



OFFICIAL REPORT
AITHISG OIFIGEIL

Economy, Jobs and Fair Work Committee

Tuesday 14 November 2017

Session 5



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Tuesday 14 November 2017

CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
ECONOMIC DATA	2

ECONOMY, JOBS AND FAIR WORK COMMITTEE
29th Meeting 2017, Session 5

CONVENER

*Gordon Lindhurst (Lothian) (Con)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Jackie Baillie (Dumbarton) (Lab)
*Ash Denham (Edinburgh Eastern) (SNP)
*Jamie Halcro Johnston (Highlands and Islands) (Con)
*Richard Leonard (Central Scotland) (Lab)
*Dean Lockhart (Mid Scotland and Fife) (Con)
Gordon MacDonald (Edinburgh Pentlands) (SNP)
*Gillian Martin (Aberdeenshire East) (SNP)
Gil Paterson (Clydebank and Milngavie) (SNP)
*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Keith Brown (Cabinet Secretary for Economy, Jobs and Fair Work)
Gary Gillespie (Scottish Government)
Roger Halliday (Scottish Government)
Alex Neil (Airdrie and Shotts) (SNP) (Committee Substitute)
Sandy Stewart (Scottish Government)

CLERK TO THE COMMITTEE

Alison Walker

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Economy, Jobs and Fair Work Committee

Tuesday 14 November 2017

[The Convener opened the meeting at 09:31]

Decision on Taking Business in Private

The Convener (Gordon Lindhurst): Good morning and welcome to the 29th meeting in 2017 of the Economy, Jobs and Fair Work Committee. I ask everyone to turn off any electrical devices that might interfere with proceedings. We have received apologies from Gil Paterson and Gordon MacDonald. Alex Neil, who is running slightly late, will be attending as a substitute. Jamie Halcro Johnston will also be joining us shortly.

The first item is a decision on whether to take items 3 and 4 in private. Does the committee agree to do so?

Members *indicated agreement.*

Economic Data

09:32

The Convener: This morning we are concluding our economic data inquiry. I welcome Keith Brown, the Cabinet Secretary for Economy, Jobs and Fair Work. He is accompanied by Roger Halliday, chief statistician and head of performance; Gary Gillespie, chief economist; and Sandy Stewart, senior statistician; all from the Scottish Government. I understand that the cabinet secretary wishes to make an opening statement.

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): Thank you for allowing me the time to access some caffeine, convener. I also thank the committee for the opportunity to contribute to its inquiry into economic data for Scotland.

The need for robust and timely economic statistics for Scotland is well recognised, not least by the committee's inquiry. Sound economic statistics are an essential source of information for policy makers, researchers and the wider public. Given the impact of Brexit, the establishment of the Scottish Fiscal Commission and the new powers being devolved to the Scottish Parliament, the need for comprehensive statistics has never been greater.

It is also important to be clear on my role as cabinet secretary, with regard to Scottish economic statistics. Economic statistics in the Scottish Government are produced independently of the Scottish ministers, which is a similar approach to that taken by other devolved nations and the United Kingdom Government. That means that any issues relating to methodology, estimation or production are entirely and properly the responsibility of Scottish Government statisticians. Any issues of that nature are the sole preserve of the chief statistician. That important separation of responsibilities is rigorously maintained.

I am a key user of economic statistics, which are vital for informing our economic policy, monitoring progress and evaluating our interventions. I have also raised issues about their scope, robustness, coverage and timeliness. Members will know that I have talked openly about that.

It is important to emphasise the improvements that have been made to Scotland's economic statistics over recent years, many of which have been mentioned in the evidence received by the committee. First, the economic statistics published for Scotland are more comprehensive and timely than for any other part of the UK and for many other devolved Governments internationally. They continue to expand. In the last year, new publications have been introduced covering

quarterly productivity and consumer sentiment. In December we will release the first statistics publication in a series on the new devolved Scottish employability services.

Secondly, we allocate considerable resources to producing the statistics. There are 27 professional statisticians in the office of the chief economic adviser, producing a range of key economic indicators. They are complemented by dozens of statisticians elsewhere in government who produce key social, financial and economic statistics. In total we have more than 200 statisticians operating across government, which is a third more than five years ago.

Thirdly, all our publications are official statistics and most are classified as national statistics. That means that they have been independently assessed by the UK Statistics Authority and found to be produced to high standards, well presented and produced completely independently by Scottish Government statisticians.

Fourthly, we have strong user consultation arrangements in place. Statistical developments are agreed in advance with a range of expert users, and the minutes of those discussions are publicly available. The Scottish Government also publishes an annual economic statistics plan, which sets out the work for the year ahead.

We can be positive about those developments, but we cannot be complacent. We know that challenges remain, not least in terms of gaps in the statistics that are available. Many of those challenges have been highlighted over the course of this committee's inquiry—for example, the need for better trade figures, which I have previously highlighted and will return to subsequently.

Economic statistics are only as good as the raw data that informs them. Ours are derived from a wide range of data sources. The Scottish Government conducts its own surveys, engages directly with major businesses in Scotland and receives highly detailed company-level data direct from the Office for National Statistics. We also fund ONS to boost Scottish samples in its surveys in order to ensure that we have more robust estimates for key economic and fiscal data, such as that relating to the labour market and Scottish VAT.

We know that more needs to be done to enhance the economic data that are available for Scotland. In particular, we need to make better use of the administrative data that are held by Her Majesty's Revenue and Customs. Payroll information, VAT returns and customs declarations all provide important information on Scotland's economy that could inform our economic data.

Scottish Government statisticians are in discussion with HMRC officials concerning trade

data and with ONS statisticians about VAT turnover data. It is important that those discussions yield tangible results, so I have been taking an active interest in ensuring that they reach a successful outcome. There should be no barriers to the effective and professional sharing of data or information between appropriate Government officials. I have to say that that is not currently the case with reported Brexit impact studies.

There are also gaps in the statistics that are published for Scotland that need to be addressed. As I highlighted earlier, there is a need for further improvements in the trade data that are available for Scotland, which is all the more pressing, given the need to understand the impact that Brexit and any subsequent trade agreements will have on Scotland's economy.

Better understanding of the links between the North Sea and Scotland's on-shore economy are also a priority. North Sea oil and gas is a key element of Scotland's trade that current economic statistics do not fully capture. Moreover, the North Sea supply chain is an important element of the wider Scottish economy, so better capturing those links will help us to fully understand the different elements of the Scottish economy.

Finally, I believe that we should look at how the timeliness of key economic statistics, such as gross domestic product, can be improved and how our existing data can be disaggregated to allow a sub-Scotland analysis.

I will say a brief word on the south of Scotland enterprise agency. As the committee knows, we are establishing such an agency, which was a key recommendation of the enterprise and skills review and we will introduce legislation next year to establish that new body. With parliamentary approval, that will ensure that it is up and running by the beginning of financial year 2020.

We want to ensure, of course, that the area benefits from a fresh approach before then, so we will establish an economic partnership to drive inclusive growth across the area. That partnership will seek to maximise the impact of current efforts and also adopt different ways of doing so. Establishing the partnership will help prepare the way for the new agency.

I am pleased to inform the committee that I am appointing Professor Russel Griggs OBE to chair the partnership. As he has a long-standing commitment to the south of Scotland, I am delighted that the partnership will benefit from Professor Griggs's wealth of experience. To work alongside him and co-ordinate the day-to-day work of the partnership, I am appointing Rob Dickson, who is currently executive director of Scottish Borders Council. Mr Dickson will take up that

interim role on secondment to the Scottish Government.

Those appointments underline our long-term commitment to the south of Scotland and build on our investments in the area, not least of which is the Borders railway. We are taking clear action to support inclusive growth in an area that has traditionally lagged behind other parts of Scotland. As we move forward, including in discussions on the borderlands inclusive growth deal, we will ensure that we work together to benefit the area. Arrangements for the other members of the interim economic partnership will be confirmed shortly and the committee will be kept informed of progress.

The work of the agency and of the interim economic partnership will need to be underpinned by good local data and information related to the performance of the wider region, as will the work for other parts of Scotland and for policies related to city and city region economic partnerships. We have to ensure that we will have data and tools available at sub-national level to understand the underlying drivers of inclusive growth, as well as to evaluate interventions and to monitor successful outcomes that go beyond the narrow measures of economic success. Scottish Government officials have been piloting inclusive growth frameworks and data sets with local authorities and academic partners across Scotland and developing wider toolkits. I am pleased to announce that we are creating a centre for regional inclusive growth that will provide a platform to share local and national data analysis and evaluations with partners and that will help to support our policy initiatives on regional partnerships, city deals and city region deals.

Committee members will be aware that, as part of the enterprise and skills review, we have created a strategic board that Nora Senior has agreed to chair. We have also announced the creation of an analytical unit to support the board and to improve the use of data across the enterprise and skills system—that is particularly relevant to the committee's work. The analytical unit and the centre for regional inclusive growth will enhance the provision, understanding and analysis of data at a sub-Scotland level.

To go beyond GDP, the final issue that I will touch on is the Scottish Government's national performance framework. That is our statement of ambition for Scotland, and it sets measures to help us to know whether we are moving towards that goal. There is a basket of 66 indicators in the NPF: they measure environmental factors, such as greenhouse gases and natural capital; social measures, such as healthy life expectancy and crime; and economic progress. Through our Scotland performs website, our progress is transparent and independently assessed. When

new data are released, they are added to the Scotland performs website and the chief statistician decides whether progress is improving. That framework has gained international recognition. For example, the Carnegie UK Trust did a study of wellbeing measurement and said:

"We did not expect to find international innovation on our doorstep. But our work has repeatedly found that the Scottish National Performance Framework is an international leader in wellbeing measurement."

The framework is being reviewed, which will involve consultation over the coming months on a new set of indicators, and it will, of course, be subject to parliamentary scrutiny. That gives us the opportunity to crack measuring the elements of inclusive growth, such as the quality of work.

I welcome the committee's review and look forward to reporting to the Parliament on this and other developments in due course, as well as on the progress that we are making to develop the range and quality of the economic statistics that are available for Scotland.

The Convener: I thank the cabinet secretary for that statement. No doubt, you will be willing to take questions on the announcements that you have made, if members wish to put questions on those.

Keith Brown: Of course.

The Convener: We will start with questions on the economic data inquiry from the deputy convener, John Mason.

John Mason (Glasgow Shettleston) (SNP): Thank you, convener.

Cabinet secretary, you covered a lot in your statement. Where do you see gaps in the current data? As you have said, witnesses have told us that although Scotland has improved a lot and is better than other areas, there are still gaps. If I heard correctly, you said that trade figures, VAT and Brexit impact are three areas where you feel that there are currently gaps. Are any other areas important, at the moment?

Keith Brown: Those are the main gaps. If we take trade figures, for example, the current data is based on a survey. We are not able—this is also the case for Northern Ireland, as I think the committee has heard—to oblige companies to respond to surveys, so they sometimes have a low response rate. Very often, we are dealing with economic units that are spread across the UK, and trying to get sub-UK level information can be a problem for us. That is a major area of concern.

On Brexit, I mentioned the economic impact assessments. I am not entirely sure whether the current position of the UK Government is that they exist or that they do not exist. I watched the House of Commons debate on the matter, and it seems that the UK Government concedes that it holds

information. That could be very useful to the Scottish Government in helping to fill another gap. We have done work in relation to Brexit, of course, but it would be useful to have the information that relates specifically to Scotland and the sectors that are important to the Scottish economy.

09:45

That perhaps raises another issue. Depending on how Brexit plays out, we might find that there are other gaps that we need to fill post-Brexit. We have to be alive to the fact that we want to continue to improve, as we have done. The Scottish statistics are extremely well regarded across the UK and internationally, but we always have to look for gaps and consider where we might have a better understanding. For example, we do not have a whole of the economy report, which some countries have, so we would consider that, as well.

The Scottish Government will try to fill the gaps, of course, but the analytical unit that will be attached to the strategic board will also be heavily involved in that. The board's role will be to push Scotland forward to the top quartile of economic performance, and it will be able to seek and to get exactly the data that it requires to support its decisions. Of course, the Government will have access to that information as well. That, to me, is extremely important.

I think that we are in a good position. We have acknowledged that there are gaps and that we can make improvements. It is now our job to try to do that, and we will do it in partnership with the analytical unit that will be established for the strategic board.

John Mason: That was helpful. Thank you. Some of my colleagues will seek more detail on things such as VAT, but can the Scottish Government do any more on that, even with more statisticians, more money or whatever, or are you really totally dependent on external bodies? VAT detail would come from Her Majesty's Revenue and Customs.

Keith Brown: Another example is the apprenticeship levy. We have no information on it and are entirely dependent on the UK Government. We have an allocation for that, which we have received, but we have no way of cross-checking it other than through HMRC, or of determining how much is raised in Scotland through the apprenticeship levy. There is currently real reliance on HMRC in some areas, including VAT and the apprenticeship levy. It might be useful for the committee to hear from my officials on that. The Digital Economy Act 2017 should help us with that, not least in relation to the apprenticeship levy, because a kind of safe space

has been created for statisticians at UK and Scotland levels to enable them—and to oblige them—to share that kind of information. That should help matters; just now, there is no question but that we rely substantially on the UK Government.

Gary Gillespie or Roger Halliday might want to come in on that.

Gary Gillespie (Scottish Government): If I may, it might help if I give some context on our economic statistics, and then maybe Sandy Stewart can come in on the VAT work and assignment.

In evidence, most witnesses have said to the committee that Scotland is well served, but that gaps remain on trade imports and national accounts, for example, so things could be better. It is worth reflecting that Scotland has been well served from the 1970s, with the creation of input-output tables, which provide an economic data snapshot of the economy, through to the 1990s, with those being produced more frequently. In 2002, after the Scottish Parliament was formed, quarterly GDP data was started, and we had the first global connections survey. If we move forward to 2008, we can see the national accounts project, which is still in our plans. We publish economic statistics that tell us the weaknesses, and users tell us where they would like the focus to be.

In answer to the question, I say that I suppose that there will always be gaps, because the economy evolves. When I started working as an academic, most of our focus was on manufacturing and we had annual censuses of production data. Now our economy is largely a service sector economy, and we are having to pick up on new digital transactions and digital issues. I suppose what I am saying is that we will still be here in 10 years' time and there will be new gaps, as is appropriate. The challenge is how to keep moving things on.

Maybe Sandy Stewart could say a little about our key areas of development and VAT assignment.

Sandy Stewart (Scottish Government): Generally, the main weaknesses in what we do are due to lack of Scotland-specific data—for example, information from large companies that are multi-sited across the UK. Figures from them on things such as turnover, capital expenditure and business investment tend to be apportioned to regions by employment, so that gives us a bit of a problem in relation to large companies.

More specifically, we have problems with prices. There are no specific Scotland-level consumer prices or producer prices, so it is hard to know whether the figures for the UK, which are being used for Scotland, are suitable. There might be

effects such as a London effect or a rural and remote effect, so we do not know whether the prices are adequate.

On the labour market side, we only have annual earnings figures from ASHE—the annual survey of hours and earning. Ideally, that gap would be filled with more regular earnings data, which would feed into our GDPI—gross domestic product income—estimates and modelling work.

We are working with HMRC and the Office for National Statistics to try to get data on things including VAT turnover. VAT turnover figures that are produced by HMRC will help us to fill in some gaps on the GDP side so, rather than boosting surveys, which we do at the moment and is expensive, we can use that admin data to fill in more information on smaller companies and have a much wider sample.

Keith Brown: The consumer prices index data that was mentioned is quite important. We know that unit costs are rising for Network Rail, for example, which is an organisation that I have dealt with in previous roles. However, those unit costs are often far greater in the south and south-east of England than they are in Scotland, which is why having a more accurate estimation of inflation in Scotland would be useful. It might well be that the strategic board will seek more information on that. It is one of the crucial figures, if we think about the relationship of inflation to current wage constraints and spending power. It is a crucial economic tool, but it is fairly blunt at the moment, in that it covers the whole UK but does not show the variations that exist around the UK.

Andy Wightman (Lothian) (Green): We have heard that economic data for Scotland is good compared with other regions of the UK, but that there are still gaps. I say that particularly in the light of the fact that we have substantial devolved powers and, now, greater fiscal powers. We have heard that, generally, there is a good relationship between the Scottish Government and the ONS at official and political levels. We capture extra data, which we pay for to boost surveys and so on, in addition to what is captured by the ONS. That process appears to be a little bit ad hoc, as is the nature of the game, but could that be incorporated into a more coherent agreed framework on what the ONS—looking forward, say, five years—does on behalf of Scotland as a UK statistics authority?

Keith Brown: Andy Wightman has a point: it would be useful to hear officials' response to that. We pay for a boost to the labour market survey, for example. There is a question about how much more we pay or how many more people we survey, as well as about whether surveys are the best way to collect the data in the first place. As I mentioned, that can be done by other means in Northern Ireland.

As politicians, we know that it tends to be the case that the larger the sample, the more accurate the information. As with election polls, there is an optimum number of around 1,000 people and, if you can get all the variables in that sample, you get a very accurate picture. There is a trade-off between doing ever more extensive surveys or boosts to surveys, which might give more accurate data, and spending the money on doing that. Your point about how the surveys have grown over time and whether that has been in a consistent way, and your question about whether, if looked at across the landscape of stats, they are the best surveys for us to be spending money on, are reasonable. It would be interesting to hear the views of the officials on that, as they are independent of ministers.

Roger Halliday (Scottish Government): We have shared with the committee our economic statistics plan, on which the ONS is an important contributor and collaborator with us. Across the UK, we have a devolved economic statistics group, which brings together statisticians from the ONS, Wales, Northern Ireland and Scotland to work out how we can move together and develop new statistics. That group has been through the development of the Digital Economy Act 2017, which was mentioned. If we were to have had this conversation last year, we would have said that HMRC in particular was in a position in which sharing was not only difficult, but legally impossible. We are now in quite a different place.

We worked on the details of the Digital Economy Act 2017 in a collaborative way with the ONS and the other devolved Administrations to ensure that it would work not only for the ONS but for each of the devolved Administrations. We are now working with the ONS and HMRC to get the best value from that. For me, it is not necessarily about buying new data: the challenge for us is how we make the most of existing HMRC and ONS data and the new and different kinds of commercial data. That will require our statisticians to work with statistical methods people in the ONS, HMRC and academia.

I therefore challenge the assumptions in Mr Wightman's question a little bit, although we have a lot more work to do to understand how we get value from the data that we can now get from HMRC.

Gary Gillespie: On Mr Wightman's point about the ONS, we have a formal agreement with it, which we sign every year, whereby we enter into a financial contract to pay for boosts to the labour market survey and related surveys. Our decision on those surveys is based on feedback from users and where we think most gaps are. The labour market survey, which Mr Brown touched on, is featured monthly and gets a lot of scrutiny. We

boost that sample from roughly 4,500 to more than 20,000 households. Again, there is still a bigger statistical error than for the UK, but that is one example. As Roger Halliday said, the trend now is to move away from surveying and to make better use of administrative data and digital data. The big opportunities with the Digital Economy Act 2017 lie in our having access to data that we were not, because of legislative restrictions, able to access in the past.

Andy Wightman: That is useful.

Sandy Stewart: We are heavily involved in work with the ONS and have a very good working relationship with it. Roger Halliday sits on the inter-Administration committee to decide the big-picture things, and I sit on the devolved economic statistics committee, on which we scrutinise progress that is made in UK economic statistics and look at developments in surveys and admin data. Because we have a seat at that table, we can ensure that devolved issues are taken into account when the UK statistics are developed. We have a very good relationship in that regard. As Gary Gillespie said, we have a service-level agreement that is refreshed each year with new data items, so we have a very good working relationship in that respect, as well.

Andy Wightman: Thank you. I will leave it there and let other committee members come in.

Richard Leonard (Central Scotland) (Lab): I want to probe a couple of areas. First, the cabinet secretary has spoken about the case for a Scottish consumer price index or some kind of price index inflation figure. Do you have an expectation of its being higher or lower than the current UK figure?

Keith Brown: That is a very good question. I will refer to the response that I gave earlier in relation to unit costs and labour costs, in respect of the London weighting allowance and the London living wage. We might think intuitively that those would lead to higher unit costs in that part of the country.

However, I have not said that we are ready to have a Scottish CPI. What I have said is that some of the gaps in the data that we currently have are in relation to inflation.

To go back to a question that I was asked previously, I say that my role in the Government is to deal with the economy, and I rely very much on the statistics that we have discussed. However, if I tried to instruct the statisticians that we need this or that new data, that we need to change things or that we do not want some things any more, I would be quite correctly open to substantial political scrutiny.

In relation to the suggestions that the committee made previously and the inquiry that it held, we

have substantial notes on all that. We have been looking at it very closely and have listened to some of the suggestions that were made. In addition, the analytical unit to which I referred will involve statisticians—not just Scottish Government statisticians, but others from Skills Development Scotland, Scottish Enterprise and so on. They will take some direction from the strategic board, which does not include politicians, so that is another way to try to interrogate, improve and perhaps expand on the stats that we have.

10:00

I do not know the answer to Mr Leonard's question. My intuition is that there are inflationary pressures in the south-east of England, in particular, that might not be prevalent in Scotland. A number of years ago, a deputy governor of the Bank of England went to the north of England and justified another interest rate increase, which was likely to lead to more unemployment in the north of England and Scotland, by saying that it would allow the bank to bear down on inflation in the south-east. I remember him saying that it was a price worth paying.

That takes us to your point about why it might be important to have distinct information for Scotland. It might be better if the statisticians answered the question about whether a Scottish CPI would be higher or lower.

Gary Gillespie: We tend to be very close to the UK aggregate: a Scottish CPI would probably be close to the UK CPI—if we take out London, which tends to dominate the CPI.

The ONS has done regional CPIs in the past; 10 or 12 years ago, that was the approach. When we consider that the CPI is calculated by taking a basket of goods from across the UK, we can see that the approach could be regionalised to come up with a better estimate.

We use price information in deflating our outputs. Sandy Stewart might talk about the broader GDP deflators that we use.

Sandy Stewart: On the CPI, the ONS and the University of Southampton are currently carrying out a feasibility study on a CPI plus housing costs—CPIH. The results have not yet been published, but when the feasibility study is published I think that we will have an idea of whether the figure for Scotland is higher or lower than the figure for the UK. I think that Gary Gillespie is right that Scotland will not be very different from the UK, if we take out London and the south-east. What will be interesting to learn is whether there are differences in, say, remote rural areas, compared with urban areas. That would be an interesting bit of additional research.

We use detailed UK deflators in producing real-terms GDP estimates. They are UK figures, and again, we will not know how good they are for Scotland until that work has been carried out. They are weighted in a way that reflects the output of Scottish companies, which obviously goes a long way towards producing a Scotland-specific implied deflator for GDP, once we weight it up accordingly.

Richard Leonard: Maybe I am just cynical, but, when we moved from using the retail price index to using the consumer prices index, the CPI was lower, and I wonder whether a Scottish CPI would be lower still. That might be of interest to people who negotiate pay settlements, determine increases to social security payments and so on.

Let us move on to the trade statistics, which you mentioned, cabinet secretary. You will know that almost every witness who has come along has questioned the robustness of the trade statistics, partly because of the poor response to the global connections survey. There is also the issue of the extent to which exports to the rest of the UK are then shipped on to other countries and do not count in the Scottish export statistics, which matter has been raised with the committee in the past. How robust does the Scottish Government think that the statistics are?

Keith Brown: We have said that we think that there is a gap in that regard. It is exactly as you have described it. The issue to do with companies that operate throughout the UK and how goods move between them and are accounted for is worth considering.

We have acknowledged that there is more to be done on the trade statistics. There has been a major revision, not least through work by Scottish Government statisticians, to the way in which we account for oil that is exported directly from the North Sea rather than coming ashore and then going away. That revision has substantially changed the export figures for Scotland.

We acknowledge that there is a gap; what we need to do is work out how best to fill it. Statisticians are working on that, and the analytical unit that I mentioned can do further work on the issue. It is not necessarily for me to instruct the statisticians to do things in a particular way; they carry out their work, and it would be useful to hear from them what is being done.

Gary Gillespie: The global connections survey, or the export statistics Scotland survey, used a sample of 5,700-odd companies. The response rate, at 27 per cent, was low, and there were about 1,500 completed returns. However, when we add the data from administrative sources such as the Scotch Whisky Association, we cover about 80 per cent of the value of rest-of-the-world

exports. That is why the survey data is supplemented.

The point about intra-regional or intra-UK trade was captured in the global connections survey and our own survey for the first time. The issue to do with intra-UK trade flows has been a weakness in the UK for a long time. A question in the export statistics survey asks for the final destination; the point that the product is leaving from does not matter. That issue has been raised in the past. The statistics are as robust as any that we have at the moment, but we are seeking to improve them. As we have mentioned, the Digital Economy Act 2017 and the use of HMRC data could really help.

Trade statistics have different sources: we produce export statistics for Scotland, HMRC provides estimated statistics for Scotland, which are based on goods, and there are further developments. We need to bring those together into one set that is more complete and that uses all the available data.

Keith Brown: That would be useful. We will see whether the committee's settled view and the outcome of the inquiry is that more work is needed in that area. It would be useful to do that with cross-party support. We and the ONS acknowledge that there is a gap.

I have struggled to produce an example of an opportunity arising from Brexit, which I know that we have different views on. Perhaps an opportunity is that there seems to be a much broader awareness of the need for international trade and, with that, the need for proper data on that trade. Perhaps that could fuel further improvement in those figures.

Jamie Halcro Johnston (Highlands and Islands) (Con): I apologise for being a little late.

The lack of regional data and regional economic statistics has come up a number of times and was mentioned by Highlands and Islands Enterprise. What steps is the Scottish Government taking to address that shortage?

Keith Brown: I mentioned earlier our intention to set up a centre to look at the issue of regional data—you would not have heard that. As you say, HIE has raised the issue. We do not seek to duplicate the wide range of local government data that is available, especially the data relating to labour markets and the structure of businesses. As we set out in our plan, over the coming year we will undertake a programme of work to improve the sub-Scotland statistics such as those on regional GDP and earnings. The working group that will deliver that project will meet next week, and its membership includes HIE, a number of local authorities, the Improvement Service and the Glasgow Centre for Population Health. The minutes will be published and a work plan agreed.

You will also see the issue of regional data come under increased scrutiny through the work of the strategic board, which will have on it, as of right, a chairperson from HIE and members from the new south of Scotland partnership and, eventually, the south of Scotland agency. It is inevitable that we will start to see more scrutiny of the area through that forum as well as through the work that we are taking forward.

Jamie Halcro Johnston: When do you hope that the information and figures from that work will start to feed in to projections and your decision making?

Keith Brown: Perhaps the statisticians here can answer with regard to the centre that we are starting up and when its workflow will become public.

The strategic board will meet for the first time shortly, and its first item of business will be to agree its strategic plan. The analytical unit that will be there comprises people who currently work in the area, so I do not imagine that there will be much of a time lag in its getting to grips with the issue. It will be for the strategic board to ask for that information.

Gary Gillespie: In his opening remarks, Mr Brown mentioned the creation of a platform called the centre for regional inclusive growth. Over the past two years, officials have looked at inclusive growth issues including how to measure inclusive growth in different parts of Scotland. We have run pilots to apply the frameworks in different areas, including in the three Ayrshire council areas. HIE, Scottish Enterprise and other partners are involved. We have reasonable data for the local authority level; in the Highlands and Islands, it is probably more remote community-based data that is sought.

The platform will provide a forum or vehicle for the publication of that data and will allow us to provide the toolkits that we have developed for inclusive growth, the data monitoring frameworks and the analysis and evaluation to make the data more systematically available across Scotland. With academic partners, we will identify potential gaps and commission work to develop that further. It will be a big step in addressing issues that have been identified by witnesses.

Jamie Halcro Johnston: Therefore, we will see more regional and local authority data used in the future.

Gary Gillespie: Yes.

Sandy Stewart: May I add a few comments?

The Convener: Yes.

Sandy Stewart: Devolution is high on the agenda for the ONS, which is keen to do as much

as it can to break data down to lower-level geographies. For example, its regional accounts team now produces gross value added and gross disposable household income figures at the local authority level, which it published for the first time at the end of last year. It will publish new figures at the local authority level in both current price and constant price for GVA in December. That might slip into next year, depending on the timetable, but at least the ONS is working on that. Those figures will be very useful for such things as community planning, and local partnerships will be keen to use that data.

The ONS is also introducing flexible geography, so that we can define our own geographies. It will take a year or two to develop that, but it will mean that, if you are interested in small geographies or specific areas that are not well defined, you will be able to do that work. We should see some progress on that in the next year or two.

Gary Gillespie and the cabinet secretary have mentioned the sub-group that will meet next week. A number of local authorities will be there, including Highland Council. The sub-group will look at local priorities, the reliability of local data and whether we can do modelling work to fill in any gaps as well as at what data is collected locally. It will share good practice and see what we can learn from one another, so it will be useful. It is a sub-group of our consultants' group, which meets once a year.

Jamie Halcro Johnston: Do you envisage any extra burden on local authorities through their involvement in collecting data and supplying it in whatever format it will be collected in?

Sandy Stewart: I do not think that there will be any extra burden. The work will help to harmonise what is collected across local authorities and will feed into the national performance framework agenda, where the national targets can be broken down into local targets. We will try to get people to do things in the same way, but I hope that that will not add to the burden.

Alex Neil (Airdrie and Shotts) (SNP): I am sorry that I was late, but the M8 was a car park again this morning.

The discussion so far has been mainly about our ability to collate statistics; however, the issue is how we use them. Forecasting is a key element of planning the economy. What is the current capability of the Scottish Government for economic forecasting—not the work that is done by the Scottish Fiscal Commission, which relates specifically to taxation and spending. How independent is that forecasting, and what are your plans for developing that capability?

Keith Brown: The officials here are probably best placed to answer the question about

independence. Economic forecasting is done for the state of the economy report that is produced by the chief economist, and we ask ministers for information in order to make decisions.

The strategic board will want to ask those questions as well. We will shortly announce the board's membership, and there will be some very good brains around that table. We have not announced all the members yet—just the chairperson. The strategic board will provide a sharper focus on economic forecasting.

Gary Gillespie: Mr Neil missed my earlier comments about the development of economic statistics and models. Prior to 2007, the main model that we used in Government to provide a framework was input-output tables. We now have a macroeconomic model—the National Institute of Economic and Social Research global econometric model—that we commissioned through an open competition, and it is parametrised to Scottish data. That allows us to produce macro simulations of Scotland within the UK linked to that wider global framework.

10:15

We do nowcasting internally, using our most recent data. We also have a computable equilibrium model, which we brought in from the University of Strathclyde. That allows us to run policy simulations. For example, we used that model to simulate the impact of EU migrants coming into the economy for the work that was published last week for the Migration Advisory Council.

We have a reasonable suite of modelling capacity in the Government. We also have income tax micro-simulation models that are built up from datasets. At this point, we are probably as well equipped as we ever have been in micro capacity terms.

You asked about forecasting. Last year, we produced forecasts for the 2017-18 budget. That was the one and only set of official forecasts that the Scottish Government produced, and the role has now gone to the Scottish Fiscal Commission.

In my state of the economy report, I report the forecasts of independent forecasters in the economy and provide a commentary on what I think the key trends are.

As I say, the Scottish Fiscal Commission now has that forecasting role. We work with the commission and our capacity is at its disposal, but it decides on its own model, frameworks and assumptions.

Keith Brown: What about independence?

Roger Halliday: I will comment on that. I have a role in deciding the format, content and timing of those statistics, as I do for all official statistics in Scotland. I also have a role in recruiting and developing the excellent statisticians that we have.

We have guiding principles that are set out in a code of practice for official statistics. Last week, the committee heard from the regulator, the UK Statistics Authority, that that code of practice is not just nice to have but legally binding on all statisticians, and it gives me my powers. Internationally, because of the code of practice, the UK—and Scotland within the UK—is seen as an exemplar in practices of independence and the production of official statistics. Our code of practice model and our legislation have been copied Europe wide—what has been introduced is based on the UK system.

Alex Neil: It is a pity that the code was not in place when Sir Nicky Macpherson made his statements in the referendum on Scottish independence, but there we go.

I want to probe the sectoral analysis a bit further. A range of sectors make up the backbone of the Scottish economy. The oil and gas sector, which has an important presence in Scotland, is at the top end while the aerospace industry, for example, is at the other end. Historical analysis is easy to produce, but how often do you carry out forward-looking sectoral analysis to identify pitfalls, areas in which we need to strengthen our industrial strategy and so on?

Gary Gillespie: We do not routinely run forward-looking scenarios for specific industries through our models. However, Scottish Enterprise and the industry leadership groups, which bring together the key sectors, discuss those issues. The oil and gas sector is a good example, because an oil and gas task force was set up in response to the fall in prices in that sector. As part of that work, we participated in the discussions and presented the trends that were impacting the sector, while the sector talked about different oil-price scenarios, in which the price ranged from \$60 a barrel to lower amounts, and about how the sector would have to respond to those scenarios. Such analysis tends to be done more through the industry leadership groups and that type of collaboration.

Taking the oil and gas sector as an example, we used our suite of models to analyse the impact of changes to oil and gas both on the sector and on the wider economy.

I suppose that your more general point is about how we pick up changing trends in the economy. We undertake a little bit of insight work and forward looking. The labour market is really insightful in showing changes in the types of job

that the economy is producing that are linked to globalisation and technology replacing certain skills. We have that broader framework, which we discuss within the Government.

The state of the economy report tends to follow a set format, but we try to share the analysis that we have done—whether that is about recent changes in the labour market or changes in a specific sector—in box diagrams.

Keith Brown: It is an important area. Before you joined us, Mr Neil, I mentioned that the UK Government's central analysis—if that is what it is; there is still some doubt about that—is extremely important. If it has done that work, we would like to have access to it. We have asked it to give us access.

You mentioned the aviation sector, and one of the big players in the UK and Scotland recently told me that it is no longer allowed to bid for European Union work because the EU has told the European Space Agency that it must deal with only EU members and not the UK. Therefore, a further worry is that the work that is currently done in Scotland and the UK will go to France and Germany. That is a live threat.

Having such intelligence in advance is important in enabling us to take action to protect jobs and investment. However, we cannot get that information despite the important fact that—you may remember this from your own time in the Government, Mr Neil—I know of no recorded instance of the Scottish Government betraying any confidence of the UK Government. One of the reasons why the ONS changed the pre-release circumstances was fear of the leaking of market-sensitive information. There is not a single instance of that happening, so the UK Government really must include the Scottish Government on issues that, as you say, are fundamental to the economy, and it must give us that information as soon as possible.

Alex Neil: I totally agree, although the EU has a bit of a cheek demanding €100 billion and, in the meantime, excluding us from contracts. However, that is typical of the EU.

I will move on to the wider thematic issues, such as research and development. Although our public sector R and D has been robust over a large number of years, our private sector R and D investment has continually fallen below that of comparable countries or regions in Europe and elsewhere, particularly Norway and Sweden, where about 5 per cent of gross domestic product is spent on R and D. We spend not much more than a quarter of that.

How robust are the statistics on R and D? What are we doing about closing the performance gap?

Keith Brown: The programme for government that the First Minister announced tries to address that by giving a further commitment to Government-funded R and D to support businesses in increasing their R and D. That is specifically designed to try to lever out much-required business R and D.

As was mentioned, the ability to quantify R and D is another of the gaps in our information. We know that it is far less than the rest of the UK and that it is less than it should be. I challenge businesses all the time. It is a well-worn cliché to say that the UK tends to perform less well than the EU, which contributes more in R and D, but the EU achieves less than the US, which contributes more in business and public R and D, and the US trails Japan, which has higher R and D. R and D is crucial to the economy.

Alex Neil: And they all trail Norway.

Keith Brown: That is right. The Norwegians have a substantial fund on which they can draw to support Government-funded R and D.

The point is important, but we have already acknowledged that there is a gap in our information. Perhaps Gary Gillespie will want to say more on that.

Gary Gillespie: I endorse what the cabinet secretary said. We run a survey of R and D expenditure that covers a sample of businesses. We try to make the sample a census, so we try to get the data from any company that we believe is doing R and D. It is a small number of companies. There is a big gap relative to performance elsewhere. We have been actively trying to encourage the sample size so that we can get proper returns.

There is a question about how to define research and development. That has been a source of confusion with some companies.

Alex Neil: How do you define R and D in manufacturing? Do you include some of the services within manufacturing?

Gary Gillespie: R and D is defined—I think that it is called the Frascati definition—

Alex Neil: What definition?

Gary Gillespie: It is named after a white wine.

Alex Neil: How do you spell it, Gary?

Gary Gillespie: I will send you the details. [*Laughter.*] It is an EU definition that is used for consistency.

We are targeting R and D and we are trying to increase the level of R and D expenditure by businesses in the economy.

Alex Neil: There is an unofficial economy, which used to be called disparagingly “the black economy”. There are various estimates of its size. From a statistician’s point of view, how important is that in the Scottish economy?

Sandy Stewart: I do not know the exact figure, but I know that it is something of importance.

Alex Neil: That does not tell me anything, though.

Sandy Stewart: The ONS obviously makes adjustments in the UK figures for the black economy and we make similar adjustments in our input-output tables following the—

Alex Neil: What percentage of GDP do you reckon it is?

Sandy Stewart: I am not sure.

Alex Neil: What is the estimate for the UK economy?

Sandy Stewart: I do not know those figures off the top of my head.

Alex Neil: Can we get those?

Sandy Stewart: We can get back to you. There are also some emerging issues, such as Uber, bed and breakfasts, and the gig economy. Those are all big issues that the UK Government is looking into and we will take advice from the ONS as to how we adjust our figures. I can get back to you with that estimate.

Dean Lockhart (Mid Scotland and Fife) (Con): Cabinet secretary, you mentioned a number of new initiatives relating to inclusive growth in your opening statement. As you will no doubt be aware, a number of witnesses have told us that there is no recognised economic definition of inclusive growth. It can mean different things to different people in different organisations. Given that it is a central pillar of its economic strategy, how does the Scottish Government define “inclusive growth”? How is such growth measured and monitored?

Keith Brown: We think that we have been leaders in stating our objective for inclusive growth and we have been pleased with the take-up in other countries. The recent conference on inclusive growth recognised the lead that Scotland has taken. Our definition is:

“growth that combines increased prosperity with tackling inequality, which creates opportunities for all and distributes the dividends of increased prosperity fairly.”

Initiatives such as the living wage underpin that. If prosperity is unequally divided amongst the population, we try to address that through inclusive growth so that everybody, especially those furthest from the labour market, women who are paid less than men, and people with

disabilities who find it hard to access the labour market have a share in the economic growth that the country enjoys. Those are the underpinning elements and that is the definition that we work under. I acknowledge that this is an emerging area of work and that we must get further definitions.

There have been other definitions, or additional elements to the definition, that have started to shape exactly what we want to see whether we can measure in future, but that is our definition as things stand.

Gary Gillespie: The definition Mr Brown gave you is based on what was published in Scotland’s economic strategy in 2015. The European Commission’s 2020 strategy has a slightly different definition, which is

“a high-employment economy delivering economic, social and territorial cohesion.”

Our definition is close to the OECD’s and it relates to a lot of the work that the OECD has done on moving towards inclusive growth. I refer to Mr Brown’s earlier announcement about the centre for regional inclusive growth. Part of that work will be to share some of the underlying measurement frameworks, toolkits and data. For instance, we look at five different fields relating to inclusive growth: economic performance and productivity, labour market access, fair work, people, and place. We have data at local authority level across those measures and they are part of the toolkits and data that we are trying to share so that people have a better understanding of what it means. There is no single measure of inclusive growth because it is multidimensional and it challenges you to look beyond GDP at a wider basket of measures. It is, therefore, more focused not only on the growth element, which is important, but who benefits from the growth, the type of growth and the access and opportunities that provides.

10:30

Keith Brown: The strategic board will have that as part of its aim as well. There will be increased examination of issues such as regional disparities, for example, to go back to Jamie Halcro Johnston’s question. If we find that one part of Scotland is finding it more difficult to access the labour market and the benefits of growth, we want to be aware of that.

Also, some of our indicators—such as the prevalence of zero-hours contracts in the economy; I believe that Scotland has the lowest use of zero-hours contracts of the four UK nations—can give an indication of inclusive growth, but again, there is not a straightforward link between one and the other. There is also the gender pay gap, which I have mentioned, as well as the level of qualifications within the economy

and the proportion of people earning the living wage.

On that last point, 81.6 per cent of people in Scotland are already paid at least the living wage. We want to start to see how that statistic plays out in different parts of the country through the next iteration of how we measure our progress on the living wage.

Together, those things add up to our way of trying to encourage inclusive growth. I acknowledge that there is more work to be done in this area.

Dean Lockhart: I have a couple of follow-up points. To clarify, has inclusive growth, as defined by the Scottish Government, been measured across the economy? If so, has inclusive growth been improving in Scotland over the past couple of years?

Keith Brown: By some measures it has. For example, we have perhaps the highest level of employment that we have ever had. However, that is an incomplete picture—which is the point that I am making. We could still have substantial underemployment within that figure, we could still have substantial inequalities between different groups and we could have regional disparities. I do not think that the indicators that we have are yet complete enough to give us a definitive picture of inclusive growth. That is why there is more work to be done. As I have said, part of that work will be done by the strategic board, whose strategic plan will have at the top: “inclusive economic growth”.

Roger Halliday: In addition, as Mr Brown said in his opening statement, we have the national performance framework for Scotland, which has a basket of indicators that measure societal, environmental and economic progress and wellbeing. We are currently reviewing those indicators. One element of the review is aligning that set of measures with our measures of inclusive growth. Members will see that as part of the parliamentary scrutiny process in spring next year.

Dean Lockhart: One of the key priorities of the Government is hard alignment across the enterprise agencies. A number of skills and development agencies are involved in the economy, and the Audit Scotland report on the enterprise agencies last year identified the need to provide clear targets that performance can be measured against across the enterprise agencies.

In the ministerial guidance that was given to HIE, for example, there are numerous references to inclusive growth, but without it being defined. Do you recognise the concern that giving vague guidance to the enterprise agencies on an economic concept that does not have a hard definition might lead to some confusion?

Keith Brown: The underlying question is whether this is worth doing, and I think that it very much is. As I think I have said twice now, there is more work for us to do in this area.

Alignment is one of the points of the enterprise and skills review. We have ended up with a strategic board that will include each agency's chairperson so that that alignment can take place. That will include a commonly understood definition of inclusive growth, but also indicators that can be put in place to measure that growth. That is one way that the strategic board can take that work forward. That is fundamental to what it is doing.

Through the national performance framework and the other measures that have been mentioned, we have an indication of how we are performing in relation to inclusive growth.

I acknowledge that that is not as definitive as you want it to be, but that is because this is a fairly new area of work for any Government. I think that we will take a big step forward through the work of the strategic board, because if there is an anomaly between agencies in the understanding of inclusive growth, they will have the chance to address it through the strategic board of which they are both members.

Gary Gillespie: Mr Lockhart, I would add, with respect to Highlands and Islands Enterprise, that it has been doing inclusive growth for the last 50 years, because it has a social objective alongside the economic one. We have shared the framework that we piloted, which I discussed earlier, with Highlands and Islands Enterprise so that it can look at using it for its own data.

It is more difficult at the national level, obviously, because there is a wider basket of indicators. However, at the top of the economic strategy, there are two pillars: one concerns improving competitiveness and the other concerns reducing inequality. For both of those, we rank ourselves relative to the OECD. For output per hour worked, which is the productivity measure, we are 17th in the second quartile. For inequality, we have two measures: the Gini coefficient and the Palma ratio. Again, in relation to those, we are in the second quartile. The ambition that came out of the education and skills review is to move up to the first quartile. Some of the early work that has been done for the strategic board involves benchmarking the gap that needs to be addressed nationally. Obviously, in that, there is a recognition that there will need to be different delivery across various parts of Scotland.

Dean Lockhart: On the index of social and economic wellbeing, which is based on OECD data, Scotland's ranking has gone from 16th to 20th. Does the Government monitor that index and take action accordingly?

Keith Brown: We are of course aware of that. If you look at the correlation between increased poverty, increased use of food banks and welfare reform, you can see that there is a causal effect in that regard. A number of factors play into the situation. We are focused on what we can do in terms of trying to increase inclusive growth, but we will not be able to access the full suite of powers. We have had this debate many times in the past about where power lies between the UK Government and the Scottish Government in terms of the economy. Any sensible person would come to the conclusion that there is a mix of powers. The UK Government has some substantial powers in the UK economy, so we acknowledge the fact that we are not in control of all the measures that we would like to be able to use in order to affect outcomes.

Gary Gillespie: We have worked closely with the OECD over the past two years and have looked at its better life index as a potential measure of wellbeing. Further, at the recent inclusive growth conference that the Scottish Government held, Gabriela Ramos, the deputy chief of staff and chief secretary of the OECD, gave a presentation on inclusive growth and wellbeing. She had data that included Scotland and the UK regions and involved a range of indicators. Again, we can share that information with you. We will make all the information from the conference available.

The World Economic Forum also has an inclusive growth index that we are looking at. The OECD told us that its better life index covers a range of metrics across things that are of interest. It does not put different weightings on those metrics; it says that it is up to individual countries to weigh up what is important to them. There is a need for some overall aggregate or basket of indicators that will allow us to compare performance internationally.

Ash Denham (Edinburgh Eastern) (SNP): I know that we have touched on this already, but I want to explore a little bit further what ONS representatives told the committee last week, which was that they consider the ONS to be responsive to Scotland's needs and priorities. That position was slightly undermined by the representatives from the UK Statistics Authority, who chimed in to say, "Ah, well, they need to be pushed quite often." Charles Bean told us that he felt that there could be more integration between the ONS and the Scottish Government at a higher, strategic level with regard to the setting of on-going priorities. What are your views on that?

Keith Brown: A number of months ago, we had a big issue in terms of reclassification in relation to the European system of national and regional accounts 2010—ESA10 is the fairly obscure term

that is used. The ONS decided to put back onto the public balance sheet projects such as the Aberdeen western peripheral route. The process of interaction in that regard was quite frustrating. There was the quite legitimate point that bodies such as the ONS are supposed to be immune from politicians in what they try to do, but there must be a common understanding. I think that the ONS struggled a bit in terms of the resource that it had to deal with the issue, which was new to it, and that it ended up relying too heavily on Eurostat, which took a view that was not popular in many parts of Europe.

There have been frustrations, but as cabinet secretary I do not have day-to-day dealings with the ONS. My officials do, though, and can say more on the subject.

Roger Halliday: We have a concordat with the ONS and the other devolved Administrations that governs the way in which we work with them. The basic principle is that we will share data and work collaboratively. The board that Sandy Stewart mentioned is the interim administration committee, which plans out how that will work.

I am quite pleased with our relationship with the ONS because it is very constructive on a working level. There are situations in which it is right that the national statistician takes decisions about the statistics that the ONS produces, although I might disagree with those decisions, such as the one to remove pre-release access to statistics. However, on a daily basis we are progressing well and an example of that might be the development of the Digital Economy Act 2017, which I mentioned earlier and which should allow us greater access to ONS and HMRC data.

Sandy Stewart: I agree that we have a very good working relationship with the ONS. We are involved in lots of committees, the decision making table for surveys and the administration data. Sub-UK information is high up on the ONS's agenda and we are feeding into that discussion.

Things are very good on the survey side, but as we move into using more administrative data it gets a little more complicated. I am referring to all the data that largely come from other Government departments and are routed through the ONS to us. We still have to make decisions about whether we will get information directly from HMRC, for example, in bilateral agreements or whether the information will go to the ONS, which will process it and then we can use the Scottish elements of it. There are some big discussions to be had there. When we move into those discussions, particularly in respect of the new areas, we will need some other mechanism to discuss those aspects in more detail.

Ash Denham: You mentioned surveys. The Northern Ireland Statistics and Research Agency has the power to compel responses to requests for information from the Government. Would the Scottish Government like to have similar powers to compel?

Keith Brown: We should keep an open mind on that. We do not have the same powers as Northern Ireland in that regard, or in relation to corporation tax and other things.

If we move forward on new methodologies or figures, it would be useful to have cross-party support, if it were possible to achieve that. The findings of the inquiry and the strategic board should enable us to get that broader-based support for a particular change. We have to keep an open mind.

The ONS is asking us about changing the day on which the labour market statistics are released. We do not want a change because we are happy enough as it is. We can disagree on things.

The ONS is important because, whatever the constitutional future of Scotland or the EU, we want to have someone else affirming and confirming the independence and integrity of our statistics. There are other international bodies, but we have a very useful relationship with the ONS.

My colleagues might want to comment on the Northern Ireland situation.

Roger Halliday: I agree with Mr Brown. There are a couple of things to consider if we were to get similar powers. First, there would be a burden on our businesses. As you have seen from the written evidence from our statistics colleagues working in Northern Ireland, there is a compliance cost to businesses in Northern Ireland of around £1 million. That is an on-going cost, rather than a one-off cost associated with a change that businesses would need to make to set themselves up to report on a Scottish basis. The cost of producing the statistics is also a step change higher, because much of the data collection is done directly—Northern Ireland quoted £1.8 million per year for doing that. We need to be cognisant of those things.

There is much for us to explore in the use of administrative and commercial data, which might replace significant parts of business surveys. That might mean that it would be less important to have that power to compel. The real power is in accessing and using those new sources of data.

10:45

Keith Brown: I think that it is also true that company registration is different in Northern Ireland, so they have access to a different database.

If there is merit in making a change, it is worth thinking beforehand about the consequences of that change and whether it should be done in concert with other changes that might help to mitigate the cost or the difficulties for business. It is possible to do that.

We want to avoid tripping over ourselves. We have mentioned regional data in Scotland, Scotland-level data, UK-level data and international-level data. As I said, in considering the extent to which we can make a change, we must bear in mind the costs and the burden on business and any other changes that we might want to make at the same time to help to reduce that cost and burden.

Gillian Martin (Aberdeenshire East) (SNP): Before I ask about inclusive growth, I will continue along similar lines to Ash Denham, who asked about survey responses. Do we know how many firms that receive public sector support—perhaps through enterprise agencies—are not returning requests for data to the Government?

Keith Brown: The Scottish Government does not know the answer to that. We do not get access to such information from the surveys that are done. I do not think that the statisticians will have the answer either, because there is no basis on which to get that information.

A good channel to encourage the completion of surveys would be through the support that companies receive. We should do more of that. However, no work has been done to identify which companies that receive public sector support do not return surveys. I think that, each year, Scottish Enterprise helps 10,000 companies, of which 2,200 are more intensely account managed. The issue could be explored further, but we need to bear in mind the Chinese wall, if you like, between what the Government does on the one hand and what data is collected. Does anyone want to add to that?

Sandy Stewart: No.

Roger Halliday: No.

Gillian Martin: I want to return to the issue of wellbeing, which was mentioned briefly in response to Dean Lockhart's line of questioning. We have heard from quite a lot of witnesses that statistics on non-market activities are not covered effectively in traditional economic statistics. What is the Government doing to look into quantifying non-market activity and its value? How might the impact of progressive policy interventions be measured against that?

Keith Brown: That goes back to some of Dean Lockhart's points. Wellbeing is not quite an emerging area of focus—it has been talked about for some time. The happiness and wellbeing

indices were initially treated with some scepticism, but they are now treated much more seriously, as is the idea that, in interrogating the economy, there is more of value than simply collecting data on the number of people who are employed and the amount of economic growth. The collection of data in that area is growing, but we still do not have enough detail about it.

There are other examples to cite. For example, the OECD is looking to measure the value of childcare to the economy and our recent inclusive growth conference is indicative of a growing move to measure those other areas. Work in those areas is growing, but the opportunities for further increasing data collection are through the analytical unit and the strategic board of Scotland. However, it is entirely right that we look at other measures, including childcare and inclusive growth.

As we have just discussed, inclusive growth would not necessarily be an economic indicator on its own, or form its own data set, but it is very important to the Government, so we need to collect more information about it.

Gary Gillespie might want to comment on what data collection is in place.

Gary Gillespie: Someone who provided evidence to the committee mentioned time use surveys, which are a way of capturing activities that individuals do that do not have a market value. At the moment, that data is captured at the UK level—we do not have Scotland-specific data.

We have spoken to women in Scotland's economy—WISE—which is a research centre at Glasgow Caledonian University, about the opportunity to look at that area again. In the past, we have used that data to look at the informal hours of caring, including free personal care, that are provided by parents and by individuals to others.

Such activity is different from the activity that Mr Neil mentioned, in the sense that activity in the black economy has a price, whereas that informal provision of care does not. It is extremely important for areas of social policy—childcare policy, in particular—that we get a better idea of the potential use of that. If the committee were to make such a recommendation, we would be happy to look at that. Such work would add to the wider social data that we have in Scotland.

Gillian Martin: Aside from the impact on wellbeing, what is the Government doing to quantify the impact that the increase in the number of hours of childcare that are provided will have on the wider economy? Mr Brown knows that I have made this point many times, but I am convinced that the policy will have a massive impact on productivity, particularly the productivity of women.

What work is being done to quantify that as the increase in childcare provision is rolled out?

Keith Brown: I will let the statisticians respond on the specifics of your question, but you are quite right in what you say. Another area of activity that we are engaged in relates to universal basic income. We do not have universal basic income in Scotland, but it is being used in Finland and in parts of Canada. Questions will be raised about the benefit and the economic impact of that policy and how it can be measured.

My education colleagues have laid out some of the benefits that we expect to achieve through the expansion of childcare provision, but Gary Gillespie might want to say more about that.

Gary Gillespie: Back in 2014-15, the Government published some work on the potential economic impact of improved childcare. That work looked at the absence of childcare as a potential barrier to female participation, based on the evidence on caring costs. It modelled the impact of more females coming into the labour market as a result of that constraint being relieved. That is one route that was explored. If I am correct, that work was based on differences between the participation rate in the labour market of females in Scotland and the rate in other, top quartile OECD countries.

Childcare has multiple impacts across a range of areas, including wellbeing, early years and participation. Things that we would look to measure are changes in the gender pay gap and reductions in occupational segregation as a result of women having a more equal opportunity to get into different sectors of the economy. The initial driver for the childcare policy was partly to do with the fall in the participation rate in the labour market of females in Scotland compared with the rate in top quartile countries, but the benefits of such a policy obviously go much wider than that.

Keith Brown: The policy also has an impact on underemployment. If childcare is expanded, that can have a major impact on women who are constrained in the hours that they can work because of childcare commitments. We want to get more information and more substantive data on the effect on underemployment.

Gillian Martin: I am interested in how the Government analyses the impact of infrastructure spend, such as the spend on the Borders railway. When it comes to improving the rail infrastructure in another area, the impact study seems to be heavily based on passenger use. Does the ability exist to collect data on the wider impacts of infrastructure spend on the rail network in order to inform future development?

Keith Brown: Work has been done on the wider impact of the Borders railway, and I will be happy

to get my colleagues who are responsible for that to pass that information on to you.

Initially, a narrow approach is taken to such projects. A cost benefit analysis is done and ratios are compared. That is often the gate through which projects have to pass if they are to be successful. We have argued that, if that were the only measure that was used, the Borders rail project might not have proceeded. We already know that that project has had substantially more benefits than those that relate directly to passenger numbers, which in themselves are very good.

Prior to the opening of the Stirling-Alloa-Kincardine line in my area, we were told that the estimate was that 80,000 people would use it, but it turned out that 400,000 people used it in its first year of operation. That is only one measure. Such information tends to come after the event, given the way in which rail projects progress. We do similar analyses for road projects and we did an analysis for the expansion of ferries that we have seen.

I am happy to pass on to you the information—Humza Yousaf will have it—about what has been done to measure, in relation to the Borders railway, the benefits of people travelling to work and engaging in the jobs market and the change in the pattern of modes of transport. Before we reopened the Borders railway, we anticipated that most of the traffic would come from Tweedbank and further south. In fact, the biggest increases have come from the stations that are right next to Edinburgh, so modal shift has obviously taken place there as well.

I am happy to provide that information. We analyse the effects after the event. We do not just say, “That’s it done” and forget about it.

Gillian Martin: Such projects have an impact on people’s participation in the labour market and on tourism, so there are clear economic benefits. Is data sampling in place to enable people such as me to make the case for infrastructure developments in their areas on the basis of things that have already happened?

Keith Brown: If you are talking specifically about rail projects, those who are involved try to take that into account and make, if you like, a best guess on it. As I said, we go back and analyse what the actual impact has been. The Borders railway project was agreed to not only on the basis of passenger numbers, although that was a big part of it. We should also bear in mind that, outwith the Edinburgh to Glasgow line, every rail line in Scotland requires subsidy, so passenger numbers will never by themselves justify the investment that is made.

An attempt is made to capture the benefits. I think that the analysis has been refined over recent years, including in the time when I was the minister with responsibility for transport, as people have tried to take a broader approach to what the benefits will be. That is fertile ground for you to look at. I am not entirely sure which rail line you will be advocating, but—

Gillian Martin: I cannot believe that you do not know that. [*Laughter.*]

Keith Brown: People undertake some of that work, but we also undertake work after the infrastructure is completed.

Gillian Martin: Okay. Thank you.

The Convener: Perhaps you could write to the committee about anything that you were not able to fill in in response to that question.

I will ask a quick question before I bring in Jackie Baillie. The ONS and the Bank of England have stopped pre-release access to data, including on things such as GDP, but Scottish ministers still have pre-release access to all Scottish economic statistics. Should that continue or should it be ended to make practice uniform with that in the rest of the UK?

Keith Brown: The decision on the data that we produce should be taken by the statisticians. To be clear, the ONS is the only part of the UK Government that has removed pre-release access. Whitehall departments within the UK Government still allow 24-hour access.

As I mentioned, decisions on the matter are taken by the chief statistician, Roger Halliday. My view is that the current arrangements work well. Pre-release access is tightly controlled and there is no evidence that the system is being misused. One of the reasons that the ONS gave when it changed the practice was that the information is market sensitive, but there is no evidence that the system has been misused in Scotland. I am happy to be contradicted on that if anyone has any evidence to the contrary.

As those who have previously been ministers will know, pre-release access to data means that, when ministers are called upon to respond quickly to stats at the time of publication, they can do so in an informed way. It also allows time for appropriate briefing. There is no question of a minister being presented with a set of statistics and going back to the statistician and saying, “I don’t like this.” That just does not happen. It could not happen. I think that pre-release aids public understanding. However, the decision is taken by the chief statistician, so perhaps he will comment.

Roger Halliday: The key point is that the decision on who gets pre-release access to our economic statistics is mine. The principle that I

work to, and the reason why I believe that pre-release access is correct, is that when figures are released they must be of high quality and understandable by the users of those statistics. A level of pre-release access is important for good government and so that ministers can comment properly on figures when they come out. As Mr Brown said, access is tightly controlled and we have a very good record on ensuring that there are no breaches of trust.

11:00

It is right that the UK national statistician made the decision on stopping pre-release access for the ONS, but it is not necessarily straightforward that that approach should apply elsewhere. In recent months, I have witnessed a couple of situations when not having pre-release access has made things more difficult. For example, it is understandable that media outlets want to go with data immediately when it comes out. Before pre-release access ended, when we had access to the labour market statistics, Scottish Government statisticians prepared a summary of the Scottish figures that was published at the same time as the ONS published its data. The media outlets took that summary and ran with it. Since pre-release access was stopped, there have been cases in which media organisations have misinterpreted labour market statistics. What happens now is that we get access at 9.30 and turn the statistics around pretty quickly, but that is not instantaneous. Some stories have been put out that were not correct, because they were based on misinterpretation of the data; that is not very helpful for anybody concerned.

The other element is spotting mistakes. As consistently excellent as statisticians are across the organisation, we put out hundreds of statistical publications per year. Occasionally I have spotted things that were not right in the pre-release period and have been able to prompt a change in the figures so that they were correct when published. I brought a different perspective, because I was not directly involved in their production—that is very helpful for us to do.

Pre-release access is a helpful thing. The issue has been overplayed in this debate. There are much more important issues, such as ensuring trust in statistics; data handling to make sure that we treat people's data securely; setting a culture in which statisticians are independent of influence—I have talked about our code of practice and statistical legislation; having high-quality statistics; and being responsible for recruiting and developing statisticians. We have won the Royal Statistical Society prize for the best statistics in the UK today for our Scottish index of multiple

deprivation, which shows that we are delivering high-quality statistics here in Scotland.

The Convener: You disagree with the witnesses who gave evidence to this committee—and who are not involved in the Scottish Government—that there should be no pre-release access.

Roger Halliday: Yes, I disagree. The statistician who is in charge of a particular producer of statistics is ultimately responsible for them, and it is their decision.

The Convener: Surely that decision should be independently checked?

Roger Halliday: The UK Statistics Authority, which is our regulator, respects the decisions of the relevant heads of statistics in each producer across the UK. As Mr Brown said, the ONS is one organisation that produces economic statistics, but over the past month HMRC, the Department for International Trade and HM Treasury have published statistics about the UK and Scotland. HM Treasury's country and regional analysis of public expenditure had pre-release access to Scottish economics statistics. The ONS and the Bank of England are not necessarily typical of the arrangements for the UK.

Andy Wightman: On that point, will you confirm that the Pre-release Access to Official Statistics (Scotland) Order 2008 governs the pre-release of devolved statistics?

Roger Halliday: Indeed it does.

Andy Wightman: Therefore, it is in the gift of ministers to lodge amendments to that and for Parliament to approve them. It is not something that is in the gift of statisticians, as such, so it is not comparable to the ONS's decision. Is that correct?

Roger Halliday: It will be for ministers to make a change to that order. In the way in which it is currently set up, I am the person who is responsible for making the decisions on who gets access to statistics in the pre-release period.

Andy Wightman: So the situations are comparable to the extent that you have the same authority as the ONS.

Roger Halliday: That is right. If I wanted to change the situation, I could.

Andy Wightman: You have chosen to take a different view from the ONS.

Roger Halliday: Indeed.

Andy Wightman: Thank you for clarifying that.

Jackie Baillie (Dumbarton) (Lab): Most of my questions have been asked, but I still have a few. I want to go back to the pre-release of statistics.

Roger Halliday, in your letter you talk about having responsibility for “who” and “when” in relation to pre-release access. The issue might be my interpretation of your careful wording, but there is a principle about whether that should be the case. Is it your decision, or is it, as Andy Wightman suggested, something that ministers decide through legislation?

Roger Halliday: To be clear, the ability to change that legislation lies with ministers, but the delivery of the legislation leaves the power with me.

Jackie Baillie: That is a helpful clarification.

You refer to the UK Statistics Authority, which was interesting, because in its evidence it suggested that stopping pre-release would boost the integrity of Scottish statistics. Do you disagree?

Roger Halliday: I think that that suggestion is overplayed. The real drivers for the trustworthiness of the statistics are governed by ensuring that we have excellent statisticians—we do—and that we are very careful about the way in which we handle data. Any data loss is the biggest driver of reductions in trust.

Trustworthiness is also about the correct interpretation of statistics. One thing that our statisticians have been doing is work with media organisations in Scotland to build up their understanding and ability to use data when it comes out, so that they are able to present it in a balanced and correct way. Those things are much more significant than pre-release access.

Jackie Baillie: I would not expect those things to be mutually exclusive; you can do them all to ensure that the integrity of Scottish statistics is of a gold standard. The UK Statistics Authority was very complimentary about the statisticians. The argument is not about them, but about what happens in the interpretation of the information.

You mentioned the media. We are all very conscious of the role that the media plays in scrutinising Parliament and the Government. Did you mean to suggest that only ministers can interpret the data for media consumption? That was your defence of pre-release.

Roger Halliday: No. The example that I gave about the labour market statistics was that when our statisticians in the Scottish Government had pre-release access to those statistics 24 hours in advance, they would prepare a Scottish analysis of the data, which was then published alongside the ONS figures. That was used directly by the media in Scotland as the analysis and interpretation of those numbers. Now that the statisticians in the Scottish Government do not have access to the labour market numbers ahead

of their publication, that system has broken down a bit and I have had to work with media outlets to better present the data. That is a workaround, rather than an optimum solution.

Gary Gillespie: Can I come in?

Jackie Baillie: I will finish this question. Would you acknowledge that there is a difference between pre-release to ministers who, regardless of their political stripe, will put a political spin on things, and pre-release to statisticians?

Roger Halliday: Whichever voice we use to present the statistics, it is important that it is done in such a way that the person presenting the interpretation of the statistics understands the statistics and understands whether the evidence base around an issue has been changed. Whether it is ministers, our statisticians or other Government officials presenting the figures, it is important to have time to brief people and ensure that the figures are correctly interpreted and presented.

Jackie Baillie: However, ministers of any political stripe will want to put a positive spin on any set of statistics that comes out. It pains me to say it, but is it not the case therefore that the most balanced view on the data will come from the statisticians and not necessarily the politicians?

Keith Brown: The politicians do not compile either the interpretation or the figures themselves. We will put out a press release about the figures. Sometimes, Opposition politicians have their own slant on the figures, too.

Jackie Baillie: You acknowledge that you have a slant, too. That is the point that I am making and I thank you for confirming it.

Keith Brown: That is what we are putting out—our slant. The statisticians put together the figures and when the politicians get them, they make the interpretation. I will not mention any particular media outlets, but it is like when we politicians deal with polls. We have to compare like with like, which is not always clear from the bare data that comes from the ONS—it is a pretty convoluted set of information. We do not tell the statisticians what to put in the interpretation. Once the figures are in the public domain, we deal with them the same way that other parties deal with them.

Gary Gillespie: Jackie Baillie touched on pre-release to statisticians. I suppose that there are two elements. The statisticians produce a statistical bulletin, which is very dry and describes the data. Accompanying that, there will often be a Government news release, which factually provides the key data. There will also be a commentary from ministers. I suppose that Jackie Baillie’s point relates to that commentary.

Roger Halliday talked about the labour market data. A recommendation that the committee could make to the ONS about the labour market pre-release is that when the ONS publishes the data at 9.30, it could put out a statistical release for Scotland and give the key numbers. Roger Halliday's point, in essence, is that we get a database at 9.30 and, in the world of fast-moving media, people tweet figures. Those figures are picked up, and sometimes they can be incorrect. That service would be along the lines of what Jackie Baillie is suggesting—it would be a pre-release statistical version of that. That would probably help, and what you would get later is a ministerial or political interpretation of the figures.

Jackie Baillie: That was helpful.

We heard from a number of witnesses about the importance of the independence of official statistics. As I said earlier, they were complimentary about the integrity of the statisticians but acknowledged that perception is equally important. Do you think that the Scottish Government can be both the producer and user of economic statistics?

Keith Brown: Who would you like to answer that?

Jackie Baillie: Cabinet secretary, you have been quiet.

Keith Brown: For the reasons that I mentioned before, the independence is guaranteed. I think that Roger Halliday, Gary Gillespie or Sandy Stewart would be very vocal if we started shouting at them about the stats that they are producing. We have to deal with the facts as they come out, and the same would have been true when Jackie Baillie was in government.

I do not think that anybody involved, whether the ONS or anybody else, is questioning the independence of the statistics. That might not be true of everybody, but it is certainly true of those involved. If they were not independent, we would not be getting the accreditations—the kitemarks. The committee would not be receiving comments from other bodies saying that the Scottish Government's officials working in this area are independent and that the integrity of the figures can be relied upon. As I have acknowledged throughout the inquiry, we have to improve on the figures further, but I do not think that people are seriously questioning their integrity.

Jackie Baillie: Could I develop the point? Your 2013 white paper contained a proposal that Scotland would establish its own national statistics institute post independence. Given the significant powers of the Scottish Parliament now, why do you not set one up now?

11:15

Keith Brown: European law currently requires each member state to have an independent national statistics institute, and the ONS is the UK institute. Roger Halliday will know more about this. We have discussed at length the extent to which the ONS produces figures that we do not currently produce. If we were to replicate all that that office did, it would be expensive, and that would be in addition to what we contribute to the UK Treasury to fund its statistics. The chief statisticians of the devolved Administrations are independent of ministers. I do not deny that we should look to further improve our statistics and make them more comprehensive and relevant where we can, but we should not duplicate them. The outcome of the referendum, unfortunately, was that Scotland did not become independent, but we should not duplicate anything that is already done. That leaves an open question about what is best done at UK level and at Scottish level, as we have discussed, and even at local level. We will not duplicate, and pay twice for, the same information. We have to continue to grow the reputation of Scottish statistics while, at the same time, not least prompted by the establishment of the strategic board, making sure that they are as relevant and as comprehensive as possible. That seems to be the right way to go.

Jackie Baillie: I have a question for Mr Gillespie and Mr Halliday. There may sometimes be a perception that there is misuse of statistics, despite your reassurances that that has never happened. Are there issues for you professionally in producing economic statistics while, at the same time, having a responsibility to support ministers in their interpretation of those statistics in relation to the Scottish economy?

Gary Gillespie: I have no issues at all because production of the data is production of the data and the data are the data. As a user, I use the data to inform my analysis of or views on the economy. I am, therefore, completely removed from production of the data. Regarding Jackie Baillie's point about perception, there will always be different interpretations of economic data. For example, is unemployment falling a good thing? The answer depends on the type of jobs.

My key focus is on the statistics that we publish. This goes back to the issue of pre-releasing the statistical bulletin. If people accept that the numbers are the numbers, then there can be a debate about the interpretation. There is, which is quite healthy, a lively debate about the interpretation of economic data almost every day in Scotland. I would worry if people were saying that the data were not fit for purpose or were not robust, which relates to questions that were raised earlier about trade statistics, because that would

make it more difficult to be definitive about policy. The key issue is the quality of the data; interpretation is fair game.

Roger Halliday: I refer to Jackie Baillie's earlier question. We would be legally required to have a national statistics institute if we were part of the EU as an independent nation but, clearly, there is no such structural requirement at the moment. An independent statistical service for Scotland would detract from what we do. We have to balance the perception of independence and the relevance of what we do. Having economic statisticians working alongside economists who specialise in the Scottish economy creates synergies and helps to deepen our statisticians' understanding of the wider economic environment. It is always a challenge for national statistics institutes that operate outside of that environment to make sure that they are responsive and relevant, and moving with the times.

You asked about speaking out on statistics. As the chief statistician, I have engaged with a number of people and organisations whose use of our national statistics I have felt was not correct or appropriate. I prefer to start by dealing with those issues privately, but I make it clear that I will address them more publicly if inappropriate use of statistics is not a one-off event. However, that has not so far been necessary.

Jackie Baillie: Would not that be a role for the UK Statistics Authority?

Roger Halliday: We work collaboratively in that regard. There are times when the UKSA would want to comment, times when I want to deal with the matter, and times when both of us want to be involved.

Jackie Baillie: The cabinet secretary showed great dexterity in shoehorning an announcement about the south of Scotland enterprise board into an inquiry into data, so I would like to ask him two questions that flow from that. When is the board likely to get a legislative underpinning, and what additional resources will be put in place for it?

Keith Brown: As I think I said in my statement, we are aiming at 2020, and the legislative process towards that will start next year. There are other methods by which the board could be established, but we have chosen that route because, as Jackie Baillie might recall, the bulk of responses to the consultation that were carried out said that the organisation should have the same legal underpinning as Highlands and Islands Enterprise. In the meantime, we are establishing a partnership. There will be costs involved in the establishment of that partnership, but there will be great value in bringing together the people who will be involved in it. Jackie Baillie will be aware of the sectoral interests in the geographical area.

There will be the costs of running the interim partnership, the costs of the legislative process and the costs of the establishment of the agency itself. All those costs are, of course, subject to budget discussions.

I will just say, in relation to the last question, that I am glad that we all agree that independence is a good thing.

Jackie Baillie: Independence is a good thing in relation to statistics and freedom from ministerial interference, but not in relation to the country, cabinet secretary.

The Convener: That is a very large discussion; I do not think that will get into whether we agree or disagree on that point.

Andy Wightman: I have a couple of questions on the Scottish Fiscal Commission, which has given evidence to the committee. Obviously, it is a new body with important responsibilities. I confess that I was rather surprised that, although it had been approved as a researcher at the HMRC's datalab, its people have physically to travel to London to do the research. I am sure that, given the sensitivity of the data, those arrangements are deemed to be appropriate; it just seems strange that people have to do that.

The Scottish Fiscal Commission has to pay for data that it uses from the Civil Aviation Authority—I know that you are not responsible for the HMRC or the CAA—and from Registers of Scotland. Do you feel that it is appropriate that a Government body that has such important responsibilities should have to pay for important data from another Government body?

The Scottish Fiscal Commission drew to our attention the need for better data on price, earnings, GDP and public spending. Can you give us any reassurance that that need is being treated with some priority in the Government?

Keith Brown: Your second question is really for my colleague Derek Mackay, who works with the Scottish Fiscal Commission and the fiscal framework in relation to discussions on the budget.

Andy Wightman: The Scottish Fiscal Commission said that it wants better price, earnings, GDP and public spending data. Those are all economic data. I am seeking your assurance that you are aware of that need and will do everything in your power to ensure that the commission gets that data. I do not think that that is the responsibility of Derek Mackay.

Keith Brown: The Scottish Fiscal Commission is a body that Derek Mackay relates to through the budget process.

Throughout this meeting, I have covered the areas in which I think we have to improve economic data and to address gaps, and I have said where I think that can best be taken forward. However, as I said to Jackie Baillie, it is important that we respect the independence of the statisticians.

Of course we are aware of the issue that Andy Wightman raises, and we want to improve in such areas. However, I say again that that is best done on a cross-party basis, and in conjunction with the strategic board.

On the point about purchase of data from Registers of Scotland, I understand that it charges for data because it is run on a commercial basis and the charges are a key source of income. I also point out that Registers of Scotland is a non-ministerial department of the Scottish Government. We have to ensure that value for money is achieved across the piece. The question that you raise is one for the UK Government with regard to how it achieves that. However, you are factually correct to say that that information is purchased.

The Convener: I thank the cabinet secretary and his officials for attending. We now move into private session.

11:25

Meeting continued in private until 12:51.

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