

Our ref PR/PH
Your ref
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The Development Agency
for the North East of England

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Dear Mr Allsopp,

Comments on the First Report on the Review of Statistics for Economic Policy Making

The Agency would like to congratulate your Review Team on the completion of the First Report on Economic Statistics. The Review was far-reaching and comprehensive and the Agency looks forward to your Final Report in the Spring 2004.

The Agency supports all forty-five recommendations detailed in the First Report. However as you requested specific feedback from regional institutions on a number of the recommendations, the attached document provides detailed responses to twenty-four recommendations individually to assist in determining next steps.

Yours sincerely

A handwritten signature in black ink that reads 'Pat Ritchie' with a horizontal line underneath.

Pat Ritchie
Director of Strategy and Development

One NorthEast Detailed Response to Allsopp Review

Developing Regional Accounts to provide better quality, more timely annual baseline estimates

No	Recommendation	One NorthEast Response
2	Annual baseline GVA from Production	The Agency supports the recommendation, but asks for the consideration for the production of statistics at constant prices as they show real changes in economic activity when investigating trends. Constant price GVA is still currently a Tier 2 indicator in the RDA performance management framework.
3	GVA Income Measure	The Agency supports the recommendation. The Agency seeks to clarify whether there is to be a preferred “best” measure of GVA via the two methods of generation or whether the “published” figures will use a hybrid approach?
4	Short-term activity	There are no current requirements for the quarterly generation of GVA at the regional level and the Agency supports this recommend that resources should be used on the production a range of timely indicators. However, with reference to recommendation 39 on data needs for PSA targets, if a requirement is developed via this targetry framework then this recommendation will need to be reviewed.
6	Improving the Annual Business Inquiry	The Agency supports the recommendation and wishes to re-enforce the issue about each region being considered “to be equal” as there are currently limitation of the ABI data due the size of the North East region. This region is half the average size in human population (with 2.5 million inhabitants) and even smaller business population with only 2.5% of the UK VAT registered stock. This will inevitable have implications on stratification and sampling methodologies
7	Annual Register Inquiry	The Agency supports the recommendation. However the Agency wishes to point out that the RDA has an operational requirement along with regional partners for a Regional Companies Database. The Agency would like to suggest that this is recognised in light of this recommendation and the previous one (above), and if considerations are made in relation to the duplication of effort creating such databases and the potential “business survey overload” in maintaining the database, then there needs to be one solution that provides a national database such as the IDBR for national research etc, but also a regional database supporting both operational activity and regional research requirements. Today’s technology should enable the delivery of such a solution, with the burden of “maintenance” potentially shared amongst several key stakeholders.

8	Apportionment	The Agency accepts the recommendation, but wishes to add that if the improvements to the ABI were given top priority then this may address the issue of the employment profiles. This in turn would potentially address the volatility of the some of the derived statistics. Therefore the Agency suggests that this investigation should also incorporate improvements currently being proposed elsewhere.
13	Sub-regional estimates	The Agency supports the recommendation. However, there is a requirement of the RDAs to be able to measure/monitor economic activity below the regional to help inform policy and strategy. If GVA below NUTS1 is not deemed a suitable method of measuring economic activity/productivity, then the Agency suggests that the ONS develop and endorse suitable basket of proxy indicators that are then regularly maintained.

Improving existing labour market and population data; estimating regional price levels

No	Recommendation	One NorthEast Response
16	Boosting the Labour Force Survey	<p>The Agency accepts the recommendation. However the Agency wishes to raise the issue of potential for trade offs with a suggested course of action relating to the concentration of resources on one quarterly survey of the LFS instead of the current three. The saved resources could be put towards the boosting permanently of the survey. Better use of the Claimant Count data could be used to supplement the labour market figures on a monthly basis. Part of this process would be to improve understanding between the ILO statistics and the JobcentrePlus administration data.</p> <p>The Agency would also like to suggest that there are considerations given to data precision issues when adjusting sample sizes for the LFS. In particular the need to measure employment change as required via the RDA Tier 2 monitoring framework.</p>
20	Population	The Agency accepts the recommendation, but would like to add that there are requirements within the region for population estimates at ward level. In many Local Authority areas resources are employed in the generation of these statistics for the allocation of funds. Generated centrally and incorporating local data this approach may provide a cost effective solution.

A framework for providing micro-regional data and increasing comparability

No	Recommendation	One NorthEast Response
23	Regional Dimension to new surveys	The Agency supports the recommendation. The Agency would wish that any such development should dovetail with current regional specific structures that are working towards the co-ordination of data and surveys in the region. In particular the Regional Observatories.
24	Geography	The Agency accepts the recommendation. In addition the Agency suggests that consideration is given to the re-alignment of key historical data sets to any new boundaries to enable trends analysis of a full time series.
26	NOMIS	The Agency supports the recommendation. The Agency would also like to see some of the NOMIS technology transferred across to other areas of NeSS too. Fundamentally this is the functionality of building queries on the NOMIS database as compared to the supply of "flat file" worksheets on NeSS.
27	Transparency	The Agency supports the recommendation. In addition the Agency would like to see more emphasis on training in relation to the National Statistics catalogue for regional researchers and statisticians, who can work with regional and local policy makers to further embed the "best" evidence in development of policies and strategies.

A statistical system that can better reflect the UK's changing economic structure

No	Recommendation	One NorthEast Response
30	Manufacturing detail	The Agency welcomes the recommendations for improvements to the detail of the non-manufacturing sectors. However manufacturing is still of paramount importance to the North East economy, the Agency accepts that there is scope for the rationalisation of this detail in manufacturing, we request that there is significant consultation with key regional institutions prior to any changes on a case by case basis.
31	Input-Output Supply and Use Tables	The assumption is that the headline figures will remain the same as a consequence of the above modifications. Therefore the Agency accepts the recommendations.
35	Capturing change	The Agency welcomes this recommendation. Regional requirements can be best captured by improvements in communications between the users and ONS etc. This should be achieved via the implementation of a number of the other recommendations contained in this report. In particular recommendations 23, 36 and 37.

Integrating regions into the statistical infrastructure and making better use of administration data

No	Recommendation	One NorthEast Response
36	Regional statistical presence	<p>The Agency endorses this recommendation. The Agency would like this resource to be located in the region and have sufficient capacity above the “centre led” activities to provide significant contributions to the “micro-regional” requirements. These contributions could include access to methodological and quality assurance resources, as well as the invaluable insider knowledge of the full catalogue of the ONS.</p> <p>We would welcome clear guidance on the most appropriate location of the regional ONS presence to ensure appropriate regional input to the collection and use of such data. The Regional Observatories could clearly act as the focal point for a broader range of users at regional level, although the state and existence of such observatories is not currently constant in each of the regions. The RDAs are a clear constant with a need, use and requirement for quality and timely economic data. RDAs are likely to be heavily involved in issues of data, data access and quality - particularly the consideration of ONS estimates of GVA before publication - and it is important that the RDA's proactively shape the dialogue with ONS in each region. Whilst the Government Offices are also a constant they are not primary users of economic data - where the quality and access to key data does impact delivery.</p> <p>The Agency is a lead partner in NERIP, the North East Regional Information Partnership, the Observatory for this region. The Agency supports the NERIP view that NERIP must be involved in discussions and that NERIP could be an independent location for the regional statistical presence.</p>
37	Assess micro-regional priorities	<p>The Agency supports the recommendation. The Agency would wish that any such development should dovetail with current regional specific structures that are working towards the co-ordination of priorities and demands within the region. Such structures include the Technical Advisory Group of regional partners meeting under the umbrella of the North East Regional Information Partnership.</p>