
Director General for Regulation

Jonathan Athow
Deputy National Statistician for Economic Statistics

6 October 2016

Dear Jonathan

ASSESSMENT REPORT 304: STATISTICS ON UK TRADE

It was good to catch up with you earlier this month about the UK Trade statistics and your plans for attaining the standards of value, quality and trustworthiness required to re-designate *UK Trade* as National Statistics. My team has subsequently met with your statisticians to flesh out the details.

As you know, on 14 November 2014¹, the UK Statistics Authority removed the National Statistics status from UK Trade statistics² after the National Statistician alerted the Chair of the Statistics Authority to errors in the estimates. Given these errors, and an error in data supply that occurred earlier in the year³, I decided that a full re-assessment against the *Code* was appropriate. The Statistics Authority published our findings in Assessment Report 304⁴ in April 2015, and work by the Office for National Statistics (ONS) to complete the Requirements has been ongoing since this date.

When we met I shared with you my concerns that, despite the highly diligent efforts of the statisticians in ONS, led by Katherine Kent, within their operating constraints, there have been ongoing problems with the UK Trade statistics in recent months, and until we have a stronger handle on the underlying issues it was premature to consider reinstating National Statistics status. We agreed that this is not a tenable position given the high public value of these statistics, a value which will only increase as the UK prepares to leave the European Union.

Katherine's team has made good progress in areas including: strengthening its external relations to better understand users' needs; starting to better assure themselves of the quality of the data sources that ONS employs to produce the statistics; improving the balance of reporting of trade in goods and services; and making the statistics more accessible.

However, it has been clear that a deeper investment is required to see some of the more fundamental issues raised by our Assessment, and subsequently echoed by the Bean Review⁵, addressed. I am assured by the strategy that you are now employing, to take a step back and produce a full diagnosis of the UK trade statistics, including: engagement with

¹ <http://www.statisticsauthority.gov.uk/reports---correspondence/correspondence/letter-from-sir-andrew-dilnot-to-john-pullinger-141114.pdf>

² <http://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/previousReleases>

³ <http://www.statisticsauthority.gov.uk/reports---correspondence/correspondence/letter-from-sir-andrew-dilnot-to-glen-watson-18062014.pdf>

⁴ <https://www.statisticsauthority.gov.uk/publication/statistics-on-uk-trade/>

⁵ <https://www.gov.uk/government/publications/independent-review-of-uk-economic-statistics-final-report>

users and suppliers; methods; processes; quality assurance; a rewrite of systems; and the resourcing and upskilling of the production team. I welcome the greater involvement of economists and the use of new analytical tools to help the statisticians gain insight into the numbers, particularly the volatility around the estimates, something we know is of great importance to users. It has been good to hear of the renewed engagement with the Bank of England and others around the improvements to the seasonal adjustment methods introduced in *UK Trade* on 9 September 2016⁶. This type of engagement is critical – UK Trade statistics will not regain their National Statistics status until they have successfully published for a period of time without error and I can be assured that the key users of these statistics are suitably confident in the quality and credibility of the statistics and the plans for their future development.

I understand that your team is developing detailed project plans over the next few weeks and will share these plans, and the related timeline, with us when they are ready. As a rough guide, Rob Pike indicated that the project is likely to take until at least spring next year, with some bedding-in time to follow. I have asked my team to keep in close contact with your statisticians during this period, and monthly meetings are being set up, and I would encourage you to share your plans publicly with users before the end of the calendar year.

Please feel free to discuss any aspect of this with us at any time. I am copying this letter to John Pullinger, the National Statistician, Rob Pike, Adrian Chesson, Katherine Kent and Hannah Finselbach.

Yours sincerely



Ed Humpherson

⁶ <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/july2016>