

ROLE OF THE OFFICE FOR NATIONAL STATISTICS (ONS) IN SCOTLAND

1. At the evidence session on 26 September 2017, witnesses discussed the fact that an important share of Scottish economic data comes from national datasets produced by the ONS. The Royal Statistical Society (RSS) in their written submission stated:

“the RSS does not believe this is an appropriate time for the Scottish Government to move away from the current system in which ONS produces economic statistics for the whole of the UK.”

Asked about this by Andy Wightman, Martin Weale, representing the RSS, stated:

“...if I wanted to investigate that further, I would ask: what is it that the Scottish Government would like to be able to do and is prepared to pay to do that it finds that it cannot do because of the current statutory arrangements?”

Professor Campbell Leith noted:

“I tend to agree. I am quite happy with the UKSA being the overall regulator of statistics and the assessment of their quality. I want Scottish statisticians to be active partners with the ONS in generating data for Scotland. They should piggy-back on the surveys that are already done and the data that is already generated and augment them, where necessary and where funds are available, to improve the quality or scope of statistics.”

Gordon MacDonald asked whether the Scottish Government was paying the ONS twice for services provided to Scotland through sample boosting. .

2. At the request of Members of the Economy, Jobs and Fair Work Committee, SPICe has prepared this short briefing paper on the role of the ONS in Scotland¹. It sets out the legislative context for the ONS in Scotland, responsibilities of the ONS for the provision of data in Scotland, the Scottish Government’s working relationships with the ONS, governance arrangements, and Scottish Government compensation to the ONS for their services.

Legislative context

3. The [Statistics and Registration Service Act 2007](#) established the [UK Statistics Authority](#) as a non-Ministerial Department, directly accountable to the UK Parliament, the Scottish Parliament, the National Assembly for Wales, and the Northern Ireland Assembly. The ONS is the executive office of the UK Statistics Authority. Powers under [section 1 of the Statistics of Trade Act 1947](#) allows the

¹ Both the Scottish Government and the ONS helpfully provided SPICe with briefing material to compile this paper.

ONS to obtain information necessary for the estimation of economic trends and the discharge of their functions. Most ONS [business surveys](#) are conducted under this Act.

4. Section 20 of the [Statistics and Registration Service Act 2007](#) explains what statistics the Statistics Authority (or in reality, the Board's executive office the ONS) can produce. The legislation says the Board can produce and publish statistics relating to any matter relating to the UK or any part of it. It also says that the Board cannot (without the consent of Scottish Ministers) produce and publish Scottish devolved statistics. Section 60 of the Act goes on to define "devolved statistics" in further detail.
5. Within this legislative context, the [Inter-Administration Committee](#) (IAC) promotes coherence across the administrations of the UK and resolves inter-administration issues. The IAC works within the context of the [Concordat on Statistics](#) between the UK Government (including the UK Statistics Authority and Office for National Statistics) and each of the Devolved Administrations. The Concordat outlines the ways in which the four nations work together in relation to the production of statistics, for and within the UK, statistical standards and the statistics profession.

ONS's overall responsibilities

6. The ONS collects and publishes a range of data in some cases for the UK as a whole (some of which can be split by UK region including Scotland), and in other cases for just England and Wales.
 - The ONS has the responsibility for producing economic statistics for the UK as a whole, most of which is legally required to fulfil [Eurostat](#) obligations. Much of these statistics are audited by Eurostat. All European Union Member States must submit a range of data to Eurostat, the statistical office of the European Union, as a fulfilment of membership requirements. [European statistical legislation](#) is in force across a variety of areas, including: agriculture and fisheries, trade, economy and finance, energy, environment, population and social conditions, transport, information society, etc.
 - In other areas, such as the Census of Population, the ONS has the responsibility for conducting the census for England and Wales, whereas the Scottish and Northern Irish devolved administrations have responsibility for Scotland and Northern Ireland respectively.

Nature of ONS's Scotland work programme

7. The ONS's Scotland work programme is continually evolving - and is discussed and modified regularly at the key account meetings between the ONS and the Scottish Government.
8. The Scottish Government has Service Level Agreements with the ONS for individual data series that outline the size of sample boosts, costs, work schedules, development areas, etc. SG also works closely with the ONS – in terms of influencing their work plans for specific themes and quality assuring their outputs from a Scottish perspective. The period of the current Service Level Agreements is from 1st April 2015 through to 31st March 2018. The services within the agreements are reviewed annually in January of each year as part of an overall annual review.

Scottish Government's role and relationship with the ONS

9. Scottish statistics on devolved matters are mainly produced by the Scottish Government, National Records of Scotland (NRS) and the Information Services Division of NHS National Services Scotland. Scotland also has its own statistical authority for the NRS, the Registrar General for Scotland.
10. In general, the Scottish Government will collect, analyse and publish data on devolved issues. However, the ONS runs UK-wide surveys (e.g. Labour Force Survey) which collect information on reserved and devolved matters. And the ONS also prepares and publishes statistics for the whole of the UK or Great Britain, which can incorporate Scottish information on devolved matters.
11. Most of the economic, business and labour market statistics produced by the Scottish Government are derived from data that are collected by the ONS as part of the national collection for the UK. The Global Connections Survey (GCS) (Scottish exports) is an exception to this – the GCS was introduced in 2002 to meet specific Scottish user needs for export statistics in the absence of a UK-wide trade survey. It also collects data on Scottish exports to the rest of the UK, which is of particular interest to Scotland for the compilation of Input-Output tables and National Accounts.
12. The Scottish Government state that “they have an extremely good working relationship with the ONS²”. Darren Morgan (ONS – Head of National Accounts Coordination) and Sandy Stewart (Scottish Government – Head of National Accounts) are the nominated Key Accounts holders in both organisations. They meet quarterly to discuss issues, working relationships and how best to align the developmental work of both organisations.
13. Scottish Government officials sit on a number of ONS Working Groups and Committees and have the opportunity to feed into decision-making to ensure products are harmonised and that Scottish interests are taken into accounts. These groups include:
 - Devolved Economic Statistics Coordination Committee (DESC)
 - Regional Accounts Government Users Group (RAGUG)
 - Sub-UK Public Sector Finances Working Group
 - Living Costs and Food Survey Steering Group
 - Economic Statistics Theme Group
 - ONS Classifications Forum
14. Similarly, the ONS attends various Scottish consultation groups. These include:
 - The Scottish Economic Statistics Consultation Group (SESCG)
 - The Scottish Input-Output Expert Users Group (SIOEUG)
 - The Sub-Scotland Economic Statistics Consultation Group (Sub-SESCG)
15. Some ONS surveys are boosted by the Scottish Government to ensure adequate coverage in Scotland. This boosting of samples enables the Scottish Government to provide more robust detailed estimates for Scotland (e.g. at a sector or regional

² Scottish Government briefing note to SPICe researcher, shared in personal correspondence.

level). Details of the size of the sample boosts for economic statistics are as follows:

- Annual Business Survey boost – around 2,600 extra businesses in Scotland are sampled, giving a total sample size in Scotland of around 8,200 businesses.
- Business Register and Employment Survey boost – around 4,500 extra businesses in Scotland are sampled, giving a total sample size in Scotland of around 10,100 businesses.
- Labour Force Survey boost – this is boosted from around 6,000 to 22,000 households each year. This enables us to produce statistically robust estimates of a wide range of socio-economic indicators for various different sub-groups of the population, or for geographical areas such as for local authorities.

ONS compensation for Scotland work

16. The Scottish Government pays for the survey boosts and also the processing costs of the Scotland data extraction from UK surveys. Costs are agreed and set out in a Service Level Agreement. Table 1 and Table 2 set out these costs for the past three years.

Table 1: Cost to Scottish Government of purchasing data from ONS, 2014-15 to 2016-17

Project	Cost (£)		
	2014-15	2015-16	2016-17
ONS – Statistical Data Services	36,000	24,500	14,000
IDBR – Data Provision	4,100	5,100	5,300
ABS – Sample Boost and processing	59,800	75,900	66,700
BRES – Sample Boost and processing	50,800	53,300	54,100
Total	150,700	158,900	140,200

Note: ONS = Office for National Statistics; IDBR = Inter-Departmental Business Register; ABS = Annual Business Survey; BRES = Business Register Employment Survey.

Source: [Scottish Economic Statistics Plan 2017-18](#)

Table 2: Cost of purchasing data 2014-15 to 2016-17 (Households Surveys)

Project	Cost (£) (excluding VAT)		
	2014-15	2015-16	2016-17
ONS – Boost to the Labour Force Survey	927,930	960,410	981,576

Source: [Scottish Economic Statistics Plan 2017-18](#)

17. In addition, it is worth noting that the Scottish Government has just agreed, jointly with HM Revenues and Customs (HMRC) to double the sample size of the Living Costs and Food Survey (LCFS) conducted by ONS. These data will be used in the estimation of Scotland share of UK VAT receipts.

Future ONS priorities in Scotland

18. The ONS's [Economic Statistics and Analysis Strategy 2017](#) provides users, stakeholders and researchers clarity on how the ONS are working to improve UK economic statistics. It presents a tighter set of priorities for the ONS and is aimed at stimulating debate about what is prioritised in future years.

19. ONS has set out its priorities and plans with regards to devolved, regional and local statistics at section 6.3 of the Strategy. It states *“with any move towards more devolved powers to subnational administrations, there is a need to provide an evidence base upon which policy decisions can be made at that level”*. Priorities include:

- developing annual regional estimates of household final consumption expenditure and the household saving ratio, thereby extending the information on the economic impact of households in different parts of the UK
- aiming to break both gross value added (GVA) and gross disposable household income (GDHI) down to even smaller areas during 2018. By 2019, we plan to look into combining the flexible geography work with the quarterly output indicators, with the aim of being able to project forward from the annual estimates to provide timely estimates for any areas of interest
- exploration of the use of administrative and other data sources to improve the quality and timeliness of published estimates.

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