
A code of practice for Bank of England statistics

Earlier this year, the Government Statistical Service (GSS) published a code of practice for official statistics. In this short report, Philip Turnbull, Head of the Bank's Monetary and Financial Statistics Division, outlines the code of practice that the Bank is introducing in response to the GSS initiative.

A code of practice for official statistics, endorsed by the Prime Minister, was published by the Government Statistical Service (GSS) in April of this year. The GSS code applies to statistics produced by policy departments of government, as well as to statistical agencies such as the Central Statistical Office and the Office of Population, Censuses and Surveys. It is intended to enhance the professional integrity of professional statisticians and their independence from ministerial or other policy-related pressures. The International Monetary Fund is also developing a code of practice for statistics which it would expect member states to follow.

The Bank of England is not a government department or an agency. Nevertheless, it is a public sector body, and outside observers regard the statistics produced by the Bank as 'official statistics'. The Bank therefore believes that it is right to produce and follow a version of the code of practice, adapted to suit the circumstances of a central bank. The philosophy of this new statistical code is consistent with the Bank's principles of openness and integrity.

The key principles to be followed in the new code are the same as in the GSS code, ie:⁽¹⁾

Professionalism

- Operate with *integrity*.
- Produce statistics in an *objective, scientific* and *unbiased* manner.
- Be *open* about all aspects of the statistical process, and *invite and respond promptly to comment*.
- Continuously seek to improve *professional competence*, with respect to both technical and management skills.
- Set challenging *service and quality* standards and seek always to achieve them.
- Continuously seek to provide better *value for money*.

In respect of data users

- Maintain the *relevance* of statistical activities to the needs of the Bank, government and the wider community.
- Provide statistics that are *fit for the purpose intended*.
- Complement statistics with *interpretation and statistical advice*.
- Make statistics *accessible* to all, in accordance with Bank and open government procedures.

In respect of data suppliers

- Place the *minimum load* necessary on data suppliers, and treat them with honesty.
- Respect the *confidentiality* of all information given in confidence.

All of these are principles which the Bank's Monetary and Financial Statistics Division has followed for many years. In particular, existing practice and the new code require publication of statistics to pre-announced publication dates, limited circulation of the figures in advance of publication, and careful assessment of the costs imposed on respondents by any new statistical requirements.

Some changes from current practice will also be required, however. The most important of these are:

- (i) A formal submission to the Governor/ Deputy Governor to approve new statistical returns or significant changes to existing returns.
- (ii) Release (on request) of previously unpublished weekly estimates of M0 (see the box opposite).
- (iii) Estimation, where possible, of the compliance costs of the Bank's data collection.
- (iv) Extension of the code to statistical surveys conducted by parts of the Bank outside Monetary and Financial Statistics Division.

(1) A full version of the Bank of England code of practice for statistics is available on request from Monetary and Financial Statistics Division, HO-5, Bank of England, Threadneedle Street, London, EC2R 8AH.

Monthly and weekly M0

The M0 aggregate comprises four components:

- (i) Bank of England notes in circulation outside the Bank of England. The total for this is available from the Bank Return published each Thursday, relating to close of business on Wednesday. It includes notes in banks' and building societies' tills, notes held abroad and notes held as backing for issues of Scottish and Northern Irish bank notes (see below).
- (ii) An adjustment to include notes issued by Scottish and Northern Irish banks, net of Bank of England notes held as backing. The levels of these notes are provided by the individual issuing banks a week after the Wednesday to which they relate.
- (iii) Coin in circulation. These data are provided by the Royal Mint. Account is taken of wastage and coins held in permanent (over six months) collections. The data are provided each Thursday, relating to the previous day.
- (iv) Banks' operational deposits with the Bank of England. These are the total deposits with the Bank of England of banks operating in the United Kingdom (as shown on the published Bank Return) less cash ratio deposits. Operational deposits mainly reflect funds placed voluntarily for clearing purposes. Cash ratio deposits are non interest bearing deposits that banks meeting certain criteria lodge with the Bank of England; adjustments to these balances are made twice a year, normally in late April and late October.

The total of (i) to (iii) is described collectively as notes and coin in circulation outside the Bank of England, or simply 'notes and coin'. The total of (i) to (iv) provides a weekly total for M0.

The published monthly levels of M0 and of notes and coin are the average of the levels for all the Wednesdays that fall in the month. This has been the case since October 1990. Before that date, the level for the Scottish and Northern Irish banks' adjustment was only the third Wednesday's observation. The monthly flow is the difference between these monthly averaged levels after allowing for occasional breaks in the series, which are listed in the Bank's annual Statistical Abstract (Part 2, Section B).

To aid statistical interpretation, the levels of each Wednesday's observations for the notes and coin

components are seasonally adjusted. Banks' operational deposits are erratic but not seasonal, and are therefore not seasonally adjusted. The seasonal adjustments are updated each week, except during December and early January because of the difficulty of assessing any change in seasonality before the large rise in the note circulation has unwound. From time to time, a significant non-seasonal event affects the level of notes and coin in circulation. In these cases, outlier adjustments are made to the series before the seasonal adjustments are calculated. Examples of outliers include one-off bank holidays such as the Queen's Silver Jubilee in 1977. Outliers are listed in the Bank's annual Statistical Abstract (Part 2, Section E).

The Bank's current seasonal adjustment programme, known as GLAS, essentially uses a short, three-year window so that recent changes in seasonality can be picked up quickly. It uses a linear and additive model, so that the components sum to the total even after seasonal adjustment (see Section 4 of the Report of the *Seasonal Adjustment Working Party, October 1992, Occasional Paper No.2*).⁽¹⁾ The seasonal adjustments for notes and coin are not constrained to sum to zero over a financial year (unlike those for M4 components and counterparts). Bank holidays have a significant influence on notes and coin; the dates of these are not all fixed (in particular, the long Easter weekend can fall in March or April, or straddle the two) and their precise timing in relation to the weekly Wednesday observations is taken into account so that the seasonal movements can be correctly identified. Seasonally adjusted monthly levels and flows are calculated from the weekly data in the same way as for the unadjusted figures.

The weekly levels (both seasonally adjusted and unadjusted) for M0 and notes and coin will, in future, be available on request from 9.30 am three working days after the Wednesday to which they relate. To obtain these data, please contact the Monetary Statistics Group, Monetary and Financial Statistics Division (HO-5), either in writing or by telephoning 0171 601 5465. The first set of these data will be available on Monday 13 November, relating to Wednesday 8 November.

Each release will cover the weeks that comprise the previous month and as many weeks as are available for the current month. For the latest week, an estimate that is neutral for seasonally adjusted monthly flows will be included for the missing observation for the Scottish and Northern Irish banks' adjustment.

(1) Available from Publications Group, Monetary Analysis, HO-4, Bank of England, Threadneedle Street, London, EC2R 8AH.