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**Director General for Regulation**

Jim Harra  
First Permanent Secretary and Chief Executive  
HM Revenue & Customs (HMRC)  
(by email)

30 April 2020

Dear Jim

**Strengthening the quality of HMRC's official statistics**

Today we publish the findings of our review of the quality of HMRC's official statistics. HMRC invited us to carry out this review after identifying a significant error in its Corporation Tax receipt statistics. The aim of the review was to provide an independent assessment of HMRC's quality management approach for official statistics and to identify improvements.

HMRC produces many official statistics and most of the time it does this without issues or errors. We found much to admire in how the Knowledge, Analysis and Intelligence directorate (KAI) manages the quality of HMRC's official statistics, but several areas where it could strengthen its approach. We make nine recommendations to address these issues. The most immediate recommendations relate to maintaining effective relationships between those producing official statistics and other parts of HMRC they receive data from; understanding data journeys; and quality assurance of data, analysis and publications. Further recommendations focus on strengthening leadership of quality management; building more effective knowledge sharing about quality; and improving information published about the quality of official statistics.

Our report notes that, like many other large government departments, most of HMRC's IT systems have been designed for operational delivery, rather than for statistical analysis, and have been in place for many years, so may not have the functionality or flexibility of newer systems. This means it can be difficult for analysts in KAI to ensure that they have access to the right data, in the correct format, for their analytical work. Long-term improvements to quality management will rely in part on IT system and data owners in HMRC understanding and prioritising the Department's statistical requirements alongside operational considerations. Investment in underlying IT systems will also be important to enable HMRC to continue to confidently exploit the value of the data it holds.

By inviting this review, HMRC has taken a proactive approach to strengthening the quality of its official statistics, and I'd like to thank HMRC for its open and positive engagement with my team throughout. I look forward to future engagement with HMRC as it takes steps to strengthen the quality management and assurance of its official statistics. I am copying this letter to Ruth Stanier, Director General for Customer Strategy and Tax Design, Jane Whittaker, Director of HMRC's Knowledge, Analysis and Intelligence directorate, and Sean Whellams, HMRC Head of Profession for Statistics.

Yours sincerely



Ed Humpherson  
Director General for Regulation