
Chair of the UK Statistics Authority, Sir Michael Scholar KCB

Rt. Hon. Nick Raynsford MP
House of Commons
LONDON
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17 January 2012

Dear Mr Raynsford

STATISTICS ON HOUSE BUILDING

Thank you for your letter of 6 December and the enclosed correspondence, and related *Hansard* records of exchanges between yourself and the Minister for Housing and Local Government.

I am very sorry that it has taken so long to reply to your letter.

I enclose a note which has been prepared for me by Statistics Authority officials on these issues. My conclusion, after studying your letter and the other correspondence, is that this is a complex picture, and, as so often in the political debate, the statistics are subject to selective use which has given rise to suggestions that they have been referred to in a misleading way.

I think the best thing in these circumstances is for us to set out our view of the messages conveyed by the statistics, and this is what the enclosed note is intended to do.

Looking at statistics on housing, house building and house prices more generally, the Statistics Authority has been concerned for some time that there is a lack of coherence and clarity in their public presentation. As well as ONS and DCLG, the Land Registry, the Homes and Communities Agency and the Tenant Services Authority, and numerous local and private bodies, are producing different elements of a complex picture. The National Statistician, Jil Matheson, has been leading work to bring greater coherence to this. I recently wrote to the Minister for Housing proposing that the Statistics Authority should be invited to carry out a formal assessment of the statistics produced by the HCA and TSA. We will continue to press for a clearer and more systematic public presentation of all the relevant statistical material along with appropriate professional explanation and guidance. Your letter reinforces the need to make progress here.

I am copying this letter to Rt. Hon. Grant Shapps MP, Minister for Housing and Local Government, and to Jil Matheson, the National Statistician.

Yours sincerely



Sir Michael Scholar KCB

STATISTICS ON HOUSE BUILDING: NOTE PREPARED BY UK STATISTICS AUTHORITY OFFICIALS

The statistics at issue are primarily those for Housing Starts and for the value of Orders for New Construction at constant prices. It may be helpful here to take a longer view. A graph of Housing Starts and Completions, prepared by Authority staff but based on the regular official statistics published by the Department for Communities and Local Government, is attached.

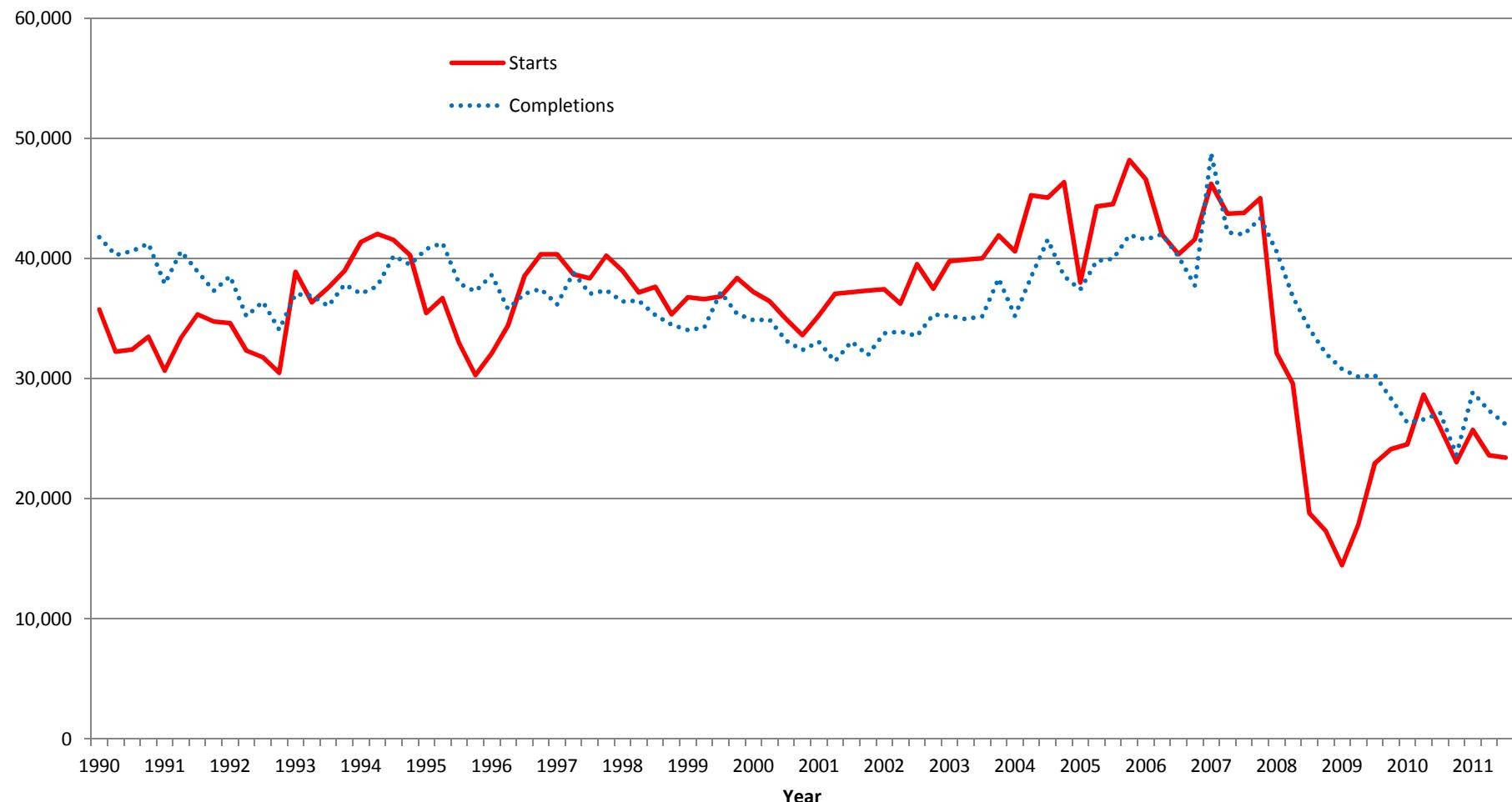
Clearly the period chosen as the basis for comparisons before and after the General Election makes a considerable difference. But the picture presented by the graph is fairly clear. After a substantial fall in the numbers of Starts between 2007 and 2009, there was some recovery in 2010 and 2011, but with quarterly totals still only about half those seen in the years 2004 to 2007. We think it is too soon to say whether the trend since the second quarter of 2010 has again changed.

We do not see much mileage in trying to pin down the number of Starts and Completions too precisely to either side of the change of administration. There is bound to be some lag in the system, with Housing Starts immediately following the Election most likely reflecting decisions and policies that were in train prior to that. The quarter in which the Election took place showed a higher total than the quarters either side of it, but it would be contentious to attribute that exclusively to the policies of either administration.

The Minister's comments about construction orders relate to statistics published by the Office for National Statistics. He wrote to the Authority on 30 November and so was not in a position to quote statistics from the ONS Bulletin, *New orders in the construction industry: 3rd quarter 2011*, which was published on 2 December. Looking at the figures in that more recent Bulletin, it is evident that they have been quite volatile. However, when the value of *private* housing orders for the most recent 12 months is compared with the previous 12 months, there has been an increase of some 12%. In contrast, the figures for orders for *public* housing over the same period showed a 13% fall. But as the correspondence illustrates, with numbers as variable as these, a different choice of period will give different results. In such circumstances, it is good practice to avoid focussing too much on a single quarter compared with the corresponding quarter a year earlier.

Given this variability in the figures, we would not want to interpret the most recent quarterly figures on orders for private housing as showing a downward trend. Q3 2011 was lower than the corresponding quarter a year earlier, but Q2 was higher. To the extent that these figures are part of a rising or falling trend, that will only become clear when data for future quarters give a fuller picture.

Permanent dwellings, started and completed, England (quarterly, seasonally adjusted)



Source: Department for Communities and Local Government, Live Tables on House Building number 222

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housebuilding/livetables/>