
HM Treasury

Public Expenditure System

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PES (2006)15 ANNEX A - WHY CRA DATA MATTERS

1. This annex sets out how we use the data that you provide to us through the annual CRA exercise and why it is important that you complete the exercise to quality and timeframe. We are grateful to you for the work you do in collecting, analysing and processing this data. This annex also shows you how you can use the data in your department.

Why CRA data matters - our use of your data to compile regional spending statistics

2. Treasury prepares statistical reports to inform Parliament and the public on public spending. The main publication is the annual National Statistics publication **Public Expenditure Statistical Analyses (PESA)**. In addition to tables showing departments' budgets, PESA contains tables showing public spending by function (education, health &c) and, using the CRA data, analysis of total public spending by the country and region which benefits from the spending. We receive regional and national press coverage and questions about these statistics, so we know external readers use them. CRA data are also used by the ONS in the estimation of regional gross value added and regional investment. The ONS plan to compile country and regional analysis of the local government accounts working with DCLG and the devolved administrations over the next 2 years to achieve this. These National Statistics are widely used as the main source of regional spending data by analysts inside and outside government. They inform the Government's regional policy agenda and decisions about how best to improve public service delivery and economic performance in all the countries and regions of the UK.

3. The McLean report 'Identifying the Flow of Domestic and European Expenditure into the English Regions', published in September 2003, identified weaknesses in the quality of regional spending data and gave recommendations for improvement. This led to Treasury issuing revised guidance for the 2004 CRA exercise asking departments to make various changes to improve the quality of their CRA returns. The background and changes are set out in PES papers [PES\(2003\)19](#) and [PES\(2003\)22](#) respectively. The letter to PFOs, MS PFO (03) 47 also refers.

Why CRA data matters - your use of the data

4. We are grateful to departments for incurring the sometimes significant costs of completing the CRA exercise. We encourage departments to make full use of these National Statistics to ensure maximum benefit is obtained from all the work.

5. CRA data can help inform your internal planning processes and ensure your department's spending effectively supports your policy objectives and PSA targets. Questions that your department might want to use CRA data to help answer include: are you satisfied that the regional distribution of your spending is fair? Do your regional spending plans support balanced economic development? Do you understand why spending per head is higher in some regions than others? Does this higher spending produce better outputs and outcomes? We would be grateful if departments would tell us of examples of how they have used CRA data to improve policy design so that we can spread best practice.

6. Many departments also publish CRA data in their **Departmental Reports**, including as part of the common core tables, which could lead to Parliamentary and press interest. You will wish to ensure that those who need to brief on the figures are aware how they are compiled and that they understand the data. The tables were only produced for the first time in Department Reports 2005 and over time we expect Parliaments questions to become more probing. Departments will want to assure themselves

that fuller consideration of their published CRA data in response to questions would not reveal inaccuracies in the numbers.