

## Economic Accounts Expert User Group Meeting minutes

Tuesday 11<sup>th</sup> March 2014

### Netherleigh

The Code of Practice for Official Statistics requires producers of official statistics to engage effectively with their users to promote trust and maximise public value and to investigate and document user needs. NISRA also utilises groups of expert users to provide feedback on particular sets of official statistics. To this end, an Economic Accounts Expert user group meeting was held on 11<sup>th</sup> March with the aim of taking users views on progress in the project to undertake a scoping study to develop a set of Economic Accounts for NI. The opportunity was also taken to provide users with an overview of the Regional Accounts produced by ONS, which ELMSB is responsible for quality assuring.

Attendees:

Name	Organisation
1. James Gillan	ELMSB
2. Gerard Colgan	ELMSB
3. Norman Caven	NISRA
4. Chris Ganley	ELMSB
5. Brian Spence	ELMSB
6. Seamus McErlean	DARD
7. Shane Murphy	DETI
8. Thomas Byrne	DETI
9. Ziping Wu	AFBI
10. Richard Ramsey	Ulster Bank
11. Neil Gibson	University of Ulster
12. Philip McDonagh	SAC
13. Eoin Magennis	InterTrade Ireland
14. Maureen O'Reilly	Independent Economist
15. Fred Norris	ONS
16. Charlotte Richards	ONS
17. Jim O'Donoghue	ONS
18. Esmond Birnie	PWC

#### Introduction:

1. James welcomed everyone to the meeting and led with an introduction, background and overview of the morning's agenda. It was noted that the development of a set of economic accounts for NI has come about as a result of increasing levels of interest from users in recent years in this subject. NISRA also has an Agency milestone to "*Assess the feasibility of developing a set of Input-Output Tables for NI and if feasible develop prototype and consult users.*"

2. At an earlier meeting users also expressed an interest in obtaining an overview of the UK Regional Accounts methodology used by ONS to determine Northern Ireland Gross Value Added (GVA) and Gross Disposable Household Income (GDHI) figures. ONS officials were also welcomed to the meeting.

#### **Economic Accounts update:**

3. Jim O'Donoghue first provided the group with an overview of the objectives of the Scoping Study to develop a set of economic accounts for NI. He also highlighted previous work that had been undertaken in NI in this field e.g. an experimental set of Supply Use Tables (SUT) produced by CogentSI for NI for 2003 for tourism estimates and Agriculture accounts produced by the Agri-Food and Biosciences Institute for NI for 2002.
4. An overview of the structure of the Supply and Demand tables was provided along with an example of uses of the SUT framework.
5. The group was also provided with an overview of the main data sources used in the compilation of the pilot SUTs for NI, and the methodology to populate the tables was discussed. Jim indicated that the pilot tables were being compiled at the same level of detail as the UK SUT i.e. 110 industry x 110 products; GVA components were constrained to Regional Accounts totals; and apportionment of intermediate consumption by product was in line with the UK SUT where specific splits for NI are not available.
6. Specifically, the approach to populate the tables for the key sectors of the SUT was discussed i.e. the private sector, non-profit sectors, intermediate demand, gross capital formation, household final consumption expenditure, tourism expenditure, NPISH and government final consumption expenditure, imports and exports of goods, and taxes. The approach to balancing the tables was also discussed.
7. The group queried the estimated exports value within the pilot tables and there was a discussion on the reconciliation of the figures in the SUT with published exports figures.

**\*Action point:** Jim O'Donoghue agreed to undertake further investigation into the exports values.

8. NISRA officials noted that new exports data is due to be published for NI in the next few months and that imports data is due to be published in summer 2014. This data is based on extended coverage of exports (beyond manufacturing) from the Annual Business Inquiry (ABI) dataset. This should provide a more complete reflection of NI trade, including a more detailed breakdown of imports and exports by sector and by origin/destination. This will be incorporated into the next draft of the SUTs resulting in more robust trade estimates. It was noted that as in GB, the ABI does not cover the financial sector and further work will be required to address this.
9. It was also noted by NISRA officials that as a direct result of this project there have been new questions added to the ABI questionnaire which seeks to address some of the gaps identified in the Scoping Study. For example, new questions have been added to the

questionnaire for survey reference year 2013 relating to, inter alia, capital expenditure and purchases from GB and ROI. Going forward these variables will provide more robust data for SUTs and other analysis.

10. There was also a discussion on the possibility of further analysis on the intermediate demand tables, as this is a useful indicator. Jim O'Donoghue noted that there is further detail available within the spreadsheets but at present it is not possible to share these as there is still development work ongoing.
11. NISRA officials noted that the intention is to keep refining the methodology and consult more widely with users on the demand for SUTs. The group agreed that due to the fact that there is new trade data to be made available over coming months and that the tables are still being developed, it would be best to wait before releasing any tables for wider consultation, so that the disseminated report presents as holistic a picture as possible.
12. NISRA officials agreed that once new data is incorporated into the tables a revised report and tables will be issued to the expert user group and requested written feedback to be provided to help with the development of the project going forward.
13. The group also queried what quality assurance has taken place on the pilot tables, such as sensitivity analysis, location quotient analysis, comparisons with previous agriculture tables and tourism SUTs, and the approach taken by Scotland in their SUTs.
14. Jim indicated that the project was not at this stage yet. NISRA officials noted that the NISRA milestone is to assess the feasibility of developing a set of Input-Output Tables for NI and if feasible develop prototype and consult users. Our objectives were to identify if this was feasible. It is considered that this is feasible, however notable gaps exist and further work will be required to address such gaps. It was envisaged that sensitivity analyses would be conducted in due course.
15. Work to date has identified that it was possible to create an initial trial balance for Northern Ireland for 2010; however it was noted that the results are indicative and must be treated with caution. There is a considerable amount of estimation involved in producing these figures and they have not been subjected to the rigorous quality assurance processes involved in compiling the UK SUT, such as those required for manual balancing adjustments. Without such additional work initial results would be misleading.
16. There was a discussion on the data gaps identified within the Scoping Study. These include trade data such as exports of services, the charitable sector and the financial sector. It was noted that it may be up to four years before there is any robust data available for the charitable sector but the approach taken to date to estimate data for this sector was considered reasonable. It was acknowledged that the impending exports and imports publications would help to reduce the data gaps in the trade statistics, and the additional questions added to the ABI were welcomed. It was noted that collecting detailed exports and imports data by questionnaire brought its own challenges and it

was not yet clear how accurately businesses could be expected to report such information, particularly imports. It was noted by users that businesses were more likely to be able to report where they exported to, rather than imported from.

17. NISRA officials informed the group that they were participating in a round table discussion with NICVA at the end of March on the availability of economic data in NI. It was noted that this was likely to refer to the lack of SUTs as an area for development of economic data for NI. The current work was therefore timely.
18. The group agreed that the packaging of the project e.g. report, results, tables, etc is very important, the Scotland SUT website was quoted as being very user friendly. It was also agreed that it is important to raise awareness about the project.
19. It was noted that outside of the expert user group there would potentially be a lack of understanding of the importance of SUTs and the uses they can be put to. The information obtained from SUTs forms the building blocks for other important economic modelling concepts such as development of multipliers, economic impact analyses, etc.
20. The group reiterated that they feel this is very important work and it is essential that this is a sustainable project within NISRA. The development of the team is key and it is important to build the expertise within NISRA so that there is in-house expertise to update tables, deal with changes in data, answer queries, etc.
21. The next steps for the project were highlighted which include taking views of the Statistical Advisory Committee and the expert user group on board. Taking views on the methodology and consulting more widely with users, identifying priorities for development going forward, building in-house expertise and updating tables for 2011.

#### **Regional Accounts:**

22. James thanked Jim O' Donoghue for his presentation and introduced Fred Norris and Charlotte Richards from the ONS Regional Accounts team.
23. The ONS team provided a presentation on the regional accounts methodology, detailing how the regional accounts outputs are calculated, the data sourced used to regionalise the data from the ONS "Blue Book", the geographies for which data is available, and future work plans.
24. It was noted that GVA(I) is used by the EU to determine the allocation of structural funding.
25. There was a discussion regarding the timing of regional accounts outputs i.e. NUTS 1 estimates at T-1 years and industry level data T-2 years. ONS noted that the timing of the Regional Accounts publication is dictated by the availability of Blue Book National Accounts data.

26. There was a discussion regarding the coverage of the new 11 Council structure in NI and how closely this would correlate to the existing NUTS 3 geographies. It was noted that there is the possibility of requesting Eurostat to revise the NUTS boundaries within NI. However it was agreed that by the time the new councils are implemented and given the timeframes involved in undertaking a review of the NUTS geographies this may correlate with when Eurostat undertake their next review in 2016.
27. GDP in purchasing power standard (PPS) which is published by Eurostat at NUTS 2 level was discussed. ONS officials commented that they are not privy to the workings as to how Eurostat calculate the GDP and GDP per inhabitant in PPS. It was noted that PPS does not fully take into account prices differences in different regions.
28. Gross Disposable Household Income (GDHI) was discussed with ONS officials providing an overview of what is covered by the measure i.e. the household and NPISH sectors. The GDHI calculation was discussed along with the approach taken to regionalise the GDHI measure.
29. The experimental Gross Value Added using the production approach (GVA(P)) publication was also discussed. ONS officials noted that this measure has been produced as a result of recommendations within the Allsop Review and new ESA 2010 requirements.
30. It was noted that GVA(P) is equal to total output less intermediate consumption. It is measured at constant prices and is often referred to as Real GVA. The ABS is a key regional indicator for the measure.
31. There was a discussion regarding the deflators used in the measure and whether deflators can be regionalised. ONS officials confirmed that constant price GVA(P) is derived by deflating the current price estimates for each of the 112 industries using national industry deflators obtained from the UK Gross Domestic Product (Output) system. It was confirmed that the deflators cannot be regionalised.
32. ONS officials highlighted the fact that there is a GVA(P) consultation process ongoing and welcomed any feedback from users.
33. There was a discussion regarding some queries with data in the GVA(I) and GVA(P) series e.g. it was noted that there appeared to be anomalies in data relating to 2003 and the NI Manufacturing sector.  
  
**\*Action point:** NISRA and ONS officials agreed to look into this and provide clarification on the issues raised.
34. Users noted that in their opinion the material needs to be packaged simply for the NI market, and that they would welcome a notification on data anomalies from NISRA.

35. NISRA officials discussed the fact that the GVA (P) measure is an output based measure, as is the NI Composite Economic Index. A comparison of these two independent sources showed the two measures reflected similar trends in the period 2007-2011 trends.
36. Before ending the meeting NISRA officials highlighted to users that the timeliness of the NISRA Index of Services and Index of Production has been improved by one month due to the introduction of a new Integrated Business Survey System. However due to availability of other data sources the NICEI will not be published until April 2104.

**END**

If you require more information about any of the topics discussed above, please contact NISRA via the details below. In addition, if users have any views on DFP statistical services, official statistics data quality or the format and timing of reports, please provide your comments via the details below:-

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