



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

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Eich cyf . Your ref  
Ein cyf . Our ref

14 October 2003

Dear Mr Allsopp

#### STATISTICAL REQUIREMENTS FOR MONETARY AND WIDER ECONOMIC POLICYMAKING

I am writing in response to your letter to Derek Jones of 12 June 2003 and following the meeting between your team and representatives of the Welsh Assembly Government on 16 July 2003.

The attached note sets out the main issues discussed at the meeting and covers the Welsh Assembly Government's priorities regarding statistical requirements for economic policy making.

Please do not hesitate to contact me if you would like to discuss any of the issues further. I apologise for the delay in providing this formal response.

Yours sincerely

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## Welsh Assembly Government contribution to the Allsopp Review

### Overview

As a devolved administration, the Welsh Assembly Government requires comprehensive, timely and robust economic and labour market statistics to inform policy formulation and monitor progress.

The Assembly Government's economic development strategy is set out in *A Winning Wales*, together with a range of associated economic and labour market aspirations and targets. Copies of *A Winning Wales* have been provided to the Review team.

### Welsh economic statistics

The Welsh Assembly Government uses a wide range of regional economic, labour market, and business statistics published by the Office for National Statistics (ONS) and other Whitehall Departments. In addition, the Assembly has embarked on a programme to improve data sources and develop a wider range of economic statistics for Wales.

The Assembly Government has funded boosted samples for a number of ONS surveys. These include:

- the Annual Local Labour Force Survey;
- the Annual Business Inquiry;
- the Annual Register Inquiry.

In addition, the Assembly Government has an ongoing agenda to develop short-term output indicators for the Welsh economy, in partnership with the ONS. It currently funds the compilation of a quarterly index of production and construction (covering around a third of the Welsh economy). This is mainly derived from data collected by the ONS Monthly Production Inquiry, but also makes use of volume data collected directly by the Assembly Government.

There is an ongoing project with ONS to develop a quarterly index of distribution for Wales. This will make use of a direct survey of the larger retailers in Wales. Publication of the first results on an experimental basis is planned for early 2004.

The intention is to broaden the scope of output indicators to cover further sectors of the Welsh economy. This further work is at the scoping stage.

### Concerns and priorities regarding existing ONS statistical sources

This discussion below focuses mainly on Gross Value Added (GVA) and related data. The Assembly Government also has concerns regarding recent trends in labour market statistics for Wales. In particular the quarterly employee jobs series and Labour Force Survey estimates of employees in Wales are showing quite different trends over the last year.

The Assembly Government's main, short term priority is for the regional GVA estimates published by ONS to be produced on a more timely and regular basis, making full use of available data sources including the Inland Revenue PAYE dataset.

Assembly statisticians have played an active role in the efforts to improve the regional GVA estimates over recent times. We welcome the additional resources ONS has recently allocated to this area and the relocation of regional accounts with the area of ONS responsible for compiling the national accounts. We are also keen to see more timely regional and sub-regional household income accounts.

At a more fundamental level, we have concerns about some of the source information used in the compilation of the regional accounts. In particular, there are questions regarding the adequacy of the sampling structure for the Annual Business Inquiry (ABI) and the associated methodology for producing regional and sub-regional estimates. These concerns suggest the need for local unit data collection. We would also like to see a comprehensive revisions process for published ABI employment data for earlier years.

The New Earnings Survey (NES) is also important in the compilation of regional accounts and as a source of regional economic statistics in its own right. The Assembly Government is disappointed that the new grossing regime for the NES will not include a full regional dimension, only London and the South East and the rest. We feel it would at least be worth investigating the impact of regional grossing on year-on-year regional earnings growth.

We are also concerned at the slow pace of change in delivering improvements to other regional data sets, such as the E-commerce and R&D inquiries.

In general, we would like to see national surveys designed with a view to producing robust regional estimates. Over the longer term this should allow a more bottom up approach to regional GVA estimates.

Beyond the improvements outlined above to existing statistical outputs, the Assembly Government would welcome the development of constant price regional GDP/GVA estimates.