

Respondent Information

Name/ Organisation

Professor David Heald

Would you be happy to be named as a respondent to the consultation?

Yes

Would you be happy for your response to be published alongside your name?

Yes

Would you be happy for your response to be published without your name?

Yes

Timing of publication

Q1: Do you agree with the proposal to bring forward the publication to August, and the associated methodology changes?

Yes

What further analysis or information could be used to judge the change ?

I support this advancing of publication date and the associated changes in methodology. The argument that the ensuing revisions will be modest is persuasively made. The quality of accompanying explanations is very important, not least in terms of avoiding confusion in the media as to which later data revisions are due to (a) methodological changes, (b) revised data, and (c) correction of errors made in the statistical production process.

Q2: Do you feel that publishing GERS in August could cause confusion with other financial information produced by the Scottish Government?

No

Comments

Government accounting, financial and economic information is inevitably complex. This places a great responsibility on government, particularly upon the associated professionals, to provide timely and authoritative explanations of each set of data and how they relate to each other. Since GERS was first published in 1992, there has been a much-speeded up data production process, in part due to information technology but also to greater commitment to timely reporting. The overriding consideration should be that each set of data are published as soon as they are available and have withstood the relevant quality checks.

There is another consideration but one which I would reject as a reason for delay, unless that would be minor. August is a holiday month and it is possible that (a) GERS would be published but attract minimal media attention, and/or (b) that the Scottish Government would be accused of burying bad news. I would have preferred GERS to be published while Parliament is sitting, as that would increase the likelihood of media and political discussion. However, the forthcoming return date is 5th September 2016, so on such a parliamentary timetable, August publication would not be during sitting.

Devolved revenue and expenditure reporting

Q3: What do users think about the proposal to include the additional analysis discussed above? Are there any other suggestions for the type of information that users would find useful?

The above discussion does not make an essential distinction. To the credit of staff of the Scottish Government, GERS is a long-running publication that is a national statistic. Over time, there have been significant improvements to methodology, data and presentation. The first two suggestions (sector accounts and analysis of devolved expenditure) are strongly supported as continuations of this practice of periodic review and improvement. GERS is a statistical publication, requiring authoritative sources, and that is what it should remain. Continuing questions about the constitutional status of Scotland will sustain its prominence. I would not use GERS for the other set of user needs which are hinted at in the text above. These fall into two categories. First, forecast data for expenditure, revenues and borrowing will receive more parliamentary and media attention as the provisions of the Scotland Act 2016 are implemented. Forecasts depend on models which are either under the control of the Scottish Government or of the Scottish Fiscal Commission. As controversies are likely – remember the disputes about future oil taxation revenues at the time of the 2014 referendum – I would keep such data away from GERS. The second set of required data relates to the implementation of the funding settlement which is policy-relevant administrative data. This has been an omission since 1999 but has now become more pressing because of the post-Smith Commission devolution of more taxation powers. The Treasury's failure to regularly update the Statement of Funding Policy has been disgraceful. Furthermore, the Treasury has pretended for more than a quarter of a century not to understand my requests to obtain the data on comparable expenditure in England that drive changes to the differentially-configured blocks of Scotland, Wales and Northern Ireland (Heald, 1994; Heald and McLeod, 2005). I have never been sure how much information is shared with the Governments/Executive and Parliament/Assemblies. However, there is clearly an informational advantage on the Treasury side that must be removed in the context of the Scotland Act 2016 settlement. Whenever there are fiscal events which affect the devolved blocks, all the relevant numbers should be immediately put into the public domain. I urge the Scottish Government to address this second issue as a matter of urgency, but advise that it should not be confused with the issues regarding GERS. Relevant material appears in my entry under 'Further Information'. David Heald (1994) 'Territorial public expenditure in the United Kingdom', *Public Administration*, Vol. 72(2), pp. 147-75. David Heald and Alasdair McLeod (2005) 'Embeddedness of UK devolution finance within the public expenditure system', *Regional Studies*, Vol. 39(4), pp. 495-518.

Further information on public sector finances

If you have any comments on the current financial information published by the Scottish Government, or what information you may like to be provided in the future, please provide them in the box below.

Without repeating what I have said in response to the three prescribed questions, I make the following points here: (1) I have received queries asking how to piece together data on Scottish local government finance, a topic I used to research, but I found that very difficult to do. Being able to cross-walk confidently between data sources is essential. Accordingly, the present data review should certainly take in the publication Scottish Local Government Financial Statistics. (2) Now that there will be more emphasis on how Scottish public expenditure is financed, the issue of gross versus net treatment should be addressed. On current expenditure, this concerns fees and charges and, on capital expenditure, the proceeds of asset sales. My strong preference is that gross data should always be available, even if that is not the main presentation. (3) There should be analyses of public expenditure by economic category, using the same classification as in Chapter 2 of Public Expenditure: Statistical Analyses (4) I commend the expression 'transparent reconciliation' (page 7 of the consultation document). It should be remembered that there are at least two main groups of users: the general user (eg elected politicians, media, members of the public); and specialist users such as the researchers who have contributed to the development of GERS through time. In main presentations I would give priority to the general user, on condition that the material required by specialist users is also available and safely archived (eg not consigned to ephemeral urls). Given the complexity of these data, the quality of the accompanying exposition is fundamental to accessibility, which is an essential feature of effective fiscal transparency (Heald, 2012, 2015). David Heald (2012) 'Why is transparency about public expenditure so elusive?', International Review of Administrative Sciences, Vol. 78(1), pp. 30-49. David Heald (2015) 'Surmounting Obstacles to Fiscal Transparency', Global Initiative for Fiscal Transparency, Washington DC, available at: <http://www.fiscaltransparency.net/resourcesfiles/files/20150702107.pdf>

Further comments

If you have any further comments on the methodology, commentary, or presentation of results in GERS, or any other comments, please enter them in the box below.

No further comments.