

# Assessment of compliance with the Code of Practice for Official Statistics

## Statistics on UK Trade in Goods

*(produced by HM Revenue & Customs)*

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### **About the UK Statistics Authority**

The UK Statistics Authority is an independent body operating at arm's length from government as a non-ministerial department, directly accountable to Parliament. It was established on 1 April 2008 by the *Statistics and Registration Service Act 2007*.

The Authority's overall objective is to promote and safeguard the production and publication of official statistics that serve the public good. It is also required to promote and safeguard the quality and comprehensiveness of official statistics, and good practice in relation to official statistics.

The Statistics Authority has two main functions:

1. oversight of the Office for National Statistics (ONS) – the executive office of the Authority;
2. independent scrutiny (monitoring and assessment) of all official statistics produced in the UK.

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# **Assessment of compliance with the Code of Practice for Official Statistics**

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## ASSESSMENT AND DESIGNATION

The *Statistics and Registration Service Act 2007* gives the UK Statistics Authority a statutory power to assess sets of statistics against the *Code of Practice for Official Statistics*.

Assessment will determine whether it is appropriate for the statistics to be designated as National Statistics.

Designation as National Statistics means that the statistics comply with the *Code of Practice*. The *Code* is wide-ranging. Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

Designation as National Statistics should not be interpreted to mean that the statistics are always correct. For example, whilst the *Code* requires statistics to be produced to a level of accuracy that meets users' needs, it also recognises that errors can occur – in which case it requires them to be corrected and publicised.

Assessment Reports will not normally comment further on a set of statistics, for example on their validity as social or economic measures. However, Reports may point to such questions if the Authority believes that further research would be desirable.

Assessment Reports typically provide an overview of any noteworthy features of the methods used to produce the statistics, and will highlight substantial concerns about quality. Assessment Reports also describe aspects of the ways in which the producer addresses the 'sound methods and assured quality' principle of the *Code*, but do not themselves constitute a review of the methods used to produce the statistics. However the *Code* requires producers to "seek to achieve continuous improvement in statistical processes by, for example, undertaking regular reviews".

The Authority may grant designation on condition that the producer body takes steps, within a stated timeframe, to fully meet the *Code's* requirements. This is to avoid public confusion and does not reduce the obligation to comply with the *Code*.

The Authority grants designation on the basis of three main sources of information:

- i. factual evidence and assurances by senior statisticians in the producer body;
- ii. the views of users who we contact, or who contact us, and;
- iii. our own review activity.

Should further information come to light subsequently which changes the Authority's analysis, it may withdraw the Assessment Report and revise it as necessary.

It is a statutory requirement on the producer body to ensure that it continues to produce the set of statistics designated as National Statistics in compliance with the *Code of Practice*.

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# 1 Summary of findings

## 1.1 Introduction

1.1.1 This is one of a series of reports<sup>1</sup> prepared under the provisions of the *Statistics and Registration Service Act 2007*<sup>2</sup>. The Act requires all statistics currently designated as National Statistics to be assessed against the *Code of Practice for Official Statistics*<sup>3</sup>. The report covers the sets of statistics on UK trade in goods contained in the following publications produced by HM Revenue & Customs (HMRC):

- *Overseas Trade Statistics - non-EU countries*<sup>4</sup>;
- *Overseas Trade Statistics - EU countries*<sup>5</sup>; and
- *Regional Trade*<sup>6</sup> statistics.

1.1.2 This report was prepared by the Authority's Assessment team, and approved by the Board of the Statistics Authority on the advice of the Head of Assessment.

## 1.2 Decision concerning designation as National Statistics

1.2.1 The Statistics Authority judges that the statistics covered by this report are readily accessible, produced according to sound methods and managed impartially and objectively in the public interest, subject to any points for action in this report. The Statistics Authority confirms that the statistics published in *Overseas non-EU Trade*, *Overseas EU Trade* and *Regional Trade* are designated as National Statistics, subject to HMRC implementing the enhancements listed in section 1.5 and reporting them to the Authority by May 2011.

## 1.3 Summary of strengths and weaknesses

1.3.1 HMRC actively engages with a large and varied body of users of statistics on UK trade in goods (made up of the overseas and regional trade statistics detailed in 1.1.1) and has published good documentation about the uses made of the statistics. HMRC has shown evidence of good practice in its user engagement which is reflected in a positive response from the user consultation carried out as part of this assessment.

1.3.2 The statistics are collected in part using the Intrastat<sup>7</sup> survey on the movement of goods between Member States of the EU which is costly and is an administrative burden for businesses. HMRC has reduced both the cost burden on businesses and costs to itself of producing the statistics in recent years, and plans to reduce costs further.

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<sup>1</sup> <http://www.statisticsauthority.gov.uk/assessment/assessment-reports/index.html>

<sup>2</sup> [http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga\\_20070018\\_en.pdf](http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga_20070018_en.pdf)

<sup>3</sup> <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

<sup>4</sup> <https://www.uktradeinfo.com/index.cfm?task=noneofullreport>

<sup>5</sup> <https://www.uktradeinfo.com/index.cfm?task=euearlypub>

<sup>6</sup> [https://www.uktradeinfo.com/index.cfm?task=td\\_regstats\\_press](https://www.uktradeinfo.com/index.cfm?task=td_regstats_press)

<sup>7</sup> <https://www.uktradeinfo.com/index.cfm?task=intrastat>

1.3.3 The collection of EU trade in goods data is required under EU legislation<sup>8</sup> and as part of this process Eurostat, the statistics office of the European Community, carries out an annual audit of HMRC's role in producing the statistics on behalf of the UK. The audit for 2009, which reviewed data production and compliance with legislation, gave an overall assessment as between 'satisfactory' and 'good'.

## 1.4 Detailed recommendations

1.4.1 The Assessment team identified some areas where it felt that HMRC could strengthen its compliance with the *Code*. Those which the Assessment team considers essential to enable designation as National Statistics are listed in section 1.5. Other suggestions, which would improve the statistics and the service provided to users but which are not formally required for their designation, are listed at annex 1.

## 1.5 Requirements for designation as National Statistics

<b>Requirement 1</b>	Develop a clear HMRC pricing policy for statistical services (para 3.7).
<b>Requirement 2</b>	Enable users to easily identify and access the 8 digit level data, for example by making the link more explicit on their website and including information about the use of these data (para 3.27).
<b>Requirement 3</b>	Ensure that the overseas and regional trade statistics are published in a statistical bulletin with appropriate commentary (para 3.28).
<b>Requirement 4</b>	Expand the organisational statement of HMRC administrative sources to cover the relevant issues (para 3.34).

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<sup>8</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:102:0001:0008:EN:PDF>

## 2 Subject of the assessment

- 2.1 HMRC has published overseas trade statistics, based on its customs activities, for over 300 years. Currently the statistics are compiled using data collected through the monthly Intrastat survey (see paragraph 2.3) for of the movement of goods between Member States of the EU, and from administrative customs supplementary declarations for trade in goods with countries outside the EU. The overseas trade statistics provide a comprehensive record of trade in goods between the UK and other countries during a given time period. Statistics from Intrastat are published monthly in *Overseas EU Trade*. Statistics from the administrative customs sources are also published monthly, in *Overseas non-EU Trade*. The statistics are compiled in accordance with the general trade system of recording, which is set out in the United Nations' International Merchandise Trade Statistics manual<sup>9</sup>.
- 2.2 Regional trade statistics were introduced in 1999 to support economic decision-making in the UK devolved administrations. *Regional Trade* is produced quarterly and provides a breakdown of the flows of imports and exports of goods between regions of the UK and other countries. They are derived from the overseas trade statistics using the Office for National Statistics' (ONS) National Statistics Postcode Directory<sup>10</sup> (NSPD) and HMRC's Departmental Trader Register (DTR). The DTR contains details of every trader registered for VAT purposes in the UK; it is used to match the trader VAT registration number and branch identifier to the current postcode recorded for that trader. The postcode of each trader is then matched against the NSPD and this enables each trader to be assigned a region. A known problem with this approach is that it results in an increased allocation of trade to London and the south-east of England where a higher proportion of administrative head offices are located. HMRC carries out periodic surveys of the top 200 traders by value of exports worldwide, in order to make adjustments to the data to correctly allocate trade to the region of the branch responsible for manufacture and processing.

### *Intrastat*

- 2.3 Intrastat was introduced in 1993 following the introduction of the European single market to determine the level of trade conducted within the EU. The collection of information on trade is compulsory under EU legislation. All businesses whose annual value of EU imports or EU exports exceed the threshold of £250,000 must take part. The Intrastat system collects data from businesses who are liable to pay VAT, as well as being used for the production of the overseas and regional trade statistics. Data are collected from businesses as part of this system in two different ways:
- All VAT-registered businesses are required to provide two additional pieces of information on their VAT returns, which in the UK are normally submitted quarterly. These show the total value of imports<sup>11</sup> of goods from suppliers in other EU member states and the total value of exports of goods to customers in other EU member states.

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<sup>9</sup> [http://unstats.un.org/unsd/trade/imts/imts\\_default.htm](http://unstats.un.org/unsd/trade/imts/imts_default.htm)

<sup>10</sup> <http://www.ons.gov.uk/about-statistics/geography/products/geog-products-postcode/nspd/>

<sup>11</sup> In the Intrastat system imports are referred to as 'arrivals' and exports as 'departures'.

- Businesses whose annual value of imports or exports exceeds a given exemption threshold<sup>12</sup> are required to complete an Intrastat supplementary declaration each month showing full details of their imports and exports during that month. Businesses are required to submit their data by the end of the following month and HMRC offers education and guidance to businesses who fail to submit Intrastat supplementary declarations within the timescales and ultimately imposes penalties.

2.4 Businesses not registered for VAT, and private individuals who move goods within the EU, have no obligations under the Intrastat system and their activity is not included in the overseas and regional trade statistics.

*Trade associated with Missing Trader Intra-Community VAT fraud (MTIC fraud)*

2.5 MTIC fraud is a criminal action which has been detected in many EU member states. Businesses carrying out this fraud obtain a VAT-registration to acquire goods VAT-free from other member states. They then sell on the goods at VAT-inclusive prices without passing on the VAT (paid by their customers) to the tax authorities. A consequence of this is that the respective arrivals supplementary declarations to HMRC are usually not submitted, resulting in an under-recording of the value of goods imported into the UK from the EU. HMRC includes monthly adjustments in its arrivals estimates using operational and intelligence information and has published a report<sup>13</sup> on the impact of the fraud. The UK is the only member state to include adjustments for MTIC fraud in its statistics.

2.6 Users and uses of the overseas trade and regional trade statistics include:

- ONS – for the production of Balance of Payments (BoP) statistics;
- The Department for Business, Innovation and Skills (BIS) – to monitor trade and trade policy for the UK and its individual regions;
- The Department of Energy and Climate Change (DECC) - for policy monitoring in relation to trade specific fuels and related commodities;
- The Department for Environment, Food and Rural Affairs (Defra) – to inform trade policy in relation to food, drink and animal feed commodities, and animal health and welfare planning and decision-making;
- Data retailers – to provide commercial data to a range of customers;
- Trade associations – to provide data to members to monitor markets and performance;
- Traders – to assess markets both within the UK in order to gauge import penetration, and externally to establish new markets for their goods;
- Commercial banks – to understand market conditions and trends, and to make investment decisions;

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<sup>12</sup> Exemption thresholds are reviewed annually to minimise the burden on businesses of the Intrastat system while maintaining the coverage of value of UK trade required by European legislation. for current thresholds see <https://www.uktradeinfo.com/index.cfm?task=threshold>

<sup>13</sup> [https://www.uktradeinfo.com/pagecontent/documents/OECD\\_MTIC06.pdf](https://www.uktradeinfo.com/pagecontent/documents/OECD_MTIC06.pdf)

- Eurostat and the European Central Bank - for EU economic performance monitoring in EasyComext<sup>14</sup> and for the publication of EU trade balance indicators; and
- The United Nations (UN) Statistics Division - which publishes UK trade statistics on the UN Commodity Trade Statistics Database<sup>15</sup> to allow international comparisons of trade performance.

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<sup>14</sup> EasyComext is a database that provides detailed information on production and external trade by product for the European countries <http://epp.eurostat.ec.europa.eu/newxtweb/mainxtnet.do>

<sup>15</sup> <http://comtrade.un.org/db>

### 3 Assessment findings

#### Principle 1: Meeting user needs

**The production, management and dissemination of official statistics should meet the requirements of informed decision-making by government, public services, business, researchers and the public.**

- 3.1 HMRC has set up a client manager network to manage engagement with groups of users. An individual client manager is allocated to each group of users. These groups are: stakeholders (ONS, BIS, Eurostat, Organisation for Economic Co-operation and Development (OECD) and the UN), other government users (DECC, Defra, Department for Transport and the Welsh Assembly Government), and commercial and academic users represented by the International Business Statistics User Group<sup>16</sup> (IBSUG). Client managers meet with users at least once a year and communicate at least every three months. They produce monthly reports which are fed into quarterly client manager network meetings. The client manager network is also used as a means of consulting users about business and survey issues. HMRC told the Assessment team that this system ensures that there is a consistent communication of messages to and from users. The Assessment team considers this to be good practice and the majority of users who responded to the consultation as part of this Assessment were very satisfied with their engagement with HMRC.
- 3.2 HMRC has a customer service team which supports general users who access overseas and regional trade statistics via HMRC's UK trade info<sup>17</sup> website. HMRC operates an email service in conjunction with Defra which alerts over 14,000 registered users to the latest overseas and regional trade statistics publications, to the ONS *BoP* release, reminders for submitting Intrastat supplementary declarations and other relevant issues.
- 3.3 HMRC represents UK views at the UN International Trade Statistics expert group, on various Eurostat committees and working groups in relation to Intrastat.
- 3.4 HMRC has published a document outlining the range of uses and users of the overseas and regional trade statistics<sup>18</sup>. This document includes a section which lists specific feedback obtained from a range of users. The Assessment team considers this to be good practice.
- 3.5 HMRC has a dedicated page on its UK trade info website for consultations and for publishing information about users' views of these statistics. HMRC carried out a consultation in 2007 which asked for users' views about the presentation of the regional trade statistics. Over 20 responses were received and the format of the publication was changed accordingly<sup>19</sup>. HMRC carries out triennial reviews of the Intrastat survey which includes contacting data users and

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<sup>16</sup> IBSUG is a group affiliated to the Royal Statistical Society (RSS) and represented on the RSS's Statistics User Forum <http://www.rss.org.uk/site/cms/contentviewarticle.asp?article=1044>

<sup>17</sup> [www.uktradeinfo.com](http://www.uktradeinfo.com)

<sup>18</sup> [https://www.uktradeinfo.com/pagecontent/downloads/The\\_Customer\\_Story.pps#1](https://www.uktradeinfo.com/pagecontent/downloads/The_Customer_Story.pps#1)

<sup>19</sup> <https://www.uktradeinfo.com/index.cfm?task=news&targetnewsid=546&startrow=151&>

suppliers. The last review was carried out in 2009 and over 400 data suppliers and 130 users responded. The views of those responding and the resulting actions are included in the published review report<sup>20</sup>.

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<sup>20</sup> <https://www.uktradeinfo.com/pagecontent/downloads/2009TriennialFinalReportv1.0.pdf>

## Principle 2: Impartiality and objectivity

**Official statistics, and information about statistical processes, should be managed impartially and objectively.**

- 3.6 HMRC has an exemption from Principle 5 Practice 1 of the *Code of Practice* in relation to overseas trade statistics. This exemption is referred to in the *National Statistician's Guidance: Confidentiality of Official Statistics*<sup>21</sup>. HMRC operates passive confidentiality which results in suppression only being applied to overseas trade figures if HMRC has received and accepted a request for suppression from the trader. This exemption does not apply to *Regional Trade* statistics. The exemption is explained in HMRC's published *Policy on Suppressions*<sup>22</sup>, in the *Quality Report: UK Trade-in-Goods Statistics*<sup>23</sup> and *UK Regional Trade Statistics methodology*<sup>24</sup>.
- 3.7 Some users of overseas and regional trade statistics buy them from data retailers, who receive the data free of charge from HMRC. On rare occasions, HMRC will charge users for bespoke overseas and regional trade statistics products. HMRC told us that it adheres to HM Treasury's pricing policy<sup>25</sup> in these situations. HMRC does not have an organisational pricing policy which covers statistical services. As part of the designation as National Statistics, HMRC should develop a clear HMRC pricing policy for statistical services<sup>26</sup> (Requirement 1).
- 3.8 Overseas and regional trade statistics are provisional up to a maximum of 15 months after the reference period. HMRC publishes monthly updates to the provisional statistics, due to late responses by businesses, which are referred to as scheduled revisions. The first release of the statistics includes a statement about the level of revisions to data for the previous months. Unscheduled revisions are announced in advance as a news item<sup>27</sup> on the UK trade info website and are published to coincide with the latest timetabled release of the relevant statistics. HMRC has published a *Policy on Revisions to Data*<sup>28</sup> in relation to these statistics which describes these processes.

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<sup>21</sup> <http://www.statisticsauthority.gov.uk/national-statistician/guidance>

<sup>22</sup> [https://www.uktradeinfo.com/pagecontent/documents/suppressions\\_policy.pdf](https://www.uktradeinfo.com/pagecontent/documents/suppressions_policy.pdf)

<sup>23</sup> [https://www.uktradeinfo.com/pagecontent/documents/Quality\\_Report\\_2010.pdf](https://www.uktradeinfo.com/pagecontent/documents/Quality_Report_2010.pdf)

<sup>24</sup> <https://www.uktradeinfo.com/index.cfm?task=polmethods>

<sup>25</sup> See footnote 22

<sup>26</sup> In relation to Principle 2 Practice 9 of the Code of Practice.

<sup>27</sup> <https://www.uktradeinfo.com/index.cfm?task=news&targetnewsid=792&startrow=41&searchdata=>

<sup>28</sup> [https://www.uktradeinfo.com/pagecontent/documents/Revisions\\_published\\_policy\\_1.0.pdf](https://www.uktradeinfo.com/pagecontent/documents/Revisions_published_policy_1.0.pdf)

### **Principle 3: Integrity**

**At all stages in the production, management and dissemination of official statistics, the public interest should prevail over organisational, political or personal interests.**

- 3.9 The customer service team dealing with the overseas and regional trade statistics publications has received two complaints, both of which were referred to the National Statistician. These complaints were not upheld.
- 3.10 No incidents of political pressure, abuse of trust or complaints relating to professional integrity, quality or standards were reported to or identified by the Assessment team.

## Principle 4: Sound methods and assured quality

**Statistical methods should be consistent with scientific principles and internationally recognised best practices, and be fully documented. Quality should be monitored and assured taking account of internationally agreed practices.**

- 3.11 HMRC produces a range of documents relating to the methods used in the production of these statistics, all of which are available on the Policies and Methodology page<sup>29</sup> of the UK trade info website. HMRC produces two separate methodology papers for the overseas trade statistics and the regional trade statistics which cover all general aspects of the trade data. Additional methodology publications are also released covering specific aspects.
- 3.12 HMRC produces a Quality Report each year, the latest of which was published in October 2010<sup>30</sup>. The report describes key quality measures for the quality dimensions of the European Statistical System<sup>31</sup>. The report is lengthy and contains a great deal of useful information although there is no overall summary quality information. We suggest that HMRC review whether summary quality information for the overseas and regional trade statistics releases would be helpful to users and produce such a summary if necessary. We also suggest that HMRC review whether additional information about accuracy which relates specifically to regional trade statistics, for example in relation to the categorisation of unusual types of trade, should be included.
- 3.13 All EU member states are required by law to collect data on international trade. Eurostat assesses the quality of overseas trade statistics against its indicators in *Doc MET 1000 – Quality items and requirements for reference year 2009*<sup>32</sup>, as part of its annual reporting and quality assessment process, and produces the *United Kingdom - 2009 Individual Assessment Report*<sup>33</sup>, a summary quality report for all member states the *2009 Summary Assessment Report*<sup>34</sup> and an annual *Quality Report on International Trade Statistics*<sup>35</sup>. The latest published quality report for the UK (2009) said that the reliability of the statistics should be improved. HMRC's response to this, included in the report, was that it had addressed this by including procedures for dealing with partial responses in the estimation method and that it was examining other improvements to methods.
- 3.14 There are several areas where HMRC's overseas trade statistics deviate from fully meeting EU common standards. These deviations are reviewed annually by HMRC and published on its UK trade info website in a *Statement on adherence to EU Legislation*<sup>36</sup>. The document sets out which parts of the relevant legislation are not completely adhered to, and the nature of the

<sup>29</sup> <https://www.uktradeinfo.com/index.cfm?task=polmethods>

<sup>30</sup> [https://www.uktradeinfo.com/pagecontent/documents/Quality\\_Report\\_2010.pdf](https://www.uktradeinfo.com/pagecontent/documents/Quality_Report_2010.pdf)

<sup>31</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/about\\_eurostat/european\\_framework/ESS](http://epp.eurostat.ec.europa.eu/portal/page/portal/about_eurostat/european_framework/ESS)

<sup>32</sup> [https://www.uktradeinfo.com/pagecontent/downloads/MET1000\\_Quality\\_items\\_requirements.pdf](https://www.uktradeinfo.com/pagecontent/downloads/MET1000_Quality_items_requirements.pdf)

<sup>33</sup> [https://www.uktradeinfo.com/pagecontent/downloads/EurostatIndividualAssessmentReportGB\(2\).xls](https://www.uktradeinfo.com/pagecontent/downloads/EurostatIndividualAssessmentReportGB(2).xls)

<sup>34</sup> [https://www.uktradeinfo.com/pagecontent/downloads/Eurostat\\_Summary\\_Assessment\\_Report.xls](https://www.uktradeinfo.com/pagecontent/downloads/Eurostat_Summary_Assessment_Report.xls)

<sup>35</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/product\\_details/publication?p\\_product\\_code=KS-RA-10-026](http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-RA-10-026)

<sup>36</sup> <https://www.uktradeinfo.com/pagecontent/documents/statementAdherenceEuLegislation.pdf>

deviation. This is monitored and reviewed by Eurostat as part of its quality assessments (see paragraph 3.13).

- 3.15 In conjunction with ONS, HMRC reviewed the MTIC fraud adjustment in 2006. The MTIC fraud report (see paragraph 2.5) explains the impact of the fraudulent activity on the estimates produced. An adjustment for the impact of MTIC fraud is incorporated into the published EU imports statistics and HMRC told the Assessment team that it is leading discussions with other member states on behalf of the UK on this issue.
- 3.16 HMRC carries out reviews of data quality and methods, using funding from the EU Edicom<sup>37</sup> programme. These reviews have investigated asymmetries<sup>38</sup> in trade in goods data collected by EU member states. Two reports on asymmetries were published by HMRC in November 2008 and June 2009 which included analyses of the differences in trade data reported by the UK and its EU trading partners<sup>39</sup>. This analysis is important for HMRC to be able to provide users with information about the differences in reported trade in goods data between the UK and its EU trading partners.
- 3.17 HMRC carries out a range of quality assurance checks during the production of the overseas trade statistics. These include data validation and consistency checks to detect errors or missing information. Regular checks are also made against information provided via VAT returns and other sources. Where large discrepancies are identified, data providers are visited by Intrastat Assurance Officers to establish the reasons for the discrepancies.

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<sup>37</sup> Trans-European network for the collection, production and dissemination of statistics on the trading of goods within the European Community and non-member states  
[http://europa.eu/legislation\\_summaries/internal\\_market/single\\_market\\_for\\_goods/free\\_movement\\_goods\\_general\\_framework/111034\\_en.htm](http://europa.eu/legislation_summaries/internal_market/single_market_for_goods/free_movement_goods_general_framework/111034_en.htm)

<sup>38</sup> Asymmetries are defined as a misalignment found in the trade recorded by two countries

<sup>39</sup> <https://www.uktradeinfo.com/index.cfm?task=qualityassurance>

## Principle 5: Confidentiality

**Private information about individual persons (including bodies corporate) compiled in the production of official statistics is confidential, and should be used for statistical purposes only.**

- 3.18 HMRC has a published policy on suppressions. The overseas trade statistics use a system of passive confidentiality. Under this system, businesses are able to request a suppression from HMRC if, for example, they are the sole importer or exporter of a commodity. HMRC publishes details of the commodity codes for the goods currently suppressed<sup>40</sup> on its website (see also paragraph 3.6).
- 3.19 Regional trade statistics are published at the aggregated Standard International Trade Classification<sup>41</sup> (SITC Rev.3) division 2-digit level. As the regional trade statistics are only published at this aggregated level, no further suppressions are applied.
- 3.20 Data from the customs and Trade Statistics systems are transferred to ONS monthly for publication in the *BoP* release. The data are transferred by an approved secure method.

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<sup>40</sup> [https://www.uktradeinfo.com/pagecontent/datapages/notes/current\\_suppressions.pdf](https://www.uktradeinfo.com/pagecontent/datapages/notes/current_suppressions.pdf)

<sup>41</sup> <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=14>

## Principle 6: Proportionate burden

**The cost burden on data suppliers should not be excessive and should be assessed relative to the benefits arising from the use of the statistics.**

- 3.21 HMRC carries out a review of the Intrastat survey every three years with the specific aim of establishing whether the UK survey remains a cost-effective approach to collecting trade in goods data. The latest report<sup>42</sup> was published in May 2010. The review reported the overall cost to data providers of Intrastat as £19 million in 2009. HMRC told the Assessment team that the cost burden has been reduced since the introduction of EU legislation in January 2010 (lowering the percentage coverage for EU imports from 97 per cent to 95 per cent of trade in goods by value) which reduced the number of businesses required to complete Intrastat supplementary declarations by 6,000. Intrastat compliance costs are reported annually as part of the Government Statistical Survey (GSS) report on the cost of statistical surveys.
- 3.22 HMRC is aware that the administrative cost to businesses of the Intrastat system is high and published an *Impact Assessment of Intrastat Simplification*<sup>43</sup> in 2009. This listed options for reducing the cost burden on businesses included the reduction in the percentage of total EU trade captured, which has been achieved through changes to the EU legislation in January 2010. In the long-term, HMRC told us that it is leading discussions with other EU member states about the introduction of a Single Flow system – under which each EU member state would report only one flow and then exchange this with other member states. Depending on the level of detailed data required by other member states, this could result in considerable reductions in the cost of collecting trade data for the UK.

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<sup>42</sup> <https://www.uktradeinfo.com/pagecontent/downloads/2009TriennialFinalReportv1.0.pdf>

<sup>43</sup> <http://www.hmrc.gov.uk/ria/091026-intrastat-simplification.pdf>

## Principle 7: Resources

**The resources made available for statistical activities should be sufficient to meet the requirements of this Code and should be used efficiently and effectively.**

- 3.23 HMRC told the Assessment team that the total cost to HMRC in 2009 of compiling the overseas and regional trade statistics was £10 million. HMRC told us that it had reduced the cost of producing the overseas trade statistics by over 25 per cent over the last 5 years. This has been achieved through encouraging online data submission of supplementary declarations which has reduced the number of staff required for data collection, validation and editing.
- 3.24 All statistical staff involved in producing the overseas and regional trade statistics are recruited using HMRC and GSS recruitment standards. Staff undertake regular assessment against the GSS competency framework.

## Principle 8: Frankness and accessibility

**Official statistics, accompanied by full and frank commentary, should be readily accessible to all users.**

- 3.25 Monthly overseas trade statistics and quarterly regional trade statistics are published on the UK trade info website, which is separate from HMRC's main website. HMRC told the Assessment team this is necessary due to the volume of published statistics and the tabulation functions required.
- 3.26 Headline import and export statistics are available as spreadsheets on the UK trade info website. In order to access the more detailed National Statistics trade information (8-digit level commodity codes), users must register. HMRC states, on the registration web page<sup>44</sup>, that registering for these data is required so that users can save any reports they create and update them once new monthly data are published. The website also states that HMRC can use the registration data to review and improve its service and products. The registration process requires personal name, business name, telephone number and email address. The Assessment team considers that it should not be necessary to provide personal details to access official statistics, and suggests that HMRC remove the need to register to access National or official statistics. HMRC may wish to provide users with the option to register if they would like to save their searches or settings, or receive communication from HMRC about the statistics.
- 3.27 The link to register for access to more-detailed (8 digit level) overseas trade statistics appears only in small text at the end of the latest release webpages. There is also no explanation of when it might be appropriate to use this level of data. User feedback received as part of the user consultation exercise indicated that it is not obvious how to access the required statistics. As part of the designation as National Statistics, HMRC should enable users to easily identify and access the 8 digit level data, for example by making the link more explicit on their website and including information about the use of these data<sup>45</sup> (Requirement 2).
- 3.28 HMRC presents key points from the overseas trade statistics on the latest release webpages for the data tables. There is limited commentary accompanying the monthly or quarterly releases of overseas trade statistics. HMRC publishes a statistical news release for *regional trade statistics* which highlights the key points of the regional data and includes two maps which illustrate the levels of imports and exports for the eleven UK Government Office Regions. There is no separate statistical release which comments on and presents the statistics. As part of the designation as National Statistics, HMRC should ensure that the overseas and regional trade statistics are published in a statistical bulletin with appropriate commentary<sup>46</sup> (Requirement 3). Such commentary needs to aid users' interpretation and understanding of the statistics.

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<sup>44</sup> <https://www.uktradeinfo.com/index.cfm?task=registerfortradedata>

<sup>45</sup> In relation to Principle 8 Practice 4 of the Code of Practice

<sup>46</sup> In relation to Principle 8 Practice 2 of the Code of Practice

3.29 Overseas trade statistics are a key component of the *UK Trade*<sup>47</sup> release produced by ONS. Although the statistics show broadly similar results to the HMRC overseas trade statistics, the detailed data are different. An explanation of why the two sets of statistics are different is published on the UK trade info website.

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<sup>47</sup> <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1119>

## **Protocol 1: User engagement**

**Effective user engagement is fundamental both to trust in statistics and securing maximum public value. This Protocol draws together the relevant practices set out elsewhere in the Code and expands on the requirements in relation to consultation.**

3.30 The requirements for this Protocol are covered elsewhere in this report.

## Protocol 2: Release practices

**Statistical reports should be released into the public domain in an orderly manner that promotes public confidence and gives equal access to all, subject to relevant legislation.**

- 3.31 HMRC prints hardcopies of the overseas trade statistics in addition to the electronic versions available on the UK trade info website. The hardcopy versions contain no commentary, less detail and are less timely than the electronic publications. They are produced by HMRC on a print-on-demand basis. HMRC is currently reviewing whether to produce the hardcopy versions in the future.
- 3.32 A timetable for 12 months ahead for the overseas<sup>48</sup> and regional trade statistics<sup>49</sup> is published on the UK trade info website. The statistics can also be accessed via the National Statistics Publication Hub. The published release timetable<sup>50</sup> for these statistics is constrained by EU legislation and the ONS BoP release:
- The non-EU overseas trade statistics are published on the same day as the ONS *BoP* release and sent to Eurostat the same day.
  - The EU overseas trade statistics are published a week later to allow for the additional processing of the Intrastat survey data. HMRC is currently consulting users and suppliers regarding changes to the Intrastat due date, in order to facilitate earlier publication and compliance with Eurostat requirements.
  - The regional trade statistics are published approximately three weeks after the release of the latest EU overseas trade data. This is to allow time to compile the statistics on a regional basis and for quality assurance, as the statistics are derived from the overseas trade in goods data.
- 3.33 HMRC has published a statement on pre-release access<sup>51</sup> and a pre-release access list for regional trade statistics on its website. No pre-release access is granted to the overseas trade statistics. Links to the list are included on the relevant pages on the UK trade info website.

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<sup>48</sup> <https://www.uktradeinfo.com/pagecontent/downloads/OTSPub2010.pdf>

<sup>49</sup> <https://www.uktradeinfo.com/pagecontent/downloads/RTS2010.pdf>

<sup>50</sup> <https://www.uktradeinfo.com/index.cfm?task=timetable&hasFlashPlayer=true>

<sup>51</sup> <http://www.hmrc.gov.uk/stats/statement.pdf>

### **Protocol 3: The use of administrative sources for statistical purposes**

**Administrative sources should be fully exploited for statistical purposes, subject to adherence to appropriate safeguards.**

3.34 HMRC has published a Statement of Administrative Sources<sup>52</sup> and an accompanying list of HMRC administrative sources<sup>53</sup>. The statement is very brief and does not contain the information required under this protocol, for example information on the potential use of other sources of administrative data, HMRC procedures to follow when administrative sources are changed, and audit and security arrangements. As part of the designation as National Statistics, HMRC should expand the organisational statement of HMRC administrative sources to cover the relevant issues<sup>54</sup> (Requirement 4).

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<sup>52</sup> <http://www.hmrc.gov.uk/stats/cop-admin-sources.pdf>

<sup>53</sup> <http://www.hmrc.gov.uk/stats/cop-admin-sources.xls>

<sup>54</sup> As detailed under and in reference to Protocol 3 Practice 5 of the Code of Practice

## **Annex 1: Suggestions for improvement**

A1.1 This annex includes some suggestions for improvement to HMRC’s overseas and regional trade statistics, in the interest of the public good. These are not formally required for designation, but the Assessment team considers that their implementation will improve public confidence in the production, management and dissemination of official statistics.

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|---------------------|---|
| <b>Suggestion 1</b> | Review whether summary quality information for both the overseas and regional trade statistics releases would be helpful to users and produce such a summary if necessary (para 3.12).  |
| <b>Suggestion 2</b> | Review whether additional information about accuracy which relate specifically to regional trade statistics, for example in relation to the categorisation of unusual types of trade, should be included (para 3.12).   |
| <b>Suggestion 3</b> | Remove the need to register to access National or official statistics. HMRC may wish to provide users with the option to register if they would like to save their searches or settings, or receive communication from HMRC about the statistics (para 3.26). |

## **Annex 2: Summary of assessment process and users' views**

A2.1 This assessment was conducted from September to November 2010.

A2.2 The Assessment team – Catherine Barham and Emma Bowditch – agreed the scope of and timetable for this assessment with representatives of HMRC in September. The Written Evidence for Assessment was provided on 24 September. The Assessment team subsequently met HMRC during October to review compliance with the *Code of Practice*, taking account of the written evidence provided and other relevant sources of evidence.

### **Summary of users contacted, and issues raised**

A2.3 Part of the assessment process involves our consideration of the views of users. We approach some known and potential users of the set of statistics, and we invite comments via an open note on the Authority's website. This process is not a statistical survey, but it enables us to gain some insights about the extent to which the statistics meet users' needs and the extent to which users feel that the producers of those statistics engage with them. We are aware that responses from users may not be representative of wider views, and we take account of this in the way that we prepare assessment reports.

A2.4 The Assessment team received 9 responses from the user consultation. The respondents were grouped as follows:

Central government	5
Devolved administrations	1
Limited companies	2
Trade organisations	1

A2.5 Users who responded were generally very happy with the quality of the data and the level of service provided by HMRC. Some users noted that they would ideally like more detailed data, particularly in terms of industry breakdowns and more detailed geographies.

### **Key documents/links provided**

Written Evidence for Assessment document



