
Chair of the UK Statistics Authority, Sir Michael Scholar KCB

Stephen Penneck
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16 August 2011

Dear Stephen

GROSS DOMESTIC PRODUCT AND CONSTRUCTION STATISTICS

I am writing to you about the ONS Statistical Bulletin on Gross Domestic Product published on 26 July and about future handling of this series of bulletins.

The Statistics Authority always advocates the importance of frank and helpful commentary alongside official statistics, both to help users better understand the statistics and to demonstrate that, where they arise, inaccurate stories have no basis.

It was therefore good to see that ONS had recently expanded the commentary and explanation accompanying the GDP Bulletin to include discussion of the effect of 'special events' on the quarterly figures. But I was, in equal measure, concerned because some of the subsequent media reporting of the release treated ONS's account as being politically motivated and providing a series of excuses for the low growth figures, in support of the coalition Government.

There can be no justification for raising questions in this way about the impartiality and independence of the commentary provided by ONS. The ONS has been, since the Statistics Act came into force in April 2008, governed by the UK Statistics Authority which is wholly independent of government and any form of political control. This, I know, is well understood by all your staff who have no reason or motivation to seek to please the Coalition or any other Government; your motivation is purely to provide impartial, objective and honest statistics.

But there is an aspect of future GDP releases which I wish to raise with you. There may be benefit in further developing the commentary so that it is fully understood by all commentators that a discussion of special factors will routinely be published regardless of whether the effects of those factors is to increase or decrease GDP. It may also be that any quantified estimate of the net effect of the special factors should only be published as part of a full analysis, if at all.

I would be grateful if you would consider whether a free-standing assessment of quarterly contextual factors could be usefully issued at the same time as each GDP release; and also review the prominence given to a discussion of these factors in the release and accompanying news conference.

I would welcome your observations on these suggestions.

I must also record my great concern about the publication and subsequent correction of miscalculated estimates of *Output in Construction* by ONS on 12 August 2011, estimates which have implications for UK GDP statistics. The Statistics Authority awaits your report on how this error came about. The Authority will be undertaking its own independent inquiry into all relevant matters relating to construction statistics, and its findings will be published. We have today published a Statement on the Authority's website to this effect.

Yours sincerely

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

Sir Michael Scholar KCB

Statement

16 August 2011

Release of Output in Construction estimates by the Office for National Statistics

The UK Statistics Authority has noted with concern the publication and subsequent correction of miscalculated estimates of *Output in Construction* by the Office for National Statistics (ONS) on 12 August 2011. The Authority is awaiting a report from ONS on how this came about.

The Statistics Authority is aware of various long-standing concerns about the quality of the data from which these statistics are prepared. Some of these concerns have been resolved since the transfer of responsibility to the ONS from the former Department for Business, Enterprise and Regulatory Reform in 2008 but some are still the subject of ongoing development work by the ONS.

The Statistics Authority will be undertaking its own independent inquiry into all relevant matters relating to construction statistics, and the Authority's findings will be published.

Sir Michael Scholar, Chair of the UK Statistics Authority, has, separately, written today to Stephen Penneck, Director General of ONS, about wider issues relating to statistics on GDP. Sir Michael's letter is available on the UK Statistics Authority's website.

[END]

For more information please contact: 07786 892263 or 07971 186710