

Economic Data Inquiry

4 Consulting

Overview

Our report to the committee ([online](#)) sets out the strengths and weaknesses of economic data in Scotland. The pace of devolution is beginning to expose cracks in the UK's system of producing economic statistics. The UK system was designed to produce economic statistics for the whole of the UK, not for the devolved administrations.

It's likely that Scottish Government statisticians would describe themselves as more opportunistic, but relatively powerless, statistical scavengers. It is important that Scotland takes up the challenge laid down by the [Bean Review](#) and looks at new approaches to develop the next generation of economic statistics.

Accuracy

Scottish economic statistics are available covering most of the key indicators used to scrutinise the UK economy. Scotland is by far the best served part of the UK in terms of economic statistics and the only UK devolved administration to produce quarterly GDP figures.

Data for capital investment and Scotland's trade balance are inadequate. It is perhaps unclear why more attention hasn't been paid to a reliable measure of inflation or GDP deflator for Scotland.

Utility

Trying to reproduce the UK's economic statistics for Scotland may not be the best use of resources. The Bean Review invites a fundamental rethink about the way we produce economic statistics. For example, it is plausible that it would be more appropriate to measure Green GDP for Scotland.

The vast reservoir of microdata available is an underused resource and cries out for the kind of change in culture advocated by the Bean Review. The Bean Review calls for statisticians to turn their attention away from 'getting the statistics out' and think more creatively about potentially new series of data more relevant to economic policy.

Unlocking microdata available for local authority areas (and bespoke geographies) would allow better use of economic statistics by local and regional policy-makers.

Northern Ireland has more flexibility and power to produce economic statistics and produces data such as exports through administrative data rather than bespoke surveys. Other European regions produce impressive economic statistics drawing on administrative data.

The Scottish Government is different to the Office for National Statistics (ONS) in that it is both a producer and consumer of official statistics; Scotland has no independent statistics body. The dual role includes producing economic statistics and using them to scrutinise and develop public policy.

It is important to review the independence of economic statistics in Scotland. The Scottish Fiscal Commission was constituted as a Non-Ministerial Department. A similar approach could be considered with statistics in Scotland to establish either a Scottish Statistics Office, embed further statistics capacity within an existing non-departmental department or review the role of Scotland's Chief Statistician.

Interpretation

A key issue in making sense of data is that several series of economic data do not meet the needs of policy makers. The Bean Review invites a fundamental rethink about the way we produce economic statistics, the structure of our economic statistics system and how they are presented.

The Scottish Government has arguably produced some of its most policy relevant information when it has produced publications that don't seek to copy an existing UK publication or statistics. For example, the Scottish Government's annual carbon assessment of the Scottish draft budget (available [online](#)).

Greater independence in the production of economic statistics would encourage statisticians to provide a more rounded explanation of data and highlight trends. As pointed out by the Bean Review too much emphasis can be placed on getting the statistics out and that "Relatively little attention is devoted to how the quality and relevance of the statistics, or their delivery, could be improved."

Scrutiny

More focus is being placed on the use of administrative data (VAT returns, PAYE data) rather than large scale surveys to build economic statistics. Whilst more cost-effective, administrative data presents challenges in extracting relevant Scottish data.

Economic data could play a much greater role in scrutinising public policy. For example, the recent review of non-domestic rates in Scotland failed to draw on the basic economic data available showing how business rates are linked to wider economic performance (published [online](#) by SPICe).

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