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**Director General for Regulation**

Siobhan Carey  
Head of Profession for Statistics  
Department for Business, Innovation and Skills  
1 Victoria Street  
London SW1H 0ET

11 December 2014

Dear Siobhan,

**CONSTRUCTION PRICE AND COST INDICES**

Thank you for your letter dated 10 December advising me of your decision to suspend publication of the Department for Business, Innovation and Skills (BIS) statistics on *Construction Price and Cost Indices*. As you are aware, I have been monitoring this situation closely and I have discussed my concerns with John Pullinger, the National Statistician.

Under the *Statistics and Registration Service Act 2007*, the Board of the UK Statistics Authority is responsible for deciding on the designation of statistics as National Statistics, on the advice of the Director General for Regulation. Having reviewed the published response to BIS's consultation and the associated documents detailing the new methods, I support the view that there is still some way to go to develop the methods and to test the assumptions on which they are based. When the Authority reinstated National Statistics status for *Construction Price and Cost Indices* in 2012, the decision to do so was finely balanced and took into account BIS's commitments to review the methods and to publish detailed methodological and quality information. While I appreciate that BIS's development programme represents a positive step towards meeting these commitments, I note that the process of signing off the methods as fit for purpose did not include an empirical evaluation of the impact in relation to key uses of the statistics.

In light of these developments, and based on my advice, the Authority has decided to discontinue the designation of *Construction Price and Cost Indices* as National Statistics. Taken as a whole, the Code of Practice for Official Statistics aims to ensure that official statistics meet the needs of users; are produced, managed, and disseminated to a high standard; and that statistics are well explained. The suspension of the publication of these statistics and the continuing uncertainty around their quality has led the Authority to conclude that this overall objective of the Code has not been met.

The Authority would, therefore, be grateful if you would make clear to users that National Statistics designation has been discontinued. Some timely advice to users of the statistics about how they might manage the suspension of the statistics would also be welcome.

The classification of official statistics as 'experimental' and their designation as 'National Statistics' are mutually exclusive.

If you do take the decision to label the statistics as experimental when they are reintroduced, it will be important to publish a timetable that indicates for users when the experimental status of the statistics will be reviewed with a view to removing the label.

I look forward to receiving regular updates and a further report in due course when the work to address the concerns about the statistics has been completed. At that point, the Authority will undertake a re-assessment of *Construction Price and Cost Indices* to determine whether or not they should be re-designated as National Statistics. Given the importance of these statistics, I think that it would be helpful to attach some priority to regaining National Statistics status and so providing users with necessary assurances.

I am copying this letter to Sir Andrew Dilnot, Chair of the UK Statistics Authority; Professor David Rhind, Chair of the Authority's Regulation Committee; the National Statistician, John Pullinger; Glen Watson and Nick Vaughan at ONS; and Sam Beckett at BIS.

I also attach a copy of my letter dated today to the National Statistician in respect of how this decision impacts the designation of ONS's *Construction Output and New Orders* statistics.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ed Humpherson', written in a cursive style.

Ed Humpherson