

MEASURING GOVERNMENT EXPENDITURE BY REGION: SUMMARY OF RESPONSES TO CONSULTATION

In April 2004 HM Treasury and the Office for National Statistics issued a joint memorandum for consultation, 'Measuring Government Expenditure by Region'. This was in response to the recommendation in the McLean report that users be consulted on the alternative 'in' and 'for' statistical methods for allocating regional government expenditure.

Summary of responses

Two responses were received. These were from the North East Regional Information Partnership and the Association of Regional Observatories. We are grateful for the effort and thought that both organisations put into their responses. In summary:

1. One respondent was concerned that the change in methodology was being brought in too quickly. This might lead to methodological changes for regional allocation year on year which would yield data series that would not be consistent over time.
2. When the need is nationwide (e.g. defence spending) and therefore unidentifiable by region on a 'for' basis it was suggested that expenditure should be allocated via a pro-rata measure.
3. Further consideration needs to be given to the level of detail of the figures and methods provided to users. Providing more detail on methods such as Departments assumptions would reassure users about the level of accuracy.
4. Expenditure should also be collected and published on an 'in' basis in addition to 'for' to adequately capture whom the beneficiaries of government expenditure are. A further division of these categories into 'for but not in' and 'in but not for' would also be desirable.

Next steps

The drive for the improvements in data quality came from the Government's acceptance of the McLean report recommendations. In the light of the response to the consultation, the Government means to continue operating with the methodology currently in use and making improvements as envisaged, having regard where appropriate to the views expressed by those who responded to this consultation.

The 'for' methodology proposed by the memorandum has been used to produce the country and regional analyses contained within the HM Treasury publication, *Public Expenditure Statistical Analyses 2004* (PESA). The analyses were also produced on the same basis for PESA 2005, released on 7 April 2005, to give a consistent data series. From 2005 analyses of government expenditure by region will also be provided in Departmental Reports. Since launching the consultation we have been working continuously with departments in order to ensure consistency of interpretation of methods and assumptions in order to make improvements to data quality. We have released improved, revised guidance for departments for the 2005 CRA exercise as a result. Furthermore in 2005 we intend to launch a consultation

with departments to examine whether the compliance costs of the country and regional analysis exercise can be reduced.

HM Treasury and Office for National Statistics

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