

National Accounts Medium-Term Work Plan 2015 to 2018

GLA Economics consultation response

August 2015

Informal Consultation into National Accounts Medium-Term Work Plan

The Greater London Authority (GLA) welcomes the chance to respond to the Office for National Statistics' (ONS) informal consultation into the National Accounts Medium-Term Work Plan. The GLA has long-running concerns about the quality and detail of regional statistics together with the time lags involved in producing such statistics. The lack of a regional breakdown or a regional version of a broad number of UK-wide statistics has hindered analysis of London's economy both within the GLA and by the national government, which, given the size of London's economy (representing over 20 per cent of the UK's total output) is detrimental to a detailed analysis and understanding of the UK's economy as a whole. The GLA has raised these concerns in response to previous consultations by the Office for National Statistics (ONS) and the UK Statistical Authority, amongst others, and we welcome this opportunity to reiterate these concerns.

1. Are there any priorities for you with regard to NA outputs or developments, which are not detailed in this work plan? Please specify with reasons why such outputs or developments are important to you.

We feel that the areas of work highlighted in the work plan are vitally important; however there are areas of weakness in the national accounts which we would like to highlight. For instance, currently the provision of data on economic activity at the regional level is sporadic and subject to time delays, such that it fails to provide an accurate picture of the current state of London's economy (due to the provision of such lagged data). Given the size of London's economy with output (in 2013, the last year for which official statistics are available) at £338 billion, accounting for over 20 per cent of the UK's total output, the GLA feels that the timeliness and quality of economic statistics in London is of critical importance to the UK as well as to the GLA.

The GLA feels that the quality of statistics available at the local and regional level (including 'city level data') is currently sorely lacking, with a number of issues being of particular concern. For instance, the lack of timely regional data has hampered our analysis of London's economy. An example of the issues this has raised is given by the lack of a timely estimate of regional Gross Value Added (GVA), which means that official estimates of the size of the output of London's economy can be up to nearly two years out of date. This lack of timely data was particularly troubling during the recent recession, where analysis of the impact of the recession on London was hindered by a lack of timely, relevant official regional statistics. Further, even if more timely English regional output data were to be made available the GLA feels that this would also need to be made available on a quarterly as well as on an annual basis in order to more fully understand the evolving nature of London and other sub-national economies. Quarterly output statistics are also published at the national level but are not currently available at the regional level. These data should be produced and published.

A related issue is that of longer time series at the regional level. This is highlighted by the regional output series that currently starts in 1997 and thus limits analysis of London's post-recession economy by removing the ability to place it in its historical context. Issues related to limited long-run time series data on regional labour markets have also placed constraints on the GLA's analysis of London's labour market (an important consideration in many of the Mayor's strategies, such as the London Plan). The GLA believes that regional statistics suffer particularly badly from a lack of long-run time series, affecting analysis and policy formation at the London level.

The GLA believes that the provision of better quality and more timely local and regional data, together with longer-run time series of such data, would significantly improve both the ability to understand the London economy and to prepare and deliver policies and programmes for Londoners on a more timely and effective basis. Current data access limitations hinder the GLA's work, and we believe that improving the provision of local and regional data will improve the overall quality of all ONS statistics. That is, in order to provide robust local and regional data requires that the information sources used by ONS are built on robust sample sizes at the local and regional level (or alternative means of achieving such robust information at the local level are found). Such robust information will enable the ONS to achieve other objectives outlined in the National Accounts Medium-term Work plan and the provision of high quality regular output; if we improve the building blocks of the data we use (i.e., better, more robust, local and regional data) then all data provision should be improved.

2. Of the priorities covered in this plan which ones are the highest priority for your needs?

(4.1) Production of High Quality, Regular Outputs is important as it enables timely and accurate analysis of recent economic trends. (4.2) Production of National Accounts Statistics in line with International Standards is also important; in particular, the development of more detailed information on the financial sector as a whole. (4.5) Improved Exploitation of Data Sources is also of high priority if it improves the coverage and data of the financial sector.

3. Which of the priorities could be dropped or slowed to allow other priorities to be pursued?

(4.4) Classification changes and NA alignment to Public Sector Finances could potentially be developed at a slower pace. However, to ensure reflective and accurate Public Sector Finance data it is important that this work stream is not dropped. Arguably, the work plan items outlined in section 4 should take priority over the preparatory work items listed in section 5, and if necessary section 5 items should be delivered to a more flexible schedule.