

# OBSERVATIONS ON THE ALLSOPP REVIEW – FIRST REPORT

## INTRODUCTION

The **Northumberland Information Network** is a partnership supporting the research and information needs of the Northumberland Strategic Partnership, the County Council, LSC, Business Link and several other sub-regional organisations. We would like to take this opportunity to thank you for this opportunity to comment on the Allsopp Review. It is a very full and encouraging piece of work and indeed the decision to undertake this review is itself commendable. However, we would make the following observations:

1. It is important that data does not just go down to, or is generated at, a regional level but it should also be available at **sub-regional and local authority geography**. This will be of benefit not just to those working in for example 'sub-regional information partnership' but also to those in Govt. Offices and RDA's trying to work with their component local authorities and other institutions and organisations.

2. The **Annual Business Inquiry** should be an invaluable source of information on companies and employment but at present it is not. It requires improvement and expansion to give good quality information at a regional and particularly a sub-regional level; the ONS being required to follow up complaints about accuracy and reliability from sub-regional agencies. Small sample sizes in sub-regions with low business numbers can lead to very substantial inaccuracies when data is grossed up. Whilst this can be partially resolved by the use of rolling averages, there is a strong argument for a minimum sample size per sub-region.

Many errors in the ABI may be due to inaccuracies in the IDBR. Local Authorities are deterred from informing ONS of errors in the IDBR that they would be aware of (from their own local knowledge and business surveys) by **the fee they must pay to purchase the IDBR** for their area. [As the methods

in which the IDBR can be used by local authorities are already very limited, there is an argument that it should be supplied free to local authorities, with suitable restrictions, on the understanding they will advise ONS immediately of any inaccuracies.] Our guiding principle would be "More accurate information every two or three years would actually be greatly preferable to the data we currently receive every year".

3. With respect to **Gross Value Added** (GVA) the sub-regional index numbers and values are not directly comparable with the regional values and above. Commuting often severely compromises these official figures. This is because GVA at sub-regional level is workplace-based, whereas at higher levels it is residence-based. Thus GVA per head is high in areas with considerable net in-commuting, but low in areas with significant levels of out-commuting. This lack of transparency creates a general misunderstanding of these important indices. We ask how realistically they portray the economic health of regional and sub-regional economies. Currently Regional Government Offices are quoting the recently released GVA figures. [Annex 1 shows how the index for Northumberland is heavily distorted, by about six percentage points, due to net out-commuting.]

4. With respect to the **Labour Force Survey**, the same comments made with respect to the ABI (2. above) apply, in particular in relation to the need for a minimum sample size per sub-region.

5. **Inland Revenue** and **Customs & Excise data** should be used by ONS as a matter of course. Individual confidentiality is not a logical or valid reason for constraining the use of *aggregate anonymised* data. Indeed much information on employment must surely be residing in the Inland Revenue. This route **should be seriously considered for improving ABI employment estimates**, potentially into a proper count.

6. Everything that is good about **NOMIS** must be carried forward into the new infrastructure. The present system (at University of Durham) should not be switched-off until this transfer has been carried out satisfactorily. The facility

which NOMIS allows to create 'saved custom-defined geographies' and variables is especially useful to Local Authority users. The ability to download raw data from the ABI should not be lost for those who have signed up to the appropriate Chancellor of Exchequer's notice.

7. We do not accept that the ONS's detailed questions concerning, for example manufacturing, are actually placing unfair **burdens on employers**. Questions asked are all ones that good employers should already possess data for.

8. **Coverage of the Manufacturing sector** should not be downgraded. The manufacturing sector is still important in the North East. Nevertheless we recognise the growing importance of the service sector.

9. The **data quality** for some sectors requires rigorous improvement and standardisation with all the other sectors; this applies particularly to **agriculture** and **construction**.

10. There should be significant **ONS presence in each English Region**; one person is never enough because it does not provide cover at all times (due to holidays and illness). They would be perhaps best placed with Government Regional Offices.

11. Proper, accurate, data on the **self-employed** is required.

Annex 1: GVA and Commuting distortions; the case of Northumberland.

According to the 2001 Census:

- 91,300 Northumberland residents live and work in the County;
- 44,800 Northumberland residents are employed outside of the County
- 16,200 people from elsewhere in the North East travel into Northumberland for work.

This gives a net outflow of 28,600 employees, the incomes of who are not included in the Northumberland GVA estimate. By way of example, if assuming that the individuals that make up the net outflow all work full-time and earn £402 per week - the average weekly earnings for employees in the Rest of the North East - this would:

- Add an additional £598 million to Northumberland GVA.
- Increase GVA per head to £10,674.
- Increase the GVA per head index to 72.1% of the national average.

