
Chair of the UK Statistics Authority, Sir Andrew Dilnot CBE

Chris Leslie MP
House of Commons
LONDON
SW1A 0AA

6 February 2014

Dear Mr Leslie

NATIONAL INFRASTRUCTURE PLAN

Thank you for your letter, dated 19 December 2013, regarding the methodology used by HM Treasury to calculate average annual infrastructure investment for the periods 2005-10 and 2011-13, published in the National Infrastructure Plan¹ on 4 December 2013, and the presentation of figures on the infrastructure pipeline by sector. I apologise for the delay in responding but I wanted to check the matter carefully before doing so. You will have seen my reply today to John Healey MP on the same issues.

The first point I should make is that the figures on average infrastructure investment published in the National Infrastructure Plan are not official statistics. There is therefore no obligation for HM Treasury to comply with the Code of Practice for Official Statistics in relation to these figures. Nevertheless, the Authority believes that the principles of the Code can usefully be applied as good practice to other numerical outputs.

The Statistics Authority has made enquiries with HM Treasury regarding the methods used to calculate average annual infrastructure investment. HM Treasury told us that the sources used were already in the public domain and they were also published in a document alongside the National Infrastructure Plan². HM Treasury provided us with an overview of their methods, which included:

- compiling data from public and private sector sources, and published company accounts;
- using deflators to convert current price data to constant 2012-13 prices;
- averaging the data from each source across the years that make up the two time periods (2005-10 and 2011-13) which were selected to allow for a comparison across Parliaments; and
- aggregating the averaged sources across the six infrastructure sectors.

In the absence of official statistics in this area, it is reasonable for HM Treasury to bring together published data for the purposes of estimating historical infrastructure investment in the UK. However, I believe it would have been good practice for this analysis to have been accompanied by full information about the methods used. The Statistics Authority has raised this point with HM Treasury officials and I am pleased that HM Treasury has agreed to publish a note on methods alongside the National Infrastructure Plan within the coming weeks.

You also raise concerns about the choice of a logarithmic scale for the 'pipeline value by sector' chart on pages 9 and 26 of the National Infrastructure Plan (reproduced at Annex A of this letter).

¹ <https://www.gov.uk/government/publications/national-infrastructure-plan-2013>

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263161/sources_for_national_infrastructure_plan_2013.pdf

HM Treasury told us that the scale was chosen to create a legible representation while recognising the disparities in the scale of investment between sectors. While I note that the use of a logarithmic scale is clearly indicated in the text of the report, and the figures underlying the chart are presented in a separate table, my view is that the chart could leave readers with a false impression of the relative size of investment between sectors. I enclose an alternative presentation of these figures prepared by Statistics Authority officials (Annex B).

I am copying this letter to Jil Matheson, the National Statistician, to Rt. Hon. John Healey MP, and to Sir Nick Macpherson, the Permanent Secretary at HM Treasury.

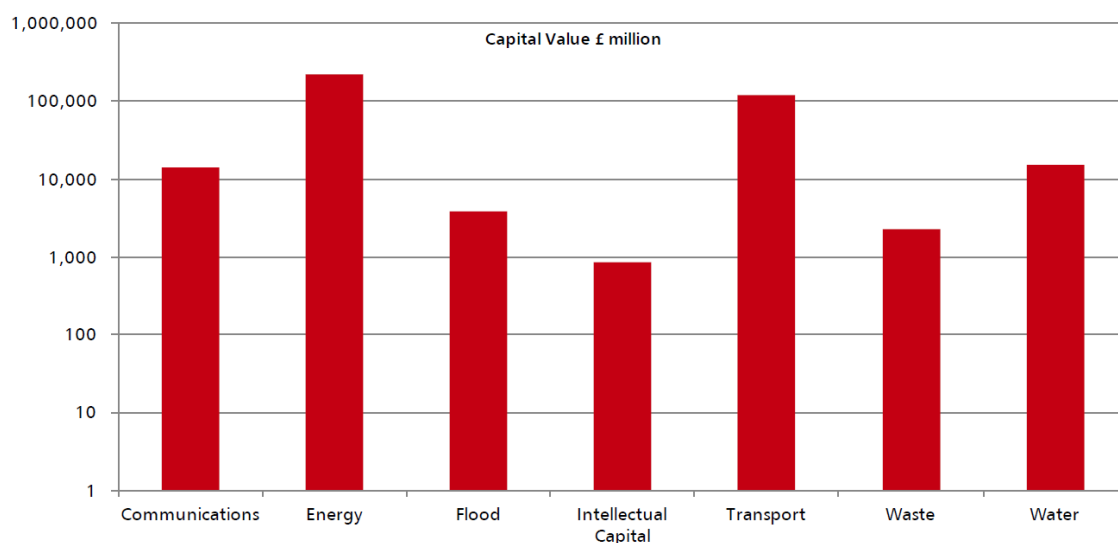
Yours sincerely

A handwritten signature in black ink that reads "Andrew Dilnot". The signature is written in a cursive, slightly slanted style.

Sir Andrew Dilnot CBE

Annex A Chart and Table 2.A from the National Infrastructure Plan

Chart 2.A: Pipeline value by sector



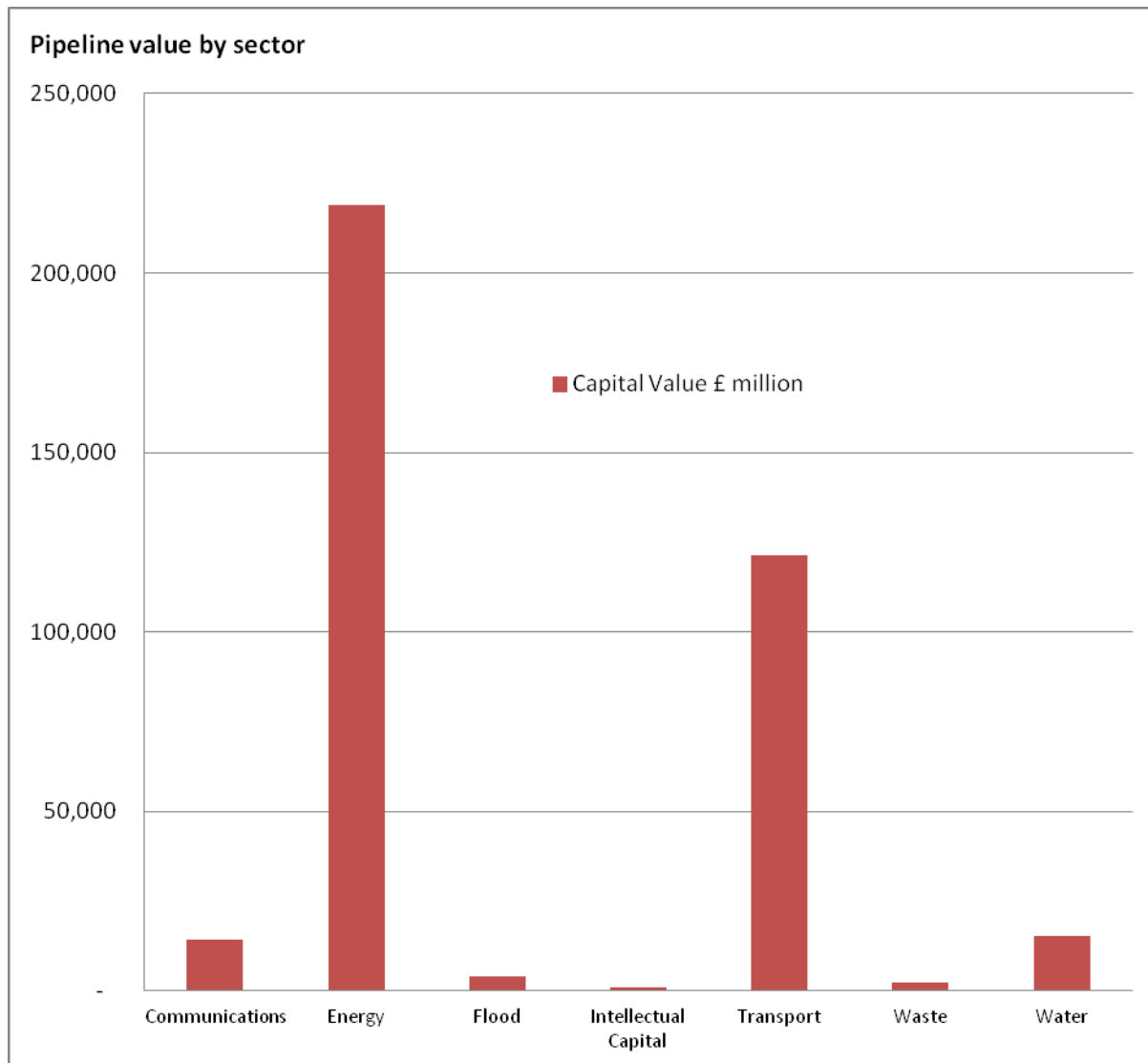
Source: HM Treasury Major Infrastructure Tracking Unit

Table 2.A: The number of projects and programmes in the Infrastructure Pipeline

Sector	Number of projects	Number of programmes	Overall value (£m)
Communications	1	6	14,395
Energy	275	40	218,899
Flood	42	25	3,959
Intellectual Capital	6	2	855
Transport	121	62	121,463
Waste	34	0	2,304
Water	1	31	15,195
Total	480	166	377,072

Source: HM Treasury Major Infrastructure Tracking unit

Annex B **Alternative presentation of 'pipeline value by sector' prepared by Statistics Authority officials**



Source: Table 2.A, HM Treasury National Infrastructure Plan