

News story: ONS funding boost for measuring the new economy

The ONS will receive a funding boost of £9 million to develop cutting-edge methodologies for measuring how the UK economy is performing, the Chancellor announced today (11 April 2019). The new data will improve our understanding of the economy and ensure policy-makers can use new “super-fast” indicators to inform decisions that affect the whole country.

This new funding is part of our plan to build an economy fit for the future and will allow the ONS to:

- Implement the superior ‘double-deflation’ methodology of calculating GDP, improving how we measure costs, prices and production. This will bring the ONS in line with the best international standards, give us a more accurate picture of how the UK economy is performing, and provide better estimates of productivity and output across the economy.
- Develop a range of “super-fast” indicators of economic activity, utilising new big data sets to create a clearer view of how the economy is changing in real time.
- Train 500 fully qualified government data scientists by 2021 to support better policy-making and understanding of the economy – a ten-fold increase from 2017.

Today’s services-dominated digital economy is more complicated and fast-moving than the goods-based economy of the past.

Today’s funding will help the ONS keep pace with this changing economy, ensuring that UK statistics more accurately capture economic activity, which is crucial for government policy-making like tax and spending plans. It will also help train the next generation of data scientists, making sure we have the skills to better understand our data-rich economy.

This funding will ensure we’re modernising our data measurement alongside our wider investments to build an economy fit for the future, including investment in AI research, speeding up the rollout full-fibre broadband and making tax digital.

Chancellor of the Exchequer, Philip Hammond, said:

Our modern economy is constantly evolving so it is vital we have the data and tools to understand it.

Funding for new data scientists, improving our statistics and harnessing the power of big data will help us to quickly identify and address the challenges of the new economy and seize the opportunities that lie ahead.

John Pullinger, National Statistician said:

Recent investment in the ONS has driven some important new developments in the measurement of our rapidly evolving economy.

The continuing support of HM Treasury will enable the next stage in our transformation of the UK's key economic indicators.

Further information:

- The 'Double Deflation' method represents a fundamental change to the way GDP is calculated by implementing a new framework which more coherently brings together all the existing data used to calculate GDP and makes better use of data on price changes to improve the consistency between real and nominal estimates.
- In 2016 Professor Sir Charles Bean's independent review of UK economic statistics gave recommendations about how the ONS could adapt to the digital economy. This new funding will enable the ONS to continue implementing the Bean Review's recommendations and takes total government investment since 2016 to £25m. Since 2016 the ONS has:
 - established an Economic Statistics Centre of Excellence, bringing together academics and policymakers to deliver cutting edge research on how to measure the modern, digital economy;
 - established a Data Science Campus to harness the power of 'Big Data', including introducing a new regular publication of faster indicators of economic activity;
 - developed ONS's existing statistics, for instance as only the second major country to introduce monthly GDP estimates;
 - improved trade and productivity statistics, with substantially more granular data now available; and
 - boosted the ONS's analytical capability, including through a five-fold increase in number of economists in the ONS workforce to over 120.
- The government is also working to maximise the benefits new technologies can bring to our economy and society.
 - We've invested in next generation technologies in drug discovery, electric motors and the future of flight as well as a national retraining scheme and a centre for data ethics and innovation;
 - We commissioned the Furman review to examine how UK competition

rules could be updated for the digital age; and

- We have also launched the Business Productivity Review in partnership with BEIS to better understand how and why productivity varies across firms. The Review found that good management and technology adoption were the key drivers of the differences.