

# Response to UK Statistics Authority user engagement consultation on deflators

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The Greater London Authority (GLA) and GLA Economics welcomes this chance to feedback on our use and need for deflators. In relation to your questions:

## **1. Can you give a brief description of your area of work, the deflator(s) you use and why you use them?**

Deflators are used in a wide variety of work in the GLA and across a number of pieces of work produced by GLA Economics. For instance, to provide relevant comparisons across national time series, to examine service exports and imports etc. However, the lack of regional deflators has hindered some of GLA Economics' work. For instance, the lack of a regional GVA deflator has hindered our analysis of the growth of London's economy, ie, how much of the increase in the value of London's output is actually due to the rise in regional prices cannot currently be addressed. Thus although the ONS has recently published an experimental version of real regional GVA, the lack of regional deflators means that it is currently impossible to calculate real GVA using the official (nominal) measure of regional GVA and therefore analysis of London's economic growth over time is limited as this analysis can only be based on nominal and not real data and may therefore give a misleading impression of London's real economic performance. Further, the lack of regional price indices means comparisons of living standards between regions is impractical. For example does a faster rise in nominal income in London compared to another region mean that living standards are rising faster in London than the other region or is this rise due to a higher regional inflation rate in London compared to another region? This question could be addressed if regional deflators were available to deflate nominal incomes to their real level.

## **2. Are you aware of alternative deflators you might use. If so, which ones?**

We are aware of a number of different deflators, such as different product deflators. However, the lack of transparency (ie, they are unpublished) concerning the different deflators for service exports or imports has hindered our work in the past.

## **3. How do you determine which is the most suitable deflator for your analysis?**

The most suitable deflator to use in our analysis is guided by ONS colleagues who work alongside GLA Economics.

## **4. Are UK-wide deflators sufficient for your purposes or have you ever required deflators by UK region?**

UK-wide deflators are sufficient for our purposes (although not all are published which we would like to see the ONS do), however the lack of regional deflators has hindered our analysis of London's economy and we would like to greatly encourage the ONS to rectify this short coming.

## **5. Do you use Office for National Statistics (ONS) deflators? If not, why not?**

Yes, we use ONS deflators.

**6. If using official Office for National Statistics (ONS) deflators, how easy have you found it to access the relevant advice?**

Accessing relevant advice has been easy, however as not all deflators are published accessing relevant deflators has on occasions been problematic.

**7. How, if at all, could the ONS user guides and resources on deflators be improved?**

We have generally found user guides to be adequate.

**8. What other information about deflators would you like from ONS?**

Again we would wish to reiterate that we would like all deflators used and produced by the ONS to be published and further we would like the ONS to produce regional deflators.

**9. If you have had contact with ONS about deflators, what was your experience?**

Our dealings with the ONS have generally been handled in a professional manner.

**10. Do you feel your views might help to enable the continuous improvement of ONS deflators?**

We have noted that the ONS do respond to our responses from previous consultations.

**11. Please give us any other comments you have about deflators.**

We would like to again reiterate the need for regional price indices and deflators as we feel that this is a significant short falling in the ONS provision of data and has limited the scope of some of GLA Economics' work. This is shown by the fact that real output growth cannot be calculated at the regional level unless a regional deflator were to be produced by the ONS to deflate nominal GVA, while trends in regional income (eg, are regional incomes growing at the same rate or faster or slower etc.?) cannot be accurately investigated without deflating nominal regional income which cannot currently occur due to the lack of regional deflators.