

# ONS Consultation Response: Regional Gross Value Added (Production Approach), Deflation Methodology for Regional GVA(P)

The Greater London Authority (GLA) welcomes this opportunity to feedback our responses to the ONS's experimental estimate of GVA(P), and in particular on the Deflation Methodology for regional Gross Value Added (Production Approach) [paper](#).

The GLA feels that this is an important piece of work as an accurate measure of London's real GVA is of vital importance to the work of the Mayor in understanding London's economy, in the GLA's analysis of London's economy to a wider audience and to the UK as a whole given that London's economy accounts for over 20 per cent of the UK's output (more than the combined output of Scotland, Wales and Northern Ireland as measured by GVA(I) in 2012). Further, the GLA welcomes any moves towards producing regional price deflators, as a lack of any long-term measure of regional inflation has hindered the GLA's analysis of London's economy.

The GLA notes the difficulties in producing regional Supply and Use Tables (SUT) although observes, as in the paper, that estimates for Scotland are currently being produced and are being developed for Northern Ireland. Given as noted in the paper "GVA for the region based on the SUT will produce better estimates than the experimental statistics contained in ... the article", the GLA would like to encourage the ONS to further review whether this methodology could be employed across all UK countries and regions. Still, the current methodology agreed by the TAG, whilst noting its second best nature, seems sensible if the issues with calculating regional SUT cannot be resolved.

As to the issue of whether or not to constrain the deflated regional GVA estimates to sum to the national total, the GLA can see benefits to both the constrained and unconstrained methodologies. Thus we feel that the constrained methodology provides highly useful data for examining a regions economic performance; however the GLA would like for the unconstrained data to also to be provided due to the insight it provides to regional prices.