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**Mark Pont, Assessment Programme Lead**

Grant Fitzner  
Chief Economist  
Office for National Statistics  
(by email)

17 February 2020

Dear Grant

## **COMPLIANCE CHECK OF BUSINESS INVESTMENT IN THE UK STATISTICS**

As you are aware, we recently concluded a review of [Business investment in the UK](#). This letter confirms our findings and the continued designation of these statistics as National Statistics. We scheduled Business Investment statistics for review based on their importance in gauging the investment response of UK business to Brexit uncertainty and latterly to examine the potential adverse impact on the quality of Gross Fixed Capital Formation<sup>1</sup> (GFCF) and Business Investment estimates arising from the [new publication model for GDP](#).

We welcome the extensive work undertaken to maintain the quality of the preliminary estimate of GFCF in the first quarterly estimate of Gross Domestic Product (GDP), including adjustments made for late survey responses and those made to align National Accounts and International Financial Reporting Standards (IFRS). We commend the innovative approaches that ONS has taken to ensure that the quality of these estimates remains assured, through closer working with ONS's data collection team (providing more time to gather data from businesses) and the use of electronic survey forms to gain more-timely access to businesses' data.

We were also encouraged to see the approach that ONS took to engaging with its users through these changes, keeping them informed of the impacts on Business Investment statistics and on data quality issues arising from a temporary reduction in the response rate of the [Quarterly Acquisitions and Disposals of Capital Assets Survey](#).

We also welcome the clarity and insight offered to users, in [A short guide to GFCF & Business Investment](#), which makes clear the issues of comparability of the statistical concept of Business Investment, and highlights the strengths and weaknesses of these statistics as they evolve from the first estimate of GDP through to the Quarterly National Accounts.

Given the evolving economic landscape, it will be important to ensure that ONS continues to add value and insight from these statistics. We would therefore encourage ONS to continue to review the insights given by the statistics, including the contextual information that is provided in the statistical bulletins and to direct users to new information as it becomes available, such as Brexit

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<sup>1</sup> GFCF is an estimate of net capital expenditure by the public and private sectors. Examples of capital expenditure include spending on plant and machinery, transport equipment, software, new dwellings and other buildings, and major improvements to existing buildings and structures, such as roads. Business investment is one component of GFCF. Business Investment estimates exclude expenditure on dwellings and the costs associated with the transfer of ownership of non-produced assets, capital expenditure by local and central government.

investment survey data from the [Decision Maker Panel](#) (Bank of England and Stanford and Nottingham universities) and [Economic Intelligence](#) from the Development Bank of Wales.

Outside of the impacts of the new publication model, we were pleased to see the 2017 improvements to the methodology for measuring GFCF made in response to the [Independent Bean Review of Economic Statistics](#) and the [National Statistics Quality Review of the National Accounts and Balance of Payments \(Barker and Ridgeway 2014\)](#) to improve the coherence of these statistics across industry, assets and products.

I am copying this letter to Richard Heys, ONS Deputy Chief Economist, and Alison McCrae, Head of Non-Financial Assets Delivery in ONS's Productivity, Research and Professional Development Division.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Pont', with a horizontal line underneath.

Mark Pont  
Assessment Programme Lead