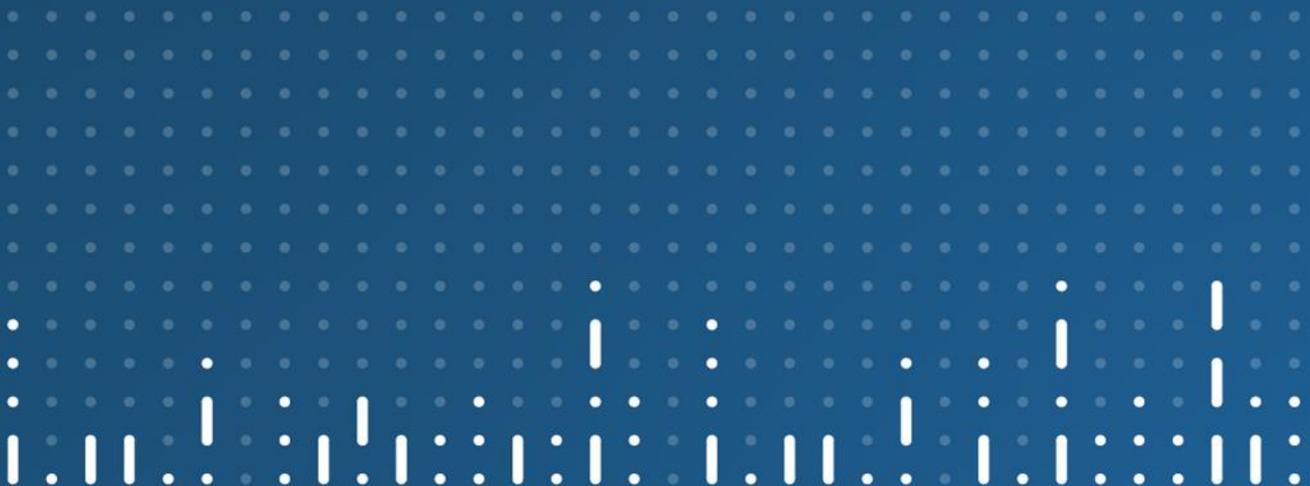


Consultation responses: Developing a method for producing annual gross value added at a subnational level

Subnational Statistics and Analysis Division
Office of National Statistics
31 May 2022



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Contact information

Enquiries to: ons.consultations@ons.gov.uk

Accessibility

All material relating to this consultation can be provided in braille, large print, or audio formats on request. British Sign Language interpreters can also be requested for any supporting events.

Quality assurance

This consultation has been carried out in accordance with the government's consultation principles, available here <https://www.gov.uk/government/publications/consultation-principles-guidance>.

If you have any complaints about the way this consultation was conducted, please email: ons.consultations@ons.gov.uk.

Background

The Office for National Statistics (ONS) is currently conducting ongoing research on how to provide granular data at lower levels of geography.

On 13 December 2021 the ONS published experimental gross value added (GVA) estimates at Middle layer Super Output Areas (MSOA) and higher geographies plus an accompanying [article](#). Lower layer Super Output Area (LSOA) level data were set as the building blocks for higher level geographies.

The article describes the aims of a “flexible geography” project to develop the methods and data needed to produce statistics for “building blocks”, which can then be used to aggregate and to build user-defined geographies. It also provides indication of what might be achieved in the future.

The article was also accompanied by a new dataset with experimental GVA estimates for a set of geographic areas that have never been covered before. These include Middle layer Super Output Areas (MSOAs), Parliamentary constituencies, travel-to-work areas (TTWAs), health boards, towns and cities, and a selection of user-defined bespoke areas.

The ONS ran a user consultation from 13 December 2021 to 7 March 2022 to seek users’ opinions on the experimental statistics. The ONS will consider users’ interests in planning and deciding on the metrics that will be broken down to lower levels of geography in the future.

The consultation gave users the opportunity to provide feedback on the approach used to produce the experimental statistics. We welcomed feedback from anyone with an interest in this area of statistics, notably from policymakers and analysts across government, business and the third sector.

We would like to thank all our respondents. The feedback received will be used to guide future developments of subnational statistics and will be considered in ongoing projects in 2022.

Summary of responses

The consultation ran **for 12 weeks (from 13 December 2021 to 7 March 2022)**. There were several events to promote the consultation over that period:-

In total, we received 34 responses. These consisted of:

- 19 responses from local and national government sectors, and public bodies.
- 8 responses in a personal capacity.
- 2 responses from the academia and research sector.
- 2 responses from the business sector.
- 2 responses from other respondents.
- 1 response from the third sector, including charities and think tanks.

The respondents could represent individuals or organisations:

- 16 responses were on behalf of an individual.
- 18 responses were on behalf of an organization.

Figure 1: Percentage of respondent user types

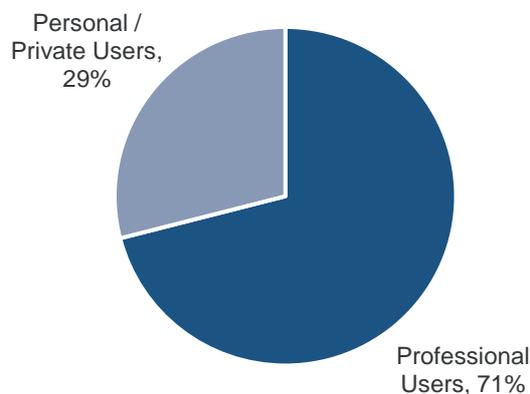
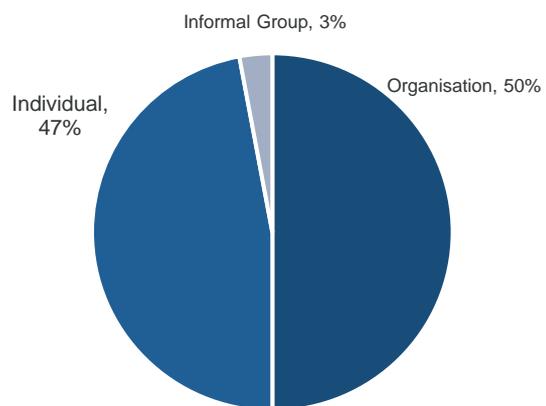


Figure 2: Percentage of respondent user groups



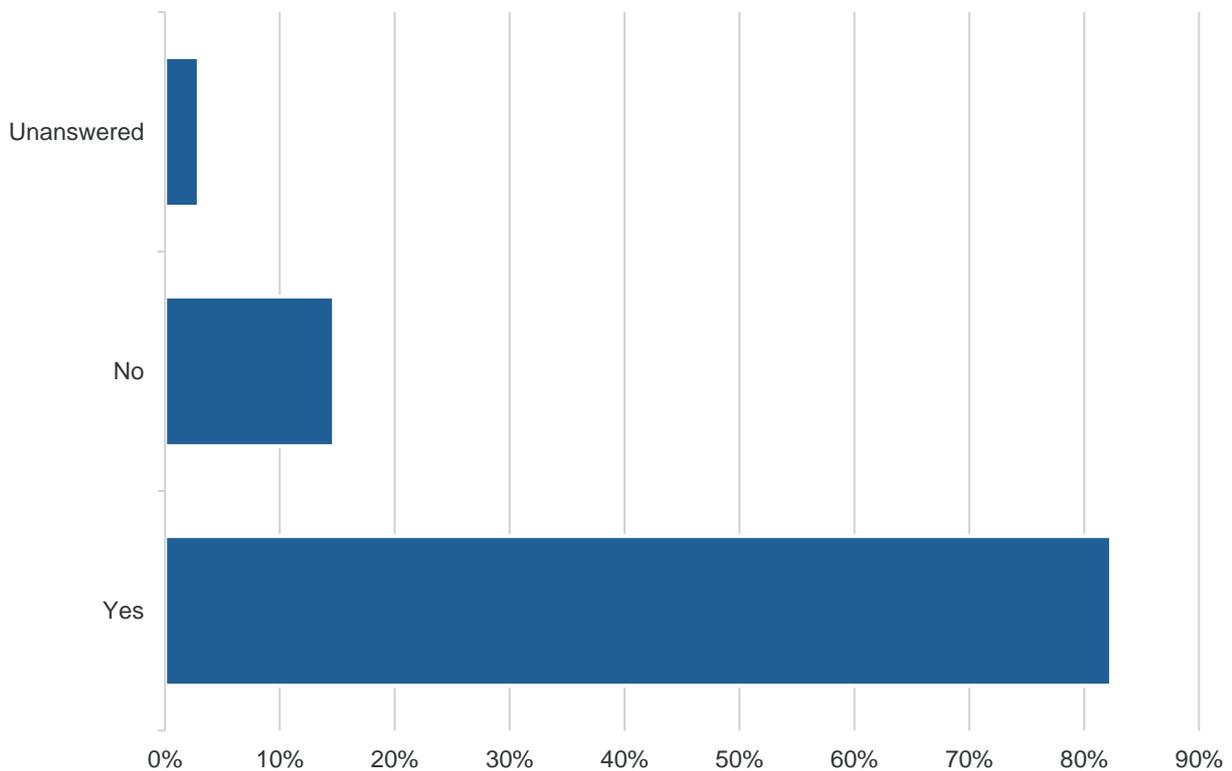
Detailed responses

Attitudes towards the proposed approach

Respondents had the opportunity to state the reasons why they would use the experimental statistics. The comments included:

- The experimental statistics would be used to develop town and community-based area analyses.
- The data would be used to supplement existing small area data to better understand local performance.
- To help inform policy and strategy development.
- The data would offer greater insight into covid-19 recovery at the level of high streets and high street clusters.
- Identifying local trends in data over time helps monitor where economic activity is growing or declining.

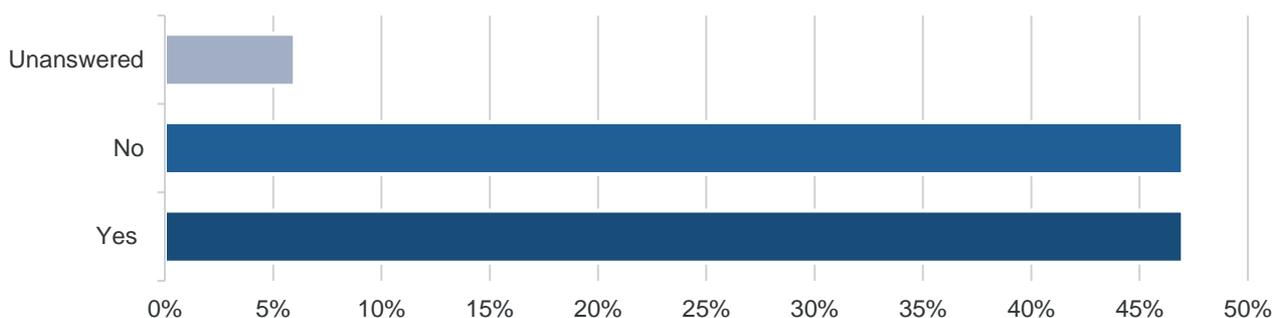
Figure 3: Users' responses to whether they would use the GVA data



Secure Access

All respondents were asked if they intend to access the Lower layer Super Output Areas (LSOA) dataset in the Secure Research Service (SRS) and to provide the reasoning behind their answer. It was a near 50/50 split in the respondents who would consider going on to use the data in the SRS.

Figure 4: Users' intentions of accessing the Secure Research Services



Those who responded that they would not do in-depth analysis of the low-level data gave some of the following reasons.

- User were interested in the subject matter from a personal rather than professional aspect and were not aware of the SRS, or eligible to access the secure data as an accredited researcher.
- The level of detail was more than was required by some users.
- Time involved in gaining access to the SRS outweighed the benefits of data accessed.
- Limitations and concerns around the experimental data and its methodology meant users wanted to wait until it was further developed before accessing the SRS.

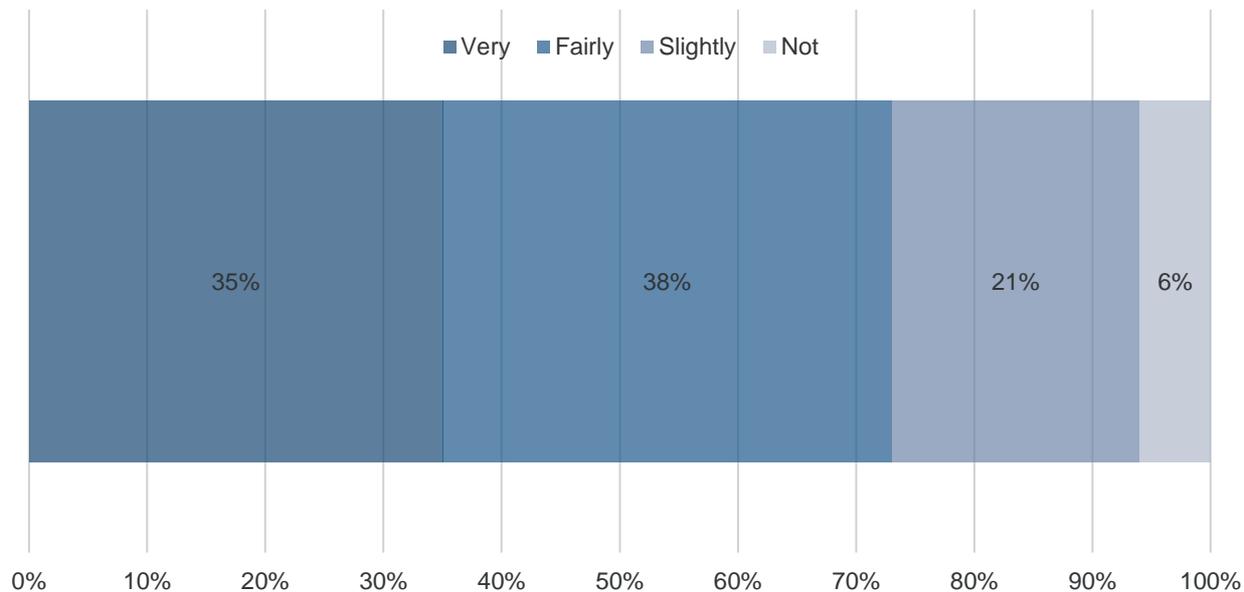
Users who wanted to access data in the SRS stated the following reasons

- They envisaged future benefits of accessing the data to gain insights into GVA were changing at lower levels of geography and being able to map local economic progress.
- The data would be beneficial in forecasting the effects on businesses in the high-street since new 'working from home' measures were put in place during the COVID-19 pandemic.
- The data would give better understanding of trends within local authorities, which would support local demographic processes within each ward, informing decisions on local planning and development.
- The data would inform planning processes within given areas of local authorities to show changes in the local economy.
- LSOA output data could allow users to analyse the impacts of specific types of projects, policies, and developments on local economies.

Attitudes towards the supporting article

All respondents were asked how useful they found the accompanying article explaining the methods and processes followed in producing the statistics and to also provide the reasoning behind their answer.

Figure 5: Users' responses to how useful they found the associated article



Many highlighted the usefulness of the article reasoning:

- The explanations for how the data was derived was clear, as are the reasons for keeping further breakdowns in the SRS.
- It provided good background information on the project and data sources used.
- The article provided a useful explanation of the project history.
- The presentation of data around specific custom areas in the article offered a good demonstration of the potential of the new data.

Respondents also shared concerns, including:

- They hoped for more information on future developments or publications. They expected to see annexes on these topics.
- Although the reason behind limited access to the SRS was well communicated in the article, some respondents wanted easier access to the LSOA data.

Attitudes towards the proposed methodology

Users were asked if they had any suggestions about what we can do to improve the methods and procedures for producing the statistics. They were also asked if there was anything missing from the methods article that they wanted included in the future?

Users responded with the following concerns about the clarity of the data

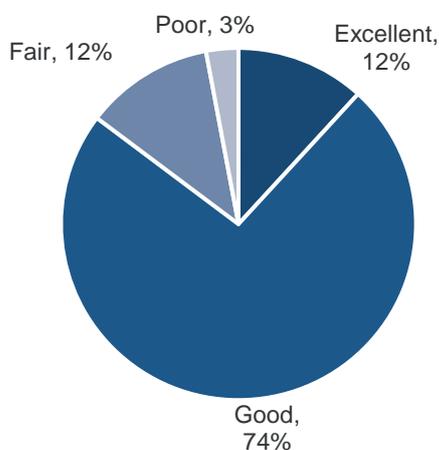
- It wasn't immediately obvious why the productivity dataset didn't mirror the same geographies as the UK small areas GVA estimates (e.g., MSOAs aren't referenced in the innovation data).
- It was not entirely clear how the data on businesses with turnover below the VAT registration threshold were incorporated into the data. This could lead to an over/under-estimating in the value contributed by the self-employed in various sectors of the economy.
- Users wanted examples of how the data had been used in the real world to influence policies or developments, etc. rather than just a descriptive view. This would help those that are less sure of the statistics and could encourage use of the data by others involved in policy and project development.
- A more detailed timetable for future developments would have been beneficial.
- MSOAs are useful as statistical areas, but initiatives carried out for small areas are more likely to be done on ward boundaries.

Other users conveyed the following

- Improvements could be made to how the information is presented in the future, giving greater detail in articles and analyses.
- Chained volume measures would be beneficial to add.

Users were asked what their overall view of the experimental statistics and the reasoning behind their answer. Answers included the following:

Figure 6: Users' responses to how beneficial they found the statistics



Excellent:

“The more studying and research we do, the better prepared we are for the future”.

Good:

“I think it is good, my only real criticism is the lack of exposition of what 'making it available' means for real-world applications. The examples given are good but really only takes thinking so far, to promote it more widely you need to be able to show and tell people who are not statisticians and enable them. The approach seems reasonable, but I would prefer more discussion on potential distortions and methodological issues, and perhaps more sense checks to aide in the understanding and interpretation”.

“It is always good to try new methods and derive different analysis. The issues are data revised so local analysis undertaken one year or even a few months later does not necessarily result in the same figures when you want to add to it. Datasets are often discrete or discontinuous too which can be frustrating”.

“A useful step forward in providing more granular data”.

“The experimental statistics are a welcome development, but we need industry breakdowns to make them really useful in helping to understand small area economic performance”.

“Really great to see this development, fine grained GVA has long been a gap in available data”.

“Whilst the move towards more localised GVA data is very much welcomed, more timely localised data would maximise the available local use cases”.

“It is a step in the right direction, and we fully support the development of data which could be used as building blocks depending on the needs”.

Fair:

“Before any experiment can be made it is necessary to develop a hypothesis of what is being related to what else, and thereby to have previously determined what one aims to measure and how”.

“The principle behind them seems to be good, but it is only through this consultation that we have become aware of them. Therefore, we haven't had the opportunity to test their impact on local activities being undertaken by the council”.

Poor:

“Because they do not address at all questions of accuracy and obvious sources of bias in interlocal comparisons”.

Future requirements

The consultation asked users if they would find suggested breakdowns useful. Users were asked to explain how and why industry breakdowns are valuable/not valuable to their work?

74% of users agreed with the grouping and had the following to say:

- It helped in understanding levels of GVA in users' local authorities and their economic outputs, identifying strengths and weaknesses that in turn help to support specific strategy development.
- Industry breakdown shown would be valuable to help in understanding economic factors driving performance and would help develop appropriate responses.
- Statistics shown would be beneficial in preparing students for exams.
- To see which industry groups benefit most from educational investments.

Some users had reservations

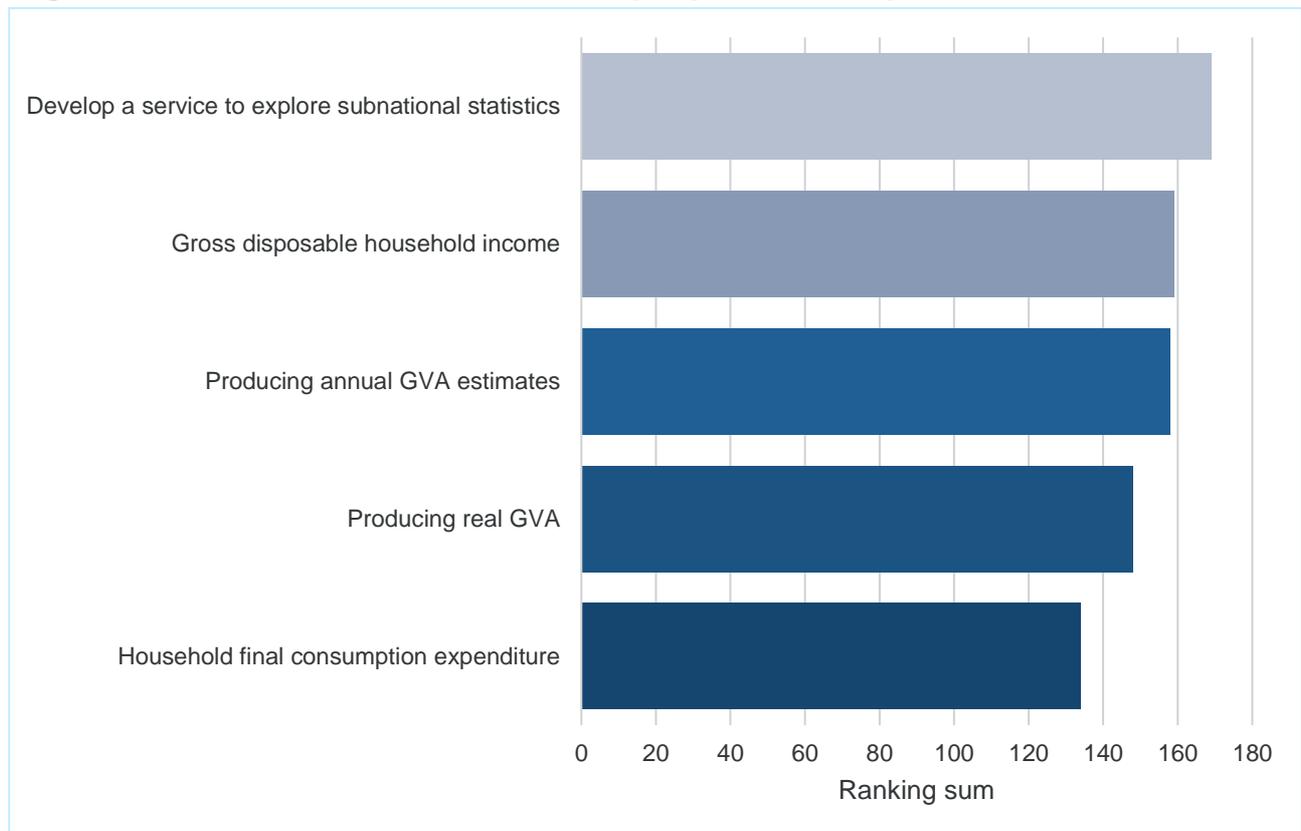
- Urban modelling requires a consumer facing view of businesses (e.g. retail, hospitality) in their own group to better gauge the economy of the sector
- The extent to which data was aggregated across breakdowns to avoid suppression limited coverage across council or strategy areas, which limits its use for policy.
- The four groupings suggested did not closely mirror the landscape of business representation by sector or organisation definitions in some larger cities. This makes it difficult to explain why GVA data are being provided when data sets are generally produced around SIC codes / categories.

We asked users if there were any other industry breakdowns that they required for their work, and to state the most important to them for us to look into next.

- Additional public/private, education/health and agriculture/environmental sectors.
- Identifying the difference between the actions of capitalists and landowners. Showing the different effects landowners on the economy by withholding of useful sites.
- Bespoke breakdowns that are not defined by SIC codes. Examples include measuring growth in the larger cities cybersecurity or advanced materials sectors.
- A more simplified four sector level breakdown - Primary, Manufacturing, Construction and Services or a 'Pick and Mix' approach allowing users to specify areas of interest.

All respondents were asked to state any other subnational data requirements they wanted to know more about / to be pursued.

Figure 7: Users' interests in future project developments



- More frequent information on jobs and business change at ITL3 including Quarterly Business demography and HMRC PAYE RTI by full time equivalent job count.
- The creation of a mapping function to layer subnational data with additional integration via API or with third party data providers.
- More reliable labour market data for subnational areas. Similar to APS/LFS which asks most of the right questions but is unreliable for lower geographies to enable meaningful analysis and monitoring of trends.
- Pursue data going back pre-2016 to 2022 in Scotland, to see the impact of Brexit.
- More detailed data on productivity and its determinants to be able to identify and localise market failures, ways to address them, and monitor progress.

All respondents were asked for further comments about this consultation, responses included the following.

“I think the work has the potential to be very useful and help provide more evidence to support smarter policy and strategy development whilst supporting evidence around particular projects or physical developments.”

“The only point I would make is the need to be able to sit this alongside similar work around the wellbeing economy and the climate change agenda”

“I am really pleased that the data is being disaggregated. It will bring local areas to life; the qualitative and anecdotal view can be more strongly presented by evidence with these proposals - especially at a time when economic recovery and growth is so critical. If it were possible to have further data outside of secure research service, it would help organisations such as us (a LEP no longer hosted by a local authority) to access the data.”

“I believe that we need to look at the "Big Picture" of our social system from a sufficient perspective so as to be able judge the effects of it various sectors on each other. By using aggregate properties of each sector (of which there are not more than 7), we can build up a clearer picture as to how the whole social system works.”

“I feel this survey is of great significance; it allows the public to research and input to the improvement of national statistics.

Annex A – List of respondents

Below is a list of organisations that responded to the consultation. This does not include all respondents as personal names of any respondents remain anonymous, and others could not be clearly named using the information provided.

Combined Authority

Cumbria County Council Cumbria LEP

Greater London Authority

Greater Manchester

House of Commons Library

SELEP

Swindon and Wiltshire Local Enterprise Partnership

Tees Valley Combined Authority

Worcestershire County Council & Worcestershire LEP



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