

South West of England RDA Response
**Review of Statistics for Economic Policymaking:
The Allsopp Review's First Report: December 2003**

Dear Allsopp Review Team,

On behalf of the South West of England Regional Development Agency (SWRDA), I strongly welcome your first report to the Chancellor of the Exchequer, focusing on regional economic statistics. This is an area overdue for serious attention and an important topic for SWRDA, our partners in the region and our colleagues in other regions. We are pleased the Treasury has expressed a "strong intention to implement" your recommendations.

Given inherent "excess demand" for regional statistics, we agree with the need to prioritise to get timely and accurate numbers and applaud Professor Allsopp's comment that "you can't have better regional data without increasing sample sizes". We hope this message spreads throughout Whitehall, where there is an unfortunate trend that advocates smaller regional samples to get "better" national figures; often a disguised attempt to shift financial responsibility for regional data collection away from the centre.

We particularly welcome the recommendations in Chapter 6, with respect to regional accounts, and Chapters 7 and 8, other macro and micro economic surveys and statistics. We look forward to seeing your deeper proposals on changing economic structure in the final report (Chapter 9). We strongly endorse the recommendation for regional statisticians in the regions (Chapter 10): enhancing the national picture but ensuring that regional needs are not subsumed to national needs.

We would like to take the opportunity of your invitation for comments on the first report to make the following comments, which we hope can be reflected in the final report.

1. We would push even more strongly for better (wider and deeper) service sector statistics. In a peripheral region, with a dispersed and relatively small business and household population, yet seemingly over-reliant for our productivity performance on a few key manufacturing sectors, there is a clear need for better understanding of service sector businesses at all levels.
2. We regret that you have not argued for regional trade flow data. SWRDA believes the South West's relatively poor international trade and investment position is a key element in its relatively weak productivity record. Through our work to develop SW regional input-output accounts, we are aware of the problems in estimating inter-regional and international trade flows, particularly in services. We are deeply conscious that the inadequacies of the data on exports and imports of services is a major constraint on our evidence base for policy. If a nationally co-ordinated system of regional accounts is to be achieved, accurate estimation of such flows is vital.
3. We are constrained by the restrictions of the sector-based SIC and often need product-based rather than traditional sector-based statistics. Many of the South West's priority sectors and

innovative small businesses cross SIC boundaries. From multiple output farm-based businesses, through tourism and ICT, to creative services and environmental technologies, the businesses of the South West, by location, ownership and activity, increasingly do not conform to traditional statistical definitions. Our strategies and policies need the flexibility of national and regional sector data that helps us to measure outcomes against a varied range of criteria.

4. We believe it is important, especially for the South West, that the “regional statisticians in the regions” are located and closely integrated with the Regional Observatory. This would bring three key benefits. First, it would fit our regional model of “working in partnership” and prevent the ONS statisticians being seen as just an arm of central government or closely allied with a particular regional agency. In the SW region, this is a ‘political’ imperative. Second, it would help to ensure that a sustainable balance of emphasis between national and regional needs is maintained, giving regional actors ONS quality and consistency and giving the ONS greater appreciation of the SW’s regional disparities and unique needs. Thirdly, and importantly, it would help us to “raise the game” and boost the image, within the region, of the SW Regional Observatory itself.
5. We would hope that the presence of ONS regional statisticians, with suitable safeguards and processing, would allow greater dissemination of data currently held (by ONS, Inland Revenue etc) but not released because of “confidentiality” issues.
6. We would be concerned if statistical improvements were rigidly focused on the NUTS area classification. Our own research into how the South West “works” – arguably, the largest and most diverse and disparate of English regions, identifies functional and characteristic areas that do not match NUTS boundaries. For example, the combination of Dorset and South Somerset at NUTS2 level bears little relation to trade, service, population and tourism flows within the region. Also, we identify eleven principal urban areas in the South West. Many of their economic hinterlands do not correspond with relevant NUTS areas. For a range of strategies and policies in our region, it would be extremely useful if ONS regional statistics were flexible enough to be used at different spatial levels.
7. We endorse the views of others that we need to balance improvements on statistics for productivity and GVA with better data on wealth, welfare and assets at a macro level. At a micro level, we would look for the regional statisticians and the kite-marking recommendations to ensure inter-regional consistency and dissemination of “best practice”. For example, we might want to create data on the “local content” within the SW food chain but, without similar data for other regions, it might be difficult to make meaningful judgements about such numbers.
8. We are not sure about the suggestion, voiced at the Seminar on 12th January, that the Statistics for Regional Policy Working Group might be used to oversee improvements to regional statistics. This is already a large body with long agenda. We would suggest a smaller sub-set may be a more appropriate “Steering Group” to action your recommendations; one which could balance and complement the greater resource and experience of central government, Scotland and London in regional statistics.

In conclusion, I re-iterate our strong support for your work. We look forward to the final report, which we hope will urge:

- Better timeliness, depth and breadth of statistical coverage in the regions
- Strong links between data, analysis and policy
- Consistent high quality with comparability, wherever possible, across regions
- Flexibility to be able to compile data by different geographical, product and industrial sector groupings other than strict NUTS or SIC nomenclatures
- Wealth, incomes and asset data to be emphasised as much as GVA and employment
- Better “trade” data, particularly with regard to service sector detail on ‘exports’ and ‘imports’ – this is important for informing the whole productivity and wider policy debate in the region and for the development of regional accounts across the regions
- Clear delineation of the proposed regional statisticians’ regional and central responsibilities
- ONS representatives in the region to be regionally as well as centrally focused, ideally located within the regional observatories
- South West (and/or other peripheral) representation on any overseeing body to balance the strong voices of central government, Scotland and London

Yours sincerely,

Nigel F Jump,
Economics Manager
On behalf of the South West of England RDA
10 February 2004.