

Economic Data Inquiry

Aberdeen & Grampian Chamber of Commerce in partnership with Scottish Chambers of Commerce

Aberdeen & Grampian Chamber of Commerce (AGCC) is North East Scotland's leading private sector, member-focused, business organisation. The Chamber represents more than 1,250 businesses with around 125,000 employees in the private sector covering all industry sectors.

AGCC is pleased to be able to respond to the call for views on the topic of economic data. As a Chamber we make great efforts to ensure our policy work is supported by good quality data and so this is a topic which interests us. We are submitting this response in partnership with Scottish Chambers of Commerce whom we work with as one team on policy and research. Within AGCC we have a team of four who work on research and policy and this includes:

- Providing real time market analysis and customer insight for individual businesses
- Undertaking research on behalf of the region e.g. sector studies

It is this real-time data created using insight from businesses that our members and stakeholders find useful. As such we consider that the inquiry should not only consider data which Government considers important but also a wider stakeholder group.

Timely data

In the same way as AGCC attempt to drive our policy positions using data, we consider that the primary purpose of Government data collection should be to make more informed policy decisions. Of course, in our view this should be primarily focused on how we create stronger (inclusive) economic growth. With this in mind, a critical factor should be **timeliness of data** (i.e. data used for policy making must be as up to date as possible which will mean decisions are made with up to date information).

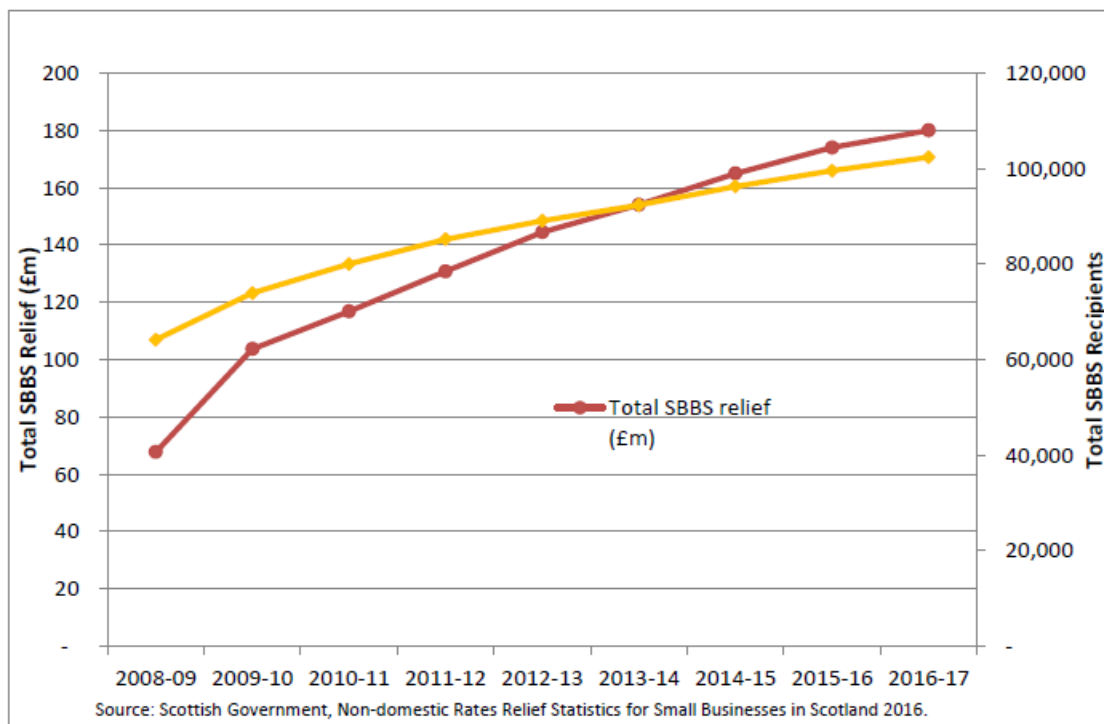
We recognise that historic data is also important but that in general is often used to evaluate the success of decisions and so by its nature only ever has an ex-post application to justify decision making or expose where interventions have not worked.

An opportunity for better evaluation

One area where we consider data could be collected for more bespoke purposes is to evaluate Government interventions. A good example of this might relate to the recent Barclay Review of Non-Domestic Rates. Within the Barclay Review a recommendation has been made to evaluate the

effectiveness of the Small Business Bonus Scheme (SBBS). This has been a flagship Government policy for around ten years with a total cost of £1.3bn¹.

Chart 5: Small Business Bonus Scheme recipients and relief (£m), 2008-09 to 2016-17.



As it stands it is unlikely that there will be any data available on the following key factors which would demonstrate the success or otherwise of the SBBS:

- What role did SBBS have in starting up new businesses
- What role did SBBS have in enabling small businesses to be economically viable
- Did the SBBS have any catalytic impacts
- Did the SBBS support the target beneficiaries i.e. Small Businesses (using various definitions of Small Business)
- And so on in assessing the additionality created by the SBBS

If data was collected in real time on these interventions on a smaller but consistent basis it would allow better evaluation of interventions and enable swifter and more informed decision making. As it stands using this example, the evaluation is likely to be at best a poor estimate of the SBBS which is open to significant optimism (hindsight) bias. We consider that Government should be considering how longitudinal and timely data could be collected for this type of intervention to increase accuracy and reduce interpretation errors.

Levering existing partners

One area that the Government may want to consider using how it can work with their existing partners and the Chamber of Commerce network would

¹ Barclay Review – page 45

welcome discussions in this space. The UK Government, Scottish Government and Bank of England make regular use of Chamber led research such as our Quarterly Economic Surveys.

The Scottish Chambers of Commerce Quarterly Economic Indicator is the longest running survey of its kind in Scotland. This research provides valuable, timely information on the sentiment and experience of Scottish businesses in response to current market conditions, bolstered by expert analysis from the University of Strathclyde's Fraser of Allander Institute.

The benefit of this work is:

- It is impartial and the Chamber network does not 'spin' the results as a set of a-political organisations
- It is timely
- It is based on the real-life experiences of business
- The sample sizes are significant and can be secured at a lower cost than using commercial research agencies
- It is viable to create regular trend data

In addition, Chambers frequently produce regional or sectoral reports. We believe that the Oil & Gas survey produced by AGCC is one of the best examples of this as a barometer of the industry. A good example of how it could be better applied is the results from Survey 26 (June 2017). This survey reported a stabilisation of sector activity and later this was confirmed in Government economic (GDP) statistics. The case study used excludes this by focusing on IDBR and oil & gas UK reports.

The importance of this example is that there was a great deal of uncertainty about the possible direction of Government statistics and perhaps better triangulation would help data interpretation and forecasting. The example used in the consultation document does though begin to identify that single sources of data are unlikely to ever tell the full story, to illustrate this we gauge the current temperature of the market using other data including:

1. Car sales
2. House listings / sales / prices / volumes
3. Occupancy levels and airport use
4. Announced redundancies

Conclusion

We consider the existing data sources used by / available to the Scottish Government as useful but as the review notes they are often out of date and lacking in practical application. We would argue that a greater focus on the collection of relevant data relating to policy making would be beneficial and a greater focus on real-time data gathered from business would help too.

We do not see any significant need for major investments in large scale Government modelling contracts. We would encourage interaction with the

proposals in the Enterprise and Skills review and suggest that Government lever existing partners including the Chambers of Commerce more often.

**Aberdeen & Grampian Chamber of Commerce
Scottish Chambers of Commerce**