
Chair of the UK Statistics Authority, Sir Andrew Dilnot CBE

Bernard Jenkin MP
Chair, Public Administration Select Committee
House of Commons
LONDON
SW1A 0AA

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Dear Bernard

STATISTICS ON REGIONAL GROSS VALUE ADDED (GVA)

Thank you for your letter of 12 March regarding statistics on regional Gross Value Added (GVA) produced by the Office for National Statistics.

Answers to your four questions are provided in the attached Annex, prepared by ONS officials, which I hope you will find useful.

Yours sincerely



Sir Andrew Dilnot CBE

ANNEX

1. *Given the lack of GVA data for England, is it possible to produce a GVA figure for the UK excluding Scotland, or are the data relating to Scotland not consistent with the UK data?*

GVA data are available for England in current prices, and figures for the UK excluding Scotland can be derived from the published data. Users should note, however, that some GVA is assigned to the 'Extra-regio' category, which is defined as activity that cannot be assigned to a specific region of the UK. This includes the offshore activities of the oil and gas extraction industry. There is a need to be clear as to whether the UK excluding Scotland includes or excludes the UK Extra-regio activity. Should Scotland become independent, the UK Extra-regio activity would need to be split into a Scottish component and a rest of the UK component.

Users should note also that the estimates produced by Scottish Government are published in three versions: onshore activities only; including a population-based share of Extra-regio; and including a geographic share of Extra-regio. This geographic version is often quoted by those seeking to show Scottish GVA as higher than the UK average, although it is based on speculation about the share of Extra-regio that would belong to Scotland in the event of independence.

In constant prices (chained volume measures), although no data have yet been published for England as a whole, experimental data have been published for each of the English regions, Northern Ireland, Scotland and Wales. However, for methodological reasons, the Scotland figures are inconsistent with the GVA figures produced by the Scottish Government.

2. *Can you tell me why no regional GVA figures below the UK level exist, apart from for Scotland? How might ONS be prompted to produce such figures? This seems particularly pressing given the referendum.*

ONS produces regional GVA figures for all regions of the UK down to the NUTS3 level (equivalent to counties and unitary authorities). These figures are in current prices, published in £ million, and also as £ per head figures and per head indices (where the UK = 100). The figures are compiled using the *income* approach, and some components of income are published as well as a breakdown by industry. These data are National Statistics.

The new experimental regional GVA figures are produced in constant prices (chained volume measures) and are compiled using the *production* approach. These figures are provided down to the NUTS2 level of geography (equivalent to groups of counties and unitary authorities) and, to date, with the same industry breakdown as the income-based figures.

These experimental data are new and are still undergoing the development and refinement necessary to be put forward for statutory assessment as National Statistics. In addition to the deflation issues addressed in the recent article published by ONS, ONS plans to develop a process for 'balancing' the two measures of regional GVA in current prices, which will provide a consistent set of regional estimates from which both current price and constant price statistics will be compiled and published.

3. *In general, should the UKSA board seek to have England and Wales figures for key statistics where there are "national statistics" branded UK and Scottish figures?*

It is particularly important for users to have as many comparable official statistics as possible, alongside related commentary and advice. Official statistics should always be the best estimates that can be made but they are not always available on a consistent or comparable basis. The methodological issues highlighted above do cause difficulties in the particular case of regional GVA statistics which could only be addressed by compiling 'Rest of the UK' supply and use

tables. ONS does not currently have access to the necessary data sources for many of the flows needed to compile these, in particular trade with Scotland.

4. *In the absence of sub-UK figures, can the release of experimental figures be brought forward from December, as currently planned?*

The current publication schedule is driven by the availability of source data, from National Accounts and from a variety of providers of regional data, both within ONS and beyond. The current publication schedule is already very tight as some of the data sources needed to compile regional estimates are not available until September (the National Accounts Blue Book and Business Register Employment Survey data), or even October (HMRC data on sole traders and partnerships).

Experimental figures for 2011 were published on 18 December 2013, and were later updated to include figures constrained to sum to the UK total on 31 January 2014.

Provisional current price figures for 2013 based on income components will be published in December 2014 but this will not provide the industry breakdown necessary for the constant price estimates. The methodology for constant price figures requires supply and use balanced estimates. These become available around 18 months after the end of the year in question, and therefore regional constant price estimates for 2012 will be published in December 2014, around two months after the national supply-use tables are themselves published.