



The Scottish Parliament
Pàrlamaid na h-Alba

Economy, Jobs and Fair Work Committee

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Dear Keith

How to make data count: improving the quality and coverage of our economic statistics

Thank you for your response to the economic data inquiry report and the accompanying letter from the Chief Statistician. We are delighted you have accepted the great majority of the recommendations from our report. The Committee has considered the issues as raised in your correspondence and we wish to follow up on three areas; and while the input from Mr Halliday has been useful, it is the Scottish Government's response – i.e. from you as Cabinet Secretary – that we now seek.

Feasibility study

In your letter, you said you accept all of the Committee's recommendations save for one – the call to undertake a feasibility study to assess the practicalities and costs and consider the pros and cons of greater independence for the production of economic statistics in Scotland. Whether you accept the pre-release access (PRA) recommendation is unclear but we shall return to that under the next heading.

Mr Halliday, in his letter, emphasised: the production of economic statistics being undertaken with "*a high level of independence*"; the benefits of "*a real synergy*" coming from statisticians being co-located with economists in the Directorate of the Chief Economist; the risk of duplication and additional cost "*for what I believe is limited gain*"; and the current set-up being "*helpful in strengthening the quality, trustworthiness and public value of the statistics*".

This is a disappointing if not entirely surprising response, given the Chief Statistician's purview, but the Committee would like to hear your view. In terms of that rightful emphasis on quality, trustworthiness and public value, it also leads us to the next item – that of Pre-release Access (PRA).

PRA

The response to the Committee's recommendation on PRA was to seek our views on a study relating to market sensitivity. This is an unusual approach, a response to the Committee seeking a response from the Committee, and the Chief Statistician has centred on one aspect of detail rather than addressing what was recommended. Such an approach – focusing on the technicalities of market sensitivity (its definition and assessment) and not the principle of PRA – risks overlooking the bigger, more important picture.

When Mr Halliday described the current set-up (independence-wise) as being beneficial to "*the quality, trustworthiness and public value of the statistics*", he was rather closer to the point and indeed the spirit of our recommendation. For the evidence we heard from a host of witnesses, including the UK Statistics Authority, was very much along those lines. As Ed Humpherson told us—

"First, why do we care so much about this? It is because, at the heart of what statistics are about, they are a public asset. They are there for public consumption as information that enables the public to understand the nature of the world, the nature of policy and nature of the decisions that are being made. Secondly, that vision of a public asset is underpinned by statistics being equally available to all and not partially available to some audiences but not others, and by their being available as soon as they are ready. Pre-release access seems to run against those two principles."

He went on—

"There is a perception that one set of actors – ministers – gets privileged access that others do not get. Therefore, for the Scottish Government to establish its trustworthiness – to use that term again – it needs to work that much harder to demonstrate the integrity of its production process, and I think that makes its job harder."

He made it absolutely clear no judgement or accusation was being made—

"They are genuinely highly professional statisticians and do an excellent job. I just think that pre-release access makes their work harder."

The Office for National Statistics, Sir Charles Bean, and the Royal Statistical Society, among others, told us PRA should end. In its written submission to the Committee, RSS stated—

"We believe that such privileged access undermines public trust in official statistics as, for example, it creates opportunities for figures to be 'spun' to the media or 'buried' beneath other announcements."

It suggested a reform of PRA “*would be warmly welcomed by all those committed to statistical integrity*”.

As we set out in our report, the principles of equal access and earliest release possible are integral to the UK Code of Practice, as well as the European Statistics Code of Practice and the United Nations Fundamental Principles of Official Statistics. They are principles with which both the Scottish Government and UKSA agree. However, UKSA argues that granting PRA falls short of these principles, is not good statistical practice and risks encouraging public scepticism about the credibility of the statistics themselves. This is not to imply any political interference with the numbers; the concern is the opportunity to be first with an interpretation before anyone else is in a position to respond.

When we discussed the matter, there was a range of views among committee members as to how best to address it, including: adoption of a default position of no PRA except in exceptional circumstances; removing it for those statistics deemed to be of particular national significance, such as GDP and GERS (and it may be helpful to note that the word “totemic” featured in an earlier draft of the recommendation); and seeking a definitive end to the practice for all Scottish economic statistics.

We noted the correspondence between the Scottish Government and UKSA during 2008 while the Pre-release Access to Official Statistics (Scotland) Order 2008 was being prepared. At that time, the Scottish Government described PRA as “*necessary and desirable*” though it acknowledged “*we do very much recognise that there are risks associated with pre-release access that need to be controlled*”.

Ultimately we had a division on this issue and the majority view of members was expressed in the recommendation—

“A decade on from the 2008 Order’s introduction, and in light of strong encouragement in favour of ending pre-release from a number of key witnesses to our inquiry, we believe that PRA to economic statistics which are market sensitive – including Scottish GDP, the Retail Sales Index for Scotland (RSIS), Quarterly National Accounts Scotland (QNAS) and Government Expenditure and Revenues (GERS) – should end; and the Scottish Government is invited to set out how it will do so.”

The reference to “*market sensitive*” was about drawing on a classification rather than making any point about market sensitivity. **Therefore, rather than the Committee commenting on the study, as suggested in the Chief Statistician’s letter, we would welcome your response to the recommendation set out in paragraph 230 of our report;** the essence of which concerns perceptions of fairness and being seen to have a “first mover” advantage and the possibility for this to erode public trust. What is most relevant is whether the statistics are deemed to be of national importance. PRA for GDP, RSIS, QNAS and GERS should stop – being the prevailing view of the Committee – not because of the potential for a small movement in the stock market returns of 11 Scotland-based international businesses, but in the interests of fairness, trust and credibility.

Furthermore, we seek some clarification on the study, which would appear to conclude that those statistics classified by the Scottish Government as market sensitive are not market sensitive. On that basis, should one conclude that there are no market sensitive economic statistics in Scotland? If so, does this mean PRA can apply for up to five days (rather than one day) for those very statistics the Committee wanted to see it removed from altogether? As RSS's Martin Weale told us during the inquiry, the five days PRA that in certain cases some users receive "*sticks out*" and was "*very much an anomaly relative to almost the whole developed world*".

Your response to these points, but most significantly to the Committee's recommendation to end PRA for key economic statistics – including Scottish GDP, the Retail Sales Index for Scotland (RSIS), Quarterly National Accounts Scotland (QNAS) and Government Expenditure and Revenues (GERS) – would be appreciated.

Scottish Fiscal Commission

The recommendations here were—

"The Committee believes the statistical needs of the Scottish Fiscal Commission – given its responsibility for economic and fiscal forecasting – should be a top priority. SFC highlighted four areas for current priority in its work: price data and deflators for Scotland; GDP by component of expenditure in constant prices; better and more timeous data on Scottish wages; and a more comprehensive breakdown of public sector expenditure in Scotland."

"The Committee draws these four areas to the attention of the Scottish Government and recommends that SFC sets out its statistical needs annually and the Scottish Government prioritises these needs where it can collect the data and works with ONS/HMRC/others where it cannot, and sets out what it will do to address any gaps."

Your response states the SFC is a member of the Scottish Economics Statistics Consultation Group (SESCG) and as such is treated as a key stakeholder. SESC is a forum for overall priorities of academia, business, government, etc. However, the Committee's recommendation was premised on the belief that the SFC's data needs ought to take precedent over everyone else, given the role of its forecasts in the Scottish budget. Having concluded more consideration should be given to the SFC's statistical needs, we pointed to the specific requests in its [written submission](#) to us – none of which have been addressed in your response.

I should add that we will also be writing to ONS to express concerns. Its response to us appeared to reflect a focus on the improvement of regional statistics but not that it factored in the need for specific data in relation to managing public finances in Scotland. For instance, ONS stated it *would* be possible to produce Scottish Average Weekly Earnings (AWE) but this would require significant resources and increase the burden on UK companies. This was despite AWE being a key ask of the SFC. While continuing to make significant improvements to regional statistics, for which it is to be commended, ONS did not appear to be positioning Scotland's statistical needs within the context of devolution – for instance, the role the SFC's tax forecasts play in

sound budgetary management (the tax forecasts determining how much Government can draw down that year), and in assisting Parliament to scrutinise policy proposals (e.g. income tax).

We look forward to your further response on the three areas detailed above and would be most grateful if you could reply to us by Friday 13 July.

Kind regards

A handwritten signature in black ink, appearing to read "Gordon Lindhurst". The signature is written in a cursive style with a large, stylized flourish at the end.

Gordon Lindhurst MSP
Convener