

Table 2:

<u>TAKEN FORWARD BY NA REENGINEERING PROJECT AND THE DEVELOPMENT OF A MONTHLY GDP</u>		
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For advice and information on the development of a Monthly GDP please contact Gareth James on Tel: 01633 819010 or e-mail gareth.james@ons.gov.uk		
1.2	<p>The long-run monthly and quarterly output indicator series should be made fully, rather than approximately, consistent with ONS's balanced estimates of GDP growth at constant prices.</p> <p>Priority: High - high complexity</p>	<p>Balancing is now included in the scope of the National Accounts Reengineering Project and the development of a Monthly GDP. A brief study on balancing was conducted for the STOIR and it was intended to meet this recommendation by the end of 2003. However, the National Accounts Reengineering project has since proposed methods of automated balancing and benchmarking which will surpass any of the methods previously considered. Therefore balancing will be introduced as part of reengineering.</p>
1.7	<p>Two issues raised by users were not followed-up in this review. They should be followed up later.</p> <p>The system of using revisions targets to measure ONS's performance; and, The national accounts revisions policy, and its links with the revisions policies for other statistics.</p> <p>Priority: Medium - medium complexity</p>	<p>A Revisions Policy is being considered as part of National Accounts Reengineering.</p> <p>Consideration has been given to measure ONS's performance using revisions targets. However will not be implemented at this time.</p>

<p>2.1</p>	<p>The steps currently taken to control against drift (changes in the ratio of value added to gross output) should be extended to cover the IoP, by bringing it within the national accounts balancing system. In addition, within the current national accounts balancing system, GDPO should be fully aligned with the agreed GDP estimates - the residual discrepancy that exists at the moment should be removed.</p> <p>Priority: High - high complexity</p>	<p>(See 1.2 above)</p>
<p>2.2</p>	<p>Work on developing constant-price input-output (KPIO) balances is progressing and the short-term output indicators should be benchmarked onto the KPIO balances, once the latter are agreed to be sufficiently good quality to be moved into the core of national accounts. The impact on the short-term output indicators should be an important consideration in any decision about when this step should be made.</p> <p>Priority: High - high complexity</p>	<p>(See 1.2 above)</p>
<p>4.1</p>	<p>The lagging of deflators to compensate for differences between time of order and time of delivery should be improved by:</p> <ul style="list-style-type: none"> estimating the smoothed distribution of the lag data; undertaking, subject to a feasibility study, the survey of these lags (the Timing and Pricing Survey) on a regular basis, so that inferences can be drawn about changes over time; checking that the shape of the stretched lag distribution is a good approximation of the actual distribution (needs at least two surveys' worth of TPS data). <p>Priority: High - high complexity</p>	<p>This recommendation will be taken forward as part of the development of a monthly GDP - (subject to funding of a Timing and Pricing Survey).</p>

4.3	<p>The ad hoc survey to gain information about inventory holding periods should be repeated to obtain current data and to provide us with information about changes over time; and, compared with the “average lag” calculation based on annual inquiry estimates.</p> <p>Further a decision on an appropriate method for the calculation of the inventory holding periods should be made, based on the idea that the survey will be updated periodically.</p> <p>Priority: High - high complexity</p>	<p>This recommendation will be taken forward as part of the development of a monthly GDP - (subject to funding of an Inventory Holding Period Survey).</p>
7.1	<p>The IoP (and, in principle, the agriculture and construction series) should be open to national accounts feedback and to balancing adjustment. This change would need to be made in consultation with users, and after careful consideration of the presentational issues caused by the release of balanced IoP estimates and non-balanced survey data. Adjustments should be applied at a low level of the published detailed industry components: for instance, in the case of the IoP at Input-Output group level. Planning should begin to implement this change to an early timetable.</p> <p>Priority: High - high complexity</p>	<p>(See 1.2 above)</p>
7.2	<p>The method for apportioning balancing adjustments across all the output components should be based on quarterly commodity flow analyses. To facilitate this, commodity flow analyses should be further developed to form the central tool for quarterly balancing decisions.</p> <p>Priority: High - high complexity</p>	<p>This recommendation will be taken forward by the National Accounts Reengineering Project through the development of a quarterly KP-IO.</p>
10.4	<p>The scope for using VAT tax paid and VAT purchases aggregates, as validation tools should be explored. In some cases it may be possible to use VAT purchases data in the short-term measurement of value added.</p> <p>Priority: Low - high complexity</p>	<p>This recommendation will be taken forward within the development of a monthly GDP.</p>

11.1	When the expenditure measures of output are reviewed, the accuracy of inventories estimates should be considered in relation to the accuracy required for their contribution to the STOIs. This to be done with a view to improving the allocation of resources among surveys. Priority: Medium - medium complexity	Inventory adjustments will be considered under the scope of the National Accounts Reengineering Project. However, expenditure inputs are covered within the ongoing IoS Industry Reviews.
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