

**Date:** 14 November 2002  
**Time:** 9.00am - 12.30pm  
**Venue:** Committee Room 1, National Assembly for Wales, Cardiff Bay  
**Title:** Update on improving economic data for Wales

### **Purpose/Summary**

1. This paper provides the Committee with a report on progress towards improving the economic statistics that are available for Wales.

### **Background**

2. Paper EDC-14-01 titled 'Improving Economic Statistics for Wales', which was discussed at the Committee's meeting on 14 November 2001, provided the Committee with an overview of projects that were already underway, or were being considered, to improve the availability, quality and timeliness of economic statistics for Wales. This paper provides a summary of progress since November 2001.

### **Progress Since November 2001**

3. The table at annex 1 provides an overview of progress and future plans on each of the projects that were highlighted in paper EDC-14-01. The main points are:

- the boosted Labour Force Survey (LFS) data for 2001 has now been finalised and will be published on 13<sup>th</sup> November 2002. This will be the culmination of two years of planning, collection and development of outputs and brings Wales in line with the LFS data for the English regions. The LFS boost provides more reliable annual information, both at a Wales and a unitary authority level, on a broad range subjects including economic activity, employment, unemployment, ethnicity, education, training and the Welsh language. The main data will appear in a summary publication jointly produced by ONS and the Assembly. Cross tabulations of the results will be available from a number of channels including the NOMIS website: <http://www.nomisweb.co.uk/> or via the National Statistics website: <http://www.statistics.gov.uk/>. Data collection is well under way for the second year of the boost.
- the Annual Business Inquiry (ABI) boost is nearing completion. It is envisaged that the employment data will be published in December 2002 and the gross value added (profits) components will be available early summer 2003.
- the Index of Distribution (IoD) feasibility study has been completed and has identified the steps required to construct a Welsh IoD. This report is available on the Assembly

website: <http://www.wales.gov.uk/keypubstatisticsforwalesreference/index.htm>. The next stage will be to commission the ONS to develop a Welsh IoD.

- the Annual Register Inquiry (ARI) has been boosted ahead of schedule. Forms were sent out late summer 2002. The ARI will improve the quality of the business register, which is used as the basis for the collection of all ONS business inquiry data.
- progress has been made towards delivering short-term estimates of GDP. ONS has produced a draft report entitled "Plan for Improvement of Economic Statistics for Wales" which includes the timetable and cost of producing a short-term estimate of GDP for Wales. When the National Statistician has approved the report it will be formally submitted to the Welsh Assembly Government and will be made available on the Assembly internet site.

## **Other issues**

4. The ONS has responsibility for producing economic statistics across the UK and it is envisaged that some improvements for Wales and the other devolved administrations will arise out of their longer-term infrastructure developments.

The Welsh Assembly Government is involved in on-going discussions with the ONS regarding these plans. Assembly statisticians also work closely with colleagues in the Assembly's Economic Research and Evaluation Unit to ensure that the statistics on the improvement programme complement the emerging work programme of the Unit.

## **Compliance**

5. The initiatives to improve economic statistics are covered by section 40 of the Government of Wales Act exercised in conjunction with other delegated statutory functions. There are no issues of regularity or propriety.

## **Financial implications**

6. There are no financial implications for the Assembly arising from this paper.

For the committee's information the Assembly spent around £1 million in 2001-2002. The 'Improving Economic and Labour Market Statistics' Budget Expenditure Line (BEL) provides £1.014 million for the projects in 2002-2003 and £1.205 million in 2003-2004. In 2002-2003 this budget has been consolidated into a Main Expenditure Group (MEG) named 'Assembly Other Services'.

## **Link with National Economic Development Strategy**

7. It is intended that a number of the measures cited in annex 1 will help inform the Welsh

Assembly Government's National Economic Development Strategy (A Winning Wales) and monitor its impact by assessing progress against quantifiable targets. For example :

- the enhanced Labour Force Survey will provide more reliable information on economic activity, employment, unemployment, qualifications and equality of opportunity, especially at a sub-Wales level;
- an enhanced Annual Business Inquiry (ABI) will improve the information on the structure of industry in Wales and will also improve the basic information which will feed into GDP and other measures;
- the Index of Production and Construction provides regular and timely information on the activity of these sectors in Wales compared with other parts of the UK;
- development of Indices for the Distribution and Service Sectors would provide similar information for these sectors;
- the drive to develop a quarterly GDP for Wales will help to monitor the growth of Welsh GDP per person.

## **Action**

8. That the Committee notes the progress that has been made to date and the future plans towards improving economic statistics.

## **Annex 1**

### **Progress in improving Economic Statistics – November 2002**

#### **Projects already commissioned**

Labour Force Survey	ONS was commissioned to undertake a fourfold enhancement to the 2001 annual Labour Force Survey (LFS). This included approximately 21,000 households across Wales and will improve the quality and availability of data at Unitary Authority Level. The survey straddles many topics and will provide a wealth of statistics on a range of areas (employment, education, adult training, disability, ethnicity and Welsh language).
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Fieldwork for 2001-2002 has been completed. First results are due to be released on 13th November 2002. It is hoped that the annual boost will be linked at some stage to the regular quarterly outputs, but this is technically complex and is under detailed investigation. The current focus is on the preparation of a summary publication of the outputs, which will be produced electronically and on paper.

More detailed analysis of the LFS boost will be released during the next few months.

The collection of data for the second year of the boost is well underway.

Annual Business Inquiry	ONS has been commissioned to top-up the sample for the Annual Business Inquiry (ABI). The sample has been doubled and restructured to reflect Welsh Businesses for the 2001 inquiry. The survey forms the basis of employees in employment data (ABI 1) and gross value added: used as a proxy for company profits (ABI 2). This project will improve the information on the structure of industry in Wales and will also improve the basic information that feeds into GDP and other measures. The ABI 2 is also used as a benchmark for many short-term inquiries. The provisional results for ABI 1 are expected in December 2002. The regional ABI 2 data is more complex and publication is expected in early summer 2003. The targets for response rates from companies appear to be going well.
Index of Production	Ongoing. The new quarterly Index of Production (IoP) for Wales is now well established. A project to carry out re-basing (2003) and chain-linking (2004) of the index has been agreed with ONS. These will ensure that the Welsh IoP remains consistent with the UK IoP and international practices. The ONS has also agreed to undertake a revisions analysis exercise on the index.
Index of Distribution	ONS was commissioned to undertake a feasibility study into the compilation of a quarterly Index of Distribution (IoD) for Wales. This study, which has now been published, lists the steps required to construct a Welsh IoD for publication on a quarterly basis. Approval has been given for phase two of the project and ONS has been asked to provide costings and a timetable for delivery of a Welsh IoD.
Inter Departmental Business Register	On-line access to the Inter Departmental Business Register (IDBR) is being developed and extracts of the IDBR to produce regular analyses will be purchased. A National Statistics Review of the IDBR has recently recommended an increase to a survey to enhance the quality of the IDBR (see below under ARI top-up sample).
Annual Register Inquiry (ARI) top-up sample	The Annual Register Inquiry (ARI) has been boosted for Wales by around 8,000 small and medium sized companies. All companies in Wales with 10 or more employees are being contacted. This more accurate employment data will have a range of benefits including improvements to the synthetic estimates that feed into economic data such as GDP. An increased sample for the ARI will improve the quality of the Inter Departmental Business Register (IDBR). The quality of the IDBR has a direct impact on statistical series and is used as the basis for the collection of all ONS business inquiry data.

Custom and Excise data	There is an ongoing dialogue with Customs and Excise who have been developing regional export data over the last few years. The Assembly now publishes quarterly data on markets and products for Welsh exports.
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Energy Statistics	The Assembly is discussing with the Department of Trade and Industry the possibility of obtaining energy statistics to meet emerging information requirements. There has been limited progress due to other priorities.
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**Projects still under consideration**

Quarterly Gross Domestic Product (GDP) for Wales	A report ("Plan for Improvement of Economic Statistics for Wales") has been prepared by ONS. This report supports a joint approach between ONS and the Assembly in developing quarterly production based GDP estimates for Wales. When this report is finalised it will be published on the Assembly website. The Assembly is working closely with the ONS on an incremental approach to this work. A Welsh IoD (see previous section), IoS and a measure of agricultural output form part of this incremental approach.
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GDP Component	Index of Services (IoS)	See above. An IoS would cover approximately two-thirds of the output of the Welsh economy (an Index of Distribution would form part of an IoS).
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GDP Component	Quarterly output estimates for agricultural production	See above. To estimate quarterly GDP for Wales it will be necessary to estimate the output of the agriculture sector in Wales.
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Input-Output (I-O) tables	I-O tables could help improve GDP annual income-based estimates and could underpin future short-term GDP output-based estimates. They are also used as an analytical tool to estimating "multiplier effects". Initial discussions have taken place involving the Economic Advice Division (EcAD) and the Welsh Development Agency (WDA).
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Enhanced Earnings Data	The main source of regional earnings data is the New Earnings Survey (NES). Discussion has taken place with ONS, but due to the sample structure of the inquiry there are difficulties in expanding it for Wales in the near future.
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Capital Productivity	Estimates of UK capital productivity show the ratio of productivity (company profits) against capital expenditure (spending on vehicles, plant and machinery). Initial discussions have taken place with various parts of the ONS to investigate whether a quarterly capital productivity measure can be produced for Wales.
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Proposals for a Monthly Business Inquiry (MBI)	There are proposals that the ONS will establish a regular Monthly Business Inquiry to replace their current monthly production (MPI) and turnover inquiries (MTI). It has been suggested that regional data may be available from this inquiry (currently the short-term inquiries are not stratified with regions in mind). This would help to meet many of the short-term economic data needs for the initiative listed above.
Current price service sector turnover data	The need for this will be reduced if an IoS is produced.
Retail Sales Index	The need for this will be reduced if an IoD is produced.
Structural Data on Retailing in Wales	DETR conducted a survey of retailing turnover in 1997 – 98, but the Assembly has not pursued this because the data is now effectively out of date. However the results of this survey have been useful in interpretation of the scoping study for the Welsh IoD.