Outcomes from the consultation on sub-national service exports’ methodology and initial results

21 December 2017

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# About the consultation

In July 2016, the Office for National Statistics published the [first estimated values of service exports from each region and country](https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/estimatingthevalueofserviceexportsabroadfromdifferentpartsoftheuk/2011to2014) of the UK covering the period 2011 to 2014. We followed this up in May 2017 by [publishing figures for 2015](https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/estimatingthevalueofserviceexportsabroadfromdifferentpartsoftheuk/2011to2015), and finally in July 2017 we published additional analysis breaking industrial service exports down [by country of destination](https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/estimatingthevalueofserviceexportsabroadfromdifferentpartsoftheuk/2015). Between 13 July and 29 September 2017 we launched a public consultation upon the methodology used in, and results generated by, these outputs to gather feedback from our users. With this feedback we can better understand your requirements and act to continue, improve, or stop the outputs.

The consultation ran at the same time as two other region-based consultations: [consultation on balanced estimates of regional GVA](https://consultations.ons.gov.uk/national-accounts/consultation-on-balanced-estimates-of-regional-gva/), and [consultation on sub-national Public Sector Finances](https://consultations.ons.gov.uk/public-sector-finances/sub-national-psf-consultation/). This meant we extended the original closing date for our consultation (from 8 September to 29 September) to allow users to respond to all three consultations in a similar time-frame, and to allow proper time to conduct combined user engagement events.

The consultation asked 25 questions, broadly seeking feedback on:

1. Whether users make use of these estimates, and sufficiently understand what is being presented;
2. The design of the methodology and specific proposals for changes or improvement;
3. Whether the estimates should continue to be developed and, if so, what further developments users would like to see in future.

This document presents the responses we received through the consultation, a brief overview of what users said and suggested about the statistics, and indications of the action we intend to take as a result.

# Feedback from users

We would like to thank everyone who attended our user engagement events and who sent emails, and in particular the 23 respondents to the consultation itself, for your input during our consultation process.

Of the 23 responses, 10 were from central Government departments including HM Revenue and Customs, HM Treasury and Department for International Trade, and the rest from a combination of devolved administrations and local government, academics and the private sector, including a response from overseas. A list of the respondents is available in the [Appendix](#_Appendix) to this document. We believe this represents a reasonable cross-section of our direct users. Statistics presented in the remainder of this section focus on the 22 responses to the survey, with comments added from a written response submitted by email.

Every response stated that they thought the new NUTS1[[1]](#footnote-1) service export statistics were a useful addition to the suite of UK trade data, and every response thought the new outputs should continue to be produced for all future years. This was supported by the desire to analyse a longer time-series of information and thereby draw conclusions over trends in service export trade. Some respondents indicated that they were aware of greater demand for the service export outputs over and above the 23 responses we received to the consultation. Feedback through user engagement events held in Belfast, Birmingham, Cardiff, Edinburgh, London and Manchester, as well as email communications over recent months, also support the idea that there is undiscovered demand.

Responses over whether to delay production to include figures for Northern Ireland were mixed, with slightly more than half (55%) preferring to delay, about a quarter (27%) preferring to publish GB-only sooner, with almost a fifth (18%) showing no preference. Based upon this response, and knowing of the preference of the Northern Ireland Statistics and Research Agency (NISRA), we will negotiate timescales with NISRA and plan our publication to cover the whole UK around the summer of each year.

About two-thirds of respondents said they have made use of our results, and most of the remaining one-third said that they have not yet done so but still intend to. Of those that have used our outputs, they have used them in a variety of ways in written documents, in briefings, verbal presentations and in planning work or decision making. Nearly three-quarters of respondents said that our results made a tangible difference to their work, with responses indicating that our results have made impact through planning, policy making and articles released to inform the public.

Most users stated that our results have been used for internal briefings and reports, meaning it is not possible to link directly to those outcomes. However, we know that our results have been directly used in [Cities Outlook 2017](http://www.centreforcities.org/reader/cities-outlook-2017/uk-cities-export/) by Centre for Cities, [An analysis of London’s exports](https://www.london.gov.uk/business-and-economy-publications/analysis-londons-exports) by the Greater London Authority, [Economic Survey of the United Kingdom 2017](http://www.oecd.org/eco/surveys/economic-survey-united-kingdom.htm) by the OECD, and [Open City: London After Brexit](https://www.centreforlondon.org/publication/open-city-london-after-brexit/) by Centre for London, as well as forming a key new piece of information for [NI Economic Accounts Project - 2013 Experimental Results](https://www.nisra.gov.uk/publications/ni-economic-accounts-project-2013-experimental-results) by NISRA. Our results have been used for further analysis such as by NISRA and HM Revenue and Customs, and has “filled the gaps in the knowledge” of other people and organisations.

Our results did not contradict with the expectations of any respondents, in fact more than half (55%) of respondents said that our outputs broadly matched their expectations, while one-third had no specific expectations, and the remaining respondents found matches in places. Respondents mentioned expectations being for a market dominated by London, and comparisons they made against exports of goods, but predominantly that there are no real sources of comparison available (ie no comparable outputs) making it difficult to draw an evidence-driven conclusion.

Almost every respondent has read our articles, and found them “at least fairly easy to understand”, and similarly almost every respondent has made use of our data tables, and found them “at least fairly easy to use”. Respondents stated that the methodological explanations have been useful, with specific suggestions of potential improvement to the explanations, that the headlines were well drawn out, and that the presentation of statistics was clear and useful.

Practically every respondent has read the methodological explanations of our outputs, and of them 72% broadly agree with the methodology, 14% agree although they would make some changes, and a similar 14% did not know enough information to comment. Nobody suggested that the methodology was unsuitable. The response sent by email provided very detailed methodological proposals, in particular about the ordering of removing items during processing and about the use of small-area estimation methods.

Despite most respondents agreeing with the methodology, only 59% stated that it generates the outputs they require, with the remaining 41% saying that it only partially met their needs. Reasons given for this partial match include wanting data for lower geographies (ie local or combined authorities, Local Enterprise Partnerships), more details on industrial sectors, more information about financial services, and more about bilateral trade. This was in line with our expectations.

Users did state that they appreciated such breakdowns may be difficult with current sources of data. Proposals for alternative data sources included reference to local-level business surveys, such as those carried out in Greater Manchester and in London, comparisons against related products such as the HMRC Regional Trade Statistics and Scottish Government estimates of trade.

With reference to the functional categories presented in the outputs, most users (64%) stated that they were at least sufficient considering the limitations of the data available, though most of the remaining 36% stated that the categories needed adjustment to make them suitable. Through feedback from the survey and user engagement events, it would be better for all results to be on a consistent basis, and that an entirely industry basis would be preferable to the current hybrid of products and industries.

Further on the functional categories, our most recent publication of estimates of service exports by country of destination covered only the industry-based categories, and excluded the product-based categories. This was mainly due to limitations in the available data sources for our purposes. Asked whether we should expand this analysis for estimates by destination to cover all categories including product-based categories, many users (28%) either did not have an opinion or did not have enough information to form an opinion. Most of the remaining respondents (68%) wanted results extended to all categories, with only 4% preferring not to extend.

In our articles, we explain that we deliberately opted not to constrain our bottom-up approach to estimating exports to the national-level UK Balance of Payments. This meant our estimates differ from the UK-level values by up to a few percentage points. The response to the consultation on this question was predominantly that users did not have a strong preference. Almost two-thirds of respondents either had no strong requirement to either constrain or not constrain, or did not know which would be best. Of the remaining 36%, almost everybody suggested that we should constrain.

# What we will do

Based upon the feedback gathered, both through direct responses to the consultation and through discussions at user engagement events, we present the following plans of action for sub-national service exports.

It is clear that users found the outputs to be useful, that they wish the outputs to continue, and for us to continue to improve them. Our outputs make a tangible difference to plans, policies and public information whether directly or through bodies including central Government, Combined Authorities and advocacy groups.

Our methodology has been broadly accepted by users, and has been sufficiently explained to make it understandable. Everybody realises that data sources limit what we are able to do with our outputs. We will continue working with our existing sources to make even more of them, and we will investigate potential new sources. We appreciate the suggestions of sources and methodological changes put forward by respondents to the consultation, and we shall investigate what can be done with them in relation to our outputs. We would welcome any further proposals people may have.

Improvements to the methodology may take time to understand, implement and integrate. It is not possible to give exact timescales of when improvements can be made, as it is an exploratory exercise with multiple strands of work. It should be relatively simple to constrain our results to those of the UK Balance of Payments, for which users showed a preference, and this should be possible to achieve as part of the next release. Further than this, our initial focus for developments will be upon three topics:

1. Improving the methodology including investigating an industry-by-industry basis to improve the assumptions we make, considering alternative means of breaking data down rather than by employment, and making use of new data and information obtained by ONS such as new data from HM Revenue and Customs about VAT returns.
2. Ensuring all categories are on a consistent basis, preferably entirely industry-based, and ensuring this extends to the breakdowns by destination.
3. Attempting to further break down estimates from the NUTS1-level to lower geographic levels, with the initial focus being on the mayoral Combined Authorities.

Respondents said they found our outputs to be fairly easy to understand and engage with, but there is always room for improvement. We shall continue to improve our publications, and in particular consider the specific comments you have made.

Although we recognise that users may wish to know more about bilateral trade, meaning imports as well as exports at a sub-national level, that is outside the scope of our current work. This will be fed back to the [UK trade development plan](https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/uktradedevelopmentplan/2017) and the [ONS Supporting Devolution programme](https://www.ons.gov.uk/economy/regionalaccounts/grossdisposablehouseholdincome/articles/supportingdevolutiondevelopmentsinregionalandlocalstatistics/2016-05-25) as a potential future project in its own right.

We will continue to engage with colleagues in HM Revenue and Customs to align our methodologies such that both goods and services can be compared at a NUTS1 level, and with colleagues in Northern Ireland to improve the suite of trade statistics across the UK. We are aware of specific requirements that NISRA has to improve its own estimates of exports and we are collaborating to improve those as well. Such collaborations will necessarily dictate our publication schedules, although our current intention is to publish the next set of sub-national service export statistics in summer 2018.

It is our intention that estimates of sub-national service exports will become a National Statistic in future, however at present we feel that further development work is still necessary before applying for accreditation.

# Getting in touch

If you missed the deadline for the close of the consultation but wish your views to be known, if you know of additional sources we should consider or publications that made use of our outputs, or if you have any further feedback or comments you wish to make out the sub-national service exports, please submit your views to the project lead James Harris by email to: james.p.harris@ons.gsi.gov.uk

If you would like to make any comments about the consultation process we have followed, please email ons.communications@ons.gov.uk or contact:

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For further information on ONS consultations, please visit [the Consultation Hub](https://consultations.ons.gov.uk/).

# Appendix

We received 22 responses through the online survey, and an additional response via email. In addition, we met with many other stakeholders to present our consultation and listen to their views, at events held in Belfast, Birmingham, Cardiff, Edinburgh, London and Manchester.

Responses to the consultation were provided by the following organisations (in alphabetical order):

* Black Country Consortium and Local Enterprise Partnership
* Centre for Cities
* Centre for London
* Department for Digital, Culture, Media and Sport
* Department for International Trade
* Department for International Trade
* Greater London Authority
* Greater Manchester Combined Authority
* HM Revenue and Customs
* HM Treasury
* National Chamber of Commerce and Services of Uruguay
* North East Local Enterprise Partnership
* Northern Ireland Statistics and Research Agency (more than one response)
* OECD Economics Department
* Scottish Government
* Sheffield City Region Local Enterprise Partnership
* TheCityUK
* Ulster University Economic Policy Centre
* University of Southampton, Social Statistics & Demography Department

Organisations that attended our user engagement events, but which did not provide a direct response to the consultation itself, included (in alphabetical order):

* Belfast Chamber of Commerce
* Belfast City Council
* Birmingham City Council
* Ernst and Young
* Leeds Open Data
* London School of Economics
* Solihull Council
* University of Birmingham
* Warwick University Business School
* Warwickshire County Council
* Welsh Government
* West Midlands Combined Authority
1. The [Nomenclature of Units for Territorial Statistics (NUTS)](http://www.ons.gov.uk/methodology/geography/ukgeographies/eurostat) is a hierarchical classification of administrative areas, used across the EU for statistical purposes. There are 12 NUTS1 areas in the UK: Scotland, Wales, Northern Ireland, and the nine former English Government Office Regions. [↑](#footnote-ref-1)