

Economic Data Inquiry

Royal Statistical Society

Written Evidence to Scottish Parliament Inquiry on Economic Data

Introduction

1 This note provides evidence from the Royal Statistical Society (RSS) to the Scottish Parliament Inquiry on Economic Data. The RSS doesn't have expertise in individual elements of Scottish economic statistics but the RSS witness, Professor Martin Weale, is a leading expert in UK National Accounts and can speak from that position. This evidence is therefore couched in principles rather than a detailed understanding of issues with specific Scottish economic statistics except where indicated. It relates to topics identified to the RSS by the Clerk and raised in the paper "Limitations and Strengths of Scottish Economic Statistics" by 4-consultancy.

Summary

2 The RSS believes this is an important time for the development of economic statistics in the UK and thus that this Inquiry is very timely. We actively supported the Independent Review of UK Economic Statistics by Professor Sir Charles Bean and welcomed its conclusions (published in March 2016). We believe that the current system of the Office for National Statistics (ONS) producing economic statistics for the whole of the UK, supplemented by the Devolved Nations for their own purposes, is the best arrangement in the current state of devolution. Unless this situation changes, we would not advocate an independent Scottish statistical system. The RSS actively supports the need for better sub-national statistics.

Bean Review of UK Economic Statistics

3 In our evidence to the Bean Review, the RSS indicated that UK economic statistics had not kept pace with effective measurement of a changing economy, that the ONS needed to make better use of alternative data sources and that it needed to increase its capability in modern data analysis skills and methods. We also held several seminars to help inform the Bean Review. Sir Charles reflected these points - along with many others - in his recommendations and it is encouraging to see the great strides ONS has subsequently made in the last year in developing the Economic Statistics Centre of Excellence (ESCOE) and the Data Science Campus, both of which should be to the betterment of statistics for the Devolved Nations. In particular, the increased number of economists employed in ONS, and ESCOE initiatives such as Economic Research Fellows, and its highly successful international conference 'Economic Statistics in a Digital Age' in February 2017, should provide much greater professional economic insight to the development of economic statistics.

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4 Another relevant initiative has been the creation of the Economic Statistics Working Group (ESWG), which brings together senior members of the RSS, the Royal Economic Society and ONS to support ESCOE work and to develop relevant training courses in the economic statistics domain. In early July, for example, ESWG staged a major and well-attended seminar on the theme of ONS and 'Services and Intangibles: Challenges for Economic Statistics in the Digital Age'. Further such seminars, as well as relevant training courses, are planned to help ensure that the Bean Review's recommendations are put fully into effect.

5 One of the Bean Review's key recommendations was greater use of administrative data by ONS for statistical purposes. Whilst ONS already had legal means to access administrative data from other departments through the Statistics and Registration Service Act 2007 (SRSA), the process was cumbersome and dependent on departmental agreement. Adoption of the Digital Economy Act 2017 (DEA) will give ONS much more flexibility for accessing administrative data from Crown Bodies, other public authorities and the private sector, and should greatly enhance the range of administrative data available for UK statistical purposes. If the Scottish Government requires administrative data obtained through the DEA to support its own statistical functions, it can request data for specified statistical purposes, working through the UK Statistics Authority for this (see Section 81 of the Act). The RSS recognises that some administrative data have limited utility for Devolved Nations where the activity is reported at the UK level and doesn't distinguish sub-UK location.

6 Another concern raised in the Bean Review was inadequate regional statistics which, it is hoped, greater access to administrative data might assist with. The RSS fully supports this concern and has identified the need for improved local data in its Data Manifesto: http://www.rss.org.uk/RSS/Influencing_Change/Data_manifesto/Increasing_access_to_local_data/RSS/Influencing_Change/Data_democracy_sub/Increasing_access_to_local_data.aspx.

7 These comments are by way of implying that with all the recent welcome developments at ONS, as well as the provisions of the DEA, the RSS does not believe this is an appropriate time for the Scottish Government to move away from the current system in which ONS produces economic statistics for the whole of the UK, and Devolved Nations supplement these with their own surveys and analyses where these are necessary and can be afforded. The Global Connections Survey is a good example of this approach as is the Scottish Government's development of a Scottish GDP. Any other model to give Scottish Government greater statistical independence would be liable to be prohibitively expensive and, hence, represent an inefficient use of resources. The RSS would therefore recommend that Scottish Government statisticians should be fully engaged in ONS's work programme for development of economic statistics to exploit this to their maximum advantage. This would be the vehicle for considering the feasibility of the Scottish Government producing, for example, a Scottish Consumer Price

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Index (CPI) and Scottish Balance of Payments, both of which represent very expensive proposals at present (and may remain so in the future).

Governance

8 It has been suggested that the Inquiry should consider the case for a new statutory body for Scottish statistics so that Scotland becomes an independent country for statistical purposes. At present, the UK Statistics Authority (UKSA) provides a UK-wide regime of strategy, standards and oversight on official statistics and performs an independent role as regulator of that system on behalf of all the Devolved Nations, a function that is receiving increasing international attention and acclaim. It is also responsible for compiling coherent UK statistics. Additionally, UKSA carries out a wide range of responsibilities on behalf of the Devolved Nations that they would otherwise have to meet themselves at considerable additional cost – international obligations, methodology, common recruitment schemes, professional competency frameworks, etc. Furthermore, the existing statistical legislation already gives Scottish Ministers considerable autonomy - for example, to decide what are official statistics and to set their own pre-release access arrangements. It is not clear what additional benefits full autonomy would bring.

9 It is important to note that the UK official statistics system is heavily decentralised, with ONS, the National Statistical Institute, sitting in the centre and with over 40 government departments/agencies having their own statistical unit(s). Each department has a Head of Profession or Chief Statistician, who has dual responsibility:

- to the Permanent Secretary/Chief Executive, and ultimately Ministers, for an effective and efficient statistical operation in that department;
- to the National Statistician for professional standards and for departmental observance of the Code of Practice for Official Statistics, which provides the basis for independence of statistical practice in that department.

10 Ministers ultimately are responsible for deciding which statistics their department produces and setting the budget for them to do so. In this sense, therefore, the issues affecting statistical units in Scottish Government are no different from those in other major UK government departments such as HMRC or the Department for Work and Pensions; and any shortcomings – for example insufficient resources or ministerial interference – are a function of Scottish Government and not the UK statistical system per se.

Pre-Release Access

11 As far as Scottish Ministers' current autonomy is concerned, the RSS strongly urges the Committee to call for Scotland's current rules on pre-release access to be revised. 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

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announcements. The rules in Scotland have long been a cause of particular concern as they allow no fewer than five days of pre-release access to a wide range of official statistics. These arrangements now look in urgent need of reform especially as, since the early summer, pre-release access to ONS's official statistics has been completely abolished elsewhere. Accordingly, the RSS joins the UKSA in calling for the repeal of the Pre-Release Access to Official Statistics (Scotland) 2008 Order. We believe that such a reform would be warmly welcomed by all those committed to statistical integrity and urge the Committee to consider including such a recommendation in its final report.

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About the RSS

The Royal Statistical Society (RSS) is a learned society and professional body for statisticians and data analysts. We are one of the world's leading organisations engaged in promoting the importance of statistics and data. Of our c. 8,000 members, over 500 are Scotland-based, some of whom recently assisted in hosting our largest-ever RSS Conference, this month in Glasgow. We have been pleased to engage with this Scottish Parliament inquiry by virtue of our relationship with the Scottish Parliament Information Centre.