

# Assessment of compliance with the Code of Practice for Official Statistics

## Quarterly National Accounts Scotland

*(produced by the Scottish Government)*

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### **About the UK Statistics Authority**

The UK Statistics Authority is an independent body operating at arm's length from government as a non-ministerial department, directly accountable to Parliament. It was established on 1 April 2008 by the *Statistics and Registration Service Act 2007*.

The Authority's overall objective is to promote and safeguard the production and publication of official statistics that serve the public good. It is also required to promote and safeguard the quality and comprehensiveness of official statistics, and good practice in relation to official statistics.

The Statistics Authority has two main functions:

1. oversight of the Office for National Statistics (ONS) – the executive office of the Authority;
2. independent scrutiny (monitoring and assessment) of all official statistics produced in the UK.

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# **Assessment of compliance with the Code of Practice for Official Statistics**

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## ASSESSMENT AND DESIGNATION

The *Statistics and Registration Service Act 2007* gives the UK Statistics Authority a statutory power to assess sets of statistics against the *Code of Practice for Official Statistics*. Assessment will determine whether it is appropriate for the statistics to be designated as National Statistics.

Designation as National Statistics means that the statistics comply with the *Code of Practice*. The *Code* is wide-ranging. Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

Designation as National Statistics should not be interpreted to mean that the statistics are always correct. For example, whilst the *Code* requires statistics to be produced to a level of accuracy that meets users' needs, it also recognises that errors can occur – in which case it requires them to be corrected and publicised.

Assessment reports will not normally comment further on a set of statistics, for example on their validity as social or economic measures. However, reports may point to such questions if the Authority believes that further research would be desirable.

Assessment reports typically provide an overview of any noteworthy features of the methods used to produce the statistics, and will highlight substantial concerns about quality. Assessment reports also describe aspects of the ways in which the producer addresses the 'sound methods and assured quality' principle of the *Code*, but do not themselves constitute a review of the methods used to produce the statistics. However the *Code* requires producers to "seek to achieve continuous improvement in statistical processes by, for example, undertaking regular reviews".

The Authority may grant designation on condition that the producer body takes steps, within a stated timeframe, to fully meet the *Code's* requirements. This is to avoid public confusion and does not reduce the obligation to comply with the *Code*.

The Authority grants designation on the basis of three main sources of information:

- i. factual evidence and assurances by senior statisticians in the producer body;
- ii. the views of users who we contact, or who contact us, and;
- iii. our own review activity.

Should further information come to light subsequently which changes the Authority's analysis, it may withdraw the Assessment report and revise it as necessary.

It is a statutory requirement on the producer body to ensure that it continues to produce the set of statistics designated as National Statistics in compliance with the *Code of Practice*.

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# 1 Summary of findings

## 1.1 Introduction

- 1.1.1 This is one of a series of reports<sup>1</sup> prepared under the provisions of the *Statistics and Registration Service Act 2007*<sup>2</sup>. The Act allows an appropriate authority<sup>3</sup> to request an assessment of official statistics against the *Code of Practice for Official Statistics*<sup>4</sup> in order for them to gain National Statistics status. This report is in response to such a request. The report covers the set of statistics reported in *Quarterly National Accounts Scotland*<sup>5</sup> (QNAS), produced by the Scottish Government.
- 1.1.2 Section 3 of this report adopts an ‘exception reporting’ approach – it includes text only to support the Requirements made to strengthen compliance with the *Code* and Suggestions made to improve confidence in the production, management and dissemination of these statistics. This abbreviated style of report reflects the Head of Assessment’s consideration of aspects of risk and materiality<sup>6</sup>. The Assessment team nonetheless assessed compliance with all parts of the *Code of Practice* and has commented on all those in respect of which some remedial action is recommended.
- 1.1.3 This report was prepared by the Authority’s Assessment team, and approved by the Assessment Committee on behalf of the Board of the Statistics Authority, based on the advice of the Head of Assessment.

## 1.2 Decision concerning designation as National Statistics

- 1.2.1 The Statistics Authority judges that the statistics covered by this report are readily accessible, produced according to sound methods and managed impartially and objectively in the public interest, subject to any points for action in this report. The Statistics Authority has determined that the statistics published in QNAS can be designated as a new National Statistics product, subject to the Scottish Government implementing the Requirements listed in section 1.5 and reporting them to the Authority by July 2014.
- 1.2.2 The Scottish Government has informed the Assessment team that it has started to implement the Requirements listed in section 1.5. The Statistics Authority welcomes this.

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<sup>1</sup> <http://www.statisticsauthority.gov.uk/assessment/assessment-reports/index.html>

<sup>2</sup> [http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga\\_20070018\\_en.pdf](http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga_20070018_en.pdf)

<sup>3</sup> Subsection 12(7) of the Act defines ‘appropriate authority’ as Ministers of the Crown, Scottish Ministers, Welsh Ministers, Northern Ireland departments or the National Statistician

<sup>4</sup> <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

<sup>5</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/SNAP>

<sup>6</sup> <http://www.statisticsauthority.gov.uk/assessment/assessment/guidance-about-assessment/criteria-for-deciding-upon-the-format-of-an-assessment-report.pdf>

### 1.3 Summary of strengths and weaknesses

- 1.3.1 The Scottish Government produces *QNAS* using definitions and concepts consistent with the UK national and regional accounts, allowing users to make reasoned comparisons. The Scottish Government has published a thorough development plan for these statistics as part of the Scottish National Accounts Project (SNAP). It continues to release further experimental statistics (such as statistics on Gross National Income (GNI)<sup>7</sup> and on oil and gas production in the North Sea from a newly developed oil and gas model<sup>8</sup>) to help users conduct more in-depth analysis and comparisons as well as to improve upon current estimation methods.
- 1.3.2 The Scottish Government produces *QNAS* in response to a clear user need for more timely information about economic performance on a consistent basis with the UK. The Scottish Government engages effectively with the expert users of these statistics represented on the Scottish Economic Statistics Consultants Group (SESCG), and more generally with less-expert users via the ScotStat network<sup>9</sup>.
- 1.3.3 The lack of readily available and reliable information to measure some of the component variables used to create the statistics in *QNAS* means that there is a heavier reliance on modelling and estimation techniques than is the case for the corresponding UK figures. Consequently, there is more uncertainty about the figures due to the use of apportionment methods of the UK figures. The explanations of uncertainty related to the statistics are not sufficiently clear in *QNAS*.

### 1.4 Detailed recommendations

- 1.4.1 The Assessment team identified some areas where it felt that the Scottish Government could strengthen its compliance with the *Code*. Those which the Assessment team considers essential to enable designation as National Statistics are listed in section 1.5. Other suggestions, which would improve the statistics and the service provided to users but which are not formally required for their designation, are listed at annex 1.

### 1.5 Requirements for designation as National Statistics

<b>Requirement 1</b>	Provide a link or reference in <i>QNAS</i> to information about the uses made of the statistics (para 3.2).
<b>Requirement 2</b>	Provide more information about the nature and extent of revisions at the same time that the revised statistics are released (para 3.3).

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<sup>7</sup> Gross National Income is formed from adjusting Gross Domestic Product (GDP) to take account of the flows of income into and out of a state. The important distinction between GNI and GDP is that GNI is a measure of national income (meaning the income of the population of a state) and GDP is a measure of national production (economic activity within a state).

<sup>8</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/SNAP/expstats/oilandgas>

<sup>9</sup> <http://www.scotland.gov.uk/Topics/Statistics/scotstat>

<b>Requirement 3</b>	Ensure that revisions required to <i>QNAS</i> are addressed, and stakeholders and users are alerted promptly (para 3.4).
<b>Requirement 4</b>	Develop plans about how and when the experimental status of <i>QNAS</i> and Table SPSF2 will be reviewed, and how users will be involved in the evaluation of the statistics (para 3.5).
<b>Requirement 5</b>	Provide clearer and more prominent guidance on the treatment of poor quality estimates within <i>QNAS</i> , and improve the information about the methods used to produce the statistics taking into account the points in annex 2 (para 3.7).
<b>Requirement 6</b>	a) Publish improved information about the coherence of <i>QNAS</i> with the UK Quarterly National Accounts; and b) provide users with links to equivalent statistics for the UK where they exist para 3.8).
<b>Requirement 7</b>	Improve the commentary in <i>QNAS</i> so that it aids user interpretation of the statistics (para 3.9).
<b>Requirement 8</b>	Ensure that the <i>QNAS</i> supplementary tables are disseminated in forms that encourage reuse and analysis, and ensure that all earlier versions of the files are made accessible to users on the Scottish Government website (para 3.10).



## 2 Subject of the assessment

2.1 The Scottish Government produces a range of statistics, including *Quarterly National Accounts Scotland (QNAS)* that provide information about the performance of the Scottish economy. These economic statistics are used for a variety of purposes, including:

- To develop and monitor economic policy by the Scottish Government
- Economic modelling work by academics and consultants to help formulate economic policies
- Investment and location decisions by businesses
- To monitor Scotland Performs Purpose Targets<sup>10</sup> and National Performance Framework Indicators<sup>11</sup> for the economy such as increasing the value of Scottish exports by 50 per cent by 2017
- To inform the public and the Scottish Parliament about the performance of the Scottish economy

2.2 The *First Annual Report of the Scottish Council of Economic Advisers*<sup>12</sup>, published in December 2008 found that existing economic statistics did not fully meet its members' needs and recommended that the Scottish Government should make efforts to expand the quality and range of economic statistics. The Scottish Economic Statistics Consultants Group (SESCG) made a similar recommendation<sup>13</sup>. The Scottish Government developed the Scottish Quarterly National Accounts within the Scottish National Accounts Project (SNAP) in direct response to these needs. This project has a long-term aim of producing a wider range of Scottish economic statistical outputs on a consistent basis including back casting historical data. The first work conducted under the project was to improve the estimates that were extant at that time, which mainly related to Scottish Gross Domestic Product (GDP) and public sector finances data in Government Expenditure and Revenue Scotland<sup>14</sup> (GERS). The Scottish Government has published QNAS since October 2010 as experimental statistics.

2.3 The Scottish National Accounts are based on standard national accounts definitions with the aim of making the accounts consistent with the equivalent UK statistics. Preparation of the statistics is guided by international standards, notably the worldwide *System of National Accounts 1993*<sup>15</sup> and the Europe-focused equivalent, the *1995 European System of National and Regional Accounts*<sup>16</sup> (ESA95). QNAS also corresponds closely with guidance issued by the International Monetary Fund<sup>17</sup>. Published quarterly, around 7 weeks after the reference period, QNAS presents estimates of Scottish GDP at current and

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<sup>10</sup> <http://www.scotland.gov.uk/About/Performance/scotPerforms>

<sup>11</sup> <http://www.scotland.gov.uk/About/Performance/scotPerforms/indicator>

<sup>12</sup> <http://www.scotland.gov.uk/Publications/2008/12/04092147/0>

<sup>13</sup> <http://www.scotland.gov.uk/Resource/Doc/133434/0055516.doc>

<sup>14</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/GERS>

<sup>15</sup> <http://unstats.un.org/unsd/nationalaccount/sna1993.asp>

<sup>16</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Glossary:ESA95](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:ESA95)

<sup>17</sup> <http://www.imf.org/external/pubs/ft/qna/2000/textbook/index.htm>

constant prices using the production approach<sup>18</sup>. The Scottish Government includes the latest five years' statistics in QNAS, and makes a time series from 1980 onwards available in supporting Excel tables. QNAS provides three estimates for GDP: GDP for the whole Scottish (onshore) economy; Onshore GDP including a population share of offshore activity; and Onshore GDP including an illustrative geographical share of offshore activity. The report also presents statistics on GDP using the income approach<sup>19</sup>, including a breakdown for the income components; GDP using the expenditure approach<sup>20</sup>, including a breakdown for the expenditure components; quarterly public sector revenues for Scotland consistent with GERS; and the distribution and use of household income, with a derived household savings ratio. The Scottish Government's current price (nominal) GVA estimate, published in QNAS, uses the latest ONS Regional GVA estimates based upon the income approach, with some adjustments for data collected locally in Scotland. ONS published for the first time in December 2013 experimental statistics presenting current price regional GVA estimates using the production approach<sup>21</sup> but these are not used to produce the GVA estimates in QNAS.

- 2.4 The Annual Business Survey<sup>22</sup> produced by the Office for National Statistics (ONS) is a key source of data on individual businesses' Gross Value Added (GVA) and, along with other measures, is used in the compilation of the Scottish Supply and Use tables<sup>23</sup>. The Scottish Supply and Use tables are crucial to the annual balancing process and to the measurement of GDP as they present the three different measures of GDP and their components simultaneously within a single framework. QNAS is consistent with the Scottish Supply and Use tables in current prices, and with the real terms GVA estimates in constant prices. Time series are seasonally adjusted to present the underlying trends.
- 2.5 The Scottish Government told us that approximately one full-time equivalent member of statistical staff is engaged in producing these statistics. There are no additional costs in relation to data supply as the Scottish National Accounts exploits existing data with no additional respondent burden.
- 2.6 The Scottish Government publishes QNAS in HTML and PDF, with supplementary tables and charts published in Excel format only. This equates to a level 2 rating under the Five Star Scheme proposed in the *Open Data White Paper: Unleashing the Potential*<sup>24</sup>.

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<sup>18</sup> There are three methods for calculating GDP. The production approach measures the value of output for sectors (as opposed to the income and expenditure approaches). The Scottish Government has published a methodology guide describing the approaches:

<http://www.scotland.gov.uk/Resource/Doc/933/0114648.pdf>

<sup>19</sup> The income approach for measuring GDP measures the value of income earned from employment and profits in each sector.

<sup>20</sup> The expenditure approach for calculating GDP measures the consumer expenditure, investment, government expenditure and net exports.

<sup>21</sup> <http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--production-approach-/december-2013/index.html>

<sup>22</sup> <http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/index.html>

<sup>23</sup> The Supply table provides estimates of the output of a large number of differentiated products by each industry and the Use Table provides estimates of the inputs (of goods and services) used by each industry to produce their own output. See

<http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/input-output>

<sup>24</sup> [http://data.gov.uk/sites/default/files/Open\\_data\\_White\\_Paper.pdf](http://data.gov.uk/sites/default/files/Open_data_White_Paper.pdf)

### 3 Assessment findings

- 3.1 The Scottish Government engages with users of these statistics through the SESCOG and communicates with this group and with a wider user community through announcements on ScotStat. SESCOG consists of academics, consultants and central government representatives, and meets formally once a year to discuss planning arrangements for the production of economic statistics in Scotland. The SESCOG members recently agreed to meet outside of the annual meetings to offer advice on methodological issues, and to widen the membership for the new sub-groups. The Scottish Government engages with less-expert users via the ScotStat network. We suggest that the Scottish Government refers to the Statistics Authority's Monitoring Report *Strengthening User Engagement*<sup>25</sup> when seeking to identify new members for SESCOG and the proposed new sub-groups, and include representation from the key sectors identified in the Monitoring Report.
- 3.2 The Scottish Government publishes minutes from the SESCOG meetings<sup>26</sup> on its website showing evidence of regular and detailed engagement. Users who attend the meetings confirmed the strength of this engagement to us. The minutes provide information about users' experiences and highlight topics under consideration and review. However, the minutes are lengthy and information about users' experiences and needs have not yet been brought together in an easily accessible document. QNAS does not include any commentary on the uses of the statistics or references to relevant discussions held at SESCOG. The Scottish Government could do more in QNAS to summarise more clearly the needs and wants of users and its position on addressing these. As part of the designation as National Statistics, the Scottish Government should provide a link or reference in QNAS to information about the uses made of the statistics<sup>27</sup> (Requirement 1). We suggest that the Scottish Government prepares and publishes a separate summary of users' key needs from the minutes of the SESCOG meetings with examples of how it has developed the statistics to meet such needs.
- 3.3 The Scottish Government has published a corporate policy for revisions<sup>28</sup> for all Scottish Government official statistics as well as a revisions policy for Scottish economic statistics<sup>29</sup>, including QNAS, to augment the corporate policy. The policy explains how the Scottish Government manages planned and unplanned revisions. QNAS discusses key quality issues in background notes within the report, warning that Scottish GDP estimates will be more prone to revisions and more susceptible to statistical variance than the equivalent UK figures due to the size of the Scottish sample. QNAS includes a link to the revisions policy for economic statistics and provides a table of revisions in a supplementary spreadsheet but not in the report itself. There is some accompanying commentary within QNAS about the nature of the revisions, but this does not provide sufficient detail about the scale of the revisions or about how users

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<sup>25</sup> <http://www.statisticsauthority.gov.uk/reports---correspondence/reports/strengthening-user-engagement--final-report.pdf>

<sup>26</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/ScotStat/Meetings>

<sup>27</sup> In relation to Principle 1, Practices 2 and 5 of the *Code of Practice*

<sup>28</sup> <http://www.scotland.gov.uk/Topics/Statistics/About/CPSONRevisionsCorrections>

<sup>29</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/ScotStat/revisionspolicy>

should interpret them, especially as data sources and methods are being developed. As part of the designation as National Statistics, the Scottish Government should provide more information about the nature and extent of revisions at the same time that the revised statistics are released<sup>30</sup> (Requirement 2).

- 3.4 We established that the North Sea revenue figures in the 2013Q1 and 2013Q2 releases of QNAS were not revised following revisions to UK total North Sea corporation tax receipts by HMRC in August 2013. As part of the designation as National Statistics, the Scottish Government should ensure that revisions required to QNAS are addressed, and stakeholders and users are alerted promptly<sup>31</sup> (Requirement 3). This quarterly revision to Scotland's North Sea revenue are likely to have implications for the Scottish Public Sector fiscal balance calculations (in Table SPSF2<sup>32</sup>) which is not currently part of the suite of tables accompanying the release of QNAS but is linked to separately from the QNAS web landing page. We therefore suggest that the Scottish Government introduces into QNAS the historical fiscal balance table, Table SPSF2, which would be subject to revisions in accordance with the Scottish Government's economic statistics revisions policy.
- 3.5 Both QNAS and the Scottish Public Sector fiscal balance calculations (Table SPSF2) have been labelled for some considerable time as experimental statistics. However, the Scottish Government has not set out its plans to consult users about their views of the quality of these statistics with a view to determining their readiness to have the experimental label removed. As part of the designation as National Statistics, the Scottish Government should develop plans about how and when the experimental status of QNAS and Table SPSF2 will be reviewed, and how users will be involved in the evaluation of the statistics<sup>33</sup> (Requirement 4).
- 3.6 The Scottish Government has been developing, in response to clear users' needs, a methodology to produce initial estimates of Gross National Income (GNI)<sup>34</sup>. The Scottish Government first published estimates for GNI in November 2013<sup>35</sup>. The Scottish Government publishes GNI statistics as experimental statistics and intends to continue to involve users and stakeholders in their development. We suggest that the Scottish Government take steps to establish what improvements would be required to meet international best practice and publish this information.
- 3.7 A user guide<sup>36</sup> accompanying QNAS presents a quality grading for the components<sup>37</sup> that make up the GDP estimates presented in QNAS<sup>38</sup>. The

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<sup>30</sup> In relation to Principle 2, Practice 6 of the *Code of Practice*

<sup>31</sup> In relation to Principle 2, Practice 7 of the *Code of Practice*

<sup>32</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/SNAP>

<sup>33</sup> In relation to Principle 4, Practice 5 of the *Code of Practice*

<sup>34</sup> Each EU Member State pays a percentage of its GNI to the EU each year and should Scotland become an independent country GNI would be a key economic statistic which would need to be calculated and published. GNI per capita is also used by international organisations to assess eligibility of a country for aid, loans or funds.

<sup>35</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/SNAP/expstats/aggregates/GNI>

<sup>36</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/SNAP/docs/SNAPQNAuserguide>

<sup>37</sup> Components are the measures that make up an estimate to calculate GDP – the full list is available in the user guide- see footnote 36:

rating system used offers little guidance to the user on the implications of the ratings for use. For instance, Gross Capital Formation is rated as 'good' / 'fair' quality but no indication is given of the degree of consistency of this estimate with any other relevant data, nor what it means for the use of the statistics. The ratings are presented in a separate paper which is linked to from QNAS but, unless users refer to it, they may not be aware of the Scottish Government's particular concerns about some of the estimates. The Scottish Government should do more to draw out the implications of poorly rated variables in the QNAS release itself to alert users to them. Additionally, the presentation of some 'poor' quality ratings for individual estimates could be confusing for users and lead to incorrect conclusions about the resulting headline GDP estimates. There is insufficient clarity about the definitions of 'good' and 'poor'. The Scottish Government does not provide users with sufficient detail about the link between its development plan for these statistics and improvement in estimates regarded as poor or fair. As part of the designation as National Statistics, the Scottish Government should provide clearer and more prominent guidance on the treatment of poor quality estimates within QNAS and improve the information about the methods used to produce the statistics taking into account the points in annex 2<sup>39</sup> (Requirement 5).

- 3.8 The Scottish Government asserts that its use of definitions and methods which are consistent with National Accounts principles provides direct comparability between the Scottish and UK National Accounts statistics, where similar series exist. However, the lack of disaggregated Scottish data and the use of apportionment techniques mean that there is a greater degree of uncertainty about some of the Scottish statistics. The Scottish Government adopts a mixture of both regional accounts and national accounts approaches in arriving at some of the statistics in QNAS. Sometimes it uses expenditure on an 'expenditure for-Scotland' basis (which would be consistent with seeing Scotland as a region of the UK) and other times it uses the National Accounts concept which is based upon transactions taking place in an economic territory. The Scottish Government does not provide directly comparable UK figures or links to them in either QNAS or its accompanying user guide<sup>40</sup> and does not explain what the potential impacts on the statistics might be in adopting a mix of expenditure concepts. As part of the designation as National Statistics, the Scottish Government should: a) publish improved information about the coherence of QNAS with the UK Quarterly National Accounts and b) provide users with links to equivalent statistics for the UK where they exist<sup>41</sup> (Requirement 6).
- 3.9 QNAS has been accompanied by commentary for only the last three reports (from 2012Q4), and commentary has become more extensive over this period. The Scottish Government provides relevant analysis of the statistics, which users told us they welcomed, such as the description of the components contributing to GDP change. However, QNAS includes little analysis of trends

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<sup>38</sup> The Scottish Government has given an 'A rating' (or good) to variables used for the production and income-based GDP estimates, while some variables for the expenditure-based GDP estimate, such as imports, have a 'D rating' (or poor). The variables rated 'D' are described as 'poor-quality estimates: use little primary/secondary data in their construction. Will generally be adjusted heavily during balancing'

<sup>39</sup> In relation to Principle 4, Practice 2 and Principle 8, Practice 1 of the *Code of Practice*

<sup>40</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/SNAP/docs/SNAPQNAuserguide>

<sup>41</sup> In relation to Principle 4, Practices 3 and 6 of the *Code of Practice*

and provides no links to ad hoc papers giving historical time series. The supplementary Excel tables for QNAS go back to 1998, but QNAS includes presentation of trends in charts for only the last five years, which does not provide sufficient context for the statistics. Technical terms, such as ‘basic prices’ and ‘extra-regio’ are not explained and the report provides little information about the policy context and wider uses of the statistics. As part of the designation as National Statistics, the Scottish Government should improve the commentary in QNAS so that it aids user interpretation of the statistics<sup>42</sup> (Requirement 7). We suggest that in meeting this Requirement the Scottish Government should consider the points detailed in annex 2. We further suggest that the Scottish Government consider inclusion of a longer time series in the charts and analysis presented in QNAS.

- 3.10 The QNAS supplementary tables are only available in Excel, and none of the tables are summarised in the report. While the data in supplementary tables are convenient for analysis for those using Excel or compatible software, those using non-proprietary software might find that analysing the data is not straightforward. The release for the first quarter of 2013 (2013Q1) of the QNAS *supplementary* tables on the Scottish Government’s website includes a correction notice which has changed the underlying data tables for this quarter, but not the corresponding QNAS report. The earlier versions of the tables, before the correction, are no longer available as a separate file, so users would not be able to replicate the charts in the 2013Q1 release from the base data. As part of the designation as National Statistics, the Scottish Government should ensure that the QNAS supplementary tables are disseminated in forms that encourage reuse and analysis, and ensure that all earlier versions of the files are made accessible to users on their website<sup>43</sup> (Requirement 8).
- 3.11 The *Pre-release Access to Official Statistics (Scotland) Order 2008*<sup>44</sup> does not require the publication of a list of people who have access to official statistics in their final form, but it does say that a record must be kept, and made available on request. The Scottish Government provided us with a list of those individuals. We suggest that it publish records of those who have pre-release access to the statistics in their final form.

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<sup>42</sup> In relation to Principle 8, Practice 2 of the *Code of Practice*

<sup>43</sup> In relation to Principle 8, Practice 6 of the *Code of Practice*

<sup>44</sup> <http://www.legislation.gov.uk/ssi/2008/399/contents/made>

## Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to QNAS in the interest of the public good. These are not formally required for designation, but the Assessment team considers that their implementation will improve public confidence in the production, management and dissemination of official statistics.

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|---------------------|---|
| <b>Suggestion 1</b> | Refer to the Statistics Authority's Monitoring Report <i>Strengthening User Engagement</i> when seeking to identify new members for SESCOG and the proposed new sub-groups, and include representation from the key sectors identified in the Monitoring Report (para 3.1). |
| <b>Suggestion 2</b> | Prepare and publish a separate summary of users' key needs from the minutes of the SESCOG meetings with some examples of how it has developed the statistics to meet such needs (para 3.2).   |
| <b>Suggestion 3</b> | Introduce into QNAS an historical fiscal balance table which would be subject to revisions in accordance with the Scottish Government's economic statistics revisions policy (para 3.4).  |
| <b>Suggestion 4</b> | Take steps to establish what improvements would be required to meet international best practice and publish this information. (para 3.6).   |
| <b>Suggestion 5</b> | Consider the points detailed in annex 2 in seeking to improve the statistical report (para 3.9).  |
| <b>Suggestion 6</b> | Consider inclusion of a longer time series in the charts and analysis presented in QNAS (para 3.9).   |
| <b>Suggestion 7</b> | Publish records of those granted pre-release access to these statistics in their final form (para 3.11).  |

## **Annex 2: Compliance with Standards for Statistical Reports**

- A2.1 In November 2012, the Statistics Authority issued a statement on *Standards for Statistical Reports*<sup>45</sup>. While this is not part of the *Code of Practice for Official Statistics*, the Authority regards it as advice that will promote both understanding and compliance with the *Code*. In relation to the statistical reports associated with QNAS, this annex comments on compliance with the statement on standards.
- A2.2 In implementing any Requirements of this report (at paragraph 1.5) which relate to the content of statistical reports, we encourage the producer body to apply the standards as fully as possible.

### **Include an impartial narrative in plain English that draws out the main messages from the statistics**

- A2.3 The Scottish Government presents the statistics in QNAS impartially and objectively and in plain English. The report includes key points which summarise the main findings followed by relevant and valuable analysis, such as the description of the components contributing to GDP change. There is limited analysis of the trends – for example, there is no comparison of the path of GDP compared to the UK. The QNAS supplementary Excel tables go back to 1998, but QNAS includes presentation of trends in charts for only the last five years, which does not provide sufficient context for the statistics.
- A2.4 The commentary does not explain some of the technical terms, such as ‘basic prices’ and ‘extra-regio’. The report presents a series of charts based on data in accompanying data tables but it is not sufficiently clear in the report which supplementary table holds the underlying data for the charts.

### **Include information about the context and likely uses of the statistics**

- A2.5 QNAS includes very little information about the policy context and likely uses of the statistics. The Scottish Government publishes the minutes of SESCOG meetings providing some information about the main uses of the statistics as well as users’ experiences of the statistical services. The minutes are, however, very detailed and it can be difficult to distinguish users’ experiences as they are not summarised separately or referred to directly in QNAS.
- A2.6 The Scottish Government presents two notional estimates relating to Scotland’s share of activity from the UK Continental Shelf (UKCS), explaining that this is necessary for QNAS to present results consistent with GERS. The commentary describes both estimates as ‘robust’, but does not advise about the appropriate use of each of them.

### **Include information about the strengths and limitations of the statistics in relation to their potential use**

- A2.7 The Scottish Government has published separate detailed information about the methods, procedures and classifications used in the production of QNAS statistics. QNAS includes summarised sections on key quality issues and on the reliability of the statistics. The Scottish Government has provided

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<sup>45</sup> <http://www.statisticsauthority.gov.uk/news/standards-for-statistical-reports.html>



information separately in a user guide about the quality of the component indicators used to provide estimates, but includes little information about the implications for users of poorly rated components either in the guide or in *QNAS*. This omission means that key information about uncertainty in the statistics is not set out clearly.

- A2.8 The methodology notes section includes commentary about seasonal adjustment and advises users which series are the most appropriate for making further calculations based on the statistics. The report clearly presents the statistics as estimates in the key points and in the user guide, but not in the individual tables or the main commentary. The method used to derive the implied deflators is not sufficiently clear.

### **Be professionally sound**

- A2.9 Although the charts in *QNAS* are not separately numbered, they otherwise conform to good practice standards. The underlying tables presented in Excel are numbered. This could be confusing to users, as the commentary in *QNAS* refers to table numbers (for example, table 10 includes estimates of onshore GDP) without making it clear that this relates to the *QNAS* supplementary tables and not to information in *QNAS*.
- A2.10 *QNAS* includes a reference to *GERS* treatment of offshore revenues, which in turn clearly explains the uncertain political position about the treatment of revenues derived from the UKCS in the event of independence.

### **Include, or link to, appropriate metadata**

- A2.11 *QNAS* and the Scottish National Accounts Project webpage include the name and contact details of the responsible statistician. The Scottish Government provides clear links to the user guide for the statistics and the underlying metadata.
- A2.12 The Scottish Government has published a corporate policy for revisions for all Scottish Government official statistics as well as a revisions policy for Scottish economic statistics to augment the corporate policy, including the Scottish National Accounts, on its website. The policy explains how the Scottish Government manages planned and unplanned revisions.
- A2.13 The commonly used term for the statistics is the SNAP statistics and the Scottish Government titles the webpage containing links to the report and associated documentation the Scottish National Accounts Project. The use of the term 'project' may give the impression that the statistics are about the performance of a project, and that they have a limited term life.

## Annex 3: Summary of assessment process and users' views

- A3.1 This assessment was conducted from July 2013 to January 2014.
- A3.2 The Assessment team – Iain Russell and Russell Whyte – agreed the scope and timetable for this assessment with representatives of the Scottish Government in July. The Written Evidence for Assessment was provided on 5 September. The Assessment team subsequently met the Scottish Government during October to review compliance with the *Code of Practice*, taking account of the written evidence provided and other relevant sources of evidence.

### Summary of users contacted, and issues raised

- A3.3 Part of the assessment process involves our consideration of the views of users. We approach some known and potential users of the set of statistics, and we invite comments via an open note on the Authority's website. This process is not a statistical survey, but it enables us to gain some insights about the extent to which the statistics meet users' needs and the extent to which users feel that the producers of those statistics engage with them. We are aware that responses from users may not be representative of wider views, and we take account of this in the way that we prepare Assessment reports.
- A3.4 The Assessment team received 8 organisational responses from the user consultation, covering the full membership of SESCOG. The respondents were grouped as follows:
- |  |   |
|--|---|
| Central government and other public bodies | 4 |
| Private companies and consultants          | 2 |
| Academics and institutes                   | 2 |
- A3.5 Users reported that *QNAS* is widely used to inform: economic briefings to ministers, private clients and the public; business decisions around investment; and academic research across a range of sectors. Most users cited analysis around the devolution debate and the oil and gas sector as a key current use.
- A3.6 Users raised some concerns around the methods employed in compiling the Scottish National Accounts, their coherence with other key sources and the need for further explanation of these issues. While generally welcoming the new commentary in *QNAS*, users felt there was scope for expansion through, for instance, more detailed analysis of key statistics. Individual users raised specific concerns relating to the coherence with Scotland's Input-Output tables, the difference between GVA estimates in *QNAS* and the UK's regional accounts<sup>46</sup>, and the lack of coherence with results from other official statistics such as the Retail Sales Index<sup>47</sup>. Users were complimentary about the formal and ad hoc engagement with the Scottish Government statisticians. One user suggested that when the Scottish Government releases *QNAS*, an occasional briefing session would be useful. One supplier expressed concern over the

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<sup>46</sup> <http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Regional+Accounts>

<sup>47</sup> <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/index.html>

difficulty of continuing to provide quarterly financial data to help compile the statistics.

**Key documents/links provided**

Written Evidence for Assessment document

