

Allsopp Review
HM Treasury
1 Horse Guards Road
London
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12 February 2004

Dear Mr Allsopp

I have read your first report to the Chancellor of the Exchequer, *Review of Statistics for Economic Policymaking* with interest. The Work Foundation (formerly The Industrial Society), is a charity, operating under a Royal Charter, with an 85-year-long history. Our purpose is to work with employers to improve the productivity and quality of working life in the UK. Our research, campaigning activity and consultancy work are all geared towards this aim.

My comments on the first report are as follows:

1. I would argue that the biggest statistical gap is in the link between company behaviours, strategy and networks and productivity. For more detailed arguments and data that develop how this gap might be closed I would refer you to The Work Foundation's findings from the year long DTI backed private sector-led Panel of Inquiry into Work and Enterprise which reported last November.
2. A second big gap in the evidence base is in the extent to which the data that we have currently allows us to measure cluster development. Coincidentally this is something that my current work allows us to do and the government should look hard at using existing datasets rather than developing new ones.
3. As you recognise data on innovation is also weak. The Community Innovation Survey is not universally accepted as a reliable source of data yet it is the best we have. At the moment we have absolutely no systematic data collection system around innovation and this means that we cannot identify where the gaps are. Here I would recommend following the German model where 6 research institutes pull together data on innovation annually (one focuses on skills, one on patenting, another on university spin outs etc.) and it is all welded together and published as a book titled "The technological capability of the German economy". The ONS could be a coordination mechanism between all of the existing research that is going on - with some money going to key institutions to provide the ONS with access to data.

I would be happy to discuss the above comments in more detail if you feel such a conversation might be helpful.

Yours sincerely

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