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Information for Better Markets
**Information for
markets and society**
Executive summary

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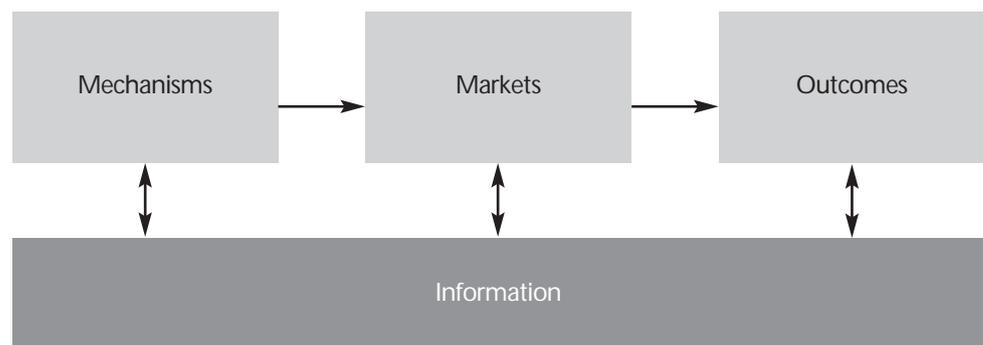
Information is central to market activities and to what is referred to in this report as *public policy* – that is, the body of policies that various members of society and organisations within it pursue in order to promote what they see as the public good. Information is central to the formation, implementation, monitoring and development of public policy, but too often is treated as a mere bolt-on or afterthought. This can lead to information failure, a common cause of serious problems in the delivery and effectiveness of public policy. It is also possible that many problems of regulatory overload, especially perceptions of red tape, are attributable to poorly designed information requirements, which impose excessive systems costs on the regulated.

Chartered Accountants prepare information, design systems to produce it, provide assurance on it, analyse it, interpret it, and make and implement decisions based on it. This gives them a wide range of experience, which goes far beyond accounting issues, of what works in practice and what does not. Drawing on that experience and on previous reports in the *Information for Better Markets* series, this report puts forward some ideas for discussion, particularly on how the quality of information needed to implement public policy could be improved, so as to increase the effectiveness of public policy design and delivery.

Using the Information for Better Markets Framework, public policy questions can be analysed into:

- **desired outcomes**;
- **market activities** that deliver (or fail to deliver) desired outcomes;
- the **mechanisms** that society uses to steer market activity towards the delivery of desired outcomes; and
- the **information** that underpins mechanisms, markets and desired outcomes.

The Information for Better Markets Framework



There should be a continuous interaction between mechanisms, markets, and desired outcomes on the one hand and information on the other; all should evolve together.

This report puts forward four general principles for discussion. The principles are intended to minimise the incidence of information failure and to improve the delivery and effectiveness of public policy.

1. Information requirements should be designed as an integral part of public policy, not added as an afterthought.
2. Every public policy proposal should include an information plan.
3. Policy initiatives and related information requirements should be reviewed regularly in the light of feedback and experience.
4. The appropriateness of information for public policy purposes should be judged against the overriding criteria of fitness for purpose and cost-effectiveness, and against the recognised attributes of useful information.

The information plan for a public policy proposal should show that the following issues have been considered:

- what information flows are necessary for the policy to succeed;
- how the relevant information can be collected;
- how information quality can be achieved;
- how information will be communicated;
- how participants in the process are expected to respond to the information they receive; and
- how the information-related risks of the policy proposal will be addressed.

Information should always be fit for purpose and cost-effective. In deciding whether it meets these tests, regard should be had to the following recognised attributes of useful information. Information should be:

1. relevant
2. accurate
3. reliable
4. comparable
5. understandable
6. concise
7. timely
8. fair, and should
9. avoid perverse effects.

Comments would be welcomed on the analysis and principles presented for discussion in this report, with a view to their improvement and development: please email your comments to bettermarkets@icaew.co.uk.

Copies of the full report, *Information for markets and society*, can be obtained by calling +44 (0)20 7920 8634 or downloaded from www.icaew.co.uk/bettermarkets.

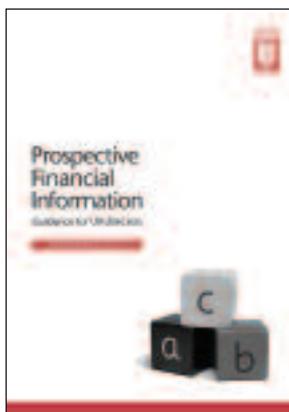


Information for Better Markets

An initiative from the Institute of Chartered Accountants in England & Wales

Publications in the *Information for Better Markets* series form part of a campaign to improve the quality of business reporting. Our approach is to analyse key underlying questions, expose hidden assumptions and determine where further thought, learning and research are required.

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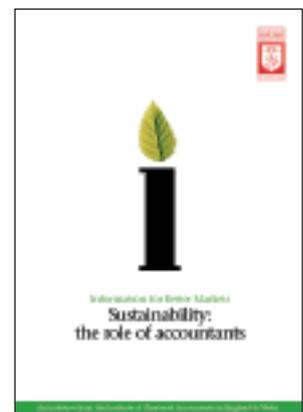
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