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**Chair of the UK Statistics Authority, Sir Andrew Dilnot CBE**

Glen Watson  
Director General  
Office for National Statistics  
NEWPORT  
NP10 8XG

18 June 2014

Dear Glen

**UK TRADE STATISTICS: APRIL 2014**

We have discussed ONS's publication on 6 June in the Statistical Bulletin *UK Trade, April 2014* of Trade in Goods estimates that were under-estimated by about £700m because of an error in data supplied by HM Revenue and Customs (HMRC). ONS's advice to the Authority's Head of Assessment is shown at Annex A to this letter. It describes clearly the difficulties that ONS faced in producing this Bulletin. The Authority's view is that ONS's approach – to conclude there was value in putting the numbers into the public domain with appropriate caveats – was right.

However, this situation raises an important question about the meaning of 'National Statistics'. The Authority does not see how it can be appropriate for statistics based on data known to be erroneous to have the same status as previous statistics in the same series with no known errors. Regardless of the extent of caveats provided, we cannot see that it enhances user confidence in official statistics. Accordingly, the Authority has concluded that the National Statistics status should be temporarily suspended and that the April 2014 Statistical Bulletin should not be designated as National Statistics.

The Authority has decided to suspend the designation in light of the Code of Practice for Official Statistics. Taken as a whole, the Code aims to ensure that official statistics meet the needs of users; are produced, managed, and disseminated to a high standard; and that statistics are well explained. The scale of the error in this case has led the Authority to conclude that this overall objective of the Code has not been met.

The Authority would therefore be grateful if you would remove the National Statistics logo from the Bulletin and associated landing page on ONS's website as soon as possible, and include a link to this letter by way of explanation.

I am pleased that you are exploring the possibility of re-issuing the April 2014 Bulletin, with corrected data, rather than waiting to do so as part of the scheduled publication of the May 2014 Bulletin. The Authority would anticipate that the re-issued Bulletin could have the National Statistics designation reinstated. We also expect that subsequent releases of trade statistics, starting with the May data, can first regain then retain the National Statistics designation (as long as the HMRC or other data errors do not recur).

More generally, I think that it would be helpful to set some additional work in train quickly to make quality assurance more rigorous. This error lay in data provided by HMRC.

Recognising that there was another recent problem with data provided by HMRC, I would appreciate advice on (i) HMRC's plans to strengthen their quality assurance - for example by undertaking, as part of their standard approach, the 'further' checks that led to the error being identified; and (ii) the desirability of receiving microdata rather than aggregate data.

The Authority's Head of Assessment will consider how best to communicate the concept of a suspended designation to the wider community of statistical producers, and how to enable producers to bring concerns about the quality of individual statistical releases in advance of publication to the Authority's attention.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Dilnot'. The signature is written in a cursive style with a large initial 'A' and a distinct 'D'.

**Sir Andrew Dilnot CBE**

## Note prepared by Office for National Statistics (ONS) officials

HMRC, on 29 May 2014, delivered data to ONS for the UK Trade April 2014 release. The dataset included a large fall in oil exports between March 2014 and April 2014 although this was not unusual given the significant fluctuations in the monthly trade in oil (over the last 3 years there have been eight occasions where exports have ranged between +/- £500 to £750 million). These data had been quality assured by HMRC prior to delivery and as the data were not 'atypical', subsequent quality assurance by ONS did not highlight this as an area of concern.

On 3 June, HMRC informed ONS that following further quality assurance, they had identified that figures for an oil exporter had been omitted from their data processing and therefore these data were also excluded from the data delivered to ONS. HMRC also confirmed they did not have sufficient time to include the omitted data in their publication on 10 June and therefore it was not possible to re-deliver corrected data for the ONS Trade publication on 6 June.

ONS asked HMRC the size of the omission and did consider delaying publication (over a week) in order to incorporate the missing data. It was felt, however, that it would be more useful to users to publish the data and to be fully transparent about the omission and its impact. We informed HMRC that we planned to include the estimate in the UK Trade bulletin, with an explanation of the reason behind the omission and that we would be adding footnotes to the relevant tables within the bulletin. Once the decision was made to publish, consideration was also given to manual intervening (i.e. working outside the system) to directly update the large number of series affected by 'the £700 million'. However, although this was relatively easy for certain series (trade in goods, trade in oil) it was very difficult to do so for the entire range of series affected and it was felt that the risks of introducing errors (e.g. incoherence between lower and higher level aggregates) from taking this approach were too high.

The [UK Trade April 2014 release](#) published on 6 June 2014 made it very clear to users that oil exports had been underestimated by £700 million. The decision to take this approach was proved correct - coverage of the release following publication indicates that users clearly understood the position and the reporting was generally good and fair.

HMRC, on 10 June 2014, published '[Overseas Trade Statistics - UK Trade with the European Union - April 2014](#)'. HMRC also informed users of the underestimation of exports and that these data would be updated in the following month's report.