

Sir Michael Scholar KCB  
Chair of the UK Statistics Authority  
1 Drummond Gate  
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17 August 2011

Dear Sir Michael

## **GROSS DOMESTIC PRODUCT AND CONSTRUCTION STATISTICS**

Thank you for your letter today about the GDP statistical bulletin and the error in last Friday's Construction Statistics release.

I share your view on the importance of frank and helpful commentary and our intention is always to explain the statistical story as fully as possible. For GDP Q2 this year, we drew attention to special factors which included the Royal wedding, the pattern of April bank holidays and warm weather, the effects of the Japanese tsunami on motor manufacturing and the way the sale of Olympics tickets is reflected in the national accounts. These effects were of clear public interest. As you say, our statistical bulletin and presentation were intended purely to provide impartial, objective and honest statistics. Economic statistics often are quoted in political discussion, but we are clear on the importance of our own independent position in preparing and publishing statistics and giving commentary which is based on facts and careful analysis.

You have asked us to consider publishing a regular commentary on the economic context and interpretation of our GDP statistical bulletins. Until April 2011, we published such an article each month in the Economic and Labour Market Review. Although we have ended publication of this journal, we continue to publish this economic review article on our web site. We decided it would be better to move the publication date to be on the same day as the GDP release. This review comments on the GDP figures and also refers to developments in other related ONS statistics in the same month, and to wider factors if relevant. There should be a clear link from the statistics bulletin to the economic review article but unfortunately this was missed in the Month 1 bulletin published in July. We will continue to develop this model and ensure it meets user needs.

We will in the autumn be reviewing with the GSS Methodology Advisory Committee the approach we are taking on the estimation of the effects of special factors. I will ensure that review takes account of the points you have raised. We will subsequently publish further background material on this issue.

Your letter also refers to the publication and subsequent correction of miscalculated estimates of *Output in Construction* by ONS on 12 August 2011.

I note your concern, and deeply regret the error in and need for correction to the Output in Construction release on 12 August. As you know I provided the Authority with a report late on Monday on how the error occurred, on the actions taken on the day to investigate and correct the release, and on the steps taken to prevent any recurrence. I have also told you of the broader review I have commissioned to consider the lessons learned.

I should stress that the release was withdrawn and reissued because of an arithmetical error in the final stages of its preparation. This error was not related to the issues associated with the more conceptual criticisms of the series.

ONS will of course fully engage with the Authority's planned independent inquiry into construction statistics.

Yours sincerely



Stephen Penneck  
Director General for ONS