

# Monitoring Review

Monitoring Review 4/14  
June 2014

## *The Geography of Economic Statistics – Final Report*

### Introduction

1. The increasing devolution of policy making and delivery of policy within the UK has led to a growing demand for economic statistics for different sets of geographical areas. This report addresses the question of whether the geographies for which economic statistics are currently available are the ones for which these statistics will be needed in the future<sup>1</sup>. Initially we set out to consider:
  - What economic statistics are currently available for different geographies;
  - How well user needs are currently being met;
  - How user needs are changing in this context; and
  - How producers of statistics are responding to these changing requirements.
2. This final report provides an update on the interim report<sup>2</sup>, published on 17 February 2014, reflecting comments received during the consultation period.

### Findings and Conclusions

3. The geographic areas for which users require economic data are constantly evolving. The long-established standard geographies for official statistics are still valued by users, though some of these geographies are no longer linked to the same administrative functions or economic analyses that they once were. For example, the importance of the nine standard regions of England in public administration has diminished as new functional geographic areas have been created in response to increased devolution of policy making and policy delivery. Users of statistics require increased flexibility to align analyses with new functional areas where policy will be implemented. Users also want to be able to create their own geographies and access a wider range of economic indicators for local areas. In considering these user demands for flexible geographic analyses, there are some evident limitations in existing data sources.
4. The findings that follow are based on the results of consultation and research by the UK Statistics Authority. The findings are grouped around themes raised by both the bodies that produce official statistics and by users of those statistics. Whilst broadly we support the producers' current priorities within their resource constraints, we have made suggestions for

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<sup>1</sup> The outline for this review was published in December 2012, see <http://www.statisticsauthority.gov.uk/assessment/monitoring/monitoring-reviews/review-outlines/mr-outline-03-12.doc>

<sup>2</sup> <http://www.statisticsauthority.gov.uk/assessment/monitoring/monitoring-reviews/index.html>

supplementary actions that could help to address specific concerns that have been raised with us.

### Theme 1: Improved Dissemination to Users

5. We recognise the user demand for **greater access to low level ‘building block’ geographies** that can be used flexibly to create new geographic areas (Paragraphs 16 to 17). In practice, statistics for smaller areas are often ‘suppressed’ (ie, not made public) for entire sub-national datasets to protect against any risk of accidental disclosure of confidential information – which would be unlawful if it did occur. However, in some of these cases the sample sizes are only potentially ‘disclosive’ for a small proportion of the component sub-areas. Whilst producer bodies are already committed to making as much statistical data available as possible, we think that greater priority should be attached to making statistics available in as much detail as is consistent with the *Code of Practice for Official Statistics*<sup>3</sup>. Our view is that **one way to offer flexibility is to allow users to create geographies themselves by using a general aggregation tool**. Specific examples of concerns raised by users during this review include the Department for Work and Pension’s Job Centre Plus Vacancy Statistics<sup>4</sup> (**Box 2**, Paragraph 26) and the Annual Survey of Hours and Earnings (ASHE)<sup>5</sup> (Paragraphs 18 and 26). **Bodies that produce official statistics might also do more to support users by providing guidance on how to aggregate survey results over time** to achieve larger, and thus more reliable, sample sizes for smaller geographies. Specific examples of where this would be beneficial include: local gross value added (GVA) statistics (Paragraphs 20 and 21) and suppressed components of the Labour Force Survey<sup>6</sup> (LFS).
6. The review identified an ongoing user need for an **online dissemination tool that gives users the flexibility to create statistics based on their aggregation of pre-defined geographies**. The accessibility and flexibility of labour market data provided through the NOMIS<sup>7</sup> website is highly praised by many users. ONS told us that it plans to review the future of NOMIS as it continues to develop its Data Explorer tool<sup>8</sup> as a possible replacement; however it is currently unclear whether the Data Explorer tool will offer comparable access and functionality for users. The progress of work on the Data Explorer tool is not clearly communicated on ONS’s website, therefore **we would encourage ONS to publish more frequent updates to the development of this tool** (Paragraph 26).
7. The statistical service may need to **review the implementation of the Geography Policy for National Statistics**<sup>9</sup> which was issued by the ONS Geography Unit and adopted by all statistics producer bodies in 2010. The policy supports many of the needs identified to us by users in the course of this review but its implementation across the Government Statistical Service (GSS) appears to be inconsistent and is not formally monitored. The guidance and support available to government departments and other producer bodies in relation to

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<sup>3</sup> <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/code-of-practice-for-official-statistics.pdf>

<sup>4</sup> <https://www.gov.uk/government/consultations/changes-to-jobcentre-plus-vacancies-statistics>

<sup>5</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/annual-survey-of-hours-and-earnings/index.html>

<sup>6</sup> <http://www.ons.gov.uk/ons/about-ons/get-involved/taking-part-in-a-survey/information-for-households/a-to-z-of-household-and-individual-surveys/labour-force-survey/index.html>

<sup>7</sup> <http://www.nomisweb.co.uk/>

<sup>8</sup> <http://www.ons.gov.uk/ons/about-ons/what-we-do/programmes---projects/enhancing-access-to-ons-data/new-data-access-tools/index.html>

<sup>9</sup> <http://www.ons.gov.uk/ons/guide-method/geography/geographic-policy/best-practice-guidance/geography-policy-for-national-statistics.pdf>

implementing the policy could be the main focus of the review, and could be carried out by the National Statistician’s Office (Paragraph 15).

### Theme 2: Improved Access for Producers to Data Sources

8. The people who produce official statistics need **fuller access to central administrative data sources**. At present, various legal and procedural obstacles prevent government statisticians from accessing all the data that they need to support users. Trade and regional business activity statistics published and used by the devolved administrations in Wales, Scotland and Northern Ireland may not be directly consistent with the best available UK data because access to the sources is restricted (Paragraphs A3.5 to A3.7 include specific examples). We understand there are proposals for enhanced sharing of data underway, and that ONS is contributing to the case for data sharing for a future White Paper. It would be advantageous if Her Majesty’s Revenue and Customs (HMRC) were to be included within the scope. In particular, the recently established ONS Administrative Data Sharing and Use team should give early priority to working with HMRC to investigate further sharing of its data when developing ONS’s strategy for making greater use of administrative data. These recommendations are consistent with the National Statistician’s strategy on Open Data<sup>10</sup> and Protocol 3, Practice 3 of the *Code* (Paragraph 27).

### Theme 3: Improved Communication with Stakeholders

9. The review has highlighted the importance of government statisticians engaging in regular dialogue with users of their statistics to inform statistical planning and priorities. There is a **perception by the Greater London Authority that London is not as well served as the devolved administrations by official statistics**. London accounts for over 20 per cent of the UK’s total gross value added (based on the 2012 estimate<sup>11</sup>), a value which exceeds the combined outputs of Wales, Scotland and Northern Ireland. There has, however, been a recent reduction in the number of official statistics produced for London, driven in part by DCLG’s ceasing of summary statistics by government office region in late 2012 (Paragraph A2.5). Furthermore, the sample sizes of national surveys do not always support reliable analysis at a sub-region level. The devolved administrations currently pay to boost the sample sizes of some national surveys, which enable them to produce statistics at lower geographies for their respective countries. This boosting option is also available to Local Authorities. The evidence presented to us suggests there is scope for producer bodies such as ONS to improve their engagement with key stakeholders such as the Greater London Authority (GLA), to address concerns about its statistics. Given the scale of London’s economy relative to the other NUTS1 regions (nomenclature of territorial units for statistics), we have some sympathy with the view that there could be further provision of economic statistics for London. ONS and GLA should engage with each other to discuss the key perceived gaps in provision and an appropriate resourcing plan for addressing them (Paragraph 23). The discussion should cover:
- The availability of existing administrative sources to meet the gaps, and whether GLA can obtain access to them;
  - The estimated scale and cost of additional survey work and GLA’s ability to meet these costs; and

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<sup>10</sup> <http://www.statisticsauthority.gov.uk/national-statistician/ns-reports--reviews-and-guidance/national-statistician-s-guidance/open-data-and-the-gss.pdf>

<sup>11</sup> [http://www.ons.gov.uk/ons/dcp171778\\_345191.pdf](http://www.ons.gov.uk/ons/dcp171778_345191.pdf)

- Whether ONS staff working with the GLA could play a role in addressing these gaps.
10. We see a case for **greater dialogue between the bodies that produce official statistics and Local Enterprise Partnerships** (LEPs) in England, possibly taking the form of a working group at official level. LEPs are becoming a new priority user of economic statistics, as they have responsibility for delivering the government's localism agenda and European funded development projects (Paragraph 17). It would be advantageous if a working group could:
- include representation from Department for Communities and Local Government (DCLG), Department for Business, Innovation and Skills (BIS) and ONS;
  - monitor issues in relation to fully accrediting LEPs as a statistical geography, to support statistics producers in the GSS in producing economic statistics for LEPs. This will include consideration of overlapping geographies and potential inconsistencies in these geographies over time;
  - investigate whether there is demand for the production of a one-off compendium of economic statistics for LEPs that builds on those statistics already published; and
  - consider the feasibility of publishing LEP-level GVA estimates or supporting guidance for LEPs to produce GVA estimates consistent with the NUTS2 and NUTS3 approach (Paragraph 21).
11. The feedback we obtained from users also indicated that there is still scope for producer bodies to **improve dialogue with users particularly with those large number of institutional users who are geographically dispersed**, for example local authorities (LAs) and LEPs. Whilst there is growing evidence of statistics producer teams, particularly within ONS, reaching out to these groups of users through KnowledgeHub<sup>12</sup> and StatsUserNet<sup>13</sup>, this practice could be more widely adopted by other government departments (Paragraph 28).

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<sup>12</sup> <https://knowledgehub.local.gov.uk/>

<sup>13</sup> <http://www.statsusernet.org.uk/Home/>

## Detailed Research Findings

12. This section sets out the findings from the research and user consultations and is structured around:

- a review of key policy documents and the drivers for change to functional geographic areas;
- emerging new geographies and the availability of statistics for these geographies;
- key limitations in data availability and quality for existing sub-national geographies; and
- producer bodies' progress in responding to user needs.

**Annex 1** includes an illustration of the range of economic statistics currently available and the geographic areas for which they are published. A more complete review of related policy documents is included in **Annex 2**, including a summary of progress following the Allsopp Review in 2004. The description of key terms used throughout the review is provided below:

- The term '**economic statistics**' in this context covers a wide range of statistics relating to many aspects of the economy and economic policy making. These include, but are not limited to, gross domestic product (GDP) and its components, trade and business statistics and labour market statistics.
- The term '**geography**' is commonly used to refer to the boundaries of an area to which a certain dataset applies. Geography provides the structure for collecting, processing, storing and aggregating data. However, these boundaries are subject to change, particularly for sub-national geographical areas. The many different types of geographic units in the UK (administrative, health, electoral, post code, for example) and their boundaries do not always align and they also vary across the four UK nations. There are also parts of the UK economic territory whose economic output cannot be assigned to any particular region; these are collectively defined as 'extra-regio'<sup>14</sup>.
- The range of **users of economic statistics** includes: the UK Parliament; the devolved administrations in Wales, Scotland and Northern Ireland; central government departments; administrative bodies such as the GLA; institutions of the European Union and other international bodies; local government institutions, including local authorities; LEPs; research and academic bodies; the wider public and the media.

**Annex 3** includes detailed responses from the user consultation element of this review while **Annex 4** summarises producer bodies' priorities in addressing some of the issues raised. The organisations who contributed to this review, both users and producers of economic statistics, are listed at **Annex 5**.

### Policy and Drivers for Change

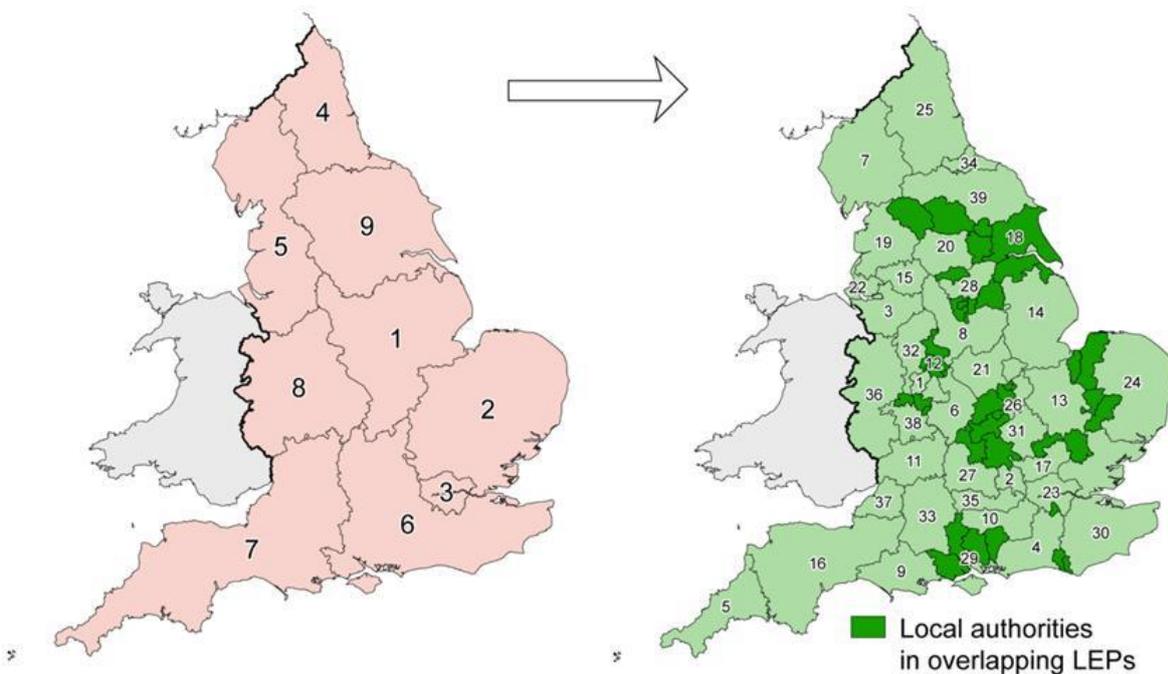
13. As part of the budget statement in June 2010, the UK coalition Government announced plans<sup>15</sup> to abolish the Government Offices for the Regions (with effect from 31 March 2011) and the Regional Development Agencies (RDAs), with effect from 31 March 2012. The creation of LEPs was also announced. These voluntary local partnerships between local authorities and businesses are responsible for leading future economic development, as part

<sup>14</sup> This applies to the Regional Accounts in particular.

<sup>15</sup> Paragraph 1.89, [http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/junebudget\\_complete.pdf](http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/junebudget_complete.pdf)

of the Government’s wider localism agenda<sup>16</sup>. Many of the Government’s policies therefore no longer align with the geographies used to produce the Regional Accounts, for example, but use alternative local geographies such as LEPs, Enterprise Zones<sup>17</sup> and City Deals<sup>18</sup>. The Regional Growth Fund<sup>19</sup> (RGF), operating across England from 2011 to 2015, supports projects and programmes with significant potential for economic growth at a local level. This creates a demand for economic statistics to be made available for different geographies to inform the development and evaluation of these policies. **Annex 2** includes further details about key reports related to the Government’s localism agenda, including the Allsopp Review and the Heseltine Review. The map below illustrates the increasing devolution of local policy in England, with a transition from 9 RDAs to 39 LEPs:

**Former Regional Development Agencies (9)      Current Local Enterprise Partnerships (39)**



**Diagram 1: Comparison of former RDA areas and current LEP areas. See Annex 7 for a list of corresponding areas. Source: all maps produced by ONS Geography. Contains Ordnance Survey Data ©Crown Copyright and database right 2013.**

14. The current EU structural funds programme<sup>20</sup> is governed by the Lisbon Strategy<sup>21</sup> and ran from 2007 to 2013. The Europe 2020 Strategy<sup>22</sup> will replace the Lisbon Strategy and runs from 2014 to 2020, determining the allocation of EU structural funds to the UK regions. The NUTS<sup>23</sup> (Nomenclature of territorial units for statistics) areas are the standard geography for European reporting and funding. However, funded projects will be implemented by LEPs in England and

<sup>16</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5958/1923416.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5958/1923416.pdf)

<sup>17</sup> <https://www.gov.uk/government/policies/supporting-economic-growth-through-local-enterprise-partnerships-and-enterprise-zones/supporting-pages/enterprise-zones>

<sup>18</sup> <https://www.gov.uk/government/policies/giving-more-power-back-to-cities-through-city-deals/supporting-pages/city-deals>

<sup>19</sup> <https://www.gov.uk/understanding-the-regional-growth-fund>

<sup>20</sup> <http://www.eugrants.org/>

<sup>21</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Glossary:Lisbon\\_Strategy](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Lisbon_Strategy)

<sup>22</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Glossary:EU\\_2020\\_Strategy](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:EU_2020_Strategy)

<sup>23</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts\\_nomenclature/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/introduction)

by local authorities in the devolved administrations, therefore the geographies considered will not necessarily correspond to NUTS geographies. Geographical areas may also be combined for the administration of large projects. Users will therefore need increased flexibility in the statistics available to them to define non-standard statistical areas in order to prepare funding bids and to monitor and evaluate the impact of their activities over time.

15. The ONS Geography Unit provides advice to government departments on geospatial issues and produces key geographic products, such as geographical directories and databases, area codes and other geographic metadata. The Unit was responsible for developing the 2010 *Geography Policy for National Statistics*<sup>24</sup>. The policy “sets out the principles for using geographic information to produce and disseminate statistics”, which include:

- to reference statistical events accurately, consistently and at as low a level of geographical referencing as possible; and
- to minimise the impact of changing area boundaries on national statistics outputs.

This policy supports many of the needs identified by users during the review’s consultation (detailed in **Annex 3**). However, it is evident that compliance with the policy is not monitored therefore it is not clear whether this policy is being adopted consistently across the GSS. It would be beneficial to conduct a review of compliance with this policy, to inform whether the ONS Geography Unit should seek out different opportunities to promote the policy further. ONS told us it is currently re-drafting the policy to strengthen its key messages, although the fundamental principles will not change. ONS also plans to seek out ‘champions’ of geography in every GSS department, who will be responsible for promoting and implementing the policy in their respective departments.

**FINDING: The statistical service may need to review the implementation of the Geography Policy for National Statistics across the Government Statistical Service (GSS).**

### Changing Geographies

16. The definition of local economies is conceptually difficult and varies depending on the policy area being addressed. During the consultation, users consistently reported their spatial needs for: statistics at different geographic levels to help them implement and monitor economic policies; and for greater flexibility to create user-defined areas for economic statistics. Statistics teams across ONS and BIS are responding to a growing number of requests from LEPs and external researchers for economic statistics for LEP geographies (including GVA, employment and business statistics), and recognise this as a key geography for future demand. Local authorities can be a member of more than one LEP therefore some LEP geographies overlap and they do not necessarily have fixed boundaries over time; LEPs are voluntary partnerships and local authorities may choose to switch between different partnerships to best meet their funding and development needs. As a result, there is a clear user demand for economic statistics to be published in a sufficiently flexible format.

<sup>24</sup> <http://www.ons.gov.uk/ons/guide-method/geography/geographic-policy/best-practice-guidance/geography-policy-for-national-statistics.pdf>

17. Users reported a range of emerging geographies during this review including: new European labour-market areas, regeneration areas, police divisions and enterprise zones. It is clear that policy changes can result in evolving geography needs, as new areas gain responsibility for policy delivery. A number of these new areas are responsible for delivering single policies (see **Box 1**), and as such may be replaced as policies change. Users will therefore need increased flexibility to define their own areas for economic statistics, as they may not be able to define

**Box 1: Integrated Territorial Investments**

DCLG and BIS held user consultations during 2012/13 to inform the design of the 2014-2020 European funding programme. This led to proposals for a flexible new delivery vehicle - Integrated Territorial Investments (ITIs) - making it easier to link either European funding streams or different geographies for single development projects. ITIs can potentially include any combination of existing functional geographies, such as Health Boards, Police regions, LEPs or LAs. When bidding for funds, ITIs will have to match statistics to the boundary of the proposed project area to demonstrate specific local issues.

their project boundary by aggregating across existing standard geographies. Our view is that one way to offer flexibility is to allow users to create geographies themselves by using a general aggregation tool, subject to the ‘building blocks’ not being disclosive.

**FINDING: There is strong user demand for greater access to low level building block geographies that can be**

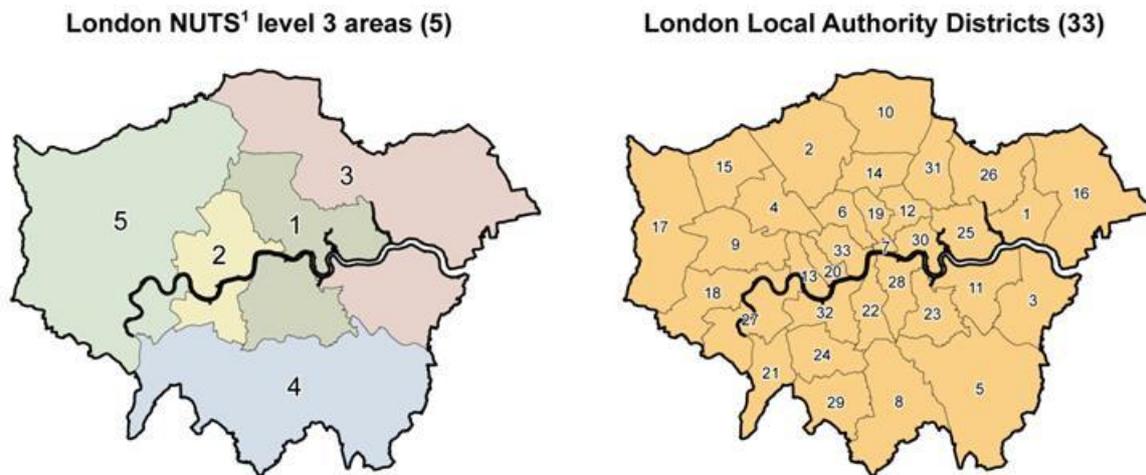
**used flexibly to create new geographic areas.**

Data limitations for existing geographies

18. There are two key issues in relation to the use of statistics: availability and accessibility. Economic statistics such as those illustrated in **Annex 1** are produced either from data collected through surveys, or modelled, often using multiple sources of data. The two types of statistics can result in different issues when presenting sub-national geographies:

- **Macroeconomic statistics are typically modelled.** These include official estimates of GDP, GVA, capital investment levels and the other indicators published in the National and Regional Accounts. These indicators are typically calculated at UK-level, and then disaggregated into sub-national geographic areas using appropriate regional indicators, such as number of employees. Macroeconomic statistics are available for NUTS1 regions in nominal prices, and ONS publishes ad hoc estimates for NUTS2 and NUTS3 regions in nominal terms to meet Eurostat requirements, but these figures carry significant caveats over robustness. There are a total of 415 districts, unitary authorities, and council areas in the UK, most of which will aggregate to the 139 NUTS3 areas<sup>25</sup>. The map illustrates how the 5 NUTS3 areas in London map to the corresponding 33 district authority areas. However, NUTS regions do not always consistently map to functional economic geographies, for example in Scotland, the islands in the Argyll & Bute council area are included in the Highlands and Islands NUTS2 area, whilst the mainland parts are included in the South West Scotland NUTS2 area.

<sup>25</sup> <http://www.ons.gov.uk/ons/guide-method/geography/beginner-s-guide/eurostat/relationship-of-nuts-to-uk-administrative-geographies.html>



1 Nomenclature of Units for Territorial Statistics.

Diagram 2: Comparison of London NUTS3 and Local Authority District areas. See Annex 7 for a list of corresponding areas. Source: all maps produced by ONS Geography. Contains Ordnance Survey Data ©Crown Copyright and database right 2013.

- Labour market and business statistics are typically produced from data collected directly through surveys**, such as the LFS, Business Register and Employment Survey (BRES)<sup>26</sup> and ASHE. These statistics are based on samples and published for geographies which are aggregated from individual output areas (OAs), consistent with ONS Geography Policy. These indicators are widely available at local authority level, but suffer from confidentiality issues or small sample sizes for lower level geographies, creating further limitations in the availability of statistics. The sample size for ASHE, for example, was reduced by 20% in 2007, reducing the robustness of statistics for small geographies.
19. The devolved administrations rely heavily on published statistics produced by ONS and other government departments. They also depend on access to data from statistical surveys conducted by ONS, towards which they contribute financially in order to increase the sample sizes for their respective countries (Paragraph A3.9 contains further detail). Whilst well served in certain areas, there are examples where statistics are not currently produced, such as trade flows and estimates of tax revenue for English regions. There does not appear to be as great a demand for statistics for England and the English regions; however, the GLA told us that it would like to be able to analyse the same range of data available to the devolved administrations. Local authorities also require lower-level geographical estimates of key variables to compare themselves with other authorities and nationally. The availability of such data is inconsistent and sometimes depends on whether these areas correspond to existing NUTS2 or NUTS3 boundaries. Academic and private sector users have raised similar concerns about these data limitations. **Annex 3** includes detailed feedback from the user consultations, while **Annex 6** includes a case study of specific uses of local economic statistics.

<sup>26</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/business-register-and-employment-survey--bres-/index.html>

20. Users of statistics for a range of geographies reported a need for access to GVA statistics since GVA is a key economic growth indicator. ONS produces GVA for NUTS1 regions, which include London, Wales, Scotland and Northern Ireland and are used as an input into the National Accounts for these administrations. Users in the devolved administrations have highlighted access to good quality NUTS1 level statistics as their key data requirement to produce robust national accounts for their countries, to inform labour market decisions and in domestic policy making. Scotland and Northern Ireland use NUTS1 data to produce their own GDP estimates in real terms on a quarterly basis. However, there are a number of limitations in the NUTS1 data including reliable estimates for: the balance of trade; Gross Domestic Household Consumption, the Household Savings Ratio and Gross Fixed Capital Formation. The current absence of a real GVA measure, ideally on a quarterly basis, was highlighted as a significant limitation to meet current demand. ONS is currently developing experimental measures to address this need, and first published experimental GVA estimates for NUTS1 regions<sup>27</sup> in real price terms in December 2013. ONS is currently consulting users of these statistics on data sources and methods used.
21. Eurostat will continue to use GVA-per-capita for NUTS2 regions to determine the UK's eligibility for European structural funds. In England, DCLG will allocate funds to local projects from 2014<sup>28</sup> which LEPs will bid for and administer. The 39 LEPs in England do not map directly to existing NUTS regions. This means that Eurostat still considers NUTS-level GVA data to determine the UK's total grant, while DCLG considers LEP-level economic data to assess individual funding bids from LEPs. Local authorities are the building blocks for LEPs: LEP-level statistics can therefore be made available for labour market and some business indicators, since these are currently available at local authority level. However, GVA and some other economic statistics are currently available only for NUTS regions, which cannot be mapped directly to LEPs. The quality of experimental NUTS level GVA estimates produced by ONS is also debated.

**FINDING: There is a user need for GVA estimates for different geographies. ONS could consider the feasibility of publishing LEP-level GVA estimates or supporting guidance for LEPs to produce GVA estimates consistent with the NUTS2 and NUTS3 approaches. These need to be coherent with any official estimates produced by the Devolved Administrations.**

22. ONS does not always publish detailed analyses of data from the business and labour market surveys, as their samples often do not provide robust estimates at low-level geographies. Furthermore, these data can also be disclosive. In some cases, data are available through the Virtual Microdata Laboratory (VML)<sup>29</sup> but access to this is restricted<sup>30</sup> to approved researchers. Bespoke analysis is available to users through requests made to the statistics producer team (which are subsequently published on the ONS website in accordance with its *Publication Policy on ad hoc media requests*<sup>31</sup>) but this process can be time consuming and costly or

<sup>27</sup> <http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--production-approach-/december-2013/stb-regional-gva-p--december-2013.html>

<sup>28</sup> <https://www.gov.uk/government/publications/calculating-european-regional-development-fund-and-european-social-fund-allocations-to-local-enterprise-partnerships-2014-to-2020>

<sup>29</sup> List of indicators available through the VML: <http://www.ons.gov.uk/ons/about-ons/business-transparency/freedom-of-information/what-can-i-request/virtual-microdata-laboratory--vml-/index.html>

<sup>30</sup> Accessing the VML: <http://www.ons.gov.uk/ons/about-ons/business-transparency/freedom-of-information/what-can-i-request/virtual-microdata-laboratory--vml-/index.html>

<sup>31</sup> <http://www.ons.gov.uk/ons/media-centre/statements/ons-publication-policy-on-ad-hoc-media-requests/index.html>

result in a time lag for users obtaining requested data. The publication of estimates for low level geographies should not be restricted by them having wide confidence intervals, providing that appropriate caveats and guidance are made available. There are some cases where potentially disclosive data could be aggregated across quarters or years to provide useful estimates, although the complexities associated with aggregating survey results should be taken into account.

**FINDING: There is user demand for existing statistics which are currently suppressed due to confidentiality and reliability. There appears to be scope for producer bodies to make greater effort to publish statistics for low level geographies. Producers could also support users by providing guidance on aggregating survey results across quarters or years to achieve reliable sample sizes for smaller geographies where appropriate.**

23. It is apparent that the GLA has access to less statistical data than some of the devolved administrations. This is because the devolved administrations fund the boosting of sample sizes for some national surveys to ensure reliable statistics for their country and can therefore access the corresponding data to perform their own analyses (see Paragraph A3.9). This boosting option is available to Local Authorities, but those who we talked to as part of this Review felt the cost to be prohibitive. The GLA told us it had concerns about the reliability of national statistics at a sub-regional level and about the robustness of statistics representing the service sector, particularly financial services. They also expressed concern about the time lags between the publication of economic statistics and the period to which they refer. There are a number of indicators which the GLA also told us it would like to use when developing strategic plans. These include a longer GVA time series, a GVA measure for constant prices ('real' GVA) as well as constant and current price indices of production, construction and services. ONS has recently developed experimental GVA estimates using a production-based approach for both constant and current prices<sup>32</sup>, although it currently has no plans to produce a historic time series before 1997<sup>33</sup>. ONS first published the experimental series in December 2013<sup>34</sup> and is seeking user views. ONS currently produces an Index of Production and Construction and an Index of Market Services for the Welsh Government (which Welsh Government pays for) and Scottish Government produces its own. ONS ran a pilot exercise a few years ago to produce regional quarterly output indices for all NUTS1 regions. However, once the RDAs were disbanded, the demand fell and necessary funding to continue the work disappeared. The GLA currently funds two statisticians based at ONS to support the provision of statistics for London. However this resource only manages to achieve part of the analysis that GLA requires. The scale of London's economy relative to the UK indicates that there is a strong demand for robust economic statistics to inform planning and decision making.

**FINDING: There is a perception by the Greater London Authority that London is not as well served as the devolved administrations by official statistics.** ONS and GLA should engage with each other to discuss the key perceived gaps in provision and an appropriate resourcing plan for addressing them. The discussion should cover:

<sup>32</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/regional-accounts/development-of-a-regional-measure-of-real-gross-value-added-using-a-production-approach.pdf>

<sup>33</sup> This is primarily due to the increased difficulty posed by changes to SIC codes, resulting in measures that would not be sufficiently robust to justify the resource required to carry out this work

<sup>34</sup> <http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--production-approach-/december-2013/index.html>

- The availability of existing administrative sources to meet the gaps, and whether GLA can obtain access to them;
- The estimated scale and cost of additional survey work and GLA's ability to meet these costs; and
- Whether ONS staff working with the GLA could play a role in addressing these gaps.

Producer bodies' progress in responding to user needs.

24. In our consultations, producer bodies have generally demonstrated a sound awareness of the changing policy environment and are developing a range of strategies to address these changing demands. They also face the challenge of a trade off between maintaining time series and producing data for new geographies that are relevant to contemporary policy. **Annex 4** provides further details about the producers' progress and examples of their ongoing project work to address users' geographical needs for economic statistics. For example:

- ONS's Strategy for 2013-25<sup>35</sup> includes a project on Open Geography to ensure compliance with European and UK legislation, and to provide a definitive source for users to access geography products.
- The ONS Geography Unit has modified OAs (Paragraph A4.1) for England and Wales following the 2011 Census to ensure the population criteria is still being met and is also currently developing new workplace zones<sup>36</sup> (Paragraph A4.3).
- ONS has published a series of compendium publications of comparable statistics for the four nations of the UK where they already exist, to help inform the Scottish referendum debate, in collaboration with other producer bodies across the GSS.
- NISRA is investigating the possibility of producing Input-Output tables for Northern Ireland.
- As part of the Scottish Neighbourhood Statistics (SNS) programme, clickable maps of datazones<sup>37</sup> have been created for users to construct their own defined geographies.
- The Welsh Government is currently focused on improving provision for local authorities and the new Welsh Enterprise Zones as well as considering the use of new geographies in Wales, such as City Regions<sup>7</sup> and Communities First<sup>38</sup> areas.
- ONS's Beyond 2011 programme (see paragraph A4.6) considered the use of administrative data and sample surveys as an alternative to the traditional Census. On 27 March 2014, the National Statistician recommended<sup>39</sup> that the 2021 Census was to be conducted predominantly online, supplemented by the further use of administrative and survey data. This will impact on the way that social statistics are produced in

<sup>35</sup> <http://www.ons.gov.uk/ons/about-ons/business-transparency/freedom-of-information/what-can-i-request/previous-foi-requests/government/records-management-contracts/ons-strategy.pdf>

<sup>36</sup> <http://www.ons.gov.uk/ons/guide-method/census/2011/census-data/2011-census-prospectus/new-developments-for-2011-census-results/2011-census-geography/workplace-zones/index.html>

<sup>37</sup> <http://www.sns.gov.uk/simd/Simd.aspx>

<sup>38</sup> <http://wales.gov.uk/topics/housingandcommunity/regeneration/communitiesfirst/?lang=en>

<sup>39</sup> <http://www.ons.gov.uk/ons/about-ons/who-ons-are/programmes-and-projects/beyond-2011/beyond-2011-report-on-autumn-2013-consultation--and-recommendations/index.html>

future. There is therefore clearly scope for administrative data to be exploited for future development of business statistics.

25. LEPs play a central role in determining local economic priorities and undertaking activities to drive local economic growth, upon which national growth relies. DCLG and BIS are jointly responsible for LEP policy. Central teams within DCLG provide a contact point for LEPs, which is further supported by the regional presence of BIS Local offices. ONS began publishing *Local Enterprise Partnership Profiles*<sup>40</sup> on a bi-annual basis from April 2011, to aid LEPs in their understanding of the economic, social and environmental picture for the local authority areas covered by LEPs. This is currently the only regular publication of economic statistics for LEP geographies, although it is possible to access some labour market statistics for LEPs on NOMIS. In September 2013, ONS launched a consultation on a potential reduction to its statistical outputs<sup>41</sup>, which includes regional and local statistics such as *Local Enterprise Partnership Profiles*. ONS gathered user views until 31<sup>st</sup> October 2013, and published its response to the consultation in February 2014. This was followed by a further update on 28 May 2014<sup>42</sup>, which stated that the publication of both *Local Enterprise Partnership Profiles* and *Local Profiles* will cease, as no alternative solutions for producing them had been found. From our consultation, statistics teams within ONS and BIS expressed concern about how to address future demand for statistics for LEP geographies efficiently and consistently, as LEPs geographies are not explicitly supported by all the ONS Geography products. This will continue to be an issue in light of the ceasing of publication of *Local Enterprise Partnership Profiles*. It appears that the central coordination of statistical issues in relation to LEPs could be strengthened, particularly as statistics for LEP geographies involve several government departments, indicating the need for further dialogue.

**FINDING: Provision of statistics for LEPs is currently partial. We see a case for greater dialogue between the bodies that produce official statistics and Local Enterprise Partnerships in England, possibly taking the form of a working group at official level.**

<sup>40</sup> <http://neighbourhood.statistics.gov.uk/dissemination/Info.do?page=analysisandguidance/analysisarticles/local-enterprise-partnership-profiles.htm>

<sup>41</sup> <http://www.ons.gov.uk/ons/about-ons/get-involved/consultations/consultations/statistical-products-2013/index.html>

<sup>42</sup> <http://www.ons.gov.uk/ons/about-ons/get-involved/consultations/consultations/statistical-products-2013/updated-response-to-ons-consultation-on-statistical-products-2013/index.html>

26. Responses from users highlighted the need for greater access to more-detailed datasets on a wider range of topics. Users praised the accessibility and flexibility of data available through

**Box 2: DWP Vacancy statistics**

In November 2012, DWP replaced the administrative system that produced Jobcentre Plus Vacancies statistics with the Universal Jobmatch system. This is an internet-based system administered by Monster, and includes those vacancies notified to Jobcentres as well as those found through ‘web-scraping.’ Users voiced concern to DWP, this review and through StatsUserNet about the quality of the data. Users complained in particular about the lack of data at low-level geographies to allow users to create their own geographies, and that the consultation had not been earlier to allow their views to be acted upon before the system was implemented. Although DWP identified the ‘top 5’ issues and stated that the tool would be updated in Spring 2013, there have been no improvements made as yet. We feel that the magnitude of dissatisfaction amongst users about the many problems with the Universal Jobmatch Tool has not been satisfactorily acknowledged by DWP. We encourage DWP to address the need for robust vacancies statistics at lower level geographies as a priority. DWP could also improve its communication with users to keep them updated with developments.

NOMIS, which provides access to ONS labour market statistics and benefit claimants statistics from the Department for Work and Pensions (DWP). **Box 2** provides a summary of recent user concerns about DWP Vacancy statistics. In 2011 ONS consulted<sup>43</sup> users about their use of NOMIS and the importance of the data accessed; the results of the consultation fed into ONS’s *Approach to Open Data*<sup>44</sup>. In November 2013, ONS launched its Data Explorer tool which allows users to customise and download aggregated data from its website. Only Population Census data are available initially, but from early 2014 some ‘trailblazer’ datasets will be available, including the Retail Sales Index (RSI) and the ASHE. In tandem with the Data

Explorer tool, ONS launched the Application Programming Interface (API) service for use by registered third parties. This allows multiple datasets to be downloaded according to the user’s specifications. ONS aims to provide access to all datasets through these tools over the next few years. The Data Explorer tool does not have the capabilities of NOMIS (for example, aggregation and disclosure functions) and provides data only for pre-set, standard geographies. Although ONS has not provided many updates to users about the new tools, ONS is responding to users’ needs to some extent. We encourage ONS to explore the possibility of providing more functionality and greater flexibility and to provide users with more frequent updates about the tool’s developments, including how the future of NOMIS may be affected.

**FINDING: There is an ongoing user need for an online dissemination tool that gives users the flexibility to create statistics based on their aggregation of pre-defined geographies.**

27. It is clear that producer bodies need to balance the growing user need for economic statistics for different geographies with constrained resources. Producer bodies including ONS and Scottish Government have identified that data from central administrative data sources could help improve the quality of their statistics and minimise respondent burden. Improved access

<sup>43</sup> <http://www.ons.gov.uk/ons/about-ons/user-engagement/consultations-and-surveys/archived-consultations/2011/nomis-consultation/nomis-consultation.html>

<sup>44</sup> <http://www.ons.gov.uk/ons/guide-method/best-practice/open-data/index.html>

to administrative data held by HMRC was identified as particularly useful (see Paragraph A3.6). Current legislation means that HMRC cannot grant access to these data to other producer bodies within the GSS: it is currently collected on the basis that it will not be shared further with other government departments. A report published by the Administrative Data Task Force (led by the Economic and Social Research Council) in December 2012, recommended that “legislation should be enacted to facilitate research access to administrative data and to allow data linkage between departments to take place more efficiently”. In March 2012, the UK Statistics Authority published *Creating official statistics from administrative data*<sup>45</sup>, which reviewed whether the statistical service had sufficient access to, and influence over, the administrative data sources from which official statistics are increasingly drawn. ONS is currently investigating options to access real-time PAYE data<sup>46</sup> using means set out in Section 47 of the Statistics and Registration Service Act 2007<sup>47</sup>. This section of the Act makes provision for the disclosure of information to the Statistics Authority and states that the Minister for the Cabinet Office may authorise the sharing of information where this is needed for specific statistical purposes and is in the public interest. ONS has also recently established an Administrative Data Sharing and Use team, whose remit includes establishing ONS’s role in making greater use of administrative data.

**FINDING: There is a policy driven need for statistics producers in central and local government bodies to gain fuller access to central administrative data sources.**

28. There is a growing trend for producer bodies to engage with users of their statistics through topic related forums on StatsUserNet (facilitated by the RSS) and KnowledgeHub, the Local Government Association's (LGA) professional social network. KnowledgeHub was established in early 2012 and currently has over 18,000 members, across over 500 active groups, and provides a valuable tool for those working in local government or central government to communicate. However, on 24 May 2013, LGA announced that it was launching a 30 day consultation<sup>48</sup> on the closure of KnowledgeHub, due to unexpected reductions in LGA’s income. The consultation deadline was 23 June 2013. In July 2013, KnowledgeHub administrators announced that it was negotiating with a commercial partner to establish the best way of ensuring the future of KnowledgeHub. A final decision on its future was expected over the following months; no further updates have been communicated, but the website remains active.

**FINDING: There is still scope for producer bodies to improve user engagement particularly with the large number of users who may be geographically dispersed, for example local authorities and local enterprise partnerships.**

<sup>45</sup> <http://www.statisticsauthority.gov.uk/reports---correspondence/correspondence/letter-from-sir-michael-scholar-to-rt-hon-francis-maude---administrative-data---16032012.pdf>

<sup>46</sup> <http://www.hmrc.gov.uk/payerti/getting-started/index.htm>

<sup>47</sup> <http://www.legislation.gov.uk/ukpga/2007/18/contents>

<sup>48</sup> <https://knowledgehub.local.gov.uk/web/kmteam/blog/-/blogs/10566129>

**Annexes**

Annex 1: Examples of economic statistics currently produced for different geographies

Annex 2: Summary of policy background

Annex 3: Summary of user consultation

Annex 4: Summary of producer bodies' priorities

Annex 5: List of organisations contributing to the review

Annex 6: Illustrative example of the different uses that are made of economic statistics

Annex 7: List of geographies corresponding to Diagrams 1 and 2

### Annex 1: Examples of economic statistics currently produced for different geographies (full details available from individual producers)

Output	NUTS1	NUTS2	NUTS3	LEPs	UA/LA <sup>49</sup>	TtWA <sup>50</sup>	PCs	Other
<b>Department for Business, Innovation and Skills</b>								
Business Population Estimates	x							
English Business Survey		x						
Private Sector Employment Indicator (England)	x							
REPI	x							
<b>Office for National Statistics</b>								
Annual Business Survey	x							
Annual Employment Statistics	x				x			
Annual Population Survey	x							
Annual Survey of Hours and Earnings	x				x	x	x	
Annual Survey of Hours and Earnings pension statistics	x							
Average Weekly Earnings								GB Only
Balance of Payments								UK only
Blue Book (Annual National Accounts)								Only 1 of 14 components (GFCF) available below UK level
Business Demography	x				x			
Business Investment								UK only
Civil Service Statistics			x					
Claimant Count	x				x		x	
Construction Output and New Orders								GB only
Consumer Price Inflation								UK only
Consumer Trends								UK only
Disposable Household Income Across the UK	x		x					

<sup>49</sup> UA/LA – Unitary Authority / Local Authority

<sup>50</sup> TtWA – Travel to Work Area

E Commerce								UK Only
Effects of Tax and Benefits on Household Income								UK and GB
Estimates of Economic Inactivity by age	x							
Estimates of Employment by age	x							
Estimates of Unemployment by age	x							
Foreign Direct Investment Involving UK Companies								UK only
Gross Wages and Salaries								UK Only
Gross Weekly Earnings of Employees	x							
Headline Labour Market Indicators	x							
House Price Index	x							UK Countries
Index of Labour Costs per Hour								UK Only
Index of Private rental prices	x							GB only
Index of Production								UK only
Index of Services								UK only
Investment by Insurance Companies, Pension Funds and Trusts								UK only
Job vacancies								UK Only
Jobs Densities	x							
Labour Productivity	x							
LEP Profiles (neighbourhood statistics & NOMIS)				x	x			
Low Pay estimates	x							
Ownership of UK Quoted Shares								UK only
ProdCom								UK Only
Producer Price Inflation								UK and GB
Profitability of UK Companies								UK only
Public Sector employment	x							
Public Sector Finances								UK and GB
Quarterly National Accounts								Only 1 of 14 components (GFCF) available below UK level
Region and country economic profiles	x	x	x			x		
Regional Economic Indicators	x							

Regional Gross Disposable Household Income		x						
Regional Gross Value Added (Income Approach)	x	x	x					
Regional Labour Market Summary	x							
Regional Work and Workless Households	x							
Retail Sales								GB only
UK Business: Activity, Size and Location	x				x		x	MSOAs/Intermediate Zones (Scotland)
UK Trade								UK only
Work and Worklessness	x							
Workforce Jobs	x							
<b>Scottish Government</b>								
Balance of payments	x							
Claimant count					x			Datazones
Economic Activity								Datazones
Employment	x				x		x	Datazones
GERD <sup>51</sup> / BERD <sup>52</sup>					x			
Hours & Earnings							x	
Index of manufactured exports	x							
Input-output tables	x							
Public sector finances	x							
Quarterly GDP (O)	x							
Regional GVA		x	x					
Registrations					x			Urban/rural
Retail Sales Index	x							
Skills profile								Postcode
Structure by sector					x			Datazones via NOMIS
Supply / use tables	x							
Unemployment					x		x	Datazones
Workforce jobs					x			Datazones via NOMIS

<sup>51</sup> Gross Expenditure on Research and Development

<sup>52</sup> Business Enterprise Research and Development

<b>Welsh Government</b>								
Balance of payments	x							
Claimant count								Output area
Economic Activity								Output area
Employment	x	x			x			Output area
Exports	x							
GERD / BERD	x							
Hours & Earnings	x							Welsh sub-regions and Local areas
Index of Construction	x							
Index of Market Services	x							
Index of Production	x							
Public sector finances	x							
Regional GVA	x	x	x					
Registrations	x	x	x					
Skills profile								Postcode
Structure by sector	x	x	x					Welsh sub-regions
Unemployment	x	x			x			Output area
Workforce jobs					x			Output area via NOMIS
<b>Northern Ireland Statistics and Research Agency<sup>53</sup></b>								
Business Demography	x	x	x		x			
Business Register & Employment Survey (BRES)	x				x			
Business birth rate, survival rate and death rates	x				x			
Claimant count	x		x		x	x	x	Output area, ward
Economic Activity	x		x		x			Output area
Employment	x							Output area
Exports	x							
GERD / BERD	x							
Hours & Earnings	x						x	

<sup>53</sup> The full list of Northern Ireland regional statistics and components is available at: <http://www.detini.gov.uk/deti-stats-index/stats-regional-analysis.htm>

Household Income / Gross Disposable	x	x	x					
Labour Force Survey	x		x		x			
Productivity	x	x	x					
Regional GVA	x	x	x					
Unemployment	x							Output area
Vat/PAYE registered businesses (HQ and local)	x	x	x		x		x	
Workforce jobs								Output area via NOMIS

## Annex 2: Summary of policy background

- A2.1 In the last twenty years, there has been an increased demand for sub-national economic statistics; largely driven by the increasing devolution of policymaking and policy delivery and the need to target resources more efficiently. The Local Government Act 2000<sup>54</sup> provided local authorities across England and Wales with new powers and responsibilities to promote economic, social and environmental well-being. This created a demand for economic statistics to be made available for different geographies to inform the development and evaluation of these policies, and to assess regional inequalities. More recently, the Localism Act 2011<sup>55</sup> has resulted in devolving more decision-making powers from central government to councils and neighbourhoods in England.
- A2.2 In 1998, the UK Government's National Strategy for Neighbourhood Renewal<sup>56</sup> led to the formation of eighteen Policy Action Teams (PAT's) to provide the 'essential building blocks' to support the strategy. PAT Report 18 'Better Information'<sup>57</sup> included a proposal that ONS should develop 'Neighbourhood Statistics' to provide good-quality, small-area data to support the Government's Neighbourhood Renewal strategy. As a result, the Neighbourhood Statistics Service<sup>58</sup> (NeSS) was jointly established in 2001 by ONS and the Neighbourhood Renewal Unit<sup>59</sup> (NRU) and is still updated regularly. Most recently, NeSS has been used to release the 2011 Census results for small areas.
- A2.3 The establishment of devolved administrations in Wales, Scotland and Northern Ireland has been accompanied by additional demand for economic statistics for different geographies within these countries. There are also differences in the administrative and policy-driven geographies within these countries. In Scotland, the planned referendum on the issue of independence from the UK has intensified demand for a much wider range of economic statistics (including estimates of Gross National Income, Balance of Trade, Balance of Payments and Quarterly National Accounts).
- A2.4 In 2004, the Allsopp Review of Statistics for Economic Policymaking<sup>60</sup> identified a range of competing pressures for economic statistics to be produced for different geographies. It made over seventy recommendations to support two main changes to the statistical system in the UK. One such recommendation was that "the pressing need for better regional data should be satisfied" (Paragraph A2.8).

<sup>54</sup> [http://www.legislation.gov.uk/ukpga/2000/22/pdfs/ukpga\\_20000022\\_en.pdf](http://www.legislation.gov.uk/ukpga/2000/22/pdfs/ukpga_20000022_en.pdf)

<sup>55</sup> <https://www.gov.uk/government/publications/localism-act-2011-overview>

<sup>56</sup> <http://webarchive.nationalarchives.gov.uk/20061009151514/neighbourhood.gov.uk/page.asp?id=903>

<sup>57</sup> [http://www.neighbourhood.statistics.gov.uk/HTMLDocs/downloads/better\\_information.pdf](http://www.neighbourhood.statistics.gov.uk/HTMLDocs/downloads/better_information.pdf)

<sup>58</sup> <http://www.neighbourhood.statistics.gov.uk/dissemination/>

<sup>59</sup> then part of the Office of the Deputy Prime Minister (ODPM), now Communities and Local Government (CLG)

<sup>60</sup> [http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/consultations\\_and\\_legislation/allsopp\\_review/consult\\_allsopp\\_index.cfm](http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/consultations_and_legislation/allsopp_review/consult_allsopp_index.cfm)

## DCLG's Abolition of Regions

- A2.5 In September 2012, DCLG announced<sup>61</sup> that it would cease publication of summary statistics by government office region in its outputs from October 2012 onwards, except where the publication date had already been announced. This was in response to the government's abolition of the Government Office network in 2011, the Regional Development Agencies in 2012 and Regional Strategies. DCLG communicated that it would begin to present "data by alternative sub-national geographies data from 2013." The announcement followed DCLG's consultation on this proposal, which ran from January to April 2012. DCLG received 75 responses regarding changes to regional statistics, including from local authorities, central government, professional groups, academia, and voluntary sector organisations.
- A2.6 On 23 April 2013, the Chair of the UK Statistics Authority, Andrew Dilnot, wrote<sup>62</sup> to Eric Pickles MP, Secretary of State for Communities and Local Government, to draw his attention to a Statistical Expenditure Report (SER) published by the Authority, which expressed concern that "DCLG may not have given sufficient consideration to the responses received to the consultation in respect of the value to users of the department publishing regional statistics, and consequently may not have given full weight to this in making its decision." The SER also stated that it would have been helpful if DCLG had included additional information in their report to provide greater clarity about the relationship between the consultation responses and DCLG's subsequent decision, including the impact that these changes are expected to have on users and a detailed plan for the transition from regional statistics to other geographies. Brandon Lewis MP responded<sup>63</sup> to Andrew Dilnot's letter on 25 April 2013 on Eric Pickles' behalf, stating that it "did not see any case for re-opening this issue" and that "there is a strong case for other Whitehall departments to follow (DCLG's) example and abolish their unnecessary regional statistics too".
- A2.7 In April 2013, the GSS Regional and Geography Committee (RGC)<sup>64</sup> released a statement on StatsUserNet in response to DCLG's announcement which set out a number of arguments supporting the continued use of regions, including;
- a level of geography between national and the local authority level is still essential – for example often it is the lowest level at which outputs from sample surveys can be produced or outputs summarised;
  - the European dimension; there is a legal requirement to continue to provide statistics at the NUTS1 (regional) level; and
  - there is a known user demand for regional statistics, which is strengthened because of the long, well established time series.

Its statement concluded that "ONS and other government departments currently have no plans to abolish the production of regional statistics and this level of outputs remains important to customers."

<sup>61</sup> <https://www.gov.uk/government/consultations/rationalising-statistics-land-use-change-and-housing-and-regional-data>

<sup>62</sup> <http://www.statisticsauthority.gov.uk/reports---correspondence/correspondence/regional-statistics-published-by-the-department-for-communities-and-local-government.pdf>

<sup>63</sup> <http://www.statisticsauthority.gov.uk/reports---correspondence/correspondence/letter-from-brandon-lewis-mp-to-andrew-dilnot---250413.pdf>

<sup>64</sup> The RGC is a cross government group whose membership includes representation from ONS, BIS, DCLG, DWP and DEFRA

## The Allsopp Review

A2.8 On 31 March 2004, a comprehensive review of statistics for monetary and wider economic policymaking – the Review of Statistics for Economic Policymaking (the 'Allsopp Review') was published. The review considered the information requirements for monetary and wider economic policymaking, with a more specific remit to assess the demand for, and provision of, regional information; and whether the changing structure of the UK economy was being adequately reflected in the “nature, frequency and timeliness of official economic statistics”. The review proposed 72 recommendations for improving the provision of economic statistics and was largely focussed on the outputs produced by ONS. Overall, they pointed to two main changes in the statistical system in the UK:

1. “the pressing need for better regional data should be satisfied, including development of a production-based measure of regional Gross Value Added (GVA) in real terms”;
2. “a need for the core data systems, especially those for producing National Accounts, to be re-balanced to provide better detail and coverage of the service sectors”.

A2.9 ONS published its response to the review *Implementation of the recommendations of the Allsopp Review*<sup>65</sup> in 2004 following publication of the Allsopp Review, and established the Allsopp Programme and a dedicated team to address those recommendations set out in the review. In its response, ONS “committed to full implementation of the recommendations as part of the Spending Review agreement”. In 2006, ONS published its *Strategic Framework for Regional Statistics*<sup>66</sup>, with the aim of addressing the Allsopp recommendations relating to needs for regional and sub-regional data and to integrate these needs into a coherent framework for developing sub-UK statistics across the GSS. The framework set out a number of strategic goals to which ONS and other producer bodies in the GSS should aspire to. A summary of ONS’s progress in implementing recommendations from the review since 2004 is provided below:

- a. ONS established a team of Regional Statisticians in each of the nine English Regions in March 2007, through working in partnership with the Regional Development Agencies (RDAs). The Regional Development Agencies were subsequently disbanded by early 2011, resulting in the loss of the Regional Statistician Service. The only exception was the Greater London Authority (GLA), which currently funds a small team within ONS to provide statistical guidance and support to the GLA.
- b. The creation of a new Business Register Employment Survey (BRES) in 2009, which replaced two existing annual surveys, the Business Register Survey (BRS) and the employment part of the Annual Business Inquiry (ABI1). BRES collects employment information from businesses across the UK and allows ONS to produce employee and employment estimates by detailed geography and

<sup>65</sup> <http://www.ons.gov.uk/ons/about-ons/what-we-do/programmes---projects/completed-projects-and-reviews/allsopp-programme/related-articles-and-documents/implementation-of-the-recommendations-of-the-allsopp-review.pdf>

<sup>66</sup> <http://ons.gov.uk/ons/about-ons/what-we-do/programmes---projects/completed-projects-and-reviews/allsopp-programme/related-articles-and-documents/strategic-framework-for-regional-statistics--may-2006.pdf>

- industry. BRES is the main survey used to update the IDBR, which is supplemented by VAT and PAYE administrative data from HMRC.
- c. Another recommendation from the review was to develop both a production-based GVA measure and a current (or ‘real’) GVA measure<sup>67</sup>. In March 2012, GVA measures using the production-based approach, for constant and current prices, were developed for the NUTS1 geography, using data from the Annual Business Survey (ABS)<sup>68</sup>. In early 2013, these measures have been developed experimentally for NUTS2 regions. No measures have been developed for NUTS3, since there is only a legal requirement to produce measures for NUTS1 and NUTS2 geographies (from ESA 2010<sup>69</sup>). ONS published the experimental statistics in December 2013, and it is currently consulting users about the underpinning data and methods used.
  - d. The Allsopp Review recommended that coverage of the service sector in surveys of activity and prices should continue to increase, and that development of the experimental Services Producer Price Indices (SPPIs) and the Index of Services (IoS) should continue, with the aim of becoming National Statistics. As a result of continued development of these measures, ONS’s SPPI was designated as National Statistics in December 2009<sup>70</sup>. In January 2007, ONS reclassified the IoS from an experimental series to a National Statistic. This was subsequently assessed<sup>71</sup> by the Monitoring and Assessment team in 2011 and conditional designation as National Statistics was granted in November 2012. The Allsopp Review also recommended that ONS publish a monthly estimate of GVA following this designation; however ONS continues to produce only annual GVA estimates.
  - e. In ONS’s initial response to the Allsopp Review, it planned to consider the sample sizes of its business and household surveys, in order to “produce regional data of appropriate quality”. Those surveys considered included the Living Cost and Food Survey (LCF) and the Annual Population Survey (APS). Whilst there were initial developments to boost sample sizes of ONS surveys to improve the quality of regional estimates, it is apparent that subsequent reductions to resources have hindered progress to substantially improve the quality of regional estimates.
  - f. The Allsopp Review identified the use of administrative sources of data, such as VAT data from HMRC, as a “potentially huge source of information that could be used in the production of National Accounts and Regional Accounts.” The review also recognised there would be issues relating to ONS accessing this type of data and ensuring that the data are protected and only used for statistical purposes, since much of HMRC’s data are collected on a confidential basis. Whilst ONS has been granted specific access to VAT and PAYE data for the purpose of maintaining the IDBR, ONS is still working with HMRC to access its data for other statistical uses and is developing draft legislation to address a number of the legal

<sup>67</sup> The two measures are linked, since it is not conceptually possible to derive a ‘real’ GVA measure using the income-based approach.

<sup>68</sup> <http://www.ons.gov.uk/ons/about-ons/get-involved/taking-part-in-a-survey/information-for-businesses/a-to-z-of-business-surveys/annual-business-survey/index.html>

<sup>69</sup> <http://www.ons.gov.uk/ons/guide-method/development-programmes/esa2010/index.html>

<sup>70</sup> <http://statisticsauthority.gov.uk/assessment/assessment/assessment-reports/assessment-report-25---assessment-of-services-producer-price-indices.pdf>

<sup>71</sup> <http://statisticsauthority.gov.uk/assessment/assessment/assessment-reports/assessment-report-81---short-term-economic-output-indicators.pdf>

issues and barriers. Access to administrative data will continue to be a high priority for ONS for the foreseeable future.

Whilst ONS has addressed several recommendations from the Allsopp Review, it is clear that the impact of subsequent Spending Reviews, and accompanying reduction to resources, has hindered ONS's progress towards satisfying users' needs for improved regional data. Whilst ONS has developed new GVA measures, the pace of progress has been slower than originally planned and increasing access to administrative data sources continues to prove challenging nearly ten years later.

## Heseltine Review

A2.10 In October 2012, a review by Lord Heseltine, *No Stone Unturned – In Pursuit of Growth*<sup>72</sup> was published. The independent report set out a comprehensive economic development plan for increased delegation of powers to local government and reducing centralisation of economic decision making. Broadly, the 89 recommendations in the report aimed to stabilise the economy, to create the conditions for growth and maximise the UK's economic performance. The review strongly recommended improvement in the availability of small area flexible statistics to support local growth assessment, bids, monitoring and evaluation of policies. Recommendations in the review which relate to geographies include:

- **Introduction of new functional geographies:** an increased focus on LEPs as delivery bodies for UK policy and potential creation of Local Growth Teams, which include clusters of LEPs and central department representatives from BIS and DCLG.
- **LEPs are flexible areas:** LAs can be a member of multiple LEPs, or move between LEPs according to suitability on a project basis. However, one of the recommendations invites LEPs to review boundaries to ensure a good fit with a functional economic area.
- **Several sources of funding are available to LEPs:** these include the Regional Growth fund, the EU single growth fund<sup>73</sup> (from 2015), the Growing Places fund<sup>74</sup> and City Deals<sup>75</sup>.

Since publication, the majority of the recommendations in the review have been accepted by the Government in their response<sup>76</sup>, published in March 2013. One notable recommendation which was rejected, was to remove any overlaps in the LEP boundaries because “business and civic leaders are best placed to understand how their local labour markets and their economies work in practice and where there are important linkages that cross shared local authority and other LEP boundaries. This approach to LEP boundaries has resulted in a number of overlaps and varying scales of LEP areas; this reflects economic reality”.

<sup>72</sup> <http://www.bis.gov.uk/assets/BISCore/corporate/docs/N/12-1213-no-stone-untuned-in-pursuit-of-growth.pdf>

<sup>73</sup> <https://www.gov.uk/government/news/government-publishes-response-to-lord-heseltine-report>

<sup>74</sup> <https://www.gov.uk/government/publications/growing-places-fund>

<sup>75</sup> <https://www.gov.uk/government/policies/giving-more-power-back-to-cities-through-city-deals/supporting-pages/city-deals>

<sup>76</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/188379/PU1465\\_Govt\\_response\\_to\\_Heseltine\\_review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/188379/PU1465_Govt_response_to_Heseltine_review.pdf)

## Annex 3: Summary of user consultation

### Local Enterprise Partnerships and local authorities

A3.1 LEPs and LAs are important users of economic and labour market statistics. The activity of LEPs ranges from overall strategic thinking to detailed policy making and delivery. LEPs are also taking on additional responsibilities such as bidding for EU funding, assessing skills and developing the green economy. In addition, LAs are responsible for local economic assessments, monitoring performance indicators, area profiles and various labour market and wellbeing bulletins, which are all used to inform policy making and development strategies. LAs and LEPs are increasingly required to think, act and deliver services and interventions locally.

A3.2 Many LAs and LEPs told us that they consider it necessary to access statistics for very small geographical areas, such as wards, Lower Super Output Areas, as well as for LA, LEP and district areas themselves. Often, these users create their own geographies, such as travel to school or travel to library areas as the existing geographies do not adequately reflect the area required and in some cases can mask issues like pockets of high unemployment. Where official statistics are not available at low geographical levels they are supplemented (usually at a cost) with data from commercial datasets such as Mint<sup>77</sup> and Fame<sup>78</sup>, which allow record level access to Companies House data. One user told us that “ideally, the default for data provision would be the smallest possible geography, as these can be aggregated up to larger areas if needed – this will ensure the data remains flexible and can meet future demand.”

A3.3 Many of these users explained that their need for more detailed levels of geography will only become more important as they implement the Government’s localism agenda and recommendations from the Heseltine review (Paragraph A2.10). LEP and LA users were very enthusiastic in their support for NOMIS, both for its functionality and the accessibility of data at low-level geographies. Several users identified additional datasets that would benefit from being accessible through NOMIS. Users also emphasised the importance of accessing more frequently published statistics that minimised the time lag between the statistics’ publication and the period to which the statistics refer.

A3.4 Some of the issues identified by LAs and LEPs were:

- the timeliness of the data (Gross Value Added and Business Demography<sup>79</sup>);
- the availability of certain datasets at geographies below region level (business location by sector and size, Gross Value Added, exports and productivity); and
- the quality of some estimates at low geographies (Annual Population Survey<sup>80</sup>).

However, the issue that was identified most often by users was the lack of vacancies statistics resulting from the change of data source by DWP (see **Box 2** in Paragraph 26). The previous data source represented only a share of the local labour market but

<sup>77</sup> <http://www.bvdinfo.com/Products/Company-Information/National/MINT-UK>

<sup>78</sup> <http://www.bvdinfo.com/Products/Company-Information/National/FAME.aspx>

<sup>79</sup> <http://www.ons.gov.uk/ons/rel/bus-register/business-demography/index.html>

<sup>80</sup> <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/unpublished-data/social-survey-data/aps/index.html>

it still provided an important insight into local economic performance. Additionally, it gave these users an indication of skills needs and a means by which they could monitor job creation.

### **The devolved administrations and Greater London Authority as Users of Statistics**

- A3.5 The devolved administrations of Wales, Scotland and Northern Ireland require UK and regional statistics as an input to their National Accounts to derive additional economic and labour market indicators. The user consultation identified a number of areas where the devolved administrations felt that insufficient economic data were available to them, which they required to produce robust National Accounts, for labour market decisions and to inform domestic policy making. Examples of this include Balance of Trade, Gross Domestic Household Consumption and the Household Savings Ratio and Gross Fixed Capital Formation.
- A3.6 The results of domestic trade surveys conducted in Scotland<sup>81</sup> and Northern Ireland are not consistent with the trade data made available to the devolved administrations by HMRC. This has significant implications on the accuracy and quality of political decision making: Northern Ireland has an export-led growth strategy to 2030 which relies on robust trade statistics to monitor performance; in Scotland the provision of NUTS1 level trade data excludes the value of oil exports, which is only available at UK level and is allocated to an ‘unknown region’. The value of oil trade is central to the Scottish independence debate. Both NISRA and Scottish Government have suggested that these issues could be resolved with better access to administrative data held by HMRC.
- A3.7 The NI Business Register is consistent with the UK IDBR<sup>82</sup>. However, information published by the ONS for Northern Ireland based on the IDBR includes only activity for businesses with their headquarters located in Northern Ireland. By comparison, NISRA publishes data for Northern Ireland which additionally includes the activity of regional branch operations based in Northern Ireland, but headquartered elsewhere, in order to best meet the needs of local users. Across the UK nations and regions, there is a need for improvements in ONS business statistics, driven by the need to distinguish the activity of regional operations within larger national and multinational corporations, thus giving a more accurate picture of regional activity. The key policy drivers for this include the independence debate in Scotland; the decision to change corporation tax levels in Northern Ireland; and the allocation of development funds to strategic regeneration areas in Wales.
- A3.8 Scottish Government allocates gross fixed capital formation for the UK to the devolved administrations using weightings from the ABS. However, while total activity is known, it is registered according to a company’s headquarters location so investment activity at regional branches is unknown. The devolved administrations in Scotland and Northern Ireland undertake additional research with local large companies to better distinguish elements of output and GFCF, but this results in inconsistencies with reported UK figures.

<sup>81</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/Exports/GCSDData>

<sup>82</sup> <http://www.ons.gov.uk/ons/about-ons/products-and-services/idbr/index.html>

- A3.9 The design of some statistical surveys provides for reliable estimates at UK level only, but not always for NUTS1 regions. There are cases where the devolved administrations boost sample sizes to ensure reliable statistics for their country/NUTS1 area for key indicators. For example, the Welsh Government boosts the sample for BRES, though the scale of the boost has recently been reduced; the Scottish Government boosts the quarterly Labour Force Survey, Family Resources Survey and Monthly Business Survey; NISRA boosts the sample for the ABS to ensure reliable results for the manufacturing industry for district authorities.
- A3.10 The Welsh Government communicated a desire to access and use statistics, economic and otherwise, at a constituency level. ONS does not currently produce a compendium of constituency area statistics, although the statistics do exist but in a variety of places (for example within the ONS Labour market release, NOMIS, and Neighbourhood Statistics). There is some demand for these statistics within the Welsh Government. In the period before elections there is much greater demand from external users and bodies. This view was echoed in the Authority's Monitoring Brief *Statistics for Parliamentary Constituencies*<sup>83</sup> (published in March 2012) which said there was "a strong case for production by ONS of a statistical compendium publication to bring together a wide range of constituency statistics to assist parliamentary candidates, voters and researchers; however the associated benefits and costs would need to be examined in more detail first".

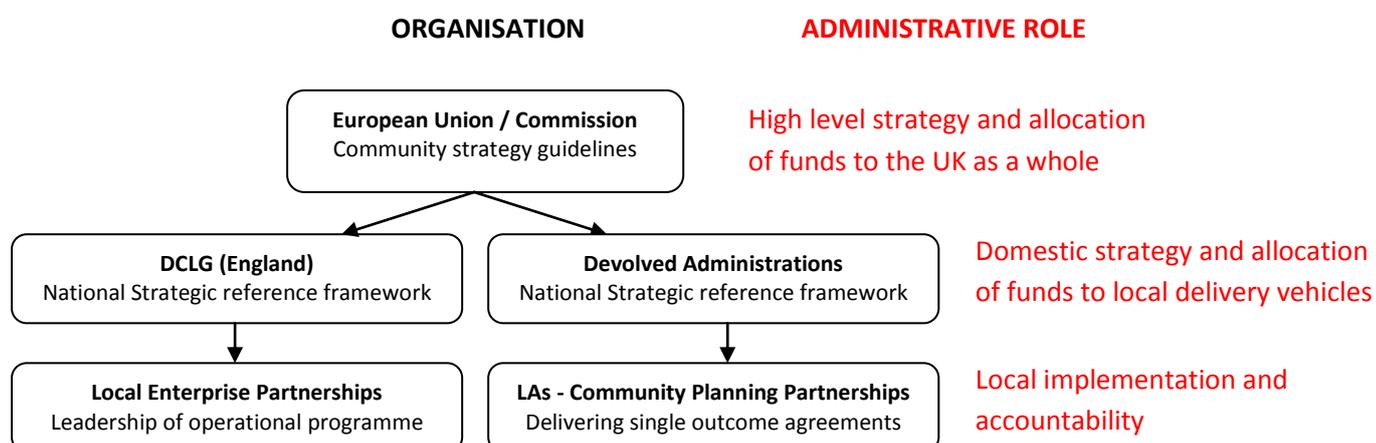
### European Requirements

- A3.11 The Europe 2020 Strategy will run from 2014 to 2020, determining the allocation of structural funds to the UK. This new European approach has a number of implications for demand for sub-national level statistics:
- **New geographies:** Funded projects will be implemented by Local LEPs in England and by LAs in the devolved administrations. This will increase the need for LEP-level statistics to support local funding bids and project monitoring;
  - **More flexibility:** There will be a single consolidated fund at UK level, combining the European Regional Development Fund<sup>84</sup> (ERDF), European Structural Fund (ESF) and Cohesion funding pots. Integrated Territorial Investments (ITIs) will be allowed to combine multiple geographic areas to bid for, and deliver, large projects, so users will need increased flexibility to define non-standard statistical areas; and
  - **Quality emphasis:** There will be an increased emphasis on the quality of GDP estimates for NUTS2 areas as this will determine the UK's eligibility for the 6-year funding. NUTS2 areas are still required as a standard geography for European reporting and funding.
- A3.12 Under the current programme, local projects were implemented at NUTS1 level by the RDAs in England, and the devolved administrations in Wales, Scotland and Northern Ireland. Following the abolition of the RDA network in 2010, DCLG

<sup>83</sup> <http://www.statisticsauthority.gov.uk/assessment/monitoring/monitoring-reviews/monitoring-brief-2-2012---statistics-for-parliamentary-constituencies.pdf>

<sup>84</sup> <https://www.gov.uk/government/speeches/european-regional-development-fund-and-european-social-fund-allocations-2014-to-2020>

assumed responsibility for managing ERDF projects, while DWP became responsible for ESF projects in England. The administration structure of these projects from 2014 will use new functional economic geographies, LEPs, who will be responsible for leading funding bids for local development projects; monitoring the performance of successful projects; and reporting final project impacts to DCLG and the UK government. The proposed structure is as follows:



### House of Commons Library

A3.13 The House of Commons Library (HOCL) told us that Parliament is a major user of economic statistics – they are used in Parliamentary debates, by select committees in their investigations and to explore constituency issues. The HOCL’s Economic Policy and Statistics section alone answered more than 3,000 substantive enquiries last year; most of these involved economic statistics in some form. The Library answers simple queries as well as producing detailed analysis at local, regional and national levels, for recent data and long term trends. The HOCL raised the following points in its response:

- **Data are needed for a variety of geographies, including parliamentary constituencies:** Local figures are particularly important to MPs as they allow them to understand the particular situation of their constituency. Figures for parliamentary constituencies themselves are at the heart of this, but other local and regional geographies are also important.
- **The statistical system needs to respond quickly to changing geographies:** New parliamentary constituencies are created and old ones disappear or have their boundaries changed. New geographies, such as LEPs, are created in response to policy developments. Typically, as soon as a new or changed geography is announced, HOCL are asked for analysis using it. Such changes mean there is a need for a statistical system that is flexible, which allows users to create bespoke geographies. HOCL cited the claimant count data on NOMIS as a good example of where the statistical system generally responds well to changes in geography.
- **Statistics need to be brought together:** Users of the HOCL often need economic profiles of their areas, bringing together key statistics from a range of

sources. HOCL again mentioned NOMIS as a valuable tool for drawing together demographic, labour market and benefit data, and would welcome wider initiatives along these lines.

- **The independence debate in Scotland:** The debate is increasing demand for statistics on Scotland and how Scotland compares to the rest of the UK. Particular issues raised were the difficulty in assessing differences between Scotland and the rest of the UK and the differences between statistics produced by the Scottish Government and ONS.

A3.14 HOCL also raised the following concerns:

- **Local statistics on vacancies:** HOCL raised a specific concern about DWP's ceasing of publication of the Jobcentre Plus vacancy statistics, following a fundamental change to the supporting systems. The Jobcentre Plus statistics have been an important indicator for local labour markets, and are often used in combination with the claimant count to give an indicator of how the number of claimants compares to the number of vacancies available. The concerns raised are echoed in the example (in **Box 2**) in Paragraph 26.
- **The cessation of publication of regional statistics by DCLG:** HOCL expressed concern about DCLG's announcement and subsequently ceasing publication of statistics at a regional level (see Paragraph A2.6 for further detail) and the possible implications if other statistics producers take similar action.

## Bank of England

A3.15 The Bank of England has twelve Agencies based around the UK, representing regions that are similar to, but not wholly consistent with NUTS1 regions. The Agencies' primary role is to assess economic conditions – local, national and international – affecting businesses in their area. Each month the Agencies hold a series of discussions with businesses to assess current business conditions and outlook to gather information about trends and developments affecting demand, costs and prices, employment, investment, exports and imports, based on the experiences of individual businesses. Each Agency provides a monthly assessment to the Monetary Policy Committee (MPC) about business conditions, using the qualitative information gathered, helping the MPC form a view on the likely path of the economy and inflation. The Bank of England also organises its own small special surveys during monthly meetings with businesses.

A3.16 Official statistics are used by the Bank of England in many ways. They are used to 'sense check' and rationalise the monthly Agencies' scores. This is usually done using labour market and house price statistics, since there tends to be a longer time lag in the production of other official economic statistics. Official statistics are also used to assess whether the composition of the Agencies' business contact base is still reflective of the industries in their regions (for example regional GVA measures).

## Department for Business, Innovation and Skills

A3.17 Analysts at BIS provide a statistical contact point for LEPs. BIS has received a growing number of requests from LEPs for GVA (and GVA per head) and

employment data for LEP areas, which are produced by ONS. In addition, while data for local authorities can be easily extracted from the IDBR, the same cannot be done as easily for LEPs, as they are not standard geographies. While ONS has responded to ad-hoc requests from BIS to extract LEP data from the IDBR, there can be a time lag between when analysis is requested and its production. In addition, BIS is interested in analysing Business Demography data by LEP; it is currently produced for district, counties and unitary authorities within regions. The users we consulted with during this review communicated that they would welcome the availability of published business statistics at LEP-level.

## Annex 4: Summary of producer bodies' priorities

### ONS Geography Unit

- A4.1 The ONS Geography Unit is responsible for developing Output Areas (OAs) for England and Wales; the lowest geographical level at which Census estimates are released. They were originally developed following the 2001 Census. OAs are considered to be 'minimum building blocks', and were designed to have similar population sizes and be as socially homogeneous as possible based on tenure of household and dwelling type. They were also designed to contain a minimum number of population and households, so that statistics released at that level were not disclosive and are intended to be stable over time. There are approximately 180,000 OAs defined for England and Wales. Super output areas (SOAs), first created in 2004 as aggregations of OAs, are distinguished by 'lower layer' and 'middle layer' SOAs and can be aggregated to form local authorities. The OAs for England and Wales were modified following the 2011 Census and were released in late 2012.
- A4.2 In Northern Ireland, OAs were designed based on the same minimum size as for England and Wales, but were based on postcodes as at January 2000. In Scotland, OAs were based on postcodes as at December 2000 and relate to 2001 wards. However, the OAs were not constrained to ward boundaries where confidentiality issues made it more appropriate to straddle boundaries. The minimum OA size was also smaller than that for England and Wales. Scottish Government expected to release 2011 OAs for Scotland during 2013. In Northern Ireland, the 2001 OAs have been merged to produce new 2011 'Small Areas' that fit within Super Output Areas.
- A4.3 The ONS Geography Unit is currently developing workplace zones, based on 2011 Census data, with coverage for England and Wales. The first workplace zones were published in January 2013<sup>85</sup>. The zones are based on splitting and merging the 2011 OAs to produce a workplace geography that contains consistent numbers of workers, constrained to the MSOA level. These zones are therefore more suitable for disseminating workplace-based statistics and outputs. Lookups are being developed between workplace zones and a number of geographies that would support different aggregation tools, such as an enhanced Data Explorer tool, or NOMIS. There does, however, seem to be a lack of awareness of workplace zones within ONS and in the wider GSS, particularly in those teams who may benefit or be interested in using these zones in future development of their outputs. The workplace zones are a standing item on the agenda for the GSS RGC and they featured as an item in a recent Demographics User Group. ONS Geography Unit told us it is currently planning further engagement activities to promote their use in the production of official statistics.

### ONS's Crime, Regional and Data Access Division

- A4.4 ONS's Crime, Regional and Data Access Division aims to meet the changing needs of users in relation to regional and local statistics through analysis and dissemination

<sup>85</sup> <http://www.ons.gov.uk/ons/guide-method/census/2011/census-data/2011-census-prospectus/new-developments-for-2011-census-results/2011-census-geography/workplace-zones/index.html>

of existing statistical outputs. The Local Statistics Co-ordination team provides a central contact point for Eurostat, and recently led work to review and re-define the NUTS boundaries which was submitted to Eurostat in February 2013. Other projects include work on an Urban Audit project, a European funded project to compare cities across Europe; a project looking at built-up areas using the 2011 Census outputs; and work to address recommendations made in the Monitoring Brief on *Statistics for Parliamentary Constituencies*.

- A4.5 The Local and Social Economic Analysis team produces *Regional Economic Indicators*<sup>86</sup>, which examine regional differences within the UK economy, via an annual article focusing on the measurement of economic performance, welfare, productivity and the drivers of productivity across the UK regions. The team also produces ad-hoc articles on regional and local economic issues to meet user demand or to respond to media focus. These are published under the 'Regional Economic Analysis'<sup>87</sup> banner and recent articles have examined regional wealth data, local industrial specialisations and sub-regional productivity. The Spatial Data Dissemination team produces *Local Enterprise Partnership Profiles*<sup>88</sup> and *Local Profiles*<sup>89</sup>, to assist LEPs and LAs in producing local economic impact statements. In May 2013, ONS launched a new interactive mapping tool<sup>90</sup> enabling the exploration of data from six different themes at the LEP and the LA geographic level. The tool can be used to compare different LEPs and LAs within each LEP. To date, the team has received little feedback from LEPs on the content of *Local Enterprise Partnership Profiles*, but has recently launched a user survey<sup>91</sup>. The team also produces *Regional and Country Profiles*<sup>92</sup> on annual basis, although the key statistics are updated more frequently following an update to any of the input statistics.

## Beyond 2011

- A4.6 ONS's Beyond 2011<sup>93</sup> Programme has been an extensive programme of consultation and research to consider alternatives to the traditional Census, which is currently conducted every 10 years. The options under consideration included census, survey and administrative data solutions, with a large focus on how surveys can be supplemented by better re-use of administrative data already collected from the public. The programme ran a user consultation from October 2011 to January 2012, which aimed to acquire a clear understanding of users' needs and priorities. In February 2013, ONS published *Beyond 2011: Options Report*<sup>94</sup>, which set out eight possible options for the production of population statistics and socio-demographic data. This report included evidence based on a 'dry run' of the options being considered, including the design decisions that could be made for each option that

<sup>86</sup> <http://www.ons.gov.uk/ons/rel/regional-trends/regional-economic-indicators/index.html>

<sup>87</sup> <http://www.ons.gov.uk/ons/rel/regional-trends/regional-economic-analysis/index.html>

<sup>88</sup> <http://www.ons.gov.uk/ons/rel/ness/local-enterprise-partnership-profiles/november-2013-update/index.html>

<sup>89</sup> <http://www.ons.gov.uk/ons/rel/ness/local-profiles/october-2013-update/index.html>

<sup>90</sup> <http://www.neighbourhood.statistics.gov.uk/HTMLDocs/LEP/LEPD/atlas.html>

<sup>91</sup> <http://www.surveymonkey.com/s/P8KZS7M>

<sup>92</sup> <http://www.ons.gov.uk/ons/rel/regional-trends/region-and-country-profiles/key-statistics--december-2013/index.html>

<sup>93</sup> <http://www.ons.gov.uk/ons/about-ons/what-we-do/programmes---projects/beyond-2011/index.html>

<sup>94</sup> <http://www.ons.gov.uk/ons/about-ons/who-ons-are/programmes-and-projects/beyond-2011/what-are-the-options-/beyond-2011-options-report--o1-.pdf>

would impact the quality that each option could deliver, and the associated costs. The options are being considered against pre-defined quality targets and evaluation criteria. A second consultation was launched<sup>95</sup> on 23 September 2013 to provide an opportunity for interested parties to comment on two proposed options under consideration. ONS also consulted with key central government departments as well as representatives of local government, the private sector, community groups and a range of special interest user groups to gather their views. On 27 March 2014, the National Statistician recommended<sup>96</sup> that the 2021 Census was to be conducted predominantly online, supplemented by the further use of administrative and survey data. ONS is now communicating its future plans to a range of users.

### Other ONS developments

- A4.7 In June 2012, ONS launched a *GSS Business Statistics Interactive User Guide*<sup>97</sup> with the aim of helping non-expert users to make more informed decisions about which data to use, to gain knowledge about the range of business data sources available to them, as well as enabling comparisons between different sources. The user guide is accessed through the Neighbourhood Statistics website, and contains data from several ONS outputs, including the ABS and Business Demography, and also includes statistics produced by BIS. The guide allows users to view those measures that are available for different geographies, including for the English regions and devolved administrations as well as for ‘smaller geographies’.
- A4.8 In March 2013, ONS launched its strategy for 2013-23<sup>98</sup> which sets out ONS’s mission, vision and values. In it, ONS identified nine strategic aims to guide it in its business planning and prioritisation decisions for the next ten years. One of the immediate actions identified to address its strategic aim to “inform debate and have greater impact on decision making” was for ONS to complete a project on Open Geography<sup>99</sup>. ONS’s strategy also includes an emphasis on using administrative data sources, as another of its strategic aims is to “be at the forefront of integrating and exploiting data from multiple sources”. ONS has committed to move towards a position to “use existing data and administrative sources...for statistical production”. More specifically, ONS plans to:
- develop and implement the business case for data sharing and increasing the use of administrative data;
  - work with others to develop the legislative framework for data sharing; and
  - continue to work with supplier representatives in order to minimise the impact of requests for data and enable greater understanding of the use of their data.
- A4.9 In September 2013, ONS launched a consultation<sup>100</sup> on possible reductions to the production of non-statutory statistical outputs, which includes regional and local

<sup>95</sup> <http://www.ons.gov.uk/ons/about-ons/who-ons-are/programmes-and-projects/beyond-2011/beyond-2011-consultation/index.html>

<sup>96</sup> <http://www.ons.gov.uk/ons/about-ons/who-ons-are/programmes-and-projects/beyond-2011/beyond-2011-report-on-autumn-2013-consultation--and-recommendations/index.html>

<sup>97</sup> <http://www.ons.gov.uk/ons/guide-method/understanding-ons-statistics/business-statistics---interactive-user-guide/index.html>

<sup>98</sup> See footnote 35

<sup>99</sup> <http://www.ons.gov.uk/ons/guide-method/geography/products/open-geography/index.html>

<sup>100</sup> See footnote 41

economic outputs. This is in response to the finalisation of ONS's Spending Review settlement and subsequent cost savings that ONS has to make. The consultation closed on 31 October 2013 and ONS published a summary of the results in February 2014, followed by a further update on 28 May 2014, which confirmed that ONS's publication of the *Local Enterprise Partnership Profiles* and *Local Profiles* statistics would not continue.

## Department for Business, Innovation and Skills

- A4.10 BIS is responsible for producing *Regional Economic and Performance Indicators*<sup>101</sup> (REPI) on an annual basis, a compendium publication that includes a number of socio-economic indicators covering the regions of the UK. The aim of the publication is to give a balanced picture of statistical information relevant to regional economic performance, competitiveness and the state of the regions. Local authorities are the primary users of these statistics. During our consultation, BIS told us that it plans to run a consultation in the near future on ceasing publication of REPI, since BIS no longer recognises regions. In addition, some of the statistics that feature in the publication are also included in ONS's *Regional Economic Indicators*, so there is an element of overlap between the two publications.
- A4.11 Since 2011, BIS has produced *Business Population Estimates for the UK and Regions*<sup>102</sup> (BPE) which provides an estimate of the total number of private sector businesses in the UK at a point in time, including information on their associated employment and turnover. BPE incorporates an estimate of the unregistered business population in addition to the VAT and PAYE registered businesses included in ONS's *UK Business: Activity, Size and Location*<sup>103</sup> publication. The statistics show the estimated number of businesses active on 1 January each year and are produced at a NUTS1 level, but are also broken down by other variables including size of business. Assessment Report 187<sup>104</sup> highlighted that there was overlap between both publications and that it was unclear whether user needs were best met through separate publications by different producer bodies.
- A4.12 The *Small Business Survey*<sup>105</sup>, commissioned by BIS and the devolved administrations, is a large-scale telephone survey of business owners and managers in the UK and is undertaken every two years. It provides details of small business performance and reports its findings on a country level. The sample size is currently too small to produce information at a LEP-level, and to do so would be very expensive. BIS also recently developed the *English Business Survey*<sup>106</sup>, a monthly survey of approximately 3,000 businesses. The survey provides a barometer of current economic and business conditions across England, and the results are published every quarter. Data are available at a regional, sub-regional and LEP-levels for England, using an online data tool (which is similar to NOMIS). To date,

<sup>101</sup> <https://www.gov.uk/government/organisations/department-for-business-innovation-skills/series/regional-economic-performance-indicators>

<sup>102</sup> <https://www.gov.uk/government/organisations/department-for-business-innovation-skills/series/business-population-estimates>

<sup>103</sup> <http://www.ons.gov.uk/ons/rel/bus-register/uk-business/index.html>

<sup>104</sup> <http://statisticsauthority.gov.uk/assessment/assessment/assessment-reports/assessment-report-187---statistics-on-uk-business-population-and-demography.pdf>

<sup>105</sup> <https://www.gov.uk/government/publications/small-business-survey-2012-sme-employers>

<sup>106</sup> <https://www.gov.uk/government/organisations/department-for-business-innovation-skills/series/english-business-survey>

BIS has been unable to disseminate the results widely, due to resource constraints, but it plans to publicise the results of the survey to LEPs in the near future.

### Department for Communities and Local Government

A4.13 Following DCLG's announcement in September 2012 that it would cease publication of summary statistics by region in its outputs from October 2012 onwards, it said it would "plan the inclusion of statistics for Local Enterprise Partnerships and upper tier authorities in those releases where it would be appropriate and meaningful to do so." DCLG also recognised that the majority of respondents saw some benefit in regional statistics, and that it would, "where possible, make data available that allows users to create their own regional statistics." DCLG plans to present data for alternative sub-national geographies by early 2014, although no further updates have been published.

### The devolved administrations as Producers of Statistics

A4.14 Economic statistics producers in the devolved administrations have reported strong policy-driven demand for improvements in national level statistics to help inform key debates, such as independence in Scotland or a change in corporation tax rates in Northern Ireland, for example. Users also have an ongoing need for improvements in constituency and district level statistics. There are a number of areas of emerging demand from users, summarised below:

- The EU is currently considering the creation of new European Labour Market Areas. In the meantime ONS is also planning to produce updated UK Travel to Work Areas based on 2011 Census data. The devolved administrations in Wales and Scotland are deferring their release of these statistics based on the 2011 Census until the new areas are confirmed.
- There are 26 district authorities in **Northern Ireland**, which are typically smaller than UK LAs. There has been an ongoing review of this public administration model since 2002, aiming to reduce the 26 district authorities to 11 by 2015, becoming the new standard geography for Northern Ireland. The NI Assembly aims to devolve more responsibility to these authorities, including planning, boosting demand for regional statistics.
- In **Scotland** potential new geographies include Community Council<sup>107</sup> areas, which will be revised in line with the 2011 Census, and new Police divisions which were introduced following the creation of a single national police force.
- In **Wales** there is policy-led demand for statistics for strategic regeneration areas and Communities First areas<sup>108</sup>, which are the focus of Welsh Government policy aimed at targeting poverty. The Welsh Government has also announced two city regions, which may lead to demand for statistics for those areas. Users have expressed strong demand for data at a SOA-level (and smaller areas) from the APS as well as other data sources; Welsh Enterprise Zones were announced in 2012 which are constructed from OAs using best fit as the zones do not map to OA boundaries.

<sup>107</sup> <http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/CommunityCouncils>

<sup>108</sup> <http://wales.gov.uk/topics/housingandcommunity/regeneration/communitiesfirst/?lang=en>

A4.15 The devolved administrations are aware of changing demand from users and are addressing it in a number of areas:

- NISRA is investigating the production of Input-Output tables for Northern Ireland, based on regional accounts data. A specialist user group is looking into the technical feasibility of the work. NISRA feels that users are currently well served with district level statistics, and will adjust this provision if new standard districts are created.
- As part of the Scottish Neighbourhood Statistics (SNS) programme, clickable maps of data zones have been created for users to construct their own defined geography. These maps are based on the 6,500 data zones in Scotland and are intended to address the user demand for flexibility. Confidential data are still an issue for user defined areas, so the SNS team is completing a review aimed at improving this system and the range of indicators available.
- The Welsh Government is looking to produce more statistical analysis at a sub-Wales level: the statistics teams are currently focusing on improved provision for local authorities and for new Welsh Enterprise Zones.

## **Annex 5: List of organisations contributing to the review**

Analytix Cambridge  
Bank of England Agent for Wales  
Bournemouth Borough Council  
Cheshire East Council  
Coast to Capital LEP  
Data Unit Wales  
Department for Business, Innovation & Skills (BIS)  
Department for Communities and Local Government (DCLG)  
Department for Environment, Food and Rural Affairs (DEFRA)  
Department of Enterprise, Trade and Investment (DETI)  
Dorset County Council  
Employment and Vocational Rehabilitation Consultants  
Falkirk Council  
Hampshire County Council  
Hertfordshire County Council  
House of Commons Library  
Leeds City Region LEP  
Leicester and Leicestershire Enterprise Partnership  
LEP Network  
Lincolnshire County Council  
Local Government Association  
Low Pay Commission  
Manchester City Council  
New Economy Manchester  
Northern Ireland Statistics and Research Agency (NISRA)  
Office for National Statistics (ONS)  
Ordnance Survey  
Royal Statistical Society (RSS)  
Scottish Borders Council  
Scottish Government  
Somerset County Council  
South Lanarkshire Council  
Tees Valley Unlimited LEP  
The Mayor of London's Office, Greater London Authority  
University of Warwick  
Welsh Government  
Wolverhampton City Council

## Annex 6: Illustrative example of the different uses that are made of economic statistics

### Case Study – The Scottish Cities Alliance

#### Overview

A5.1 The Scottish Cities Alliance<sup>109</sup> is a collaboration of Scotland’s seven city councils, the Scottish Government and the Scottish Council for Development and Industry (SCDI). The Alliance is tasked with the collective aim of attracting external investment, stimulating economic activity and creating new jobs and business opportunities. The partnership aims to “develop Scotland’s potential as a competitive and world class place to live, work, visit, invest and do business”<sup>110</sup>. The local councils in each city region are responsible for implementing the action plan *Scotland’s Cities: Delivering for Scotland, 2011*<sup>111</sup>.

#### Data use

A5.2 The core of the Alliance’s agenda is to “(build) new partnerships and (to develop) new ways of accessing finance to deliver large scale investment programmes that will create jobs and contribute to Scotland’s sustainable economic growth”. The key indicators that the Alliance monitors to assess its impact are the level of investment, business growth and job creation. The main data sources for performance measurement are also defined in the Council’s Single Outcome Agreement with the Scottish Government. Data sources used by the Alliance and the Council include:

- NUTS3 level GVA estimates produced by ONS;
- ILO unemployment from the Annual Population Survey at LA-level;
- Claimant Count for sub-LA areas;
- VAT and PAYE registrations;
- Business demography data via NOMIS;
- Labour market: employment structure data via NOMIS;
- Earnings data from ASHE.

Non-official data sources referred to include the FAME database on company performance (a private sector database), Scottish Enterprise Business Gateway<sup>112</sup> statistics and economic & labour market forecasts from the Fraser of Allander Institute (academic).

#### Limitations and Issues

A5.3 Defining the appropriate geographic footprint for the cities causes difficulty: this can vary between projects as priorities change depending on the type of policy being addressed. For the geography to be meaningful, it has to be tailored to fit the individual project aims and outcomes. For example, should the definition include the commuter belt or neighbouring Authority areas when reviewing transport projects, or

<sup>109</sup> <http://scottishcities.wordpress.com/>

<sup>110</sup> From the Scottish Cities Alliance website: <http://scottishcities.wordpress.com/>

<sup>111</sup> <http://www.scotland.gov.uk/Resource/Doc/365367/0124252.pdf>

<sup>112</sup> <http://www.scottish-enterprise.com/start-your-business.aspx>

exclude affluent areas when bidding for structural development funds? Once the definition of the city region for a project is agreed, the difficulty is to match data for the appropriate zone. Edinburgh fits with an existing NUTS3 area and is also an LA so most data are already available, but some of the other cities in the Alliance are more problematic: for example, Inverness is in the far larger Highlands LA area, and the corresponding NUTS3 area also includes Nairn, Moray, Badenoch and Strathspey – these statistical geographies have far larger physical footprints than the city itself, and so cause a problem for accurate monitoring of Alliance policy. Stirling and Perth face the same issue.

A5.4 In terms of the statistical geographies required, the Alliance needs the flexibility to aggregate smaller areas (such as districts or multi-member wards) into the appropriate city region definition chosen. At present, only LAs or NUTS3 data can be aggregated, but this leads to a larger boundary than the area of specific interest. While the data for individual wards or districts is often confidential or statistically unreliable, when aggregated to the required city region boundary they would become robust. With improved access to central administrative data, more appropriate monitoring data would be available to the Alliance using existing surveys and data sources, without breaching small area disclosure.

A5.5 Further limitations or issues are:

- Official data are not available to measure the Alliance's aim of attracting increased inward investment. Scottish Enterprise provides some data from small surveys, but there are no official statistics on Inward Investment or Gross Capital Formation: the latter is required by Eurostat at NUTS2 and NUTS3 level as part of their standard data collection, but ONS does not produce it;
- NUTS3 GVA data are only available on an annual basis with a 2-year lag, making performance monitoring difficult on a short-medium term basis;
- Full ILO unemployment is only available quarterly and does not include areas below local authority level, so the claimant count is used as the main indicator for monthly performance measurement;
- Detailed APS data are available, but typically with a 2-month lag from the producer team. Improved access to administrative data would allow the Councils to complete this analysis in house in a timelier manner.

In terms of changing needs, the Alliance has an increasing focus on cross-regional analysis. Comparative data are increasingly required to benchmark the cities' performance within Scotland and against UK comparators across the key performance indicators highlighted above.

**Annex 7: List of geographies corresponding to Diagrams 1 and 2****Former Regional Development Agencies (9)**

- 1 East Midlands
- 2 East of England
- 3 London
- 4 North East
- 5 North West
- 6 South East
- 7 South West
- 8 West Midlands
- 9 Yorkshire and The Humber

**London Local Authority Districts (33)**

- 1 Barking and Dagenham
- 2 Barnet
- 3 Bexley
- 4 Brent
- 5 Bromley
- 6 Camden
- 7 City of London
- 8 Croydon
- 9 Ealing
- 10 Enfield
- 11 Greenwich
- 12 Hackney
- 13 Hammersmith and Fulham
- 14 Haringey
- 15 Harrow
- 16 Havering
- 17 Hillingdon
- 18 Hounslow
- 19 Islington
- 20 Kensington and Chelsea
- 21 Kingston upon Thames
- 22 Lambeth
- 23 Lewisham
- 24 Merton
- 25 Newham
- 26 Redbridge
- 27 Richmond upon Thames
- 28 Southwark
- 29 Sutton
- 30 Tower Hamlets
- 31 Waltham Forest
- 32 Wandsworth
- 33 Westminster

**Current Local Enterprise Partnerships (39)**

- 1 Black Country
- 2 Buckinghamshire Thames Valley
- 3 Cheshire and Warrington
- 4 Coast to Capital
- 5 Cornwall and Isles of Scilly
- 6 Coventry and Warwickshire
- 7 Cumbria
- 8 Derby, Derbyshire, Nottingham and Nottinghamshire
- 9 Dorset
- 10 Enterprise M3
- 11 Gloucestershire
- 12 Greater Birmingham and Solihull
- 13 Greater Cambridge Greater Peterborough
- 14 Greater Lincolnshire
- 15 Greater Manchester
- 16 Heart of the South West
- 17 Hertfordshire
- 18 Humber
- 19 Lancashire
- 20 Leeds City Region
- 21 Leicester and Leicestershire
- 22 Liverpool City Region
- 23 London
- 24 New Anglia
- 25 North Eastern
- 26 Northamptonshire
- 27 Oxfordshire
- 28 Sheffield City Region
- 29 Solent
- 30 South East
- 31 South East Midlands
- 32 Stoke-on-Trent and Staffordshire
- 33 Swindon and Wiltshire
- 34 Tees Valley
- 35 Thames Valley Berkshire
- 36 The Marches
- 37 West of England
- 38 Worcestershire
- 39 York, North Yorkshire and East Riding

**London NUTS1 level 3 areas (5)**

- 1 Inner London - East
- 2 Inner London - West
- 3 Outer London - East and North East
- 4 Outer London - South
- 5 Outer London - West and North West