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Andrew Holder
Allsopp Review Team
H M Treasury
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Dear Andrew,

ONS RESPONSE TO ALLSOPP RECOMMENDATION 32 ON CSPI EXPERIMENTAL STATUS

I am writing to give the ONS response to the reference in recommendation 32 of your first report to the CSPI losing its experimental status by 2006 at the latest.

As you know the CSPI has recently been rebased following continuing development since its initial publication in 1995. The rebasing allowed us to improve the basis of the weighting structure, extend the range of industries and improve the indicators for a number of industries.

For the future we need to continue to review the appropriateness of the indicators we use and consider the extension of the price indices into further areas. The CSPIs still only cover half of corporate service sector activity. This work is resource intensive, requiring research into the pricing structures of the industries and discussions with businesses. All development work is currently constrained by the statistical modernisation programme (which includes a prices re-engineering project which will move these price indices into the new processing environment), so it is difficult to be as encouraging as we would like about possible completion dates. Our current estimate is that we are likely to complete this work in 2008 when expansion to cover a fuller range of service activities has been completed and all the existing indicators have been reviewed. Even so, this timetable is likely to need additional resource beyond what we have currently committed. Furthermore, the CSPI is likely to be a statistic that will continue to need a high level of maintenance and development given changing industry practices and changes in the availability of data sources.

Recommendation 29 asks ONS to look at the best way of conducting PRODCOM-like information for the service industries. If this were to develop into a proposal to conduct a SERVCOM, then clearly it would be enormously valuable in providing a more structured weighting base for the CSPIs and provide a considerable improvement in quality. Developing a SERVCOM would take some time and we would need to be sure that the survey results were well established before making them the basis of a new sampling frame and weighting system. Although timing of this has not been examined in detail, 2011 could be the earliest we could see a CSPI based on SERVCOM.

It is important to be clear what the existing experimental label of the CSPI means, and what it would mean if the label were removed. The *National Statistics Code of Practice* (Protocol on Data Presentation, Dissemination and Pricing, Annex A) explains that experimental statistics are those that are still under development and are at a stage where users can play a part in quality assuring their development. The protocol sets out factors to be taken into account by the National Statistician when he decides that an experimental statistic should become a full National Statistic.

We are currently looking to publish our programme for development of the CSPI, as part of our response to your second report. This will clarify the requirements the indices will need to meet to attain full National Statistics status. Our current assessment is that this is likely to be in 2008, when the current programme of review is complete. But even then we would need to qualify our assessment until SERVCOM based weights are available (if that is a prospect) and given the continuation of other development work beyond 2008.

Yours sincerely

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