

Evidence to Public Administration Select Committee inquiry into Statistics for the Economy and Public Finances

February 2015

Statistics for the Economy and Public Finances¹

The Greater London Authority (GLA) welcomes the chance to respond to the Public Administration Committee's inquiry into the quality of statistics for the economy and public finances. 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 consultations² by the Office for National Statistics (ONS) and the UK Statistical Authority, amongst others, and we welcome this opportunity to reiterate these concerns, along with other points, in relation to the issues raised in this inquiry.

In relation to the specific questions outlined by the inquiry:

1. Are these the right areas for improvement, within the broad topic of statistics for the economy and public finances? Are there any which are missing?

The GLA feels that the list of statistical topics to be examined for improvement is broadly correct. In particular we welcome the focus on local and regional statistics. The current provision of data at the regional level is sporadic and due to time delays may not 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.

Moreover, 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 allow for the provision of improved data in all the other areas highlighted by the inquiry; if we improve the building blocks of the data we use (ie, better, more robust, local and regional data) then all data provision should be improved.

¹ <http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-administration-select-committee/news/statistics-for-the-economy-and-public-finances/>

² <http://www.london.gov.uk/mayor-assembly/mayor/publications/gla-intelligence/consultation-responses>

2. Which are the top three areas for improvement? What needs to be in place to make improvement happen?

Three broad areas of concern to the GLA are addressed by the inquiry although under a couple of different sub headings:

a. Local and regional data and longer time series:

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 regional impact of the recession 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 the regional economies of England. Quarterly output statistics are also published at the national level but are not currently available at the regional level (though these are known or could be calculated). This 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.

There are other examples available, and 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.

b. Statistics resources and public finance data:

The GLA believes that statistics for the economy would be improved by increasing the coverage of the services sector. Given the importance of this sector to the UK and London economies, increased detail in the data provided on services would greatly aid our understanding of the economy. For example, although regional goods imports and exports are available from official statistics, such official statistics are not available for regional services trade. Given the size of the service sector in London’s economy relying on ‘estimates’ of London’s regional services trade provides an, at best, partial view of London’s economy. Similarly, the importance of the creative industries, a fast growing sector of the UK and London’s economies, is currently obscured by official statistics that do a poor job of highlighting this sector. We would therefore argue that greater detail on this sector, and the services sector in general, should be provided in official statistics.

Again, improved regional statistics are likely to improve the quality of data available for UK national statistics, and an improved regional breakdown would aid in policy formation and discussion. Thus, in relation to public finances, a regional breakdown of current receipts displayed in tables PSA6B and PSA6C in the ONS Statistical Bulletin on [Public Sector Finances](#), that outline revenue and expenditure by source, would be useful. For example, a regular periodical on the regional breakdown of current levels of spending

and receipts would provide a valuable input into the debate around devolution and regional policy-making. Following the Scottish referendum and the proposed increased powers to the Scottish government, arguably, there is a stronger need for regional current spending and receipts data. Regional data on the nature and level of spending/receipts would increase transparency and encourage robust evidence-based policy.

c. Access to data and access to administrative data:

The GLA encourages the widest possible availability of publicly collected data. Any publication of currently unpublished data that increases the amount of regional economic data that is available would be welcomed. We would also welcome further discussion on the availability of existing administrative sources to meet data gaps, and whether the GLA can obtain access to them. Our current lack of access to certain data sources is an area of concern for the GLA. In particular, we currently do not have access to the Inter Departmental Business Register (IDBR) on the same basis as local authorities and government departments. This situation seems to be more a relic of past legislation (ie, the GLA being a relatively new body) than any considered reasoning for the GLA to have less access to this data than other bodies. We would urge a review of the GLA's status as regards IDBR access as a matter of some urgency.

In addition, the GLA's access to micro data under special licence in other areas is also often more restrictive than the access provided to government departments. For example, the release of wellbeing data to central government departments had 'region of work' available as a variable – but this variable (very useful for our type of analysis – at the regional level) was not available in the special license version – requiring us to contact ONS to ask that the variables be added to the dataset – adding delay and, in our view unnecessary, complication to our work. These examples indicate how current data access limitations hinder GLA work and the GLA's ability to effectively support the implementation of the Mayor's priorities.

3. What would excellent statistics for the economy and public finance look like?

In general the GLA believes that "excellent statistics for the economy and public finance" would be timely and comprehensive, delving into detail into major sections of the economy eg, the service sector. We also believe that where possible all data (including component parts of official statistics) that are collected should be made available to the users of economic statistics so that they can undertake their own analysis of the data in ways that may not have been thought of by official bodies. On a related point, we think that innovative use of technology to collect data and the exploitation of alternative (untraditional) data, for example traffic or mobile phone data for instance, could, when shared as widely as possible, create an environment which brings about a better understanding of the economy and the various sectors/areas of the economy.

Further, we think that official statistics should, where possible, be internationally comparable via collaboration with international bodies such as the World Council on Cities Data³ which allows for accurate harmonisation of data on an international level to provide comparisons between global cities. However, most importantly, statistics on the economy and public finances could only be classed as excellent if far more regional data is provided. Without this data any policy discussion or action, not to mention any analysis of the UK economy, will be greatly hindered and may come to conclusions that are suboptimal given the diverse economic nature of the regions and nations of the UK.

³ <http://www.dataforcities.org/>

GLAECONOMICS

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