

Changes to Survey Control Methodology for 2012/13

1. Purpose

The purpose of this paper is to detail changes to how survey control compliance costs are calculated in Northern Ireland in order to maintain comparability with the approach used at UK level. These changes have been agreed by the Statistics Advisory Committee.

2. Background

The Statistics and Registration Service Act, 2007 created the UK Statistics Authority whose functions include the preparation and publication of a Code of Practice for Official Statistics (CoP). The Code applies to all UK bodies that produce and publish official statistics. The Authority has decided that with effect from 2011/12 survey controls should be driven by the Code rather than, as previously, the Prime Minister's Instructions.

The CoP requires all producers of National and Official Statistics to:

Report annually the estimated costs (for example, on businesses, service providers, or the public) of responding to statistical surveys ..."

Principle 6, Practice 1

During 2010/11, a Government Statistical Service (GSS)-wide 'Respondent Burden Task Force' considered the methodology used to calculate the compliance costs associated with statistical surveys. A new methodology for calculating compliance costs has been developed by the Taskforce, approved by the GSS Statistical Policy and Standards Committee and ratified by GSS Heads of Profession.

ONS implemented the new methodology in 2011/12. NISRA will adopt the new approach for the 2012/13 data collection exercise. The main differences between the old and new methodologies are:

- a change in the hourly rates used as an indication of the cost of time spent by staff in the businesses and local authorities responding to the surveys;
- the calculation is now based on actual response rather than on the number in the sample; and
- the median time spent completing a questionnaire is used instead of the mean time as, given the range of values in the responses, the median is a better representation of the average.

A full description of the new methodology is given in Annex A.

3. Rates of Pay

Under the old methodology survey control was calculated using 5 civil service rates of pay which were augmented to include overheads. The GSS Respondent Burden Task Force agreed that the old civil service pay rates did not accurately reflect the pay scales of those in business and likely to be completing survey requests. In other words, using the old civil service rates over-estimated compliance costs because they included elements of pension and overheads that did not reflect the actual remuneration received. As part of the new methodology the old civil service pay rates will be replaced with pay rates from the Annual Survey of Hours and Earnings¹ (ASHE). A comparison of old and new rates for the civil service grades of staff is given Table 1.

Table 1: Augmented-Civil Service and ASHE rates of pay for 2012/13.

Civil Service Description (ASHE CODE)	Old Rates (Civil Service)	New Rates (ASHE)
Director (1115)	£97.52	£42.50
Senior Manager (2)	£75.85	£18.99
Middle Manager (1)	£52.36	£18.57
Junior Manager (3)	£39.74	£14.53
Clerical (4)	£25.25	£9.92

The change in the rates of pay used to calculate compliance costs will result in a decrease in the burden reported for 2012/13 (excluding year-on-year changes). The ONS reported² a compliance cost of £127 million for 2010/11 calculated using the old methodology compared with a cost of £49 million for 2011/12 calculated using the new methodology. This drop in compliance, reported by ONS, includes the changes to the methodology of which the rate of pay has the most significant impact as well as a change in governance. It is anticipated that there will be a similar change to compliance costs on the introduction of the new methodology and rates of pay for Northern Ireland.

The new methodology proposes that the most appropriate rate of pay for the respondent to the survey be chosen from the full ASHE list. However, the SCU within ONS have reported

¹ <http://www.ons.gov.uk/ons/guide-method/surveys/respondents/business/a-z-of-business-surveys/annual-survey-of-hours-and-earnings--ashe-/index.html>

² <http://www.ons.gov.uk/ons/rel/government-statistical-surveys/annual-report-on-government-statistical-surveys/2011-12-annual-report-on-government-statistical-surveys-of-businesses-and-local-authorities/rpt---gss.html#tab-Summary-of-statistical-survey-compliance-costs>

that the majority of departments in England and Wales continued to work within the 5 bands of pay with only a very few detailing a more specific grade and pay from the ASHE tables.

SAC has been agreed that:

- compliance costs in Northern Ireland will be calculated using the new rates of pay taken from the ASHE report for the 5 grades detailed in Table 1, above.

We would welcome your views on the changes to the process of calculating compliance costs in NI as outlined above. Please send your comments either electronically or by hard copy to Arlene Connolly at the address below.

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Annex A: The New Methodology for calculating Compliance Costs

The aim of collating compliance costs is to capture the burden to businesses, complying with information requests from government, incurred during the specified period.

Total compliance cost for businesses and local authorities is a sum of the cost to the business in completing a survey, the cost imposed due to time spent validating a return and any costs incurred by the business as a result of using external support such as accountants.

Previously the number of forms/questionnaires issued was used in the calculation. In the new methodology, achieved response is to be used which is an improved measure of the actual burden incurred. Full, partial and invalid responses should be included. Non-response is assumed to place no burden on respondents and should be excluded. Anticipated response should be used to report estimated burden in the future.

Previously the average time taken to complete a questionnaire was used in the calculation. In the new methodology, median time taken to complete a questionnaire or interview is to be used. The median time is believed to be a more representative summary measure as it is not affected by outliers. The median time can be obtained from the questionnaire, reviews, pilots, historical data, paradata or survey manager expertise.

The procedure for selecting hourly rates of pay has changed in line with the new methodology. Previously, under the old methodology civil service hourly rates, augmented to include overheads and pension costs, for 5 grades: director to clerical were used. It was decided that these rates did not reflect actual remuneration and were far higher than actual civil service pay rates. Under the new methodology Survey Control Liaison Officers (SCLO's) will be supplied with 5 rates of pay from the Annual Survey of Hours and Earnings (ASHE).

The following costs are to be excluded: set-up costs (costs involved in setting up any systems); overheads.

The compliance cost to business is calculated as follows:

$$\text{Compliance Cost (£)} = \text{Response Cost (£)} + \text{Recontact Cost (£)} + \text{External Cost (£)},$$

where

$$\text{Response Cost (£)} = \text{No. of Responses} \times \text{Median Time (hrs)} \times \text{Hourly Rate (£/hr)},$$

$$\text{Recontact Cost (£)} = \text{No. Recontacted} \times \text{Median Time (hrs)} \times \text{Hourly Rate (£/hr)}.$$

and

$$\text{External Cost (£)} = \text{No. with external costs} \times \text{Median external cost (£)}.$$

Example calculation for surveys of Businesses and Local Authorities

The following example is based on the Annual Business Survey (ABS) conducted by the Office for National Statistics (ONS). The ABS is the ONS financial information survey and samples businesses and other related establishments across the UK.

Measure	Value	Notes
Number of responses achieved	49,896	Achieved response NOT number of surveys issued.
Median time taken to complete survey	1.5 hrs	Obtained from a pilot survey.
Number re-contacted	2,294	Re-contacted for validation purposes.
Median re-contact time	1.5 hrs	Time taken for validation not available so median time taken to complete survey used.
Hourly rate	£18.99	Estimated hourly rate based on annual survey of hours and earnings (provided by SCU).
Number of respondents who incur external costs	(Sample 13/167=7.8%) =7.8/100 ×49896 =3,892	A review sample indicated that 7.8% of respondents incurred external costs.
Median external costs	£62.50	Median value for external costs obtained from review sample.

Compliance Cost

$$= [(49,896 \times 1.5) + (2,294 \times 1.5)] \times 18.99 + (0.078 \times 49,896) \times 62.50$$

$$= 1,486,632 + 243,243$$

$$= \mathbf{£1,729,875.00}$$