

# Review of UK Statistics for Economic Policymaking

Voorburg 2004

# Terms of reference

- to deliver an assessment to the Chancellor, the Governor of the Bank of England and the National Statistician, with a first report by the 2003 Pre-Budget Report on the following:
  - the **regional information** and statistical framework needed to support the Government's key objective of promoting economic growth in all regions and reducing the persistent gap in growth rates between the regions;
  - whether the **changing economic structure** of the UK is being properly reflected in the nature, frequency and timeliness of official economic statistics.

# Data demands

- Macroeconomic policy makers
  - Bank of England, HM Treasury
- Sectoral / industrial policy
  - eg DTI, DEFRA, trade and sector bodies
- Significant EU requirements
  - Eurostat, ECB, European Commission
- Microeconomic policy
  - Labour market, productivity, welfare, services
- Sub-national bodies
  - Devolved, regional and local institutions

# Changes affecting provision of economic statistics

- Supply (structural change)
  - Balance between sectors
  - ‘new’ phenomena, e.g. ICT sector, ‘globalisation’
  - labour market changes
- Demand
  - Evidence-based policy
  - Supporting MPC
  - Regional policy

# Three categories of data

- Macro
  - GDP: O, E, I and components
  - Labour market, prices etc
  - Need timely estimates
- Sub-macro
  - Industries / sectors
  - Regions
- Micro
  - Firm level data
  - Business start-ups etc

# National Accounts

- Timely measure (output)
  - monthly turnover surveys
  - deflated
- Benchmark measure
  - annual survey (ABI) for output
  - supply-use balancing process
  - expenditure deflators

# Business surveys

- Business surveys and industry dimension underpin GDP
- Wholesale change in '90s
  - Annual business inquiry
  - Inter-departmental business register
  - Monthly inquiry into the distribution and service sectors
  - Corporate service price indices

# Issues

- Imbalances in treatment
  - supply-use skewed to manufacturing
  - deflation skewed to manufacturing; CSPIs / SERVCOM
  - timely measure driven by manufacturing
  - not all data fully used
- Role of international classification
  - is 4 digit SIC efficient for producers?
  - is PRODCOM too detailed?
  - spurious accuracy?



# A more balanced and coherent system

- Move away from stratification tied to SIC, integrated with regional needs
- Better product and price information for services
- Boost surveys where specific policy need
- Set standards for non-ONS sources

# Consistent with other initiatives

- ONS modernisation
  - Re-engineering of National Accounts
  - review of business surveys
  - constant price supply-use
- SIC (2007)
- Atkinson Review

## 'Sources' are key

- Surveys and registers underpin our statistical system
- Improved IDBR / ARI for more sophisticated sampling and estimation
- Roles of administrative and survey data
- Necessary extensions to surveys to meet regional and national demands
- Close link to modernisation programme

## Main sources recommendations

- Incorporate regional stratification, though not to NA standards, through expansion of ABI etc
- Revisit industry stratification with focus on requirements for national data
- Move away from stratification (and data) for all estimates at detailed level and use formalised estimation techniques

## Other recommendations

- Make better use of information, eg tax, which could be useful for economic statistics
- ‘Grown-up’ approach to revisions
- Better short-term measurement of service sector
- Review collection of Intrastat data
- Bring public sector into Workforce Jobs survey
- Review work to develop single measure of jobs
- IDBR should be sample frame for surveys, to assist data linking
- Bear down on compliance costs

## Overall aims

- Good regional GDP data, integrated with National Accounts
- Balanced statistical system that evolves with the economy
- Coherent suite of registers, surveys and estimation processes
- Making efficient use of information held by government
- Good links between centre and those in regions and devolved administrations

# Benefits

- Improved quality and provision of data for policymakers and others
- Balanced statistical system, that can respond better to structural change
- Coherent and efficient statistical infrastructure