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**Director General for Regulation**

Jonathan Athow  
Director General for Economic Statistics  
Office for National Statistics  
1 Drummond Gate  
London SW1V 2QQ

17 August 2017

Dear Jonathan

**ASSESSMENT OF THE REGIONAL GROSS VALUE ADDED STATISTICS**

We have completed our assessment of ONS's Regional Gross Value Added (R-GVA) statistics against the Code of Practice for Official Statistics.

R-GVA statistics are an essential part of what makes up the economic intelligence of the nations and regions of the UK, informing areas such as the development of economic policy and debates and what causes the UK's productivity growth. Policymakers need to dive deep beneath the statistical surface to understand the economy region-by-region, city-by-city, town-by-town, industry-by-industry, and household-by-household. The R-GVA statistics make some of these deep dives possible, particularly those using different economic geographies drilling to very low levels of geography such as GVA at Local Authority levels in the UK<sup>1</sup> and GVA at Local Enterprise Partnership levels<sup>2</sup>.

During the course of this Assessment, the R-GVA statistics team has demonstrated commitment to making improvements to the value, quality and trustworthiness of these statistics. In particular we welcome the positive approach taken by the team to work with a range of stakeholders internally and externally to understand how the statistics are used.

This Assessment consists of two phases. In this phase, we have covered ONS's current R-GVA statistics; in the second phase, we will assess the new balanced estimates. Phase 1 confirms the designation of the income-based R-GVA measure as National Statistics subject to ONS making a range of improvements to the statistics. We will also confer National Statistics designation on the R-GVA (production approach) measures, once ONS has demonstrated that it has satisfactorily addressed the Requirements in the report to increase the public value and quality of these statistics.

The Requirements consist of reviews of methods for deflating regional estimates of imputed rent and to apportion more accurately to regions and nations the GVA of the Financial Services and Insurance Industry. Other Requirements point to the need to enhance relationships with government users and consider partnership opportunities with regional analysts. Meeting the range of Requirements will result in ONS enhancing the value of R-GVA statistics through improvements to quality, with timelier statistics and increased use. Some of the improvements will be achieved within a short space of time before the annual December publication whilst other improvements involve longer-term research, and multi-team decisions and planning which will require a consideration of processes and dependencies across ONS economic statistics teams.

In the meantime, we will begin Phase 2 and review the balanced estimates statistics, which ONS intends to publish in this year's December release of R-GVA statistics. We look forward to the

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<sup>1</sup> ONS Regional GVA by Local Authority Statistics

<sup>2</sup> ONS Regional GVA by Local Enterprise Partnership Statistics

formal consultation and understanding stakeholders' views regarding the usefulness and quality of the R-GVA balanced estimates as this will help to determine the new statistics' overall value to the public.

Reflecting the importance of National Statistics designation and to provide users with confidence in the direction of travel, I encourage you to publish a plan of proposed actions to increase the quality and public value, quality of these statistics as a result of this Assessment.

Please feel free to discuss any aspect of this with us at any time.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ed Humpherson', written in a cursive style.

Ed Humpherson

Director General for Regulation