



CONSULTATIVE COMMITTEE ON CONSTRUCTION INDUSTRY STATISTICS

Minutes of the meeting of 28 November 2012

Present

Keith Folwell	BIS (Chair)
James Liley	BIS (Minutes)
Jacqui Jones	ONS
Kate Davies	ONS
Tony Crook	ONS
Ian Pegg	BCIS
Peter Rumble	BCIS
James Hastings	Experian
Noble Francis	CPA
Allan Wilen	Glenigan
Robert Davis	Glenigan
Stuart Martindale	DCLG
Stephen Gruneberg	University of Westminster
Lee Bryer	Construction Skills
Paul Jackson	ECA

Apologies

Bethan Slater	HSE
Ian Murdoch	NSCC
Jerry McLaughlin	MPA
Sue White	BCIS

1. Preliminaries

1.1 Members introduced themselves to the group and minutes from previous meeting were agreed. There were no matters arising.

Action 1: James Liley to publish minutes of last meeting on the BIS website

2. ONS construction statistics update

2.1 Joint ventures in construction – impact on results

2.1.1 Tony Crook gave a presentation to the group regarding how joint ventures in construction impact on data, such as Output in the Construction Industry. After explaining the way ONS currently treat joint ventures, Tony asked the group whether they had any thoughts on better ways to identify and treat joint ventures.

2.1.2 Robert Davis explained that the Glenigan database holds some information on joint ventures, although the database does not have details of projects valued below £250,000. Allan Wilen said it may be possible to identify potential joint ventures in the database by searching for entries with particular demographics.

2.1.3 Keith Folwell suggested that stratifying the sample by both employment and turnover would solve the issues with joint ventures. Tony explained, however, that there is a user need to stratify by employment. Tony explained there were two issues with stratifying by both employment and turnover; 1) there is a user need to stratify by employment and 2) turnover tends to be more volatile than employment

2.1.4 Tony concluded by thanking the group for their ideas and explaining that further work would be done to see whether there is a tendency for joint ventures to have less than 9 employees with a large turnover. If there is that tendency then this issue may be less of a problem than currently thought.

2.2 Revisions to GDP due to construction output revisions

2.2.1 Kate Davies gave a presentation to the group on how Output in the Construction Industry is used as source data for GDP. Key issues included how to improve data provided for first GDP estimates and whether survey response rates can be improved at this stage. Jacqui Jones added that the ONS have a paper covering GDP improvement in more detail called Continuous Improvement to GDP.

2.2.3 Noble Francis asked whether there was any pattern in revisions, saying that he had noticed that Q3 of this year and the previous year had not varied much, but Q1 had varied over the same period.

2.2.4 Tony Crook added that revisions to GDP tend to be in the same direction, which prompted him to ask whether early responders tend to be more optimistic and hence bias the preliminary results. Keith Folwell added to this, saying that larger companies have a tendency to respond later than smaller ones. James Hastings argued that small companies tend to be more pessimistic, especially during a period of recession.

2.2.5 Jacqui Jones explained that asking questions about employment separately from the rest of the survey could help given that it is more difficult for larger companies to provide this information.

2.2.6 James Hastings suggested that moving the survey collection online could help larger companies where information to answer the survey come from different departments, sometimes located miles apart. However, James explained that this was attempted by Experian about 18 months ago but they found it difficult to get more than 25% responders to change their response mode. Jacqui Jones commented that ONS have had similar experiences whilst trying to get more respondents to complete business surveys online.

2.2.7 Keith Folwell added that SEFT (Secure Electronic File Transfer) could be an option. SEFT enables survey data to be returned securely by email and data is usually stored and transmitted in a spreadsheet. However, Jacqui Jones explained that SEFT is currently being re-platformed and not being extended to new surveys until re-platforming is completed.

2.2.8 James Hastings commented that the sub-sectors (e.g. new private housing, public housing repair & maintenance) for Construction Output were rumoured to be under threat

of discontinuation. Tony Crook explained that these rumours were not true. If ONS wanted to discontinue or make any changes to collections they would consult users, he explained.

2.2.9 Jacqui Jones asked whether members of the group would, as industry experts, be happy to participate on an expert panel for proposed GDP improvements, probably via a workshop.

Action James Liley: Call for volunteers to sit on the GDP improvements board, once details of the (probable) workshop are available

2.2.10 Stephen Gruneberg asked where information on definitions and methodologies for construction surveys could be found. Jacqui Jones explained that all surveys should have metadata documents published on the web in the form of Quality Reports. Jacqui also suggest that an organisational chart may be useful for members to help them see which ONS team would be able to help them with queries about different surveys. Keith Folwell suggested that a 'Source of Construction metadata' document could be compiled, similar to the 'Sources of Construction data' document that attempts to bring together all sources for construction data.

Action Jacqui Jones: Provide link to ONS organisation structure to members

3. Econometric modelling of construction output sectors

3.1 Noble Francis outlined how the Construction Products Association (CPA) model construction output for various sub-sectors. The talk covered details of some of the variables used in models. CPA prefers model-led forecasting and use a committee to sense check and tweak the forecasts. The committee considers things that would be difficult to feed into the model, such as Green Deal and policy changes.

3.2 James Hastings commented that public sector output is difficult to model. Keith Folwell explained that the government construction pipeline data on the Cabinet Office website would be useful, however Noble explained that this is not detailed enough for their needs and there were several problems with the data, such as public sector work being more subject to change and over-optimistic start times. However, the pipeline data is used by the forecasting committee.

3.3 Stephen Gruneberg asked how CPA's model compares against other models of construction output forecasting. Noble explained that the only other models he knew of were models used internally at Experian. James Hastings explained that these models worked in a similar way to those of the CPA.

3.4 Jacqui Jones asked Noble whether any analysis had been done to compare forecasts with official data (once it has become available). CPA explained that this analysis is done every Spring, once annual data becomes available. Generally, Autumn forecasts tend to be more accurate and Winter forecasts, even though closer to the end of the year being forecast, tend to be slightly inaccurate.

4. Forecasting committee sector deflators

4.1 James Hastings presented a short report (penned by Mike Canavan) regarding volatility between lagged New Orders and Output deflators. Generally, a break down in the synchronicity of the deflators can be seen across sub-sectors from 2005. Although there are acceptable reasons for this, the lag needed to synchronise the private housing sector deflators is counter-intuitive in direction. The repair and maintenance deflator is also very volatile. James asked the group to put forward possible explanations for this.

4.2 Tony Crook explained that ONS introduced a lagging formula that converts TPIs (Tender Price Indices) to OPIs (Output Price Indices). New Orders are deflated using the TPI (with some smoothing) and Output is deflated using the OPI. However, for the private housing sub-sector the same deflator is used for New Orders and Output, as there is no TPI deflator for private housing New Orders.

4.3 Ian Pegg added that deflators had a similar lagging pattern before around 1995 (which the charts in the report do not cover).

5. Update from BIS

5.1 Keith Folwell explained the Building Price and Cost Indices (PCIs) had passed their UK Statistics Authority Assessment and therefore have been re-designated as National Statistics.

5.2 Keith explained that the Key Performance Indicators (KPIs) were launched on 5 October. KPI data are available via Glenigan and would be the last set of KPIs to be sponsored by BIS.

5.3 Regarding the Monthly Statistics of Building Materials and Components, James Liley explained that the quality improvement recommendations were being worked through and there were plans for some documentation on methodology and quality to be added to the website soon.

5.4 Keith explained that following the CCCIS' successful affiliation to the RSS Statistics User Forum, we now have two seats on the Statistics User Forum meetings. Keith proposed that the spare seat should be for a non-government representative. Noble Francis volunteered to take the seat. Keith encouraged use of the Construction Statistics Community on Statistics User Net for discussion between meetings and sharing documents. The consultation regarding the PCIs had been added to the group and the closing date is 14 December 2012.

Action Keith Folwell: Re-circulate joining instructions for Construction Statistics Community on Statistics User Net.

6. Date of next meeting

6.1 The group agreed that the next meeting should take place in May 2013.