

Economic Data Inquiry

SLEAD

Scottish Local Authorities Economic Development Group

Rationale

The SLAED Performance Group lists as part of its remit:

To engage in national discussions around performance management across the public sector and wider performance frameworks; in particular, to support relevant measurement of local economic development activity through the Local Government Benchmarking Framework.

This response represents the group's views in response to the call for evidence and comments are not limit to the economic statistics used in the SLAED indicators framework.

Background

The SLAED Performance thematic group is made up of representatives of all Scottish Local Authorities working together to improve and maintain a suite of economic indicators to inform local decision making and best practice.

The SLAED Indicators Framework is designed to provide consistent data and evidence on what councils throughout Scotland are delivering as local economic development organisations. The Framework is used by all 32 Scottish local authority economic development services to provide data on economic development inputs, activities, outputs and outcomes. This allows meaningful comparisons to be made on the relative performance of areas to assist in the ongoing monitoring of performance and resource allocation within councils. A year-on-year picture demonstrating the contribution that local authorities make to local and national economic outcome is available publicly.

The data is compiled from a mix of sources. The majority of the data is supplied by local authorities with the remainder from publicly available datasets published by ONS and NOMIS, and partner organisations such as Business Gateway, Scottish Enterprise, Highlands and Islands Enterprise and the Supplier Development Programme.

The data published by ONS and via NOMIS, feeds into the SLAED indicator framework and is therefore important for decision making in Local Authorities. It is vital that quality standards are maintained.

Response to Consultation Questions

Accuracy

1. How reliable is the economic data currently available at the Scottish level?

Issues exist with the sub regional breakdowns of national statistics, especially for those local authorities located in the Highlands and Islands,

due to small sample sizes. The reliability of the sub regional breakdown of some national datasets is also hindered by the economic modelling undertaken to produce such geographical breakdowns. An example of this exists through the Scottish Government's Scottish Annual Business Statistics (SABS) release. SABS is originally sourced from the Annual Business Survey (ABS) which is published to a regional level; the Scottish Government then produce local authority statistics from this, but do not release the methodology in terms of how this is broken down to the sub regional level. The economic data reported within the SLAED Indicators report is sourced from Council's internal records as well as nationally recognised datasets and therefore has a high level of reliability.

2. *What are the areas of strength and of weakness of provision within Scotland and at UK level?*

Particular strengths of data provision exist in reporting Labour Market and Earnings statistics. The Annual Population Survey (APS) and the Annual Survey of Hours and Earnings (ASHE) provide detailed information at local authority level that complements the data collated by individual councils for the SLAED Indicators Framework. Weaknesses exist in business orientated information at the local authority level. Statistics such as GVA per industry beyond one-digit SIC levels and Business spend on Research and Development (R&D) sectoral breakdowns are not published at the local authority level.

3. *What could be done by Scottish Government and/or others to improve the quality of data? How would this be funded?*

The quality of data could be improved through further engagement with local authorities in Scotland. Consultation with local authorities on the data each authority gathers could indicate where gaps in information exist between local authorities and national statistical bodies.

4. *Do you have any views on how data is collected, specifically the role of businesses and households in providing economic data?*

Self-reporting as a method of quantifying statistics tends to be deemed less reliable than officially quantified data from sources such as HMRC and Companies House. Self-reporting data is subject to greater levels of respondent bias, specifically social desirability bias, which decreases the reliability of the findings. However, collecting data from the primary sources is a better method of collecting statistics than modelling results from statistics that have already been collated – such as the aforementioned SABS release.

Utility

5. *How are economic statistics used by local, regional and national policy-makers to deliver and scrutinise policy?*

Economic statistics identify trends in the long-term that provide evidence of how policy is performing/addressing particular economic issues in the economy. Long-term statistics can also be used to identify areas of economic performance that require policy amendments or implementation.

6. *Where are the gaps in provision?*

The Scottish Government currently provide national level statistics on exports. A comprehensive and systematic approach to the production of regional and other lower level statistics should be adopted.

7. *Can you identify examples of international good practice and case studies?*

Examples of good practice from local authorities in Scotland are published in the SLAED Indicators Report. Starting in the 2015/16 report local authorities had the chance to submit case studies to be published in the annual report that provide additional context around some of the key data gathered, and help to demonstrate what councils deliver in terms of economic development.

8. *Are there barriers preventing the Scottish or UK Governments from improving statistical provision?*

The majority of barriers to improving statistical provision should be known to both the UK and Scottish Governments. Data confidentiality, sample size issues, and lack of resources seem to be the major barriers in regards to data publications.

Interpretation**9. *What are the key issues in making sense of the data?***

Local Authorities have the expertise within their organisations to make sense of the data and to use resulting analysis to inform evidence based decision making when forming policy.

10. *What are the barriers to better understanding and how might they be overcome?*

Methodological definitions could be made more readily available so that users of the data can understand how the data was constructed and if it still meets their needs. As it stands some datasets are published with their methodology published separately, causing individuals to either misinterpret the data or regard it as unreliable.

Scrutiny**11. *What are we measuring and what should we be measuring?***

No response.

12. *What data is necessary for effective parliamentary scrutiny by the Economy, Jobs and Fair Work Committee (our remit also covering energy)?*

No response.

13. *Are the current National Performance Framework indicators the best way of measuring innovation, internationalisation, investment and inclusive growth in the Scottish economy?*

In the following areas, the choice of indicators could be improved:

- i) The national indicator set does not have an accurate measure of inward investment.
- ii) The national indicator for digital infrastructure does not differentiate between rural and city localities, or regional differences.
- iii) There is no indicator for important demographic measures. The Scottish government has often talked of the need to attract more people, particularly those with sought-after skills, to come and live in Scotland, in part to help grow the economy and also in relation to the long term replacement ratio, the ratio of working age to pensioners. This measure is influenced by a whole host of external policy issues including Brexit and remains an important issue. A measure of overall population, the replacement ratio, inward/outward and net migration and births, and longevity could capture this.

Summary

It is felt that data from ONS and Statistics Scotland is of a high standard and the most accurate and robust of sources. Amongst Elected Members, data from these sources is felt to be the most reliable and trustworthy, therefore this is favoured by officers in creating briefs and informing decision makers in policy matters. The methods of collection, detailed methodology and robustness of the results are a strength of the current system. One area that could be improved is the publishing of data at a more local level. Some data by Local Authority is available but the group would like to see this expanded. It is recognised that there is a relationship between smaller datasets and statistical validity but it is felt there is sufficient knowledge within Local Authorities to allow for this in policy decision making. This data is already available so there should not be large costs involved in breaking the data down to Local Authority regions.

Another issue is the significant time delay in the publication of some of the ONS data and the dates it relates to. Information relating to new businesses, for example, can be two years out of date when published and the business environment could have changed greatly within that time. An example is 2015 data, published on 23 November 2016, having to be used up to the end of November 2017. A move to online tax reporting in the future may allow the scrapping of the 5th April tax date and allow a continuum of data collection and subsequent opportunities to release economic data more frequently. The Government's move to quarterly tax returns was recently shelved but opportunities to spread the date for tax returns throughout the year using digital returns remains.

It is felt the most efficient method of collecting data is to use the data sources already available. The SLAED Performance Group hope that closer links between government agencies will improve the flow of data. One important area for local authorities is the number of business births and deaths in their area. The ONS publish data for registered businesses but it is estimated there are an equal number of unregistered businesses that are not accounted for. 'Businesses in Scotland' use a model to estimate unregistered businesses but

do not give data at a local level. Local authorities would find it valuable to know the number of businesses starting up and closing in their regions with data seeming to be collected but not published.

A general point is that the indicators are high level and perhaps necessarily so. However, as with the example of demographics data, the reasoning for trends in the data could be complex and could require analysis of sub-indicators. For example the number of businesses in Scotland is an overall indicator that could mask trends in birth rates, 1-5 year survival rates and geographic and sector specific trends. Ideally analysis of these national indicators would include analysis of sub-indicators. For transparency these sub-indicators (or supporting indicators) could be included under each of the national indicators.

Requests from SLAED Performance Group

1. Increase localised data
2. Improve time lag between data collection and publication
3. Include unregistered businesses in enterprise births and deaths data at a local authority level
4. Publication of sub-indicators

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