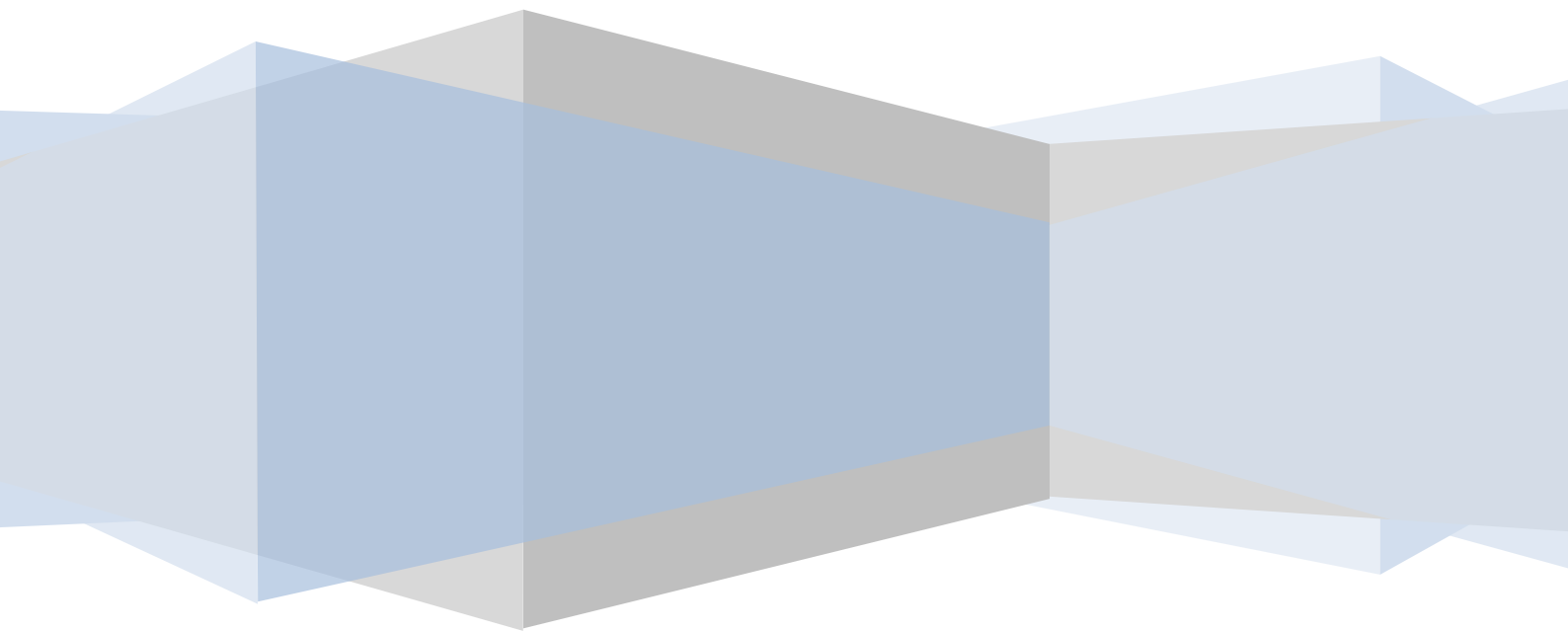


ONS

# Purchases External Stakeholder Working Group

Minutes of 4th meeting – 6th May 2015



**Minutes:**  
Purchases Survey External Stakeholder Working Group  
4th Meeting

**Arrangements:**  
Date: Wednesday 6th May 2015  
Time: 11:00 – 15:00  
Location: Office for National Statistics  
Newport  
Room: R105

**Attendees:**

*Office for National Statistics (ONS):*

Heather Bovill (Chair), Hannah Finselbach, Katy Nicholls, Gary Brown, Laura Mulcahy, Katherine Barutcu

*Department for Business Innovation and Skills (BIS):* Brian Stockdale

*Department of Energy and Climate Change (DECC):* Julian Prime, Iain MacLeay

*Scottish Government (SG):* Mairi Spowage

*Department of Finance and Personnel Northern Ireland (DFPNI):* James Gillan

*Welsh Government (WG):* Craig Thomas

**Apologies:** Rocky Harris (*DEFRA*), Siobhan Carey (*BIS*), Nikos Tsotros (*BIS*), Henry Small (*WG*), Lee Robinson (*BoE*), James Evans (*ONS*), Rich Wild (*ONS*), Steven Croasdale (*SG*), Gary Campbell (*SG*), John Downes (*SG*), Gerard Colgan (*DFPNI*), Elizabeth Waters (*DECC*)

## 1. Introductions

HB welcomed all stakeholders to the meeting.

## 2. Minutes and actions from previous meeting

HB asked for any comments on the minutes from the previous stakeholder meeting in February 2015, and noted that these would be published on the Purchases Survey webpages on the ONS website.

IM asked when a report from Data Collection Methodology (DCM) on Wave 2 of cognitive testing would be available for circulation. HF explained that an interim report should be available by the end of May, with a full testing report being available in July which will be published on the Purchases Survey webpages on the ONS website.

IM also asked if a bilateral meeting could be arranged for DECC and representatives of the Purchases team. ([Action 1: HF to arrange bilateral with Purchases and DECC for May/June](#)).

BS asked whether an 'accounts management' approach is being investigated by ONS. HF responded that this approach is being explored and work will commence in Summer 2015.

BS also asked about the requirement from BIS for the Purchases questionnaire to collect information on the proportion of goods and services that were imported by businesses versus the proportion that were domestically supplied. HF explained that testing had already begun exploring the possibility of collecting this information with respondents, and added that DCM will cover this in their update in agenda point 4, and in greater detail in the testing report for Wave 2.

HB proceeded to go through the actions from the previous meeting.

Action 053 - HF explained that work investigating confidentiality requirements had already started, and was ongoing, in order for NISRA to have access to GB data. In general this is a straightforward process which we

can start early next year. However, there is no legal gateway to provide NISRA with GB data, but HF will progress with the ONS legal team.

Action 01 - KN explained that work had begun analysing the instances where reporting units had local units in different SICs, and what the impact of this could be for the Purchases questionnaire. KN added that a report of this analysis would be available shortly and would be circulated to the group. MS added that colleagues in Scottish Regional Accounts had carried out similar work and would be interested to share findings between the teams. (Action 2: KN to circulate report on RUs with LUs in different SICs to stakeholders, Action 3: MS to share Scottish Regional Accounts report with Purchases team).

KN also explained that the Purchases team are working closely with the Administrative Data Division at ONS with a view to obtaining access to HMRC data on imports which could potentially be used for a range of purposes, including validation of Purchases estimates and informing questionnaire design (e.g. if we obtain product-level import data by industry or business-level (from intrastat and extrastat) we should be able to see which industries/businesses are importing which products as well as their value). KN added that a paper on plans and progress of this work would be made available to stakeholders shortly. (Action 4: KN to circulate plans for HMRC data use by Purchases).

Action 06 - HF explained that during Wave 3 of cognitive testing of the Purchases questionnaire which was due to start at the end of May 2015, would ask respondents whether they would be able to provide volumes for some of the products.

IM asked whether internal users such as National Accounts would require volume data. HF agreed to follow this up after the meeting. (Action 5: HF to find out National Accounts' requirements in relation to volume data).

All other actions were closed.

### 3. Project update - overview, status & risks

HF provided an overview of the current project status and risks:

- status of the project is Amber-Green, partly due to the Electronic Data Collection (EDC) programme taking the decision to build an in-house electronic data collection tool, instead of procuring externally;
- CORA (the data take-on system) gaps analysis has been completed;
- main challenge facing the project at the moment is successfully coordinating and aligning with dependencies across the office, including EDC, CORA and BDD;
- assessing the feasibility of conducting a Purchases pilot with 2,000 businesses, with a decision expected within next month once an impact analysis has been carried out;
- work on the end-to-end process flow has been completed and will be exhibited to stakeholders during this afternoon's session;
- wave 2 of cognitive testing has been completed by DCM, with a report to follow shortly and wave 3 testing will commence at the end of May;
- design of infographics to explain intermediate consumption to respondents and users is being undertaken by the Purchases team who are currently experiencing resource issues with in-house design team which has caused a delay to this work;
- final decision on inclusion of micro businesses (0-9 employment) in the Purchases sample will be made by the Purchases Project board at the end of May, following recommendations from methodology experts and stakeholders.

IM asked whether the survey despatch would go ahead without a pilot. HF explained that even without a pilot, plans were for the live survey to be despatched in March 2016.

BS expressed interest in seeing the infographic designs, and a number of stakeholders including MS and IM voiced their support for the production of an infographic to explain intermediate consumption. MS added that it should enhance the quality of the Purchases data and therefore reduce risk for all stakeholders. (Action 6: HF to circulate draft infographics to stakeholders for comment).

### 4. Questionnaire design & cognitive testing

KB provided an overview of DCM's role within the Purchases Project and the key findings and recommendations from testing so far. KB explained that respondents were generally able to provide a 'total' figure for intermediate consumption and an estimate of the proportion of goods/services purchased from abroad (imports) and from within UK (domestic), although these would be tested further in wave 3. The main issues arising were generally concerned with the distinction between intermediate consumption and capital expenditure, as well as some fine tuning of the include / exclude lists for each question to reduce their length.

KB added that the wave 2 report should be available by the end of May when wave 3 of testing would commence. A final report from DCM outlining all recommendations from testing will be available in July 2015.

MS expressed that she would be interested in seeing the Purchases questionnaire. [\(Action 7: HF to circulate draft questionnaire to stakeholders\)](#). IM asked if the new Purchases questionnaire differed to the previous version used for the original Purchases Inquiry. HF explained that the new questionnaire collected less detail, was more respondent-friendly and will benefit from not being attached to the Annual Business Survey questionnaire. IM asked if there was data on response times for the old questionnaire to compare with the new one. HF explained that this information is not readily available due to PI being attached to ABS previously. Going forward, however, EDC will help us measure response times more accurately to better calculate response burden and compliance costs. KB added that from cognitive testing, improvements had been noted even between wave 1 and wave 2 of testing with some respondents stating that the questionnaire may only take them an hour or so as opposed to many hours or even days previously estimated.

IM asked which industries would be covered in wave 3. HF explained that DCM would be going out to 5 different industries, and conducting 4 interviews in each (giving a total of 20) but the exact industries had not yet been finalised. MS added that finance should be an interesting industry to interview. IM added that an energy company would also be of interest. HF said she would note both of these industries, and also take on other suggestions from stakeholders should there be any. [\(Action 8: HF to consider including finance and energy companies in sample for wave 3\)](#)

## 5. Sample design

GB gave an overview of the agreed Purchases sample design:

- sample will be drawn directly from the IDBR;
- sample of 28,000 businesses, to achieve a coefficient of variation (CV) of about 3.6% at the UK level, with practical CVs for estimates at industry level;
- sample size including boost for Northern Ireland of 3,000 businesses;
- sample design will have constant employment sizeband stratification over all industries and regions;
- employment sizebands will be the same as those used by the Annual Business Survey (e.g. 10-19, 20-49, 50-99, 100-249, 250+);
- ratio estimation with IDBR turnover as the auxiliary variable will be used;
- winsorisation will be used as the method to treat outliers.

GB explained that there was still one decision left outstanding - whether micro businesses (0-9 employment) should be included in the Purchases sample. GB circulated results of an analysis of the bias introduced by not sampling these businesses to the group. GB explained that NI estimates were most affected by the bias. JG requested further information on the bias for NI. [\(Action 9: GB to send report on bias to JG\)](#)

CT asked whether there was an acceptable level of bias. HF explained that we would have to adjust for it, and so if micro businesses were sampled for the first year at least, data would be available to calculate the adjustments. GB recommended that micro businesses should be included for a couple of years at least in order to improve the quality of the adjustments.

IM asked whether there was any information on what was causing the bias. GB explained that we cannot assume that micro businesses act the same as other businesses.

HB asked the group what they thought about the inclusion or exclusion of micro businesses. The group unanimously voted in favour of including micro businesses in the Purchases sample for at least year one.

JG explained that the Statistics Advisory Committee had given approval for 3,000 businesses in total to be sampled in Northern Ireland. HF explained that the exact allocation of the Northern Ireland sample still needs

to be finalised and proposed a meeting for with GB and JG to discuss this further outside of the group. [\(Action 10: HF to meet with GB & JG to discuss Northern Ireland sample allocation\)](#). GB explained that the inclusion of the NI boost would reduce the overall CVs as well.

CT queried that England and Wales were grouped together in the sample stratification. HF explained that the Welsh Government would be able to access the England and Wales data to investigate the differences between businesses on both sides of the border.

## **6. A.O.B**

IM asked whether the Purchases Project has an internal stakeholder group with representation from National Accounts as he would be keen to hear if their needs are the same as DECC's - particularly in relation to collecting volumes for certain products for deflation purposes. MS also expressed interest in hearing from National Accounts colleagues. HF explained that normally there would be representation from National Accounts at this group but Rich Wild had sent his apologies for today's session. HF added that there is an internal Project Board that we could circulate the minutes for, but these minutes should not be circulated outside of this group. [\(Action 11: HF to circulate latest Project Board minutes to Stakeholders\)](#)

**New actions:**

<b>No.</b>	<b>Action</b>	<b>Owner</b>	<b>Progress</b>
1	Arrange bilateral with Purchases and DECC for May/June	Hannah Finselbach	
2	Circulate report on RUs with LUs in different SICs to stakeholders	Katy Nicholls	Circulate by end of June
3	Share Scottish Regional Accounts report with Purchases team	Mairi Spowage	
4	Circulate plans for HMRC data use by Purchases	Katy Nicholls	Circulate by end of June
5	Identify National Accounts' requirements in relation to volume data	Hannah Finselbach	
6	Circulate draft infographics to stakeholders for comment	Hannah Finselbach	Complete - with minutes
7	Circulate draft questionnaire to stakeholders	Hannah Finselbach	Complete - with minutes
8	Consider including finance and energy companies in sample for wave 3	Hannah Finselbach	Complete - see Wave 3 plan with minutes
9	Send report on bias to James Gillan	Gary Brown	
10	Meet with Gary Brown & James Gillan to discuss Northern Ireland sample allocation	Hannah Finselbach	
11	Circulate latest Project Board minutes to Stakeholders	Hannah Finselbach	Complete - with minutes