources to produce aggregate social and economic statistics and research. For example:

- Statistics **Canada** has the right to access “any documents or records that are maintained in any department or in any municipal office, corporation, business or organisation, from which information is sought”. Survey respondents in Canada are also routinely offered the option to have their records taken direct from administrative sources held elsewhere rather than be required to answer survey or census questions. The vast majority opt to do so.
- Statistics **New Zealand** has a legal right to “require information from any person in a position to provide it to enable the production of official statistics”. The sharing of data between departments and Statistics New Zealand does not require specific legislation. The goal is to “use administrative data as a first source” so that direct data collection is only undertaken “where necessary”.
- The **Republic of Ireland** Central Statistical Office has a right to use many of the records held by other public authorities for the purposes of producing official statistics. Records must be provided free of charge. Recent legislation also gives the CSO a right of access to data from mobile phone companies for the purposes of producing statistics.

An interim report by Professor Sir Charles Bean as part of his **independent review into UK economic statistics** was published in December 2015.⁵ In his covering statement, Sir Charles concluded that “It’s nonsensical that different bits of the government don’t speak to each other, so that businesses and households have to provide the same information twice. Unlocking the data hoard already held by the public sector will not only save businesses money but also produce more timely and accurate statistics.”⁶

The interim report considered in detail the current ways in which ONS uses administrative and other data sources in its production of UK economic statistics, alongside the current legislative and other barriers to further use, international comparisons, and future opportunities from improvements in this area. The review found that “greater use of public and private administrative data has the potential to transform the provision of economic statistics in the long term” and that progress in a number of priority areas should be considered, including:

- **“Amend the legal framework to increase flexibility.** Under the present framework, the onus is on the holder of public administrative microdata to decide whether or not to grant access. A more permissive framework would start from the presumption that, subject to appropriate measures being in place to preserve confidentiality, data held by public authorities should be available to ONS for the purpose of producing statistics, unless there are strong grounds (e.g. national security) for that not to be so. This represents a reversal of the burden of proof. The public may indeed already believe that this is what happens. But in any case, in order to ensure that access is not abused, an independent ombudsman (or similar) could be appointed to adjudicate difficult cases, for example to check that use is consistent with legislation, and more generally to ensure that the regime operates ethically [and]
- **Exploit new data sources, particularly in the private sector.** ONS should seek to exploit new data sources from outside of the public sector that have the potential to transform economic statistics. Given that new data sources emerge all the time, it will be important for ONS to be constantly on the lookout for new data sources and techniques that it can exploit, possibly in partnership with the data owner. ONS also needs to be fully aware of the activities of businesses and other National Statistical Institutes (NSI) that are at the cutting edge of the exploitation of such data.”

The interim report set out two recommended actions to ensure the better use of administrative and other data sources is made a reality:

- Remove obstacles to the greater use of public sector administrative data for statistical purposes, including through changes to the associated legal framework, while ensuring appropriate ethical safeguards are in place and privacy is protected.
- Exploit new methods of collecting data and explore the scope for using information gathered by private sector entities in the production of economic statistics, nowcasting and one-off studies of emerging measurement issues.

A recent **EU peer review** of the UK statistical service recommended that the UK Statistics Authority should be able to do more to utilise administrative data for the purposes of producing official statistics.

⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/481452/Bean_review__Interim_Report_web.pdf

⁶ <https://www.gov.uk/government/publications/independent-review-of-uk-economic-statistics-interim-report/press-notice-unlock-public-sector-data-hoard-to-transform-statistics-says-charlie-bean>

The review found that the Statistics Authority should “continue to seek agreements on new legislation which would authorise, encourage and facilitate the use of administrative data for statistical purposes, subject to proper governance and confidentiality arrangements”.⁷

The EU statistical system asks that the statistical offices in member states should have, for the purposes of producing European statistics, “the right to access and use, promptly and free of charge, all administrative records and to integrate those administrative records with statistics” for the purposes of developing, producing and disseminating official statistics about the European Union and its member states. National statistical offices should also be “consulted on, and involved in, the initial design, subsequent development and discontinuation of administrative records” and should be involved in “standardisation activities concerning administrative records” needed to produce coherent official statistics.⁸

Legislation to give the UK Statistics Authority (and ONS as the UK’s national statistical institute) with a power to compel disclosure of the sources of data it needs for its functions will, therefore, also bring the UK’s statistical system into line with European requirements and recommendations, and broader international best practice.

Safeguarding confidentiality and securing public trust

Securing and maintaining public confidence and trust in how the UK statistical service uses identifiable data is essential for any new statutory framework to succeed. Data acquired through new legislation would be subject to the same range of measures that safeguard existing data, namely:

- **Limited to statistics and research purposes:** The Statistics and Registration Service Act (SRSA) uniquely limits the functions of ONS (as the executive arm of the UK Statistics Authority) to the production and publication of official statistics that serve the public good. The Authority cannot exercise any functions beyond the scope of the SRSA. Therefore, data held by ONS cannot be used subsequently for operational purposes.
- **Criminal penalties for misuse:** The SRSA provides for a strong criminal penalty on the unlawful disclosure of data. The Statistics Authority is also subject to the Data Protection Act, the law of confidence, and the Human Rights Act.
- **Statutory independence:** The Statistics Authority has statutory independence from ministers, operates at arm’s length from government, and is directly accountable to Parliament. The Statistics Authority Board has a majority of non-executive members, and the Chair of the Authority is appointed after a pre-appointment hearing before a parliamentary committee and a formal motion debated on the floor of the House of Commons. The Chair and senior executives are held publicly to account and routinely provide evidence to parliamentary committees.
- **Professional experience:** ONS has a strong professional track record in secure data linkage for statistical and research purposes that is recognised by other departments. For example, ONS is currently working with Department for Communities and Local Government (DCLG) to provide them with an anonymised dataset to assist them in their evaluation of the Troubled Families Programme. This work links together various administrative sources held across government to individual-level data for people eligible for the Programme. Identified data is held and managed in ONS’s secure data linkage environment.
- **Transparency and standards:** ONS operates transparently and publishes guidance about what data it uses and when, and the public value that is derived from the data and information supplied to it for the purposes of producing official statistics and statistical research. ONS’s Information Charter sets out how ONS carries out its responsibilities for handling personal information. ONS’s Respondent Charters for business surveys, and household and individual surveys set out the standards that respondents can expect.
- **Strict security controls:** ONS has a strong record in protecting and safeguarding the security of data and information supplied to it, not least in its rigorous protection of personal Census information collected over the past 200 years. ONS imposes strict controls around physical security, personnel security and procedural security of the identifiable data it holds. All ONS staff must sign the ONS Confidentiality Declaration to confirm they understand strict obligations to keep information safe and secure, and the penalties for any infringement. ONS also adheres to the Government’s Security Policy Framework.

⁷ <http://ec.europa.eu/eurostat/documents/64157/4372828/2015-UK-report/d44f7d3f-64c1-4450-8a37-bfadb8542607>

⁸ <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32015R0759&from=EN>

- **Statistical disclosure control:** All outputs from ONS research are subject to Statistical Disclosure Control which prevents the identification of individuals, households and businesses (and their attributes).
- **Codes of practice:** The Code of Practice for Official Statistics has statutory underpinning in the SRSA and statisticians are under an obligation to adhere to its ethical requirements, including its principles of integrity, confidentiality, and the use of administrative sources for statistical purposes. Consideration could usefully be given to whether a new framework for the National Statistician to access identifiable data held across government and beyond should require a supplementary code of conduct in order to extend further public confidence. A future consultation might seek to elicit views on its contents.
- **External scrutiny:** The National Statistician recently established the National Statistician's Data Ethics Advisory Committee which provides ethical consideration of proposals to access, share and use data. The majority of the committee are independent and lay members from outside Government, and it operates transparently with all papers and minutes published. This committee provides independent scrutiny of data shares and reports to the National Statistician who reports to the Authority Board.

Who the policy is meant to apply to

The policy is to create a permissive gateway to enable the disclosure of data by public authorities to the the Office for National Statistics (as the executive office of the UK Statistics Authority and the UK's national statistical institute), supported by a power to compel disclosure of data held by non-Crown public authorities and private undertakings (with the exception of small businesses) where data has been identified as being critical for the production of National and other official statistics, or in evaluating and researching the future development of these statistics. Under this power, data would need to be provided promptly and free-of-charge, for the sole purposes of the Authority's statistical and research functions as provided for in the Statistics and Registration Service Act 2007. To meet new European regulatory requirements, the proposed powers would also enable ONS to securely share information with the Devolved Administrations. The proposed powers would also include an obligation for public and private bodies which provide ONS with data for statistical and research purposes to consult the National Statistician before changes to data collection arrangements are made, to provide for security of data supply and the quality and integrity of ONS's official statistics outputs.

New legislation is required to provide a permissive power for public bodies to disclose identified data to ONS for its statistical and research functions. The permissive power will provide public bodies with the legal gateway to disclose data requested by ONS and provide the opportunity for public bodies to set out to the ONS if they have good reason for not meeting the request. If the National Statistician still feels that access to this data is required to enable him/ONS to fulfil their statutory functions, then he may issue a mandatory notice to non-Crown public bodies. In practice, ONS will be able to request data from any public authority (as defined by s67 of the Statistics and Registration Service Act) and the permissive gateway will allow the disclosure of the data in accordance with the principles in the Data Protection Act. In effect the legislation would be a 'one way valve' through which identified data would be access by ONS for its statistical purposes (i.e. the production of National and other official statistics and research) but not used for any operational purposes.

The policy proposal is that legislation would be applicable to data held by private undertakings. Legislation giving national statistical institutes the right to access private-sector data for the purposes of producing official statistics have been successfully enacted in other countries, for example Canada, New Zealand and the Republic of Ireland. The powers under section 1 of the Statistics of Trade Act 1947 need to be complemented with broader statutory provisions. Under that section, ONS may only compel private undertakings to provide estimates and returns containing the information listed in the Schedule to that Act, and then only for the limited purpose of obtaining the information necessary for the "appreciation of economic trends and the provision of a statistical service for industry and for the discharge by government departments of their functions". A new power of this type will potentially have significant benefits for numerous statistical outputs including the National Accounts, consumer price statistics, and the Census transformation programme. The proposed legislation will also help to reduce the burden on business respondents and reduce costs, as the intention is that this data would be used for statistical and research purposes meaning the data would not need to be collected again via a survey, with the additional costs and burdens that would impose.

It is expected that the types of private undertakings that will be in scope of this requirement will **exclude sole traders, micro-businesses and small-sized undertakings**. However, where it is identified that, for example a type of undertaking that is excluded may hold information that would assist the National Statistician and ONS in the exercise of their functions, or where further exceptions need to be provided for, the Minister for the Cabinet Office will have the power to make regulations under the affirmative procedure to amend the legislation after consulting with the UK Statistics Authority. The general effect sought is that the obligation for private undertakings to provide information is to override any statutory or other legal bars to the disclosure of information, with the exception of the Data Protection Act and Human Rights Act, or where disclosure would prejudice the interests of national security.

The UK Statistics Authority will be under a duty to prepare and publish a Statement of the principles and procedures that it will have regard to and adopt, and this will include how it will exercise its powers to secure the supply of data, including from private undertakings. The Authority will be required to consult on a draft of this Statement, including consultation with the Minister for the Cabinet Office and the Information Commissioner. Once finalised, the Statement must be laid before Parliament.

Options considered

The following 3 options have been considered:

Preferred option 1: The UK Statistics Authority's preferred option is for legislation to create a permissive gateway for the disclosure of data by public authorities to the UKSA, supported by a power to compel disclosure of identifiable data held by non-Crown public authorities and private undertakings for the sole purpose of producing National and official statistics and statistical research/analysis. This option would also include legislation creating an obligation for public and private sector data providers to consult the National Statistician about changes to the collection and/or processing of data used for the purpose of producing National and other official statistics. Confidentiality will be fully protected in line with the Data Protection Act and obligations under section 39 of the Statistics and Registration Service Act 2007 and subject to the safeguards outlined above.

Benefits

This option will deliver a broad range of direct and indirect benefits not achievable through non-regulatory or narrower alternatives. As outlined above, the anticipated benefits will include improvements to the quality and timeliness of ONS's statistical outputs, resulting in more informed national, local and commercial decision-making. The richer and more robust data landscape created by new legislation will also, the Authority anticipates, improve the capacity of UK businesses to make informed and targeted commercial decisions, with corresponding benefits for the UK's commercial competitiveness and economic prosperity. The requirement for public and private sector data providers to consult the National Statistician would also ensure the legislation is future-proofed, guaranteeing a continuity of data supply where political, cultural or technological developments drive changes to the way public and private sector data providers collect and process data.

The UK Statistics Authority is currently undertaking an assessment of the economic benefits delivered through a better statistical evidence base for political and commercial decision-making, and will provide further information at the final stage of the impact assessment process.

Continuity of data supply is also essential if the statistical service is to reduce its reliance on traditional survey-based sources in favour of directly accessing administrative and other sources. The National Statistician will therefore need to be consulted about changes to the collection and processing systems for data which are used subsequently for the purposes of producing National and other official statistics and research, to maintain the quality and integrity of published statistical outputs.

In addition to these broad benefits, the Authority anticipates that new legislation in this area will deliver a number of direct monetary and non-monetary benefits to UK businesses, the public sector and the UK's statistical service. In total, ONS currently receives approximately 1.2 million survey responses from more than 340,000 businesses annually. Initial assessments suggest that around 40,000 businesses (less than 1% of all businesses) will fall within the scope of the proposed legislation, all of whom are currently legally required to respond to the annual Business Register Employment Survey as a minimum. In practice companies of this size will usually be required to respond to additional surveys - according to the last ONS compliance plan all large businesses will have an approximately 40 per cent chance of

being required to respond annually to six or more surveys.⁹ While it is unlikely that legislation will completely remove the need for surveys, evidence from the introduction of similar legislation elsewhere (such as Portugal¹⁰) suggests there is good reason to anticipate that greater access to business data facilitated by new legislation will lead to a significant reduction in the number and / or length of surveys that many businesses will be obliged to complete. This will lead to a corresponding reduction in the time and costs associated with survey compliance for the businesses included within the scope of this legislation. The total annual cost is currently calculated using the GSS compliance methodology¹¹ at approximately £24 million per year.¹²

The proposed new legislation would also allow ONS to make further efficiencies in the way it collects and analyses data, as well as eliminating the legal and administrative costs associated with the process around secondary legislation (Information Sharing Orders). In addition to the savings associated with a reduced compliance burden, ongoing work within the UK Statistics Authority on scoping the potential uses of administrative and other data sources will provide further evidence of some of these efficiencies and a range of additional monetary and non-monetary benefits. Further examples will be provided at the final impact assessment stage, but an initial list of indicative examples of the types of administrative and other data, and the benefits this data will deliver, is provided below:

Census transformation: The use of administrative data offers the possibility of both greater frequency of outputs (e.g. annual rather than 10-yearly small area population estimates) and new statistical estimates that are currently not able to be obtained from the Census. ONS estimates that integrating the census with administrative data could increase the economic benefits (discussed above) of the Census by approximately £90 million per annum. However, in the longer term, access to the full range of administrative and other data sources for the purposes of producing census-type statistics and related analysis may open-up the possibility of the replacement of the current census approach, with the potential for further direct savings for government, estimated at approximately £200 million over 10 years (in 2015/16 prices).

Prices: ONS spends around £1.9 million every year collecting monthly price data that feed into its economic statistics outputs. ONS has developed web scraping technology to demonstrate the feasibility of collecting some of this data on a daily basis from online supermarkets. Research has shown how this higher frequency data can improve the methods used to produce the Consumer Prices Index (CPI) but also allow the production and publication of experimental daily/weekly (as opposed to monthly) indices, thus having the potential to significantly improve economic analysis. Data from retailers on sales volumes as well as prices would further increase the quality of the CPI by providing detailed and timely data for item and category level weights. This quantity data is currently collected by the Living Costs and Food Survey and therefore more direct access to such data could offer further savings to ONS by reducing the need to collect these data via surveys.

Sustainable Development Goals (SDGs): At the United Nations (UN) Sustainable Development Summit in September 2015, members increased their commitment to a range of development goals based on the principle of 'leaving no-one behind'. Measuring countries' progress against these goals will require detailed national level data on specific population groups. In the UK, the current suite of survey data is unlikely to provide robust estimates for these groups, while the 10-yearly Census is not suitable for regular reporting and monitoring of progress. ONS therefore anticipates the only way to statistically measure performance against these goals will be through significantly increased access to administrative and other data sources.

⁹ The ONS Compliance and Quality Improvement Plan 2011-12 defines large companies as those with 100 or more employees. See Office for National Statistics (2012), *Office for National Statistics Compliance and Quality Improvement Plan 2011-12*. London: ONS, pp.10ff.

¹⁰ The introduction of the Simplified Business Information has led to a significant reduction in the need for Statistics Portugal to collect survey data from businesses. See https://www.ine.pt/filme_inst/essnet/papers/Session3/Paper3.6.pdf

¹¹ ONS, Annual Report on Government Statistical Surveys for Official Statistics of Businesses and Local Authorities 2013/14 at <http://www.ons.gov.uk/ons/rel/government-statistical-surveys/annual-report-on-government-statistical-surveys/2013-14-annual-report-on-government-statistical-surveys-for-official-statistics-of-businesses-and-local-authorities/index.html>

¹² Ibid.

Mobile phone data: Mobile telecommunications data has been used by other National Statistical Institutes (under different legislative frameworks) to produce, for example, richer tourism statistics, statistics on different population bases (daytime/night time populations) and detailed travel to work information. Greater detail on daytime populations and flows can improve planning for a range of public services such as transport, police presence, siting of ambulance and other emergency services and detailed modelling of epidemiological incidents. For instance, while the decennial Census currently produces detailed origin-destination flows of workers for very small geographic areas, these are not available in inter-censal years. Statistics/analysis based on mobile telecommunications data could also be used to support transport planning. Traditional approaches of roadside surveys have seen declining response rates and increasing costs. Transport bodies are looking to alternative ways of generating the evidence needed to support transport initiatives. Research using mobile phone data within transport has been conducted over a number of years. If ONS were able to produce statistics/analysis using mobile phone data that better meet the needs of the research community, significant savings could be made and policy making improved.

Data that provides better quality information about addresses: Many datasets held by the private sector would provide new and richer sources of information about addresses (vacant/non-vacant, multiple household, second home, communal establishment etc) which could feed through to the development of an Address Register which will lead to the improvement of survey field operations and a reduction in data collection costs. It is estimated that the 2011 Census field operation spent £6.7m following up non-response at households with no usual residents. Using new sources of data to improve the quality and timeliness of information about addresses could potentially reduce that sum significantly, while also providing consequent savings in data collection for social surveys. For example, ONS analysis of electricity consumption data from “smart-type” utility meter trials has showed that it is possible to model the likelihood of a household being occupied. Knowing that a property is vacant, a holiday home or a second address will reduce follow-up costs for census enumerators and survey interviewers, and therefore reduce data collection costs.

Costs

The UK Statistics Authority recognises there would also be a number of costs associated with the transition to access to new sources of administrative and other data. These will include the costs associated with transforming the ONS workforce and infrastructure to enable full use of new data sources, including:

- i. Scoping work to identify new sources of administrative and other data
- ii. Validation of administrative and other data sources
- iii. Integration of survey, administrative and other data sources
- iv. Systems integration and transition
- v. Expansion of existing secure data storage facilities
- vi. Survey rationalisation
- vii. Analytical capability strengthening
- viii. Field force modernisation

As part of a broader goal of diversifying and modernising its data collection practices (including electronic data collection, using ‘big data’ and the use of existing administrative datasets), ONS is already incurring a number of these costs. The Authority recognises there will also be costs for other government departments that will be obliged, under the terms of the proposed legislation, to furnish ONS with access to administrative datasets for the purposes of producing official statistics and statistical research. These costs may include the alignment of data collection practices and infrastructures to ensure the data is transmitted securely and in useable formats, and costs associated with facilitating access to datasets for scoping/feasibility purposes. Commercial-sector providers of data may also incur some additional costs, including the costs of familiarising staff with new requirements of the legislation, building compliance capacity, developing appropriate quality assurance arrangements, and any costs associated with the secure transmission of the data. We will look to ensure that these additional costs are captured in later stage Impact Assessments.

There may also be indirect costs and benefits associated with the impact of new legislation on **competition**. It is reasonable to anticipate, however, that the proposed legislation will have little to no direct impact on the ability of private undertakings to enter, operate competitively within, or exit markets. Specifically:

- ii. The proposed legislation will not restrict the number of suppliers in the ways conceived either by competition regulators or UK or EU competition law.
- iii. The proposed legislation does not exert, or attempt to influence, the principal means by which suppliers compete with one another. There is, for instance, no reason to anticipate the requirement to provide ONS with data will have any direct impact on the price or quality of products and / or services, production, administration or marketing processes, the nature, size and amount of sales channels or the level of innovation of suppliers.
- iv. Similarly, there is no reason to anticipate the new legislation could dis-incentivise competition, because statistics released by ONS from analysis based on the data collected would be available to all, and would be sufficiently anonymised to prevent identification of any firm or individual level characteristics. Data made available under new legislation would be subject to the same strict controls and safeguards as existing data in order to ensure confidentiality is fully protected.
- v. The legislation will place no restrictions on consumers or information available to consumers. By facilitating the production of richer, more timely and more accurate aggregate official statistics, the legislation is likely to help empower consumers by allowing for better informed choices around consumer access to and consumption of services and goods.

Improvements to the quality and range of statistical outputs and statistical research publications arising from increased access to data sources may have some indirect impact on incentives to participate in the data market. The UK Statistics Authority will explore during the consultation phase, for example, how to limit or prevent any potential for indirect impacts on private undertakings whose purpose is to sell data, which currently has a comparatively high commercial value, which ONS may in future access. ONS will undertake to identify appropriate means of mitigating these impacts.

The Authority also anticipates a number of positive indirect impacts on competition. More granular population data, for example, might allow private undertakings to make more informed, and ultimately more profitable, decisions around locating services or retail branches. As ONS statistics are freely accessible and widely published, this benefit will apply equally to all undertakings, regardless of size.

The anticipated restriction of statutory obligations to exclude small undertakings will also ensure small firms, for whom managing regulatory change can require a disproportionate investment of available resources, will not be placed at a competitive disadvantage. It is also reasonable to anticipate that a shift towards a richer data landscape, in which all private undertakings can draw on a wider range of freely-available reliable and timely statistical outputs, would reduce the advantages enjoyed by established firms with large-scale and efficient market-research facilities and well-established commercial networks.

Option 2: To give ONS a new power to compel disclosure of data held by public authorities **only** for the sole purpose of producing National and official statistics and statistical research/analysis. As for Option 1, this option would include legislation creating an obligation for public and private sector data providers to consult the National Statistician about changes to the collection and/or processing of data used for the purpose of producing National and other official statistics. Access to data secured through this legislation will also be fully protected in line with the Data Protection Act and obligations under section 39 of the Statistics and Registration Service Act 2007 and subject to the safeguards outlined above.

Benefits

This option would deliver a range of anticipated benefits to the production of official statistics. As with Option 1, this option would support ONS in making improvements to the quality and timeliness of official statistics, with associated benefits including more informed government and commercial decision-making. While the restriction of legislation to public sector organisations means the realisation of these benefits will not be as extensive as those anticipated under option 1, the improvements to policy and commercial decision-making will lead to indirect improvements in the provision of public services and the UK's commercial competitiveness and economic prosperity.

Legislation under this option would also support – albeit in a limited fashion – a reduction in the costs and burdens associated with the collection, analysis and dissemination of data and official statistics. The Authority anticipates that this will include some reductions on the current burden on UK businesses, where ONS access to government-held administrative data on businesses could prevent the duplication of data collection and lead to survey rationalisation – at least where specific variables are collected multiple times across government. The Authority anticipates, however, that the most sizeable cost reductions will occur within ONS itself, where gaining access to administrative data held by public authorities will lead to a reduction in the data collection and validation costs associated with a range of economic and social statistics. The Census transformation programme, discussed on page 4 above, is an example of the sorts of practice transformations that access to government administrative data may support. Legislation under Option 2 would also remove the legal and administrative costs associated with the process around secondary legislation (Information Sharing Orders). As for Option 1, the requirement for public sector data providers to consult the National Statistician would help future-proof the legislation, ensuring a continuity of data supply where political, cultural or technological developments drive changes to the way public sector data providers collect and process data.

As outlined in Option 1 above, the UK Statistics Authority recognises there will be some costs associated with the variations in the quality and useability of administrative data, including time lags around the transmission of data. Furthermore, the difficulty of accessing administrative data in the absence of legislation makes it difficult for the Authority to assess, in a precise fashion, the quality and full economic potential of this data. Nonetheless, the Authority is currently undertaking scoping and modelling work that, complemented by information drawn from the consultation, will allow for a more precise economic assessment of this option. Ahead of this work, an initial list of indicative examples serves to illustrate some of the monetary and non-monetary benefits the Authority anticipates this option will deliver:

Improving the quality of migration and related statistics: The Migration Statistics Improvement Programme was established to improve the quality of migration and population statistics. Data from administrative sources contributed to this work and to ongoing research activities. For example, information from the Department for Work and Pensions (Migrant Worker Scan and the Lifetime Labour Market Database), the Department for Health (Patient Register) and the Higher Education Statistics Agency (Student Record) was used in new methods to create local authority estimates of long and short-term international migration. In addition, the availability of such data contributed to the development of new demographic models which have improved users' confidence in migration and population estimates, and improved the timeliness and quality of the outputs. Work on making better use of information from administrative sources is ongoing and should facilitate further improvements to both national and sub-national population estimates and projections.

Inter-Departmental Business Register: The Inter-Departmental Business Register (IDBR) holds information on UK businesses and is widely used within Government to provide information on the structure of the economy, for labour market statistics and to conduct surveys. The IDBR uses company registration data to help match VAT/PAYE records. However, it is not possible to use company registration as a primary source, since many company registrations are made for non-trading purposes. If ONS had access to Corporation Tax records this would enable ONS to identify company registrations that are relevant to the IDBR. For example, corporation tax payments data could be used as an indicator that a business is actively trading. Such access would enable company registrations to be treated as a primary source, which would improve register coverage of small businesses. Improvement to the register coverage for small businesses would also lead to improvements in the quality of business survey outputs which in turn would lead to improvements in the National Accounts".

Pension policy analysis: There is currently insufficient information about employer and employee contributions to meet policy needs where it is important to monitor the impact of legislative changes in pension provision in the coming years. There is incomplete coverage as the Occupational Pensions Scheme Survey does not currently cover all workplace pensions and collects information on contribution rates only, rather than actual values, for the private sector. The Annual Survey of Hours and Earnings is not sufficiently robust to provide actual contribution figures. Consequently, at present contributions information is only available in percentage bands. Matching employee data from the PAYE system held elsewhere in government to employer records on the business register

held by ONS would enable estimates of the value of employee contributions by size and type of business, allowing better evidence to inform pension reform policies.

Labour market analysis: Statistics on the number of jobs in the UK are collated from a quarterly business survey. Access to PAYE real time information would potentially allow ONS to produce more timely jobs numbers analysis, delivering for example, monthly rather than quarterly publication of these statistics and increasing the accuracy of the figures by drawing on data from a much greater number of businesses. Labour market policy makers would have access to improved and more regular estimates of the number of jobs. Being able to consider these together with claimant count statistics and the sample survey-based estimates of employment from the Labour Force Survey would allow policy makers to identify trends in the labour market with much greater confidence.

National Accounts: National Accounts (GDP) are the primary indicator of the nation's wealth and of the health of the UK economy. Access to individual-level PAYE data would reduce the lead-time as well as the need for revisions to GDP. Anticipated benefits would include:-

- better quality estimates of the contributions of different industries to GDP and the income of people working in different industries;
- better data on the state of the economy in different parts of the country which would give policy makers more accurate information to develop local economic policies; and
- more rigorous quality assurance, based on individual data, improving the estimates for users and the transparency of production from source data to final estimate.

Costs

Option 1 outlines a number of anticipated costs directly or indirectly associated with the implementation of this proposed legislation, whether under Option 1 or Option 2. This will include increased costs on public sector data owners associated with the secure transmission of data and the familiarisation costs necessary to train staff and review and develop systems capable of meeting the new data access requirements. ONS would also incur, in the short-term, a range of transformational costs as described at (i) to (viii) above. Without private sector data, however, it seems reasonable to expect that a number of these costs may be a little lower under this option – for example there may not be as much need for additional secure data storage facilities. Nonetheless, the Authority does not anticipate the transformational costs to be substantially different under each case – the absence of private sector data is unlikely to reduce the one-off costs around workforce and infrastructure modernisation, while the potential economies of scale associated with transformations delivered in the context of access to public **and** private sector data could make the first option much more efficient.

The more significant costs of this option, however, would accrue from the opportunity costs associated with the reduced possibilities and benefits deliverable under this option in comparison to the first option. The Authority expects the reduction in the £24 million cost of survey compliance on business to be significantly smaller under this option than Option 1, where data provided directly by the business sector would lead to a significant reduction in the frequency or scale of survey-based data collection among businesses. This option would also not provide the same means for improvements in the coverage, accuracy and timeliness of statistical estimates derived from data from businesses.

More broadly, by excluding private sector data, this option would also represent a significant missed opportunity to fully exploit the growing and still largely untapped sources of 'big data', with a range of corresponding economic and social opportunity costs. Big data and its effective exploitation are seen by a range of research and data-centric organisations as an increasingly important priority, due to the potential, as the Economic and Social Research Council has set out, for big data to 'transform public and private sector organisations, drive research and development, and increase productivity and innovation...a significant resource within the UK which can be used to the mutual benefit of academic research, organisations and society as a whole.'¹³ These benefits will only accrue where emergent data collection practices are supported by appropriately robust and wide-ranging legislative provisions.

¹³ <http://www.esrc.ac.uk/research/our-research/big-data-network/>

The exclusion of private sector undertakings would also present problems in the context of the ongoing growth of private sector engagement in the provision of services previously undertaken by government departments. Since the financial crisis the public sector has undergone a process of significant consolidation and rationalisation as part of an effort to improve the efficiency and effectiveness of national and local public service provision.¹⁴ The result has been an increased outsourcing of work to private firms in many areas of public service provision, from the police to education and health.¹⁵ This legislation would therefore fail to mitigate the costs when critical gaps open between the policies and governance of public service provision and its front line delivery. There is the very real possibility that legislation limited to access to public sector data only would lead to such changes in the size and relative roles of the private and public sectors outpacing ONS's capacity to respond, and therefore reducing the quality and relevance of its current statistical outputs. The inclusion of private sector undertakings would future proof the legislation by ensuring that ONS can access data related to the provision of front-line services, even where current and future private sector service providers are not contractually obliged to share that data with the commissioning public bodies.

Option 3 (Do nothing): The current restrictive legislative framework for giving ONS access to identifiable data held by public authorities and businesses will prevent improvements to the coverage, accuracy and timeliness of official statistics, and existing survey costs on data collectors and administrative/financial burdens on survey respondents will remain (and increase over time).

The existing legislative framework is heavily restrictive on the UK Statistics Authority (and ONS as its executive office and national statistical institute) in the following ways:

- a. It is a permissive delegated power rather than a wide-ranging mandatory power.
- b. Information Sharing Orders may only remove a barrier contained in a rule of law or an Act passed before the SRSA, and therefore not one that came into being after 26 July 2007. As a result ONS is unable to use the Information Sharing Order mechanism to access information where the prohibition on disclosure came into force after that date. In practice, teams working on draft legislation have been reluctant to add provisions to permit access to data for statistical and research purposes with the same effect as s47 of the SRSA, even when the departments support the principle. This is because of the potential to disrupt the passage of the Bill over what is considered to be a secondary issue.
- c. Although ISOs can be used to create gateways where none already exist, the time taken to obtain agreement from the relevant departments can be considerable. Much of this is due to the need to resolve the uncertainties about whether a new gateway is necessary. Only then can work begin on establishing whether there is a sound justification for the required sharing of data. Experience has shown that this can be a lengthy process taking many months.
- d. Reflecting the general caution around data sharing, the practice has apparently become established for each ISO precisely to specify the purpose, the variables and data items required, and how the data can be used. Such excessively cautious secondary legislation creates three major problems:
 - i. they lack the flexibility needed to operate effectively: they prevent re-use of data for other, previously unforeseen, statistical purposes and require further legislative consent through another ISO, causing further delays;
 - ii. cautious drafting has sometimes made implementation of an ISO difficult in practice because it cannot reflect the complexity of the operational systems on which the data are held. For example, the Disclosure of Social Security and Revenue Regulations were not able to be used operationally in practice: the wording of the Regulation placed limitations on the data that could be provided. This made it impossible for the department concerned to provide the data because of the way their operational systems were designed; and

¹⁴ The public sector workforce makes up just under 20% of total employment, lower than at any point in the last 40 years. See Cribb, J., Disney, R., & Sibieta, L. (2014) *The Public Sector Workforce: Past, Present and Future*. London: Institute for Fiscal Studies, p.2.

¹⁵ *Ibid.*

- iii. this approach is impractical where large-scale datasets with many attributes are involved (this can run to several thousands). Without new legislation this cautious approach is expected to continue.
- e. The need to seek approval from Parliament before ONS accesses data makes it very hard for ONS to carry out the necessary feasibility work required to develop the case needed to secure such parliamentary approval.
- f. Once agreement has been reached that data sharing is justified and a new gateway is needed, the ISO is drafted. Before it can come into effect, it must be approved by Parliament through the affirmative resolution procedure. Once before Parliament, draft orders cannot be amended; if one point causes concern, the entire provision falls. The parliamentary procedures around affirmative resolutions have been found to add at least an additional six months to the overall time taken before data can eventually be shared with ONS and sometimes much longer.
- g. ISOs may not under s47(2) of the SRSA be used for ONS to acquire information to provide statistical services. These are defined in s22 of the SRSA. This restriction is thought to have originated in a desire to ensure fair competition in securing survey work. However, it also prevents ONS from acquiring information for the purposes of providing its statistical services to public authorities.
- h. Orders made under s47 do not allow disclosure of the information under s39(4)(i) to Approved Researchers. Independent statistical research is important in a healthy statistical system and as ONS moves away from surveys to other data sources the needs of objective accredited academic research must be considered.

Therefore, the interests of the production of timely, high-quality National and other official statistics are not well served by the existing system of Information Sharing Orders, which is seen to be inefficient and subject to considerations beyond the statutory remit of the UK Statistics Authority.

Summary of comparative advantages / disadvantages of options

The UK Statistics Authority currently anticipates, subject to further analysis during internal scoping work and external consultation, that options 1 and 2 **will result, over time, in a net reduction in the cost of compliance on UK business** – although this reduction will be far smaller under option 2.

The currently anticipated advantages and disadvantages of each policy option are summarised in the table below.

Comparative advantages and disadvantages of three policy options

Option 1 (access to public authority & private sector data) vs Option 3 (do nothing)		
Direct comparative advantages	Indirect comparative advantages	Direct and indirect comparative disadvantages

<ul style="list-style-type: none"> • Significant net reduction, over time, in £24 million compliance burden on UK business • Significant net reduction, over time, of the costs incurred by government (ONS) of data collection and validation • Removal of legal and administrative costs associated with current secondary legislation (Information Sharing Orders) 	<ul style="list-style-type: none"> • Improvements in the quality and timeliness of statistical outputs, leading to improved political and commercial decision-making • Improvement in legislative framework governing statistics to maintain continuity of statistical production in face of societal and political changes 	<ul style="list-style-type: none"> • None anticipated at this stage. This will be explored and tested in greater detail during consultation.
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Option 2 (access to public authority data only) vs Option 3 (do nothing)

Direct comparative advantages	Indirect comparative advantages	Direct and indirect comparative disadvantages
<ul style="list-style-type: none"> • Net reduction, over time, in £24 million compliance burden on UK business (as a result of reduced cross-government duplication in business data collection) • Net reduction, over time, of the costs incurred by government (ONS) of data collection and validation • Removal of legal and administrative costs associated with current secondary legislation (Information Sharing Orders) 	<ul style="list-style-type: none"> • Improvements in the quality and timeliness of statistical outputs, leading to improved political and commercial decision-making • Partial improvement in legislative framework governing statistics to maintain continuity of statistical production in face of societal and political changes 	<ul style="list-style-type: none"> • None anticipated at this stage. This will be explored and tested in greater detail during consultation.

Option 1 (access to public authority & private sector data) vs Option 2 (access to public authority data only)		
Direct comparative advantages	Indirect comparative advantages	Direct and indirect comparative disadvantages
<ul style="list-style-type: none"> • Significantly larger net reduction, over time, in £24 million compliance burden on UK business • Larger net reduction, over time, of the costs incurred by government of data collection and validation 	<ul style="list-style-type: none"> • Greater improvement in the quality and timeliness of statistical outputs, leading to larger improvements in political and commercial decision-making • Greater improvements in legislative framework governing statistics to maintain continuity of statistical production in face of societal and political changes 	<ul style="list-style-type: none"> • None anticipated at this stage. This will be explored and tested in greater detail during consultation.

Consultation and additional scoping work on options

The costs and benefits associated with the policy and practice evolutions outlined above are currently being assessed as part of ongoing scoping work at the UK Statistics Authority. This work includes incorporates a broad economic analysis that will quantify the costs and benefits associated with greater access to administrative and other sources of data for the purposes of producing official statistics and statistical research. Based on existing methodologies, this analysis will principally seek to quantify the burden relief associated with new legislation, including direct financial savings and the reduction of identifiable opportunity costs associated with the time taken to complete surveys. In summation, the analysis involves three strands of work, integrated with ongoing broader workforce and transformation exercises:

- i. a review of the transformation of data collection, based on models **estimating the anticipated reduction in surveys** and transition arrangements to safeguard core business outputs;
- ii. a verification of the costs of current data collection processes, an analysis of costs of new data collection models as anticipated in (i), and a comparative analysis of both; and
- iii. a projection of the indirect benefits for UK government, business and society associated with better decision-making and a richer, more responsive and relevant statistical/data/analytic landscape.

This work will also seek to provide more detailed quantification of a number of additional procedural and strategic considerations, including processes around data transmission, data collection and systems integration. Under (i) above, this will incorporate ongoing work within ONS to identify the internal changes necessary to fully exploit new data sources. This is focused on producing transformational models that account for critical externalities associated with greater reliance on administrative data; namely the variation in quality of administrative data sources, and the time lags and costs associated with accessing, validating, quality controlling and, ultimately, fully utilising new data sources in statistical production. Further information will be set out in the final stage impact assessment.

The UK Statistics Authority anticipates the consultation phase will include representatives of data-holding government departments and other public authorities, and representatives of the commercial and business sectors. This will provide further information about the anticipated costs, burdens, and savings arising out of the proposed new legislation, helping to expose additional costs and benefits and test the assumptions upon which this analysis is based, for example around:

- i. the nature, extent and useability of data held by UK businesses;

- ii. any concerns businesses have about the legislation (including direct / indirect commercial or competitive impact), and how these might be best mitigated;
- iii. the burden associated with new compliance requirements, including any transition arrangements;
- iv. arrangements for, and costs associated with, secure data transmission arrangements;
- v. the extent to which new legislation will support a reduction in the current survey burden, and a quantification of the associated monetised and non-monetised benefits;
- vi. costs and benefits associated with models of survey / administrative data integration; and
- vii. monetisation, where possible, of indirect costs and benefits.