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Sir Andrew Dilnot CBE  
Chair of the UK Statistics Authority  
1 Drummond Gate  
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17 September 2014

Dear Sir Andrew

## **HMRC UK OVERSEAS TRADE WITH THE EUROPEAN UNION STATISTICS and ONS UK TRADE STATISTICS**

Thank you for your letter of 25 June confirming the reinstatement of the National Statistics designation for the ONS UK Trade Statistical Bulletin and the subsequent re-designation, via correspondence, of the HMRC publication UK Overseas Trade (OTS) with the European Union.

You asked for further advice on the work HMRC and ONS would be undertaking to address the issues that had arisen. We would like to take this opportunity to set out the progress we have made so far and the plans in place to take this forward. A great deal of work has already taken place to improve and develop the quality of the statistics and their presentation.

From January 2014 HMRC implemented a number of data timetable enhancements, in consultation with ONS. This work resulted in the production of a consistent and standardised dataset for UK trade in goods with the European Union, to be used by HMRC, ONS and Eurostat. This improved the coherence of the data, provided a more complete dataset to customers on release, and allowed HMRC to bring forward the publication of the OTS release.

A continuous process of improvement forms part of HMRC's working practices. A broader review is already taking place to determine the best organisational structure and processes. This will ensure that future statistical production is fit for purpose in the long term, and able to reflect potential changes in legislation.

There were two issues noted in the de-designation of these statistics: the delay to the ONS publication in March 2014 due to dealing with a problem in a supplementary data file sent from HMRC to ONS, and the late discovery of updated information of exports of oil, leading to a cautionary note being included in the June ONS and HMRC publications.

In response to these issues, we immediately took the following actions:

- HMRC and ONS are now communicating more frequently during the production process, and HMRC now provides earlier warning of changes to data delivery timings and any issues arising.
- HMRC provides a written summary to ONS of key changes in trade by partner country and product, by lunchtime on the day of data delivery.
- ONS reviewed the adjustment files sent by HMRC and additional automated checks have been added where possible.
- HMRC has strengthened the internal cover within the branch dealing with oil sector data, to provide additional back up and sign off during periods of staff absence.
- HMRC has begun a review of data processing for high value commodities more broadly. This is expected to generate further actions to improve both manual and automated checking within our systems, as well as organisational design changes to improve information sharing between branches within the Trade Statistics Unit.

In addition HMRC is now looking at the potential to implement the final stage of the previously mentioned data timetable enhancement. This has the potential to allow an additional day of quality assurance and compliance activity to take place, but will still ensure that the data are published within the current schedule.

You also asked about the desirability of ONS receiving microdata rather than aggregate data, which could then be used in the compilation and quality assurance of ONS statistics. HMRC and ONS have explored this possibility during meetings in June and July, and have concluded that to maximise the benefits of this potential development further work is needed. HMRC and ONS will jointly produce and publish a paper by December 2014, setting out the costs and benefits of the provision to ONS of individual respondent data. This will set out the balance of competence and responsibilities between the two organisations, to avoid duplication of effort in quality assuring and editing data, ensuring compliance, and querying declarations from our data suppliers. It will also cover the necessary development of ONS systems in order to capture and validate the significant increase in data volumes that would be received.

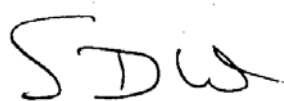
HMRC and ONS will continue to work closely to improve the quality of trade statistics.

I am copying this letter to Lin Homer, Chief Executive of HMRC; John Pullinger, National Statistician; and Ed Humpherson, the Authority's Head of Assessment.

Yours sincerely



Glen Watson  
Director General for ONS



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