Mark Pont, Assessment Programme Lead

Darren Morgan
Director of Economic Statistics Production & Analysis
Office for National Statistics
(by email)

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Dear Darren

Retail Sales Statistics

Thank you for your team's engagement in our recent compliance check on ONS's Retail Sales statistics. This letter confirms our findings and the continued designation of these statistics as National Statistics.

Retail Sales statistics are a key early indicator about how well the economy is performing and have become increasingly important in the context of recent economic shocks. We also wanted to review ONS's progress towards meeting its plans from 2017 to transform short term turnover statistics. These plans included: improvements to the coverage of Retail, Wholesale and Motor Trades sectors (the Distributive Trades); a change in coverage from GB to UK; the inclusion of VAT data to give greater coverage of smaller businesses; a switch to more regularised monthly reporting periods and a move to a new statistical processing platform.

It is good to see progress on some areas covered by these plans:

- We found that the statistics continue to be produced and published on a very timely basis and that focus is naturally on continuing to publish the statistics to schedule. We are told that users are satisfied with both the accuracy and timeliness of the statistics, and statisticians are diligent in assuring many aspects of the quality of Retail Sales data. The impact of revisions to retail statistics is minimal, which has provided users with more confidence in the quality of the data.
- ONS is currently implementing a new Statistical Processing Platform, which will improve efficiency and hence give more time for analysis of retail data. This will allow for ONS to address demands from users for increased granularity in internet sales data so that the breakdowns are on a similar basis to store sales where possible.
- ONS has published its main datasets in an accessible format and aims to have all datasets in this format by March 2022. Additionally, several helpful retail analysis articles have been released which provide users with valuable insights into

topics, such as, the seasonal adjustment of data relating to Black Friday and conclusions that can be drawn from these statistics.

However, despite the intended transformation of these statistics, developmental progress slowed particularly after 2018 and the later Covid-19 pandemic and much of the initial ambition has been deprioritised. ONS has briefly updated users in recent statistical bulletins. However, a more detailed explanation on ONS's priorities, would ensure users know better what to expect from these statistics. It is essential for the development of these statistics for the public good that ONS is transparent and engages well with users to decide plans for transforming these statistics:

- Users need to be involved in setting the priorities for future improvements and kept up-to-date on developments. For example, ONS needs to communicate to users whether it still intends to use VAT data to further develop retail statistics; the last updates were in 2018. ONS should actively seek insights and views from users, which should be used to drive future developments and increase the public value of these statistics.
- Specifically, the inclusion of VAT data was intended to address some other plans outlined in 2017 that have not made progress, such as, a change from GB to UK coverage and a switch to a regularised calendar reporting period. Decisions on whether these developments are still a priority must revolve around users' needs and regular updates should continue to inform users.
- Various issues have contributed to the slowing of progress, such as a lack of timeliness of VAT data. We support ongoing ESCoE research to determine whether the divergence between Monthly Business Survey (MBS) data and estimates based on VAT data is due to conceptual differences in what they both measure or if they are due to sampling or reporting errors. We hope to see this research feed into positive progress in monthly retail sales statistics, and encourage ONS to be transparent about progress.

ONS should publish an update to users on its ongoing development and future priorities for Retail Sales statistics, and about its plans for user engagement, by June 2022. Please do get in touch if you would like to discuss any aspects of this letter further or if we can offer further help as these statistics continues to develop.

I am copying this letter to Heather Bovill, Head of Surveys and Economic Indicators, Roger Smith, Assistant Deputy Director of Surveys and Economic Indicators and Rhys Lewis, Head of Retail Sales statistics.
Yours sincerely

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