

Gordon Lindhurst MSP  
Convener  
Economy, Jobs and Fair Work Committee  
Scottish Parliament  
Edinburgh  
EH99 1SP

31 July 2018

Dear Convener,

Thank you for your letter of 6 July regarding ONS' response to the Committee's report, *How To Make Data Count: Improving The Quality and Coverage of Our Economic Statistics*.

I attach the following note, which provides further detail on the points you raised in respect of Scottish economic data.

Yours sincerely,



**Jonathan Athow**  
Deputy National Statistician and Director General, Economic Statistics  
Office for National Statistics

## **Scottish Economic Data – further response from the Office for National Statistics (ONS)**

We have provided an update on our work in the four areas the Scottish Fiscal Commission highlighted for current priority in its work. This is information in addition to the response ONS provided to the Committee in April 2018.

*“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 timely data on Scottish wages; and a more comprehensive breakdown of public sector expenditure in Scotland.”*

### **Price data and deflators for Scotland**

We are exploring alternative data sources for consumer price statistics under the Digital Economy Act’s framework to access data for statistical purposes. ONS has been actively engaging with retailers, via both group discussions and one-to-one meetings, regarding access to transactional databases ('scanner data'). Regular access to these data will enable ONS to produce more granular data, including regional consumer price statistics.

### **Better and more timely data on Scottish wages**

We continue to support Her Majesty’s Revenue and Customs (HMRC) in their programme to understand the usability of PAYE data. The HMRC UK Real Time Information Experimental Statistics<sup>1</sup> articles published on 30 January 2018 and 24 July 2018 include information on the number of individuals receiving pay from PAYE, and growth in mean and median PAYE pay, in each country or region of the UK. The aim of these experimental statistics is to provide users ultimately with more robust and frequent statistics at country and regional level. ONS continue to invest substantial resource in exploring the benefit of administrative data as a source for statistics.

### **GDP by component of expenditure in constant prices**

While we currently have no country-specific deflators to help with this process, we are working on the development of regional household expenditure measures, which should help to improve the quality and accuracy of those expenditure components in current prices. We aim to publish an initial experimental set of estimates for countries and regions of the UK in September 2018, which will include estimates for spending in Scotland and spending by Scottish residents, both for a range of commodities. Following this publication, we plan to consult with users to collect their views, which we will use to inform an expanded publication in summer 2019, including estimates for local council areas and Scottish Enterprise areas.

### **A more comprehensive breakdown of public sector expenditure in Scotland**

As we noted in our initial response to the Committee in April, ONS has been taking forward a wide-ranging devolution development programme that has been delivering better data for Scotland. One aspect of this programme of work was the introduction, last year, of the new regular publication, Country and Regional Public Sector Finances<sup>2</sup>, which provides information on the public sector revenue raised in all countries and regions of the UK, and the public sector expenditure benefitting those areas. This provides comparable data for Scotland with other countries and regions of the UK, supplementing therefore the Scottish

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<sup>1</sup> [UK Real Time Information, Experimental Statistics, HMRC, 24 July 2018](#)

<sup>2</sup> [Country and regional public sector finances, ONS, 23 May 2017](#)

Government's own Government Expenditure and Revenue Scotland (GERS) publication. We are aware that the Scottish Government is currently consulting on the possible publication of the actual spending undertaken by Scottish public sector bodies, as opposed to expenditure made by Whitehall departments, and similar, for the benefit of Scottish households and companies<sup>3</sup>. ONS is broadly supportive of this initiative and believes that the Scottish Government is best placed to publish these spending data.

In your letter, you further stated:

*"We have informed the Scottish Government of our concerns about their approach to these points. Your own stance, while reflecting a focus on the improvement of regional statistics, does not appear to factor in the need for specific data in relation to managing public finances in Scotland. For instance, a key ask of the SFC was Scottish Average Weekly Earnings (AWE), which you stated would be possible to produce but could require significant resources and risk increasing the burden on UK companies. And while you continue to make significant improvements to regional statistics, for which ONS is to be commended, we believe Scotland's statistical needs must be positioned within the context of devolution – for example, the role the SFC's tax forecasts ought to 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)."*

Providing the statistical evidence base that decision-makers need is at the core of our strategy, and within that we aim to recognise and support the particular needs arising from each devolution settlement. From this perspective, the Office of National Statistics continues to work closely with Roger Halliday, the Chief Statistician and Data Officer for the Scottish Government. For example, our work on the regional estimates of household expenditure will closely involve Scottish Government statisticians.

Specifically on the request from the Scottish Fiscal Commission for Scottish Average Weekly Earnings (AWE), the ONS would welcome a conversation with the Commission as to whether there are alternatives to the AWE that could better meet their needs.

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<sup>3</sup> [Devolved Finances Consultation, Scottish Government](#)