

# ONS Consultation Response

R-GVA Balanced Estimates, December 2017

February 2018

**1. If you use Regional Gross Value Added statistics in your work, would you use the new Balanced Estimates rather than the estimates from the production or income approach? If you don't think you would use Balanced Estimates could you say a little about your reasons?**

R-GVA statistics are a vital component of GLA Economics' planning and forecasting work, as described in our September submission on R-GVA<sup>1</sup>. GLA publications currently include both ONS GVA income and production estimates in order to provide users with the most complete picture of London's economy. However, the presence of two measures can be confusing for users, who are uncertain of which measure to use. GLA Economics therefore strongly supports the publication of balanced estimates of R-GVA. This is because we believe this will reduce confusion and provide users with a clear basis for selecting one measure over the others.

While we welcome these new estimates, we have not yet moved to using them exclusively within our own work. So far, our use of the R-GVA BE has been limited to sector analysis taking advantage of the more detailed industry breakdowns which is not available with the income and production measures. This is primarily due to their classification as experimental statistics, as well as due to consistency with existing GLA back-series' datasets. GLA Economics intends to move towards using R-GVA BE as our preferred measure for GVA as and when these statistics become National Statistics. However, we would like to see the continued publication of all three measures to give data users the most complete picture of regional economies.

**2. ONS's consultation on the new method of calculating R-GVA BE found that a high proportion of respondents thought it was a sound method. Having seen the estimates from the R-GVA BE December bulletin, have you any concerns that the new approach is not sound? If you have, could you tell us about your concerns?**

GLA Economics is broadly satisfied with the method used to calculate R-GVA BE. However, we would like to reiterate our calls to the ONS to improve the accuracy of their regional apportionment of Financial services, which is of particular significance to London. We are aware this is something the ONS continues to work on, and we look forward to seeing the findings. GLA Economics would also like to express its desire for the ONS to continue its work on Real estate output as we currently believe these estimates may produce a distorted picture of the sector. These methodological concerns apply to R-GVA (I) and R-GVA (P) as well as the new balanced estimated.

---

<sup>1</sup> GLA Economics (2017), [ONS Consultation Balanced estimates of regional GVA – GLA response](#), September 2017.

**3. Were the estimates in the latest R-GVA BE consistent with your experience of economic reality in the regions and sub-regions in which you have an interest? If not, could you say how the estimates seemed at variance?**

We believe these latest R-GVA BE are broadly consistent with the economic reality of our region and sub-regions. However, again, GLA Economics is concerned that the measurement of the Financial services industry is less accurate than for other sectors, and welcomes the fact that ONS is continuing to look at improving their regional apportionment.

**4. If you use R-GVA statistics for sectors was the greater sector detail in the new BE bulletin helpful?**

GLA Economics finds the greater sector detail in the new BE bulletin extremely helpful and would strongly encourage ONS to continue its publication of these data. GLA Economics has previously called for more disaggregated industry data to provide further insight into the sector composition of regional economies and welcomes this new detail.

**5. Did you participate in the ONS's BE consultation? If yes, were your concerns or comments taken into account in the new estimates? If not, could you tell us about your feedback that wasn't addressed?**

GLA Economics participated in the previous ONS BE consultation and feels that where possible, our concerns and comments have been taken into account. We welcome the additional industry level detail, as well as the ONS's continued work to better apportion Financial services.

One area which the ONS had not yet addressed, is GLA Economics' repeated call for the publication of GVA per job estimates, alongside estimates per head. For a large urban area like London, which sees significant numbers of commuters we could argue that GVA per job is a better measure of productivity, and a more accurate reflection of the regional economy, than a resident-based per head measure. For us, this is particularly important at lower level geographies, such as the City of London.

**6. Any comment that you would like to make on the R-GVA BE release not addressed above? (Please feel free to share anything you particularly welcomed in the new bulletin)**

GLA Economics strongly supports having this single balanced measure of regional GVA, as this is a statistic that features heavily in our planning and forecasting work, and we hope to see this classified as a National Statistic in the near future. We particularly welcome the additional sector detail provided, as this gives us a much better insight into London's activity. In the interest of providing users with the fullest possible understanding of regional GVA, GLA Economics is in favour of balanced estimates being published alongside the existing unbalanced estimates, and would also like to see the publication of GVA per job.