
Chair of the UK Statistics Authority, Sir Andrew Dilnot CBE

Michael Dugher MP
House of Commons
LONDON
SW1A 0AA

26 September 2013

Dear Mr Dugher

PROCUREMENT SPEND WITH SMALL AND MEDIUM SIZED ENTERPRISES

Thank you for your letter dated 7 August about the publication and interpretation of statistics on the percentage of direct Government procurement spend that goes to small and medium-sized enterprises (SMEs). I apologise for the delay in responding as it has taken us a little while to conclude the necessary enquiries.

Having reviewed carefully the points you raised in your letter, my office has been in contact with officials in the Cabinet Office regarding the statistics published in the Cabinet Office report *Making government business more accessible to SMEs*¹ to which you refer.

You highlight in your letter the particular contribution to the total SME spend that is attributable to the Ministry of Justice. It appears that the figures for the Ministry of Justice were affected by inconsistent treatment of legal aid providers. Given the likely effect of this on the overall proportion of SME spend from 2010/11 to 2011/12, the Statistics Authority would expect publication of these statistics to include an explanation of this alongside the statistics, with an estimate of the impact of the change. Without such explanation, it is our view that the statistics may be misleading.

Having asked Cabinet Office officials for their view, they have told us that:

- They regard these data as management information and not as official statistics, and therefore it is their position that the data should not be subject to the Code of Practice for Official Statistics;
- There were quality issues with data for 2010/11 due to inaccurate or inconsistent reporting by some departments;
- The statements made by Cabinet Office Ministers were based on the “best available data at the time” the statements were made;
- Cabinet Office now requires departmental directors to validate these data;
- Cabinet Office Ministers have recognised publicly the limitations of the data, for example when providing oral evidence to Select Committees²; and,
- Cabinet Office expects to publish just two more releases of this kind before the end of the current Parliament as the policy aspiration is for the period up until 2015.

¹ <https://www.gov.uk/government/publications/making-government-business-more-accessible-to-smes-2-years-on>

² <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpublicadm/uc123-i/uc12301.htm>, see Qq 556-9

The Statistics Authority's published policy sets out the considerations that lead us to conclude whether or not we would want a particular set of numerical information to be treated, in future, as official statistics, and therefore subject to the Code of Practice for Official Statistics.³ Having reviewed the statistics published in the Cabinet Office's report we have concluded that they meet our criteria that (i) the statistics are being produced in support of decisions on a matter of Government policy, and (ii) that they have attracted interest when published and that public debate on this subject would be better informed if the figures were, in future, handled as official statistics. I also note that the two sets of statistics published so far are being published at what appear to be fairly regular (annual) intervals.

Irrespective of these considerations, we regard it to be good practice for important numerical information such as this, whatever its status, to be accompanied by sufficiently clear explanation, commentary, and advice for the user, including any strengths or limitations of the data, and information about discontinuities and other methodological notes. We would welcome reassurance from the Cabinet Office that future releases of these data will be improved in these ways.

I am copying this letter to the Minister for the Cabinet Office, Rt. Hon Francis Maude MP, the Minister for Political and Constitutional Reform at the Cabinet Office, Chloe Smith MP, and to the National Statistician, Jil Matheson.

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

³ <http://www.statisticsauthority.gov.uk/news/management-information--mi--and-research-data-as-official-statistics.html>