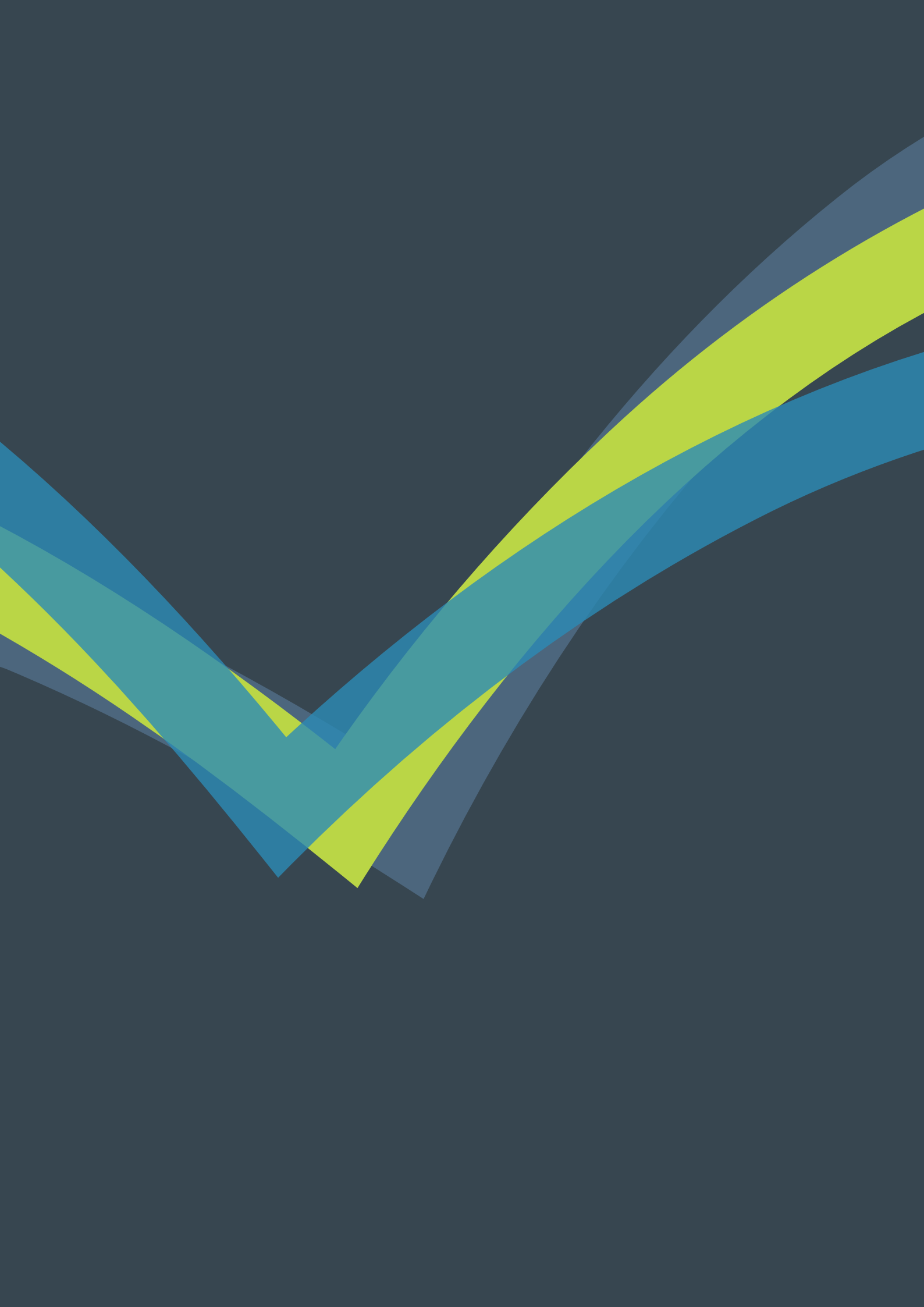


UK Statistics Authority

ANNUAL REPORT AND ACCOUNTS 2016/17

16/
17



UK Statistics Authority

ANNUAL REPORT AND ACCOUNTS 2016/17

Accounts presented to the House of Commons pursuant to section 6(4) of the *Government Resources and Accounts Act 2000*

Accounts presented to the House of Lords by Command of Her Majesty

Annual Report presented to Parliament pursuant to section 27(2) of the *Statistics and Registration Service Act 2007*

Annual Report presented to the Scottish Parliament pursuant to section 27(2) of the *Statistics and Registration Service Act 2007*

Annual Report presented to the National Assembly for Wales pursuant to section 27(2) of the *Statistics and Registration Service Act 2007*

Annual Report presented to the Northern Ireland Assembly pursuant to section 27(2) of the *Statistics and Registration Service Act 2007*

Ordered by the House of Commons to be printed 13 July 2017

HC 29
UKSA/2017/01

Note: UK Statistics Authority is referred to as 'the Statistics Board' in the *Statistics and Registration Service Act 2007*

This is part of a series of departmental publications which, along with the Main Estimates 2016/17 and the document *Public Expenditure: Statistical Analyses 2013*, present the Government's outturn for 2016/17 and planned expenditure for 2016/17.



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Print ISBN 9781474143073

Web ISBN 9781474143080

ID 07041702 06/17

Printed on paper containing 75% recycled fibre content minimum.

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office.

UK Statistics Authority

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The UK Statistics Authority is an independent body operating at arm's length from government as a non-ministerial department. It was established on 1 April 2008 by the *Statistics and Registration Service Act 2007* and reports directly to Parliament and the devolved legislatures.

The Authority's statutory objective is to promote and safeguard the production and publication of official statistics that serve the public good.

Chapter 1

Chair's Foreword, Chief Executive's Report
and about the UK Statistics Authority



Sir Andrew Dilnot CBE

1.1 CHAIR'S FOREWORD

This is the ninth Annual Report of the UK Statistics Authority since it was established on 1 April 2008 by the Statistics and Registration Service Act 2007.

This will be the final annual report and accounts of my five year term as Chair, which comes to an end on 31 March 2017. The need for better and more accurate data is as great as ever. Since the publication of the five year strategy for the UK Statistical System, Better Statistics, Better Decisions, significant progress has been made towards ensuring that official statistics, analysis and advice enable and inform decisions.

We welcome the provisions in the Digital Economy Act 2017 which update and clarify the statutory framework to provide a clear legal gateway to access the sources of data we need to support the transformation of UK statistics.

As the UK's national statistical institute we found that the previous legal and procedural arrangements for access to sources of data already held within Government were cumbersome and time-consuming. They restricted efforts to transform how we collect, analyse and publish aggregate statistics to support better decision-making, often leading to continued reliance on traditional survey sources which are costly and place

burdens on respondents. The benefits and opportunities that the statistics provisions in the Digital Economy Act provide are considerable and should enable us to draw on new sources of data to support the production of better statistics for the public good.

The UK Statistics Authority continues to develop its networks, building links and engaging with individuals and organisations to innovate and provide insight. In February 2017, we hosted the inaugural International Economic Statistics Conference in Newport, South Wales. This event saw leading economists, academics, statisticians and commentators explore developments in economic statistics. The newly launched Economic Statistics Centre of Excellence and a strengthened presence of economists in London will help further develop our economic insight and user engagement. In March 2017 the Data Science Campus was officially launched to help explore the growth and availability of innovative data sources and the story they tell us about the nation that we live in.

The next decennial census will take place in 2021 and preparations are well underway to deliver an online census and make greater use of administrative data. By March 2017 preparations had been completed for a census test to take place across seven local authorities to test new

questions and new systems and services. This test and subsequent work will help us run a successful Census in 2021.

In November 2016 the UKSA Board implemented a series of changes to create a more clearly separate identity for its regulatory function, now known as the Office for Statistics Regulation. The Office for Statistics Regulation [OSR] continues to assess the quality of official statistics and seeks to enhance public confidence in the trustworthiness, quality and value of statistics. In the past year the OSR has looked into the health statistics landscape, education statistics and the quality assurance of administrative data.

The Authority continues to advocate the highest standards of integrity in the production and use of official statistics that serve the public good. We continue to speak out against the misuse of official statistics transparently, to ensure that decision makers have access to the highest quality data. In 2016 a number of concerns about the use of statistics were raised with the UK Statistics Authority, particularly surrounding the EU referendum in June.

In 2014 the UK Statistics Authority commissioned research to investigate levels of trust in official statistics. That research was repeated in 2016, and in February 2017 the Public Confidence in Official Statistics Survey was published. The new survey results indicate that the encouraging levels of public trust in ONS and Official Statistics found in 2014 have been sustained in 2016. Potential for misuse and distrust of statistics does still remain.

The Authority continues to value its relationship with and independent reporting to Parliament and the devolved administrations. We have worked closely

with the Public Administration and Constitutional Affairs Select Committee over the past year and I have in my time as Chair valued their support and encouragement as the Authority works to safeguard and promote the production and publication of official statistics.

I would like to offer my heartfelt thanks to my colleagues of the UK Statistics Authority Board who have been fully committed to the success of the UK Statistics System. I have valued the advice and support of the Board enormously. I have also been delighted to welcome both Nora Nanayakkara and Sian Baldwin to the Board in the last year.

I wish the incoming Chair and the Authority Board all the best in continuing to deliver the Authority's statutory objective of promoting and safeguarding official statistics that serve the public good.



Sir Andrew Dilnot
Chair, UK Statistics Authority
March 2017



Sir David Norgrove

1.2 CHAIR'S FOREWORD

This report covers the work of the Authority before I took up office on 1 April 2017. I would like most warmly to thank my predecessor, Sir Andrew Dilnot, for his work in promoting the use of evidence and statistics in decision-making, and for the way in which he spoke out against the misuse of statistics.

Well founded data and analysis are more important than ever, and I look forward to building on the Authority's strong record in promoting and safeguarding UK official statistics, to serve the public good.

A handwritten signature in black ink that reads "David Norgrove". The signature is written in a cursive, slightly stylized font.

David Norgrove
Chair, UK Statistics Authority
4 July 2017



John Pullinger

1.3 CHIEF EXECUTIVE'S REPORT

This year has been a challenging one for those of us working in official statistics. Numbers were very much in the news in the run up to the EU referendum and since. Examples of bad use of numbers and misrepresentation of statistics can cast a shadow over the validity and integrity of evidence. However, information that can be accepted and used with confidence is essential to good decision making by governments, businesses and individuals. The challenges of 2016-17 have been a reminder of the significance of the role we play in public life.

It has been a key delivery year of the Better Statistics, Better Decisions Strategy when we have begun to see radical changes take hold, enabling us progressively to mobilise the power of data to help Britain make better decisions. At this stage of our transformation it has also been a year of high risk as we transition to our new operating model. I have been grateful to our audit and risk functions for their rigour, especially in highlighting weaknesses. The limited assurance given this year provides a strong spur to improve risk awareness and management control.

We continue to hold the 5 perspectives of our strategy in focus, and they provide a useful framework through which to assess our progress.

Helpful

Statistics play a central and vital role in the functioning of a democratic society, serving those in power and those seeking to hold the powerful to account. The new ONS website has enabled much easier access to statistics by the public. ONS has had a busy year supporting parliamentarians answering 223 questions in the Westminster Parliament. We have signed a concordat with the devolved administrations which provides an agreed framework for cooperation in official statistics across the UK. More generally, the Government Statistical Service has continued to develop relationships with decision makers in government, including the Bank of England, Cabinet Office, HM Treasury, Office for Budget Responsibility and many others at national and local levels, notably the new Departments for Exiting the European Union and Department of Trade.

Professional

The most recent Public Confidence in Official Statistics survey found official statistics in the UK command a high level of respect with 90 per cent of those able

to give an opinion saying they trust ONS (even though only 26 per cent agreed that Government presents official figures honestly and only 18 per cent agreed that newspapers do so). The Office of National Statistics released 658 pre-announced publications during the year (including during election campaigns) – 99 per cent of these came out on time (up from 97 per cent last year) with 99.8 per cent free from major errors (up from 99.7 per cent). There were no notifiable breaches of the Data Protection Act reported to the Information Commissioner.

Innovative

Major transformation programmes within ONS have stepped up the pace this year underpinned by a major refresh of our ability to innovate with technology. The Census Transformation Programme, Data Collection Transformation Programme and Economic Statistics Transformation Programme have all delivered on challenging milestones, which bodes well for further improvement to outputs in 2017-18. At the same time the GSS outside ONS has also seen major innovations such as the Longitudinal Education Outcomes system created in the Department for Education.

Efficient

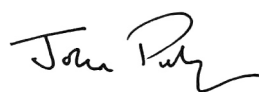
ONS is on track to meet a 19 per cent target for efficiency savings over the period of the current Spending Review period. During the year we have made good progress in making savings in the areas of data collection and turning off expensive legacy systems. These areas will continue to be important in future although the drive for efficiency is consistent across all parts of the system.

Capable

The Data Science Campus opened in March 2017 and will expand our capability in this rapidly expanding area of opportunity. We are investing in skills at all levels through our Learning Academy and initiatives such as our data analytics apprenticeships programme. The establishment of the Economic Statistics Centre of Excellence is another important way in which we are expanding capability, which also signals a broader commitment to partnerships with organisations outside the official statistics system. The legal framework is a further major element of our capability. The Digital Economy Bill which went through its parliamentary stages during the year heralds further significant opportunities in the year ahead.

My priorities for the year continue to be in economic statistics, contributing to public policy and building data capability. We must continue to transform to succeed. We must be joined up more than ever before, not just across the GSS but amongst all analytical professions.

With the availability of data increasing rapidly, perhaps our real challenge is to take our statistics off the page and find ways to listen and connect with those people who feel our numbers do not help explain the world around them. For us in official statistics, as well as the wider statistical world, that means our mission has to shift fundamentally, from being mere producers of numbers to providers of an essential public service. That way we can realise the potential that now exists to help us all make better decisions.



John Pullinger CB CStat
National Statistician
UK Statistics Authority
4 July 2017



Chapter 2

Performance Report

PURPOSES AND ACTIVITY

Statutory Framework

The UK Statistics Authority (the Authority) was established under the Statistics and Registration Service Act 2007 (the Act) and on 1 April 2008 formally assumed its powers. The Authority is an independent statutory body. It operates at arm's length from government as a non-ministerial department and reports directly to the UK Parliament, the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly.

The work of the Authority is further defined under the secondary legislation made under the Act by the UK Parliament or devolved legislatures.

Statutory Objective

The Authority has a statutory objective of promoting and safeguarding the production and publication of official statistics that 'serve the public good'. The public good includes:

- Informing the public about social and economic matters;
- Assisting in the development and evaluation of public policy; and
- Regulating quality and publicly challenging the misuse of statistics.

Official statistics are for the benefit of society and the economy as a whole;

not only in government policy-making and the evaluation of government performance, but also informing the direction of economic and commercial activities. Statistics provide valuable data and evidence for analysts, researchers, public and voluntary bodies, enabling the public to hold to account all organisations that spend public money, and informing wider public debate. The Authority wants to see official statistics enabling sound policy decisions, and providing a firm evidence base for decision-making both inside and outside of government.

Better Statistics, Better Decisions

On 29 October 2014 the Authority published its strategy for the UK official statistics system for the five years 2015 to 2020. The strategy can be found in full on the Authority's website:

www.statisticsauthority.gov.uk

The Collective mission of our official statistics system is:

High quality statistics, analysis and advice to help Britain make better decisions.

Functions

The Authority's strategy covers the three principle elements of the UK official statistical system for which the Authority

has oversight. The Authority provides professional oversight of the Government Statistical Service (GSS), and has exclusive responsibility for the Office for National Statistics (ONS) and independent regulation.

The Government Statistical Service (GSS)

The GSS is a cross-government network, spread across a range of public bodies, including components of the devolved administrations and UK government departments. Led by the National Statistician, it includes statisticians, researchers, economists, analysts, operational delivery staff, IT specialists, and other supporting roles. The GSS community works together to provide the statistical evidence base required by decision-makers, publishing around 2,000 sets of statistics each year, and providing professional advice and analysis. ONS has an important role at the heart of the GSS, providing guidance, support, standards and training.

The Office for National Statistics (ONS)

ONS is the executive office of the UK Statistics Authority. It is the UK's National Statistical Institute and largest producer of official statistics. ONS produces statistics on a range of key economic, social and demographic topics. Key services include measuring changes in the value of the UK economy (GDP), estimating the size, geographic distribution and characteristics of the population (including statistics from the Census), and providing indicators of price inflation, employment, earnings, crime and migration.

Independent Regulation

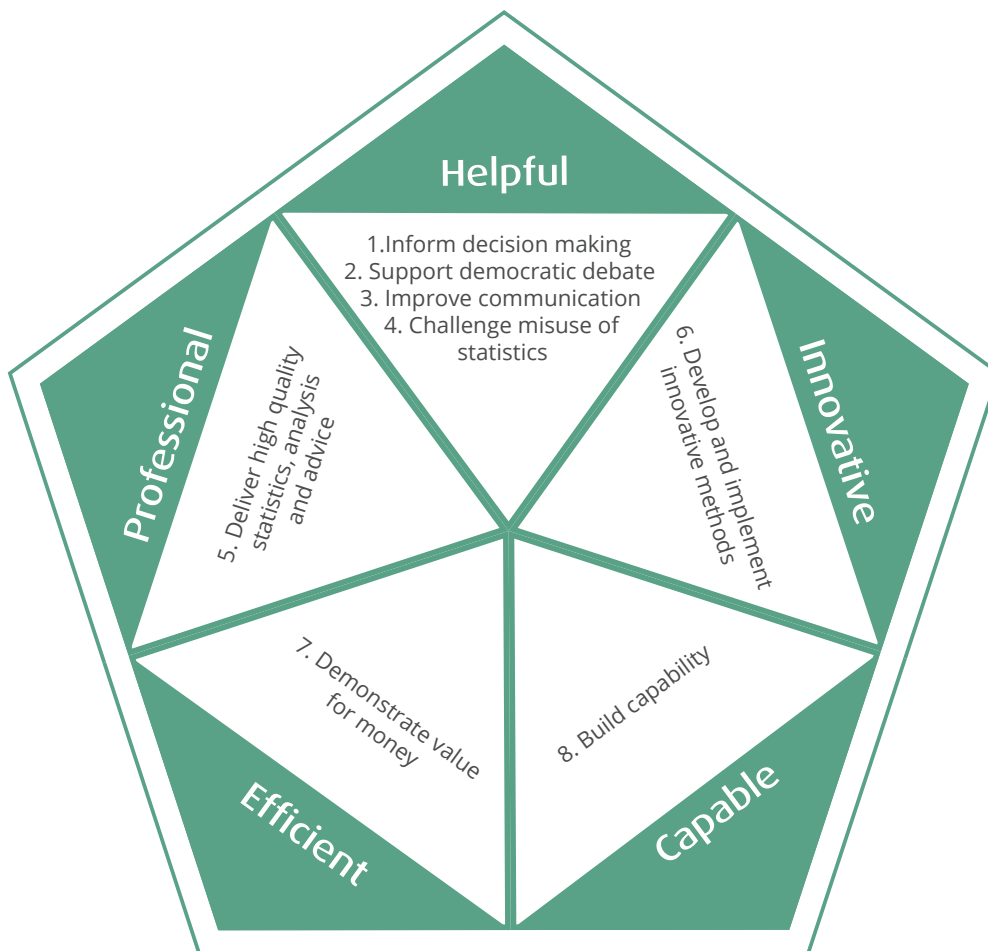
The Authority's independent regulatory function, based in offices in England, Scotland and Wales, ensures that statistics are produced and disseminated in the public interest. It acts as a guardian of the integrity of the statistical system, watchdog against abuse, and advocate of the highest standards. It does so by assessing official statistics for compliance with the Code of Practice for Official Statistics, monitoring and reporting publicly on statistical issues, and challenging the misuse of statistics. The legislation requires strict separation of the functions of production and regulation, where those involved in the production of statistics are not involved in the assessment of statistics against the Code. The Director General for Regulation, reporting directly to the Chair of the Authority:

- draws attention to claims that are not supported by the statistics; and
- recommends whether the National Statistics quality mark can be awarded to statistics.

The Office for Statistical Regulation prepare a separate annual performance report.

STRATEGIC OBJECTIVES

To achieve its mission, over five years the Authority will focus on five perspectives: a **helpful, professional, innovative, efficient** and **capable** statistical service will, we believe, serve the public good and help our nation make better decisions. These perspectives describe the way the Authority will work with others to provide a quality service, be innovative, deliver in a cost effective way and ensure the capability of the statistical community is optimised. Building stronger relationships will enable the Authority to be more helpful and intuitive in responding to the needs of stakeholders. To explain how we intend to deliver within each perspective, we have identified eight strategic objectives. These are depicted in the model below.



PURPOSE OF THIS REPORT

The Authority attaches particular importance to its direct reporting and overall accountability to the UK Parliament and devolved legislatures. The 2007 Act requires that the Authority produces a report annually to Parliament and the devolved legislatures on what it has done during the year, what it has found during the year and what it intends to do during the next financial year. This report fulfils that responsibility.

PERFORMANCE SUMMARY

This section of the Annual Report includes the key headlines from this year alongside Key Performance Indicators, a summary of the work which has been undertaken during 2016/17, challenges faced, and the key risks and issues in these areas (the latter is also covered through our Governance Statement).

Work to deliver our strategy spans the breadth of the Government Statistical Service (GSS) and it would not be possible to capture all activity in one short report. We have chosen to focus on the most significant areas. The work of the ONS utilises the majority of the Authority's direct resources hence the focus of this report is largely on ONS.

The Authority publishes a medium term business plan (www.statisticsauthority.gov.uk/about-the-authority/strategy-and-business-plan) which is revised and updated on an annual basis. The business plan sets the performance metrics and key outcomes and activities.

The business plan published in 2016 set our ambitious programme of transformation towards delivery of the 'Better Statistics, Better Decisions' strategy.

To measure performance throughout the year, a monthly performance report is produced for the UK Statistics Authority Board and National Statistics Executive Group. This provides information on progress towards meeting the business plan, including performance metrics, activities, management information and risks.

The Authority's independent regulatory function is independent from the production of official statistics, with autonomy over all regulatory decisions,

separate governance through the Regulation Committee of the Board, and separate determination of resourcing and business planning.



3384

national news stories
generated by ONS and
its statistical outputs



658

statistical releases
from ONS in 2016/17



RPI GDP
CPI

RPI, CPI and GDP
the most searched
for ONS statistics



99%

of releases free
from any errors



640

Parliamentary Questions
and FOI requests answered



1.5m

survey responses
processed by ONS



£54m

efficiency savings



24,553

first official ONS online
data collection
responses received



13bn

administrative data
records available
for ONS use



6%

increase in
staff engagement



30

new apprentices
started in ONS



100

new analysts
recruited to ONS

Key Performance Indicators

The Authority's Business Plan includes a number of Performance Metrics through which we monitor performance. Our performance against these indicators is summarised in the table below. It is important to note our targets are always used to stretch performance.

Indicator	Target	2016/17 Performance	Comments	HELPFUL
Proportion of customers satisfied with ONS performance	N/A – changed methodology to reach more customers.	87%	Customer satisfaction is high and statistics, analysis and research from ONS continues to be fundamental to decision making across sectors.	
Public Confidence in Official Statistics	>81%	90%	Our survey, carried out by the National Centre for Social Research, shows public confidence in official statistics is very high, reflecting the independence and quality of our work. This is important to us as we seek to inform debate for the public good.	
Proportion of customers who feel ONS outputs are trustworthy	N/A	88%	Our users see ONS outputs as trustworthy and unbiased, we will continue to ensure trust remains at the core of our organisation.	
ONS online end user satisfaction	70%	40%	We were disappointed with performance against this measure. This year ONS launched a new website and we expected challenges for users to get used to the new platform. We are continuing to improve the site to ensure it meets the needs of users and expect a significant increase in satisfaction from delivering the enhancements identified on the DST roadmap for the year 2017/18.	PROFESSIONAL
Indicator	Target	2016/17 Performance	Comments	
Proportion of statistical releases free from major errors (ONS)	100%	99.8%	This year we only saw one significant error in ONS statistics – a correction to the UK balance of payments in December 2016.	
Major statistical series not designated 'National Statistics'	Re-designation of 3 major series	0	We were aiming to re-designate Crime statistics, Statistics on UK Trade, and CPIH. Whilst ONS made improvements to these series additional work is required to achieve re-designation in 2017.	
Releases within 0930 deadline	100%	98.6%	We are satisfied with performance against this measure. Whilst we will always strive for 100%, a small number of issues are likely. (10 releases fell outside the deadline in 2016/17). Performance has increased markedly compared to previous years.	
Business surveys meeting response rate targets	90%	92%	Proportion of customers satisfied with ONS performance	
Labour force survey response rate.	57%	55%	Like other statistical offices across the world, we struggle to maintain response rates for voluntary social surveys. This increases the importance, as we state in our strategy, of moving towards greater use of alternative data.	
Significant data breaches or losses	0	0	Data security is of fundamental importance to us. We are pleased to see during a period of increasing threat we did not experience any major issues in this area.	

Indicator	Target	2016/17 Performance	Comments	INNOVATIVE
Deliver significant progress towards modernising ONS	Deliver all activities and milestones as outlined.	Good progress.	Covered in the body of this annual report, progress towards ONS transformation has been positive but not without challenges.	
Proportion of business surveys available Online	100% by 2019	Progress made – see comments.	Several business surveys have transitioned online during 2016/17. Competing priorities mean there will be some delay to all surveys being fully online in 2019.	INNOVATIVE

Indicator	Target	2016/17 Performance	Comments	EFFICIENT
Deliver our business while achieving annual efficiency savings	19% real terms reduction to core funding in 2020	£5.4m efficiency savings in 2016/17 (7.8%)	We are on track to deliver our efficiency target by 2020.	
Achieve set income target	£30m	£29.5m	We have seen a slight shortfall against our income target due to our decision to focus resources on ONS transformation above income generation.	EFFICIENT
The number of staff days lost per person across the Authority Estimated respondent time and cost for completing ONS business surveys	<8	8.1	The level of staff absence due to sickness remains above our target and the civil service average, which is of concern. However, we have seen some reductions due to targeted action and expect to continue to reduce.	
Benefits from Lean Six Sigma Projects	£1m	£614K	We set a stretching target of £1m savings through specific Lean Six Sigma improvement projects. Whilst we fell short of this target in 2016/17 we did achieve some significant benefits which allowed us to meet our annual efficiency target. Taking account of more informal lean projects would exceed the target.	EFFICIENT

Indicator	Target	2016/17 Performance	Comments	CAPABLE
Level of staff engagement (Authority)	65%	60%	The level of staff engagement increased significantly (from 54% in 2015). However, we continue to stretch ourselves to improve engagement to a level comparable to the most high performing organisations.	
Proportion of ONS systems and processes that are resilient	90%	85.5%	We have increased the resilience of our systems by 1% from the previous year and our digital and technology transformation plans are on course to improve this position significantly by the end of 2017/18.	CAPABLE
Share of the ONS workforce who are members of the four Government analytical professions	28% by end 2019/20	21%	We have increased the proportion of analytical staff by 2%, this is on track to meet our target of 28% of the workforce in April 2020.	

BETTER STATISTICS, BETTER DECISIONS: RAMPING UP THE DELIVERY PHASE

Early in 2016 the final report of the 'Bean Review' into economic statistics and the publication of our ambitious Business Plan gave us clarity about the years ahead. We entered this year with confidence and focus on delivering a fundamental transformation of our products, services, systems and capability, particularly through ONS as the Authority's Executive Office and the largest producer of UK official statistics. We moved decisively into the delivery phase of our strategy as we were able to mobilise the funds made available to us in the Spending Review for transformation.

Over the course of the year, ONS publishes hundreds of sets of statistics as well as analysis and research on the key issues facing the country. We know these outputs are used across the nation to inform decision making and to help people understand the world around them. The nature of the economy and society today mean our work is more important than ever before. Therefore the quality of our products and services, and our ability to meet the expectations of our customers, is absolutely central to us.

Our Key Performance Indicators show how we have continued to meet the highest quality standards and address the needs of customers, although also acknowledging we still have room for improvement. Some specific achievements include:

- Through incorporating fraud and cyber crime into our crime statistics we are able to tell a more comprehensive story about crime in the modern age, allowing policy users to better inform decisions.
- By altering the way we publish we have provided for a more thematic understanding of the UK's economy and society, rather than an uncoordinated release of outputs.
- By putting all of the systems and processes in place for the 2017 Census Test we put ourselves in a strong position to deliver a modern census in 2021, to answer some of the key questions of the day in an innovative way.
- Through a richer engagement with decision makers on the most important economic and social issues we are seeing a stronger role in public policy; we are more flexible to demands and have provided insight on challenging areas like statistics on domestic violence, and local area estimates of income.
- Detailed consultation has allowed us to begin to re-design migration statistics to meet the needs of users, working closely with partners to create linked data sets on migration and use alternative data sources.
- A step change in the measurement and understanding of 'productivity' within the UK economy led to our publication of a single quarterly productivity release in 2016.

As we are an organisation which is underpinned by technology, improvements to outputs are only possible if we transform our underlying architecture. Our ambitious digital and technology transformation gathered pace during the course of this year. This programme will transform the ONS technology estate, driving improvements to our outputs, driving down costs, and ensuring resilience.

One area where technology supports business change is through developing effective, efficient and secure tools for online data collection. This is a major priority and has the potential for significant benefits through improving the efficiency of statistical production and relieving burden on respondents. Several key business surveys transitioned to on-line data collection this year, including the Retail Sales Inquiry, the Monthly Wages and Salaries Survey, and the Monthly Business Survey.

Our transformation is not just a technical one; we must also focus on our people to ensure we have the capability to bring maximum value to our users. Resolution of long running problems with pay was a significant milestone this year and we are developing our reward structure to enable us to retain and recruit skilled staff in a competitive market. We have also taken new approaches to growing skills. We established an ONS Learning Academy to ensure we have the capability we need to be fit for the future. The increased use of apprentices has also been a great opportunity for us and we have recruited apprentices across many areas, as well as developing our own Data Analytics Apprenticeship Scheme.

Unlocking the Power of Data

The transformation of official statistics, analysis and research is contingent upon the increased use of rich data sets to replace or enhance data collected through a more traditional survey approach. Data is now available from previously unimaginable sources and we seek to make sense of the data for the public good.

In May 2016 the Queen's Speech announced the Digital Economy Bill. This received Royal Assent in April 2017 and

became the Digital Economy Act. The Act will enable much better use of data and clear assurance for the public on how it is being used. There is significant scope for public benefit from the better use of data, which could put the UK in a leading position internationally. At the same time we must reassure the public and businesses their data will be used legally, ethically, and safely.

As a first step towards the greater use of new data sources we hope to use VAT data from HMRC to supplement survey data in the production of short-term economic indicators. Our work in this area has surfaced a tension between the desire to press ahead with the use of new data sources and the desire to make our new systems and processes strategically focussed and sustainable rather than tactical.

We have focussed on preparing ourselves for making greater use of commercial and administrative data sources. This has included a fundamental review of our data policies and standards, growing our capability to understand the data we have and how it can and can't be used, and building strong and mutually beneficial relationships with potential suppliers of data. Progress has been made in year but this remains an ongoing goal.

The Science behind the Data

Making the best use of data and also assuring public confidence will be a big area of focus for 2017 and beyond. The Data Science Campus opened its doors in Newport in 2016/17 to explore how new data sources, and techniques such as machine learning and natural language parsing, can improve our understanding of the UK's economy, communities and people.

The Campus' set-up phase is gathering pace and marks a big milestone for ONS in stepping-up on our data science capability. The first Data Science Campus outputs will deliver by August 2017, with further projects completed by March 2018. These projects will explore all five key campus themes: urban future; society; sustainability; evolving economy; and UK in a global context. Improvements we are making are designed to help policymakers, businesses and the public to make better decisions.

Measuring the Modern Economy

We said from the outset of our strategy that economic statistics is our number one priority. Consumer prices, the labour market and trade are just some areas where we have made progress this year.

To help us deliver in this field we established the Economic Statistics Centre of Excellence (ESCoE) as a partnership with a consortium of academic institutions. Through collaboration with world leading experts we will have the capacity for fundamental methodological and conceptual work in the sphere of economic statistics. Under the banner of ESCoE the 'International Conference on Economic Statistics' was held at the Celtic Manor Resort on the 21-22 February 2017, with 200 delegates attending the event from across the national and international wider economics community. Our Economic Forum has also helped engage users in key issues around the economy and we have held events in Cardiff, Birmingham, Belfast, York, Manchester and Edinburgh.

Our work to enhance statistics on trade, construction and the service economy has been a key focus and we will see tangible

improvements across these areas in 2017. We also continue with our ambitions to provide enhanced financial accounts with the availability of full counterparty information – the 'flow of funds' within the economy. Flow of fund matrices are now published as experimental statistics on an annual basis and work in this area will increase in 2017.

In 2016 we continued to develop our measures of consumer price inflation following a consultation in 2015. These improvements included working to regain the National Statistics status for the CPIH and developing new approaches to understand changes in costs as experienced by different household groups. This work has continued into 2017.

Increasing value for money

The Authority must be able to demonstrate the value of its role, add sufficient value proportionate to its costs and have the resources and capability to be able to safeguard the comprehensiveness and coherence of official statistics across government.

We are on course to deliver a real terms reduction of 19 per cent by 2020 through increasing the productivity of our core business and focussing on the 'digital dividend' through initiatives such as online data collection and the use of administrative data. These benefits will largely be seen in future years as we complete our transformation and have been included within our future years' budget profiles and Spending Review 2015 bids. Our focus in 2016/17 has been on efficiency and the continuous improvement of our processes. Through this effort we have been able to release £5.4 million in efficiency savings and are on track towards our 2020 target.

Preparing for the UK's Exit from the European Union

The run up to the Referendum on the UK's membership of the EU led to increased interest and scrutiny of our statistics, particularly with regard to migration and the economy. Our legal and policy arrangements enabled the production and publication of statistics to continue.

Following the referendum result, the Authority is making preparations for the exit from the EU, both in terms of the statistics ONS produces and in terms of our relationships with colleagues across the world. This is expected to be a key part of the organisation's activity over the next few years.

There is more to be done

While there have been some important successes this year, there is still much to do at this mid-point stage in our strategy. We need to challenge and support our teams under pressure to reform, transform and deliver.

Some difficulties we have faced are highlighted through the report against our key performance indicators. There have been some failures to hit our release time targets, difficulties sustaining response rates, and the pace of data collection transformation has been slower than planned in some areas. Our Governance Statement also highlights some areas of internal control where we need to improve to ensure our organisation has the highest levels of resilience. These control challenges will be a focus of our efforts in the months ahead.

The transformation we are undertaking is significant and difficult, we would never expect everything to go to plan, and if it

did we would question our ambition. We remain confident that, overall, we are on track.

A coherent system of UK Official Statistics

We are increasingly seeing ONS as an important part of the wider Government Statistical Service (GSS). This year the producers of official statistics demonstrated the breadth and depth of the work that is taking place. The GSS is invaluable to policy makers, decision makers and the public in terms of understanding changes in UK society.

Another focus for me as National Statistician is on supporting a statistical system which works together to deliver a coherent evidence base. Andrew Garrett's review of Methodology highlighted one way ONS can provide services for wider government benefit which we have already started to build upon.

This year we have also seen the GSS engage in the wider data landscape across government, working closely with the Government Digital Service and many other colleagues and building a stronger analytical community to ensure the UK has the skills and tools required to mobilise the power of data.

Looking ahead

Our business plan sets out our plans for the years ahead as we deliver the five dimensions of the Better Statistics, Better Decisions strategy, Helpful, Professional, Innovative, Efficient and Capable. The main highlights from our plan are as follows:

- Progressive improvements to the measurement of the modern economy so that by 2020, especially in the areas

of productivity, financial flows, prices and trade, we will be providing the statistics and data decision makers need.

- Radically improved connections between the statistical services delivered and the policy questions facing the nation at UK level, at the levels of the nations of the UK, regions and cities. This will include producing statistics to better capture levels of migration, and other key policy areas.
- A transformed approach to the collection and gathering of data to support statistical activities with all business surveys online, new approaches to social survey collection and dramatically increased use of administrative and new data sources.
- Preparation well in hand for the 2021 census with the most ambitious target in the world for online collection, a rehearsal in 2019, and a well developed complementary approach to gathering census data from administrative sources.
- Transformed digital, technology and methodology services across all parts of the value chain including systematic upgrading of the user experience for statistics and data, efficient, innovative and secure platforms for data processing and simpler and cheaper ways for data to be collected and verified. Building solutions once and leveraging our assets through re-use.
- A transformed workforce with a strong emphasis on adaptive learning and a major strengthening of capability in economics, statistics and data science.
- Building on the establishment of the Economic Statistics Centre of Excellence and the Data Science Campus at our Newport headquarters.

OTHER CORPORATE INFORMATION

Sustainability

The Greening Government Commitments have challenged us to reduce the environmental impact of our estate and operations. This section of the Annual Report and Accounts presents progress against targets for Sustainable Development. We have made significant progress towards the overall target to reduce carbon production and have already achieved the target for reducing waste.

Summary

Area	Baseline 2009/10	Target 2019/20	Target reduction	Actual 2015/16	Actual 2016/17
Carbon (tonnes Carbon Dioxide)	9,952	4,976	50%	5,350	5,262
Domestic business flights (km flown ,000)	573	390	32%	414	504
Waste (tones)	506	438	13%	375	384
Waste going to Landfill sites (%)	19%	10%	53%	19%	20%
Paper A4 Reams Equivalent	48,701	24,350	50%	38,435	30,715
Water consumption (cubic metres)	18,526	12,923	30%	13,485	19,786
Energy expenditure (£'000)				796	1,043
Water expenditure (£'000)				60.5	88.4

Reduce our emissions

The Authority has been tasked with reducing the total Carbon production by 50 per cent from the 2009/10 baseline position. Overall the Authority has reduced Carbon emissions by 47 per cent by 2016/17 and is on track to achieve this target.

In autumn 2015, photovoltaic (solar) panels were installed on the roof of the Data block in Newport and had a full year impact during 2016/17.

The Greening Government Commitments also challenges the Authority to reduce domestic flights by 32 per cent by 2019/20. The Authority has a travel policy which mandates that the cheapest method of transport be employed for any journey. This encourages domestic air travel between the South East, North East and Scotland and Northern Ireland.

Improve our waste management

All ICT equipment is disposed of via an established contract which helps ensure that all redundant ICT equipment is re-used or recycled responsibly. The Authority has successfully reduced waste by 26 per cent from the 2009/10 levels.

The Authority has reduced paper use by 37 per cent since 2009/10.

The Authority is also tasked with reducing the amount of waste going to landfill to less than 10 per cent. The level of waste going to landfill sites has fallen by 20 per cent since 2009/10. However because the total value of waste has also fallen, there has not been a significant movement in the waste going to landfill as a proportion of the total waste.

Water

The Authority has a target to reduce water consumption to 12,923 cubic meters by 2019/20. During 2016/17 the Authority faced leaking pipes in the grounds of the Newport Office which took a long time to find and fix and resulted in a significant increase on water usage in 2016/17 compared to 2015/16. The Authority has a project to find and fix lower level leaks in 2017/18.

Sustainable Procurement

The ONS's Commercial Intelligence lead has recently received extensive training on the new Sustainable Procurement international standard, ISO20400, and its 3 pillars of Sustainability - Environmental, Social and Economic. This will be disseminated and explained to all Procurement and Contract Management staff on a regular basis to ensure understanding and best practice.

The ONS's standard Terms and Conditions request that all suppliers must comply with our Sustainable Development policy, which includes, but is not limited to, the conservation of energy, water, wood, paper and other resources, a reduction in waste, the phasing out of the use of ozone depleting substances and the minimisation of the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment.

The ONS aspires to the target of awarding 25 per cent of contracts to SMEs. Spend Analysis from June 2016-January 2017 reveals that the ONS averaged expenditure of 27 per cent on SME's. The ONS is mandated to use framework contracts through the Crown Commercial Service (CCS) and Government Digital Services' (GDS) offering, "G:Cloud".

The CCS and GDS frameworks aim to encourage SME's and local businesses to bid for work ahead of large corporations.

The requirements of the Government Buying Standards are issued to the Commercial Services team on a weekly basis via the Commercial Update, which is a comprehensive review of all Procurement news and legislation.

Four team members qualified for their Chartered Institute of Procurement and Supply (CIPS) qualifications in 2016, whilst a further four are currently studying towards this. This is important for the ONS, as CIPS encourages sustainable purchasing. Throughout the year-long training programme, they promote Corporate Social Responsibility as a core value. This cohort-style training and the subsequent at-desk conversations can also help to refresh the awareness of existing team members regarding sustainable purchasing principles.

Food and Catering

The ONS changed Facility Management supplier in 2016-17 using the Crown Commercial Services Framework. Our new supplier Vinci Facilities are required to provide Food and Catering services that comply with the requirements of the Government Buying Standards (GBS), and meet the best practise criteria of the GBS for food and catering services.

Sustainable Construction

The ONS construction works are designed and built with the objective of improving the performance of the estate, and in so doing contribute to achievement of Greening Government Commitments target, for example the introduction of photovoltaic panels as part of the Office block roofing project at Newport, and

the installation of LED light fittings as standard. All contractors are required to complete a sustainability questionnaire used as part of the tender process, and are required to source materials in line with the GBS.

Biodiversity

The Authority does not have any responsibility for Sites of Special Scientific Interest but takes such action as it can to promote, conserve and enhance biodiversity for example by specification of environmentally friendly measures of control in its Grounds Maintenance contract.

Diversity

Equality, Diversity and Inclusion

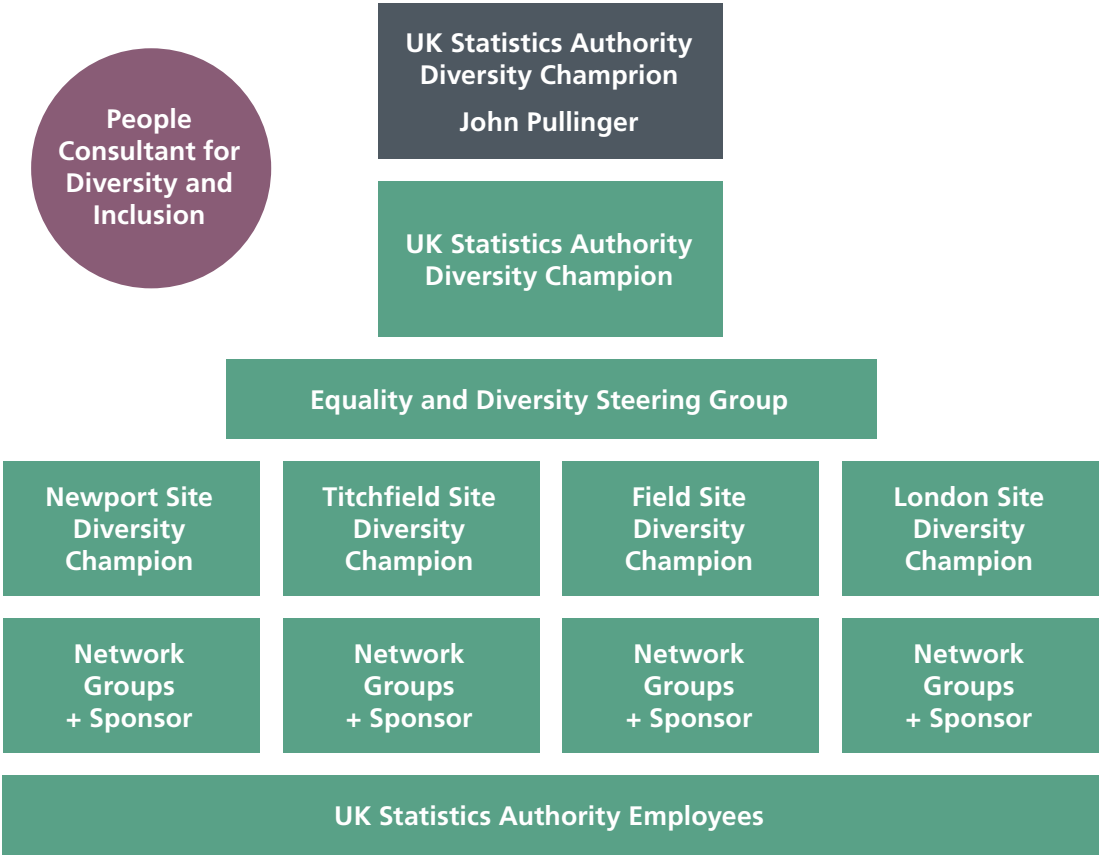
We're committed to equality, diversity and inclusion, taking steps to ensure we treat all our employees fairly and contribute to promoting equality in wider society.

We have a range of initiatives that demonstrate our commitment, such as our Director General diversity champions, and Director sponsors of our 12 diversity network groups. We have also been nominated for a number of awards and recognised by expert organisations for the work we do on equality, diversity and inclusion. Our approach is to make use of our robust equality, diversity and inclusion infrastructure to achieve our priorities with our current focus on gender, ethnicity, disability and work life balance.

Equality, Diversity & Inclusion Infrastructure

We participate in benchmarking exercises such as the Stonewall Workplace Equality Index where we are a Stonewall Top 100 employer, and the Business Disability

Forum’s Disability Standard where we have achieved a ‘Gold’ award. The award has only ever been given to four organisations and ONS is the first public body to achieve the ‘Gold’ standard. We are committed to maintaining and improving our position in these benchmarks.



Action Plans

In the past year, we have bolstered our strategic goals with detailed action plans in our four focus areas. These plans mean that we have key performance indicators and accountability for our diversity commitments. These plans will be further developed as we complete our consultation and prepare to publish our new Equality, Diversity, and Inclusion strategy for 2017 to 2020.

Our champions, sponsors and network groups are active across the organisation, and our Women’s Network has worked towards improving the representation of women in Senior Management grades through the development of a Women’s Leadership Programme.

As part of our commitment to ensure all employees have the opportunity to reach their potential we have set a number of targets for the levels of representation we would like to see. The intention of these targets is not to over simplify the issue, or to act as a box ticking exercise, but rather to focus our efforts and allow us to measure our progress. These targets focus on our current priority areas, however we do monitor representation at all grades across protected characteristics in our Diversity Dashboard.

Progress against Senior Civil Service and Senior Management Grade Targets

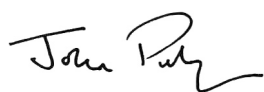
In early 2015 the Authority reviewed its representation targets making only minor changes to the previously set targets. These targets are due for review now as we develop and publish our new Equality, Diversity, and Inclusion strategy for 2017 to 2020.

The table shows our current targets as well as the actual figures achieved by March 2017, March 2016, and March 2015. It is worth noting that as headcount is low at both Senior Civil Service (SCS) and Grade 6 level, one person (more or less) can significantly impact the figures.


Progress against Equality Targets as at 31 March 2015-2017

SCS Measures	% Target	% Actual 2015	% Actual 2016	% Actual 2017
Females in Top Management (TMP) payband 2 and above	40	0	8	21
Females in SCS	40	28	28	26
Ethnic minority in SCS	2	0	0	0
Employees with disabilities in SCS	2	0	3	6

Feeder grade measures	% Target	% Actual 2015	% Actual 2016	% Actual 2017
Grade 6				
Females	45	42	37	34
Ethnic minority	5	2	1	0
Employees with disabilities	5	0	1	5
Grade 7				
Females	44	43	44	45
Ethnic minority	4	1	2	2
Employees with disabilities	3	3	4	6



John Pullinger CB CStat
National Statistician
UK Statistics Authority
4 July 2017



Chapter 3

Accountability Report

MEMBERSHIP OF THE AUTHORITY BOARD DURING 2016/17

In accordance with the 2007 Act, the Board of the Authority is comprised of a majority of non-executive directors (including a Chair) appointed through open competition, and three executive members.

The post of Chair of the UK Statistics Authority is a Crown appointment, made with the approval of Parliament following a pre-appointment hearing before the House of Commons Public Administration and Constitutional Affairs Select Committee and a formal motion debated on the floor of the House of Commons. The Chair of the Authority during 2016/17 was Sir Andrew Dilnot and his term of appointment ended on 31 March 2017. Sir David Norgrove was appointed to succeed Sir Andrew as Chair of the Authority and he took up post in April 2017 for a five-year term.

The other non-executive members of the Authority during 2016/17, who were all appointed through open competition, were:

- Professor Sir Adrian Smith FRS - Deputy Chair;
- Ms Sian Baldwin (from 1 July 2016);
- Dame Colette Bowe;
- Dame Moira Gibb;
- Professor David Hand;
- Professor Jonathan Haskel;
- Dr David Levy;
- Ms Nora Nanayakkara (from 1 July 2016)

The Authority's three executive members during 2016/17 were as follows.

- Mr John Pullinger - Chief Executive and National Statistician. The National Statistician is a Crown appointment and is a member of the Authority under the provisions of the 2007 Act;
- Mr Ed Humpherson - Director General for Regulation. Mr Humpherson was appointed a member of the Authority by the non-executive members; and
- Mr Jonathan Athow - Deputy National Statistician for Economic Statistics. Mr Athow was also appointed a member of the Authority by the non-executive members. His period of appointment to the Authority Board ended on 31 March 2017.

Meetings of the Authority Board were also attended by Ms Heather Savory, Deputy National Statistician for Data Capability. Ms Savory was appointed a member of the Authority by the non-executive members for a period of one year on 1 April 2017 in succession to Mr Athow.

The Authority Board met on ten occasions during 2016/17.

Board minutes and papers are published on the UK Statistics Authority website at:

<https://www.statisticsauthority.gov.uk/about-the-authority/board-and-committees>

No Board Member held any significant interests which would have conflicted with their responsibilities during the financial year 2016/17.

GOVERNANCE AND COMMITTEES OF THE BOARD DURING 2016/17

During 2016/17 sub-committees, which supported the Authority Board in its work and reported to it, met as follows.

- The Regulation Committee is chaired by Professor Sir Adrian Smith. Its purpose is to oversee the programme of Assessment of sets of official statistics against the Code of Practice and other work related to Assessment and regulation. The Committee met on six occasions during 2016/17.
- The National Statistics Executive Group is chaired by Mr Pullinger. The purpose of the Group is to support the National Statistician in the exercise of his functions as the Head of the Government Statistical Service (GSS) and Chief Executive of the UK Statistics Authority and ONS, so as to achieve the collective mission and strategic objectives of the official statistics system. This Group met on 10 occasions during 2016/17.
- The Audit and Risk Assurance Committee is chaired by Dame Colette Bowe. The Committee's remit concerns risk assurance, control and governance in the Authority. It met six times during 2016/17. Ms Alison White is an external independent member of this Committee
- The Administrative Data Research Network (ADRN) Board is chaired by Professor Hand. The Board's role is to promote and safeguard the linkage of administrative data within the ADRN for research and statistical purposes that serves the public good; and provide assurance to Parliament and the public, through the UK Statistics Authority Board, about the

achievements of the Network. The Board met on four occasions during 2016/17.

- The Remuneration Committee was chaired by Sir Andrew Dilnot. It met on two occasions during 2016/17 to determine 2015/16 performance bonuses for the members of the Senior Civil Service (SCS) employed by the Authority.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the UK Statistics Authority to prepare, for each financial year, resource accounts detailing the resources required, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of the affairs of the Authority and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Principal Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the

Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and

- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Secretary of the Authority as Principal Accounting Officer of the Authority.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the UK Statistics Authority assets, are set out in Managing Public Money published by HM Treasury.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

GOVERNANCE STATEMENT

As Accounting Officer I have responsibility for maintaining effective governance and a sound system of internal control to support the achievement of the Authority's policies, aims and objectives. As part of this role I safeguard the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me. This statement sets out the key challenges faced by the Authority, the issues which have arisen, the remaining risks, and the system of control to manage these risks. Our Governance Statement supports the description of our performance provided

in the Annual Report (Chapter Two) which sets out our strategy and the progress we have made towards delivery.

Management of Risk

Summary: During 2016-17 the pace of transformation across the organisation increased markedly. There are positive signs that the necessary radical changes are taking hold. However, at this stage in our transformation we must acknowledge that what we are doing is hard and requires us to balance the achievement of longer term gains with control of current risks. This challenge is made all the greater as pre-existing weaknesses in existing systems are revealed. I have been grateful to our Internal Audit team for identifying significant control weaknesses and for their follow up work on untimely and ineffective implementation of agreed audit recommendations. I have also been grateful to colleagues for improvements in our risk management approach, in our delivery metrics, and in quality and reputation. At this stage in our transformation we should not be surprised that we are seeing a mixed picture. Only by recognising where we are failing can we ensure that we focus attention on improvement.

Risk Management Approach

Throughout the year we assess how the achievement of our policies, aims and objectives might be affected by the risks we manage.

Within the Authority we have designed a system of internal control designed to mitigate threats and allow us to exploit

opportunities. As with most systems it is not possible to eliminate all risk completely but we must balance the risks we take with the controls in place, the cost and the risk appetite of the The UK Statistics Authority Board (the Board). The Board has primary responsibility for identification and mitigation of the key risks faced by the Authority, and for deciding risk appetite. The Audit and Risk Assurance Committee has responsibility for advising the Board on the process of risk management and internal control, and the effectiveness of these processes in identifying vulnerabilities. Sub-committees have delegated responsibility for risks relevant to their terms of reference.

During the course of this year we have focussed on increasing our maturity in risk management. Progress we have made includes:

- Aligning the organisation's strategic risks to the 'Better Statistics, Better Decisions' Strategy;
- Completing a series of 'deep-dives' into strategic risks through the Audit and Risk Assurance Committee, allowing for in-depth assurance;
- Rolling-out bespoke risk management training across the organisation in order to encourage a culture of risk based decision making in line with appetite, and a focus on exploiting opportunities as well as preventing threats;
- Reviewing all risks on the corporate risk database in order to consolidate, focus effort and to align mitigation plans with the Board's agreed appetite, and;
- Developing an approach to risk management which supports working in an 'Agile' delivery environment,

which has been adopted as international best practice.

Delivery

As set out in this Annual Report ONS, the Authority's Executive Office, has continued to deliver its large portfolio of high quality statistics and analyses to inform debate and aid decision making about the UK economy and society. This is in parallel with addressing legacy issues and continuing to invest in a significant programme of change to improve its outputs, processes and systems. In accordance with our priorities, improvements to economic statistics, preparations for a modern census in 2021, the use of new analytical and data science skills and techniques, and the transformation of the data estate were a key focus for us in 2016/17.

The data revolution is an opportunity for UK official statistics with the availability of new data from both the public and commercial sector. This opportunity was highlighted in early 2016 by the review carried out by Professor Sir Charles Bean into the quality, delivery and governance of UK economic statistics. As part of our response we have established the Data Science Campus at the ONS site in Newport and the Economic Statistics Centre of Excellence in partnership with a consortium of academic institutions. These hotspots for innovative analysis have started to deliver exciting outputs and mitigate risks around failing to innovate, the timeliness of our outputs, and how helpful our products are for decision makers across the UK.

Our transformation programmes are governed by a system of portfolio management, led by the National Statistics Executive Group and ONS Portfolio Committee which is compliant

with central Government processes and assurance gateways. We have made progress towards the 2021 Census, putting in place systems for the 2017 test data collection, and building our understanding of how census type statistics could be produced from alternative (non-survey) data. There are some areas which have continued to be a challenge for us, for example the transition of data collection online. Whilst we have transitioned a number of surveys online, competing priorities and the need to re-design surveys before transition means progress has been slower than hoped. Our portfolio management approach will help ensure we use public money effectively and deliver on our plans for change.

Change is inherently risky for any organisation and a large proportion of our focus has been on the delivery of this important agenda. However, in order to allow us to transform we must ensure the core tasks of the organisation are done well. I have been grateful to our Internal Audit team for identifying significant control weaknesses and for their follow up work on untimely and ineffective implementation of agreed audit recommendations. These control challenges are reflected in the opinion of the Head of Internal Audit and will be a focus of our efforts in the months ahead.

Quality and Reputation

As we seek more innovative approaches and produce timely outputs to meet the needs of a dynamic policy environment we must also ensure the high quality of UK official statistics. All official statistics must comply with the Code of Practice for Official Statistics. This is a vital element of our control framework. Last year 22 assessments were carried out across the

Government Statistical Service. There have been a number of occasions where the National Statistics designation was removed as a result of assessment. This shows the Assessment function act when necessary to ensure the quality of statistics.

ONS has been making quality improvements in order to re-gain National Statistics status for those outputs which have previously been de-designated. This work has focussed on statistics on crime, construction outputs (including price and cost indices), Consumer Price Index including owner/occupier housing costs, and Trade Statistics. Although progress towards re-designation has taken longer than we had hoped, we have made improvements to address the areas of concern. For example, we now produce a number of experimental outputs on Cyber Crime and Crime Severity.

ONS also has an internal quality management framework as part of its system of assurance. This framework is based around a series of regular quality reviews and National Statistics Quality Reviews. We know we need to get better at addressing the recommendations from these reviews. Changes to our structures, roles and responsibilities from April 2017 will allow us to do so. This year we saw one significant error in ONS statistics – a correction to the UK balance of payments in December 2016.

Over the course of this year ONS published 98.6 per cent of its releases by the 09:30 deadline as set out in the Code of Practice. Our ability to publish all data at 09:30 had previously been hindered by our publishing platform. At the start of the year we launched a new ONS website with the aim of fundamentally improving the user experience and enhancing access to data. Since the introduction of the new

website there has been a marked improvement in meeting the 09:30 deadline. It is only minor performance issues, all of which were investigated and since resolved, which resulted in the deadline being narrowly missed in a few cases.

Another important element of our control framework is the feedback we receive from our customers. Overall satisfaction is high with 87 per cent satisfied with ONS performance as measured by the ONS Customer Survey. The Survey into Public Confidence in Official Statistics measured public confidence at 90 per cent.

INFORMATION SECURITY AND CONFIDENTIALITY

Summary: Organisations, particularly ones who are data driven, face evolving threats to information security. The Authority has seen an increasing level of threat and has reviewed its security arrangements accordingly. We will continue to defend ourselves and our data proactively and deal with issues positively.

With significant levels of confidential data collected and acquired for use in official statistics, information security and confidentiality are primary considerations where people, processes and systems interface with the external world.

Staff working in some parts of the Authority have access to business and personal data in order to produce high quality, accurate statistics and there is a recognised strong cultural understanding that assets must be handled lawfully, accurately and securely, supported by strong legal, technological and business

processes. Data security is of fundamental importance to us. We have a range of policies and controls in place to ensure access to information is managed throughout the lifecycle. In accordance with Cabinet Office requirements we complete an annual Departmental Security Health Check background and highlight report. My responsibilities as Accounting Officer in this area are supported by the Senior Information Risk Owner, the Departmental Security Officer, the IT Security Officer and a network of Information Asset Owners who cover all the information assets held by the organisation. In addition we have a network of Information Asset Liaison Officers who help ensure assets are handled correctly.

During the course of 2016/17 we have seen an increasing level of information security threat. Cyber attack is perhaps inevitable in modern society and we have seen these threats manifest at similar organisations across the world. We need to defend ourselves against threats to our security and also deal with attacks when they occur. This year we carried out an external review of our physical, personal and information security which concluded that security is well established in the organisation, with a high level commitment to protecting personal and commercial information, but that the development of new data sources and technologies require us to enhance our security policies, procedures and systems. We will address these recommendations – strengthening our capability and capacity in this area during 2017 to ensure our staff and our data are secure.

One area of high importance to us is the security of market sensitive data. Public questions were raised this year as to access arrangements around data which is

available under strict pre-release conditions. It is the position of the Authority that pre-release access should be highly limited or removed; we therefore carried out a review of pre-release access which further limited the distribution in order to reduce the threat to data security.

We also looked in depth at internal processes around pre-release access. The conclusion was that pre-existing controls were unsatisfactory. During the year I, as Accounting Officer, and our Audit and Risk Assurance Committee have given this issue sustained attention doing repeated follow ups to be assured that controls are in place and effectively implemented. Given the salience of this issue we will continue to give it priority in the coming year.

In line with other government departments we are required to report any incidents relating to classified personal data to the Information Commissioner's Office and there have been no incidents regarding information security notified to the Information Commissioner during 2016/17.

RESOURCES AND ORGANISATION

Summary: The 2015 Spending Review provided the Authority with the resources needed to transform. Work to build capability is accelerating which brings challenges in terms of skills development and workforce change. We continue to face these challenges positively and engage our staff as we deliver our strategy.

Planning and Financial Management

The Authority's delegated budget for 2016/17 was set as part of the 2015 Spending Review and is detailed in our Annual Accounts.

The Authority must be able to demonstrate the value of its role, add sufficient value proportionate to its costs and have the resources and capability to be able to safeguard the comprehensiveness and coherence of official statistics across government. To manage our financial risks we have improved our budgetary planning and critical business processes to demonstrate the best use of resources and compliance with key financial controls. We have continued to improve our financial management, business planning and governance, in particular through the adoption of a new Enterprise Resource Planning system. A review carried out by the Chartered Institute of Public Finance and Accountancy recognised the significant progress we have made and how the foundations we have built will allow us to accelerate further improvements in planning and financial management.

We are on course to deliver a real terms reduction of 19 per cent by 2019/20 through increasing the productivity of our core business and focussing on the 'digital dividend' through initiatives such as online data collection and the use of administrative data. Whilst we have had challenges in these areas we expect to see progress accelerate during the remainder of the Spending Review period. Our settlement allows us to deliver transformation of our data collection operations and economic statistics, as well

as ensuring outputs meet the needs of users, and supporting our work towards an online census in 2021 with a parallel administrative data census.

Technological change is at the heart of this. We will continue to transform, at pace, to meet digital and technology challenges and complete the process of modernising the ONS technology and data estate moving away from old and, in some cases, high risk applications and systems. This transformation gathered pace during 2016 and is detailed in our Business Plan for 2016/17 to 2019/20. In order to link our strategy to execution we have in place medium term business plans for each part of the organisation.

We report and review on how well we are progressing against our plans through detailed quarterly reviews in a monthly organisational performance report which includes information related to workforce, risk, finance and management information. In addition we have in place assurance processes, such as corporate governance assurance statements, which are evidence based and help provide assurance the Authority can respond effectively to business, operational and financial risk or changes.

People Capability

In relation to our people, we continue to experience challenges in recruitment, maintaining and improving workforce engagement, how we manage and improve performance and in raising our level of skill across the Government analytical professions.

This year the Authority saw an encouraging 6 percentage point increase in staff engagement, from 54 per cent to 60 per cent, as measured by the Civil Service People Survey. Whilst we saw improvements in how staff engage with

organisational objectives and purpose, leadership and managing change, and pay and benefits, the increase falls short of our ambitious target of 65 per cent set in our business plan, increasing staff engagement therefore remains a key priority for us.

Both the Authority and the wider GSS are facing a significant programme of change requiring the development and recruitment of relevant specialist skills, for example in data science, digital exploitation, economics, statistics and research. We have recognised the mismatch between the skills we have and our future requirements and have a target to double the number of analysts within the organisation between 2015 and 2020. We are on track to meet this target. Progress this year saw us meet our target for economist recruitment with 100 economists now in post within ONS.

Our programme of workforce transformation is building a workforce of the right size, shape and skills needed for the future. We have made the first steps towards these changes and this year have seen, for example, a fundamental transformation of the ONS Digital, Technology and Methodology function and completion of a voluntary exit scheme which allowed 111 full time equivalent staff to exit the organisation in July 2016. The transformation of our workforce will continue to be a key priority over the coming years.

Linked to the skills challenge is the identification of talent within the GSS to ensure that all staff reach their potential. The transformation of our workforce will continue to be a key priority over the coming years. Our new data science apprentice scheme and the development of a focussed Learning

Academy are examples of the practical steps we are taking to build capability.

Opinion of the Head of Internal Audit

The Head of Internal Audit has provided an annual opinion of 'Limited' assurance for the 12 months ended 31 March 2017. HM Treasury's definition of 'Limited' is as follows:

'there are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective'.

A total of 30 audit reviews have been undertaken in the 2016/17 financial year. Of these reviews, four were assessed as substantial, ten moderate, four limited assurance and one unsatisfactory. In addition, nine follow up reviews were undertaken. Four reports concluded that good progress had been made; three concluded reasonable progress and two reports were assessed as little progress. Two advisory reviews were also undertaken which did not provide an audit opinion.

This is the first year an unsatisfactory audit opinion has been provided. This report was followed up at the year-end where Internal Audit identified that little progress had been made to implement the recommendations arising from this report. This, in addition to the decline in positive audit opinions this year and increase in overdue recommendations being reported to the Audit & Risk Assurance Committee throughout the

year, are key contributors to this year's limited assurance audit opinion.

Opinion of the Chair of the Audit and Risk Assurance Committee

It is my opinion that the Authority's framework for risk management control and governance has normally proved effective. However, the serious failing to follow up the Internal Audit findings on Pre-Release Access to market sensitive data, which are now being addressed, mean that I cannot give a positive view this year on behalf of the Audit and Risk Assurance Committee. There have of course been a number of reports by Internal Audit that have shown good awareness of risk and the ability to manage it. But the salience of Pre-Release Access to market sensitive data and the serious management shortcomings the work of Internal Audit has revealed, mean that the Committee has asked senior management urgently to review what needs to be done more generally to strengthen risk awareness and management control considerably.



John Pullinger
Accounting Officer
4 July 2017

SUMMARY FINANCIAL INFORMATION

Key Financial Outturns

The key financial outturns for 2016/17 are shown below:

Resources	2016/17 Estimate	2016/17 Outturn	Saving
	£'000	£'000	
Departmental Expenditure Limit – Resource	210,865	206,930	3,935

The Authority has been able to utilise 98 per cent of its Resource funds throughout the year in progressing its strategic and operational objectives. The above figures include both ring-fenced and non-ring fenced resources. The Authority utilised in excess of 99 per cent of its non-ring fenced funding.

The largest expenditure items remain staff costs and information technology. This is consistent with our business plan projections and our continuing transformational activities. Our longer term aims include reducing expenditure in these areas with these aims being reliant on our ability to transform.

Departmental Expenditure Limit – Capital

	2016/17 Estimate	2016/17 Outturn	Saving
	£'000	£'000	
Capital	20,140	19,028	1,112

The Authority has been able to utilise 95 per cent of its Capital funds throughout the year using this funding to begin to transform our IT systems; to ensure our buildings assets are safe and secure; and to ensure our estate reflects our changing requirements.

Depreciation / Impairment

	2016/17 Estimate	2016/17 Outturn	Saving
	£'000	£'000	
Depreciation	21,293	17,614	3,679
Impairment	-	620	(620)

The Authority has robust financial controls in place for asset management and we have been able to plan effectively for the utilisation of our assets. During the year we have continued to review our assets, with some further reductions to the useful economic lives of some in-house developed software.

Annually Managed Expenditure

	2016/17 Estimate	2016/17 Outturn	Variance
	£'000	£'000	
Annually Managed Expenditure - Resource	(792)	(858)	(66)

The Annually Managed Expenditure (AME) marginal variance is attributed to a reduction in provisions during the year.

Included within the resource expenditure are staff costs which are analysed in the staff report. This shows the number of full time equivalent staff (FTEs) and their costs, which include wages, social security and pension costs. Employees are Civil Servants to whom the conditions of the Superannuation Acts of 1965 and 1972 and subsequent amendments apply.

The Remuneration Report and Note 1 to the accounts provide further information on the relevant schemes.

In accordance with IAS24 Related Party Disclosures, all executive directors, non-executive directors and deputy directors are required to complete declarations that they have not entered into agreements or undertaken any material transactions with a related party during the year. Further information is in Note 18 of the accounts.

The accounts of the Authority are audited by the Comptroller and Auditor General and his Certificate and Report to the Houses of Parliament is presented in the Annual Accounts at pages 57 to 89.

The financial statements are audited in accordance with International Standards on Auditing (UK and Ireland) issued by the Accounting Practices Board, and in accordance with the Government Resource and Accounting Act 2000.

Audit fees charged in the accounts amount to £89,000 (2015/16 £78,000). There were no non-audit fees charged in either 2016/17 or 2015/16.

We have in place assurance processes such as corporate governance assurance statements and an assurance map. Both of which are evidence based and help to provide assurance that the Authority can respond effectively to business, operational and financial risk or changes.

CORE TABLES

The Statistics Board

Total departmental spending, 2016/17 to 2019/20

	2016/17	2017/18	2018/19	2019/20
	Outturn	Plans	Plans	Plans
	£'000	£'000	£'000	£'000
Resource DEL				
Programme Expenditure	206,930	248,550	284,550	287,480
Total Resource DEL	206,930	248,550	284,550	287,480
<i>Of which:</i>				
Staff costs	150,322	191,234	211,527	212,069
Purchase of goods and services	67,819	69,516	80,784	83,192
Income from sales of goods and services	(29,445)	(28,700)	(24,261)	(24,281)
Current grants abroad (net)	-	-	-	-
Depreciation ¹	18,234	16,500	16,500	16,500
Other resource	-	-	-	-
Resource AME				
Provisions	266	-	-	-
Utilised Provisions	(1,124)	-	-	-
Total Resource AME	(858)	-	-	-
<i>Of which:</i>				
Depreciation ¹	-	-	-	-
Take up of provisions	365	-	-	-
Release of provision	(1,124)	-	-	-
Other	(99)	-	-	-
Total Resource Budget	206,072	248,550	284,550	287,480
<i>Of which:</i>				
Depreciation ¹	18,234	16,500	16,500	16,500
Capital DEL				
Programme Expenditure	19,028	14,030	13,430	7,030
Total Capital DEL	19,028	14,030	13,430	7,030
<i>Of which:</i>				
Capital grants to persons & non-profit bodies (net)	-	-	-	-
Purchase of assets	19,028	14,030	13,430	7,030
Capital AME	-	-	-	-
Total Capital Budget	19,028	14,030	13,430	7,030
Total departmental spending³	206,866	262,580	297,980	294,510
<i>Of which:</i>				
Total DEL	207,724	262,580	297,980	294,510
Total AME	(858)	-	-	-

Notes

- 1 Includes impairments
- 2 Pension schemes report under IAS 19 and IAS 26 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.
- 3 Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME and capital budget AME less depreciation in AME.

Assets and liabilities

	2016/17	2017/18	2018/19	2019/20
	Outturn	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000
Assets of which:				
Non-Current Assets	63	60	57	54
Current assets	19,663	25,357	28,725	29,187
Intangible assets:				
Software licences	4,842	4,359	3,898	2,845
In-house developed software applications and applications under construction	22,603	20,351	18,197	13,284
Tangible assets:				
Property plant and equipment and building refurbishments under construction	47,190	44,130	41,203	34,528
	94,361	94,257	92,080	79,898
Current liabilities	(38,040)	(34,352)	(38,827)	(39,357)
Non- current liabilities	(527)	(304)	(163)	(113)
Capital Employed	55,794	59,601	53,090	40,428

Note

Capital employed is a measure of the value of the assets that add to the Authority's ability to support its future business activities. It represents the Authority's investment in its continuing operation.

Prompt Payment Target

The Authority is committed to both the Confederation of British Industry Prompt Payment Code and Department for Business, Energy and Industrial Strategy Better Payment Practice. The policy sets out that all invoices should be paid in accordance with contractual conditions.

Where no conditions exist, payment will be made within 30 working days of the receipt of goods or services, or the presentation of a valid invoice, whichever is the later. We made payments in accordance with this policy in 94 per cent of transactions for the year ended 31 March 2017. The performance is measured in accordance with HM Treasury guidelines.

In addition to the 30 day target we endeavour to pay small and medium sized enterprises within 5 days. We achieved payment in accordance with this policy in 82 per cent of transactions for the year, compared to a target of 80 per cent.

Financial reporting to Parliament

This report forms part of the annual reporting process to Parliament. Further, and as part of the reporting process the Authority also prepares estimates of its expenditure with the Main Estimate in the early part of the financial year, and the Supplementary Estimate normally published in February. Details can be found at: www.hm-treasury.gov.uk/psr_estimates_mainindex.htm

Transparency

The Authority believes that transparency is a key condition and driver for the delivery of our services. As a publicly funded organisation, we have a duty to our stakeholders to be transparent about our business operations and outcome.

To provide transparency across its operations the Authority published information which is regularly updated on its own website and /or the UKSA website.

This includes:

- expenses and hospitality received by board members and senior directors;
- organisation charts;
- details of senior and junior posts and senior staff salaries;
- details of payments to suppliers each month over £25,000;
- monthly prompt payment information; and
- exception reporting.

Contractual Arrangements

To deliver its business the Authority works with a number of key suppliers. These have been selected in accordance with government procurement guidelines. The Authority manages these suppliers using a defined contract management process and in some cases works with these suppliers as part of an integrated project team.

Those that provide longer term support to the Authority include British Telecom and Cloudera who provide IT services and organisations (such as but not limited to) Methods Digital, Parity Resources Ltd and QA Consulting who provide key IT service workers and contractors. For Facilities management services we work with Vinci Facilities whilst British Telecom manages our communications. Kanta TNS work with us on key statistical outputs.

The following sections Remuneration and Staff Reports, Statement of Parliamentary Supply, and Parliamentary Disclosures have been subject to audit.

REMUNERATION REPORT

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances where appointments may otherwise be made.

Unless stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation, as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at: www.civilservicecommissioners.gov.uk.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Executive and Non-Executive Directors of the UK Statistics Authority. The Authority does not make payments-in-kind. The following section and disclosures on pages 39 to 49 have been subject to audit.

Remuneration of Executive Directors for the UK Statistics Authority and the Office for National Statistics, 2016/17 and 2015/16

Senior Directors	2016/17	2015/16
Name and title	Salary £'000	Salary £'000
John Pullinger CB Stat National Statistician Statistics Authority Fixed- term contract 1 July 2014 to 30 June 2019	150-155	150-155
Heather Savory Deputy National Statistician for Data Capability From 13 April 2015	125-130	120-125
Jonathan Athow Deputy National Statistician for Economic Statistics From 1 June 2015	115-120	95-100 (full time equivalent 110-115)
Glen Watson Deputy National Statistician for Population and Public Policy Left ONS 31 December 2016	85-90 (full time equivalent 115-120)	110-115
Ed Humpherson Director General for Regulation	140-145	140-145 (plus bonus 10-15)
Guy Goodwin Director of Social and Analysis Left ONS 30 April 2016	5-10 (full time equivalent 85-90)	85-90
Joe Grice Chief Economic Adviser To 31 October 2016	65-70 (full time equivalent 110-115)	110-115
Paul Layland Director of Finance	85-90 (plus bonus 5-10)	85-90

Neil Wooding Director of Business Services and Development	100-105 (plus bonus 5-10)	95-100 (plus bonus 10-15)
Nicholas Vaughan Director of National Accounts and Economic Statistics	85-90	85-90
Ian Cope Director of Census	95-100	90-95 (plus bonus 10-15)
Peter Benton Director of Data Collection	90 -95	85-90 (plus bonus 10-15)
David Best Director of Digital Services, Technology and Methodology From 15 June 2015	110-115 (plus bonus 10-15)	85-90 (full-time equivalent 110-115)
Francesca Kay Director of Economic Statistics Transformation From 1 June 2016	70-75 (full time equivalent 80-85 Plus bonus 5-10)	N/A
Tom Smith Director of the Data Science Campus From 26 January 2017	20-25 (full time equivalent 130-135)	N/A

No directors had any significant interests that would have influenced their decision making

	2016/17	2015/16
	Salary £'000	Salary £'000
Band of highest paid director's total remuneration £'000	150-155	150-155
Median total remuneration	£20,396	£21,118
Ratio	7.54	7.17

Staff remuneration ranged from £4 to £154,000 during 2016/17 (2015/16 £500 to £151,000). No employees received remuneration in excess of the highest-paid director in either 2016/17 or 2015/16.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The following table details the total number of non-payroll engagements in excess of £220 per day for a period longer than 6 months (between the 1 April 2016 and 31 March 2017)

	2016/17
Number of new engagements or those that reached six months in duration between 1 April 2016 and 31 March 2017	52
Number of new engagements which include contractual clauses giving the department the right to request assurance in relation to Income Tax obligations and National Insurance obligations	200
Number for whom assurance has been requested	200
Of which:	
Number for whom assurance has been received	200
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	0

The following table identifies all non-payroll engagements as at 31 March 2017 for more than £220 per day for a period longer than 6 months

	Number of existing engagements as at 31st March 2017
<i>Of which:</i>	
Number that have existed for less than 1 year at the time of reporting	167
Number that have existed between 1 - 2 years at the time of reporting	6
Number that have existed between 2 - 3 years at the time of reporting	17
Number that have existed between 3 - 4 years at the time of reporting	4
Number that have existed for 4 years or more at the time of reporting	6
Number of off-payroll engagements of board members with significant financial responsibility during the financial year.	0
Number of individuals that have been deemed board members with significant financial responsibility during the financial year.	0
Number of individuals that have been deemed board members with significant financial responsibility during the financial year.	0

Total consultancy costs for 2016/17 were £924,000 (2015/16 £1,083,000)

Remuneration of Non-Executive Directors of the UK Statistics Authority 2016/17 and 2015/16

	2016/17	2015/16
Name/Title	Salary £'000	Salary £'000
Sir Andrew Dilnot CBE Chair of UK Statistics Authority Fixed contract From 1 April 2012 to 31 March 2017	70-75	70-75
Professor Sir Adrian Smith FRS Deputy Chair Fixed contract From 1 September 2015 to 31 August 2018	30-35	30-35
Dame Colette Bowe DBE Non-Executive Director Fixed contract From 1 February 2016 to 31 January 2019	15-20	15-20
Dame Moira Gibb DBE Non-Executive Director Fixed contract From 1 February 2016 to 31 January 2018	15-20	15-20
Dr David Levy Non-Executive Director Fixed contract From 1 August 2014 to 31 July 2017	15-20	15-20
Professor David Hand OBE FBA Non-Executive Director Fixed contract From 1 April 2013 to 31 March 2018	20-25	20-25

Professor Jonathan Haskel	15-20	0-5
Non-Executive Director		(full time equivalent 15-20)
Fixed contract		
From 1 February 2016 to 31 January 2019		
Ms Sian Baldwin	10-15	N/A
Non-Executive Director	(full time equivalent 15-20)	
Fixed contract		
From 1 July 2016 to 1 July 2019		
Ms Nora Nanayakkara	10-15	N/A
Non-Executive Director	(full time equivalent 15-20)	
Fixed contract		
From 1 July 2016 to 1 July 2019		

Salary

Non-Executive Directors are paid a fee, plus expenses, and have no pension entitlement.

'Salary' refers to and includes gross salary; performance-related pay or bonus; overtime; reserved rights to London weighting or London allowance; recruitment and retention allowance; private office allowance; and any other allowances that are subject to UK taxation. This information relates to payments made by the Authority and are recorded in these accounts.

The Remuneration Committee concluded the pay arrangements for the UK Statistics Authority's Senior Civil Servants. The committee consists of:

- Chair – Sir Andrew Dilnot CBE
- John Pullinger CB Stat
- Professor Sir Adrian Smith FRS

The UK Statistics Authority Senior Civil Service (SCS) salary arrangements follow the guidance set out by the Cabinet Office in response to the Senior Salaries Review Body. SCS pay consists of two elements: a consolidated increase to base pay and a non-consolidated bonus payment. Both elements are performance-related and determined by an individual's performance in the previous appraisal year.

The remuneration for the National Statistician is not agreed by the Authority's Remuneration Committee but is determined independently, no bonus payments have been made.

All of the above information is based on payments made by the Department and is recorded in these accounts.

Benefits in Kind

None of the above received benefits in kind.

Bonus Payments

These are determined by an individual's performance in the previous appraisal year and are evaluated as part of the appraisal process, i.e. payments made in 2016/17 relate to performance outcomes in 2015/16 and the comparative bonuses reported for 2015/16 relate to performance in 2014/15.

Pension Benefits

The following table identifies pension benefits for Executive Directors of the UK Statistics Authority and the Office for National Statistics

Senior Directors	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 as at 31 March 2017 and related lump sum	Cash Equivalent Transfer Value at 31 March 2016	Cash Equivalent Transfer Value at 31 March 2017	Real Increase in Cash Equivalent Transfer Value
	£'000	£'000	£'000	£'000	£'000
John Pullinger CB Stat National Statistician Statistics Authority Fixed-term contract 1 July 2014 to 30 June 2019	0 - 2.5 plus 5 - 7.5 lump sum	65 - 70 plus 205 - 210 lump sum	1,417	1,508	26
Heather Savory Deputy National Statistician for Data Capability From 13 April 2015	2.5 - 5	5 - 10	34	71	27
Jonathan Athow Deputy National Statistician for Economic Statistics From 1 June 2015	2.5 - 5	35 - 40	425	480	31
Glen Watson Deputy National Statistician for Population and Public Policy Left ONS 31 December 2016	0 - 2.5 plus 2.5 - 5 lump sum	35 - 40 plus 115 - 120 lump sum	712	758	14
Ed Humpherson Director General for Regulation	2.5 - 5 plus 0 lump sum	50 - 55 plus 50 - 55 lump sum	726	778	16
Guy Goodwin Director of Social and Analysis Left 30 April 2016	0 - 2.5 plus 0 lump sum	30 - 35 plus 90 - 95 lump sum	562	564	1
Paul Layland Director of Finance	0 - 2.5 plus 0 - 2.5 lump sum	15 - 20 plus 40 - 45 lump sum	223	251	13
Neil Wooding Director of Business Services and Development	0 - 2.5	15 - 20	316	359	23
Nicholas Vaughan Director of National Accounts and Economic Statistics From 8 September 2014	0 - 2.5	30 - 35	401	439	17

Ian Cope Director of Census	2.5 - 0 plus 10 - 12.5 lump sum	40 - 45 plus 120 - 125 lump sum	711	816	70
Peter Benton Director of Data Collection	2.5 - 5 plus 2.5 - 5 lump sum	25 - 30 plus 75 - 80 lump sum	403	456	32
David Best Director of Digital Services, Technology and Methodology From 15 June 2015	2.5 - 5	0 - 5	36	80	37
Francesca Kay Director of Economic Statistics Transformation From 1 June 2016	0 - 2.5	30 - 35	403	435	16
Tom Smith Director of the Data Science Campus From 26 January 2017	0 - 2.5	0 - 5	0	5	3

Note

Joe Grice, Chief Economic Adviser opted out of the pension scheme on 31 March 2016.

The posts held by the non-executive Directors of the UK Statistics Authority are non pensionable

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2005, civil servants may be in one of five defined benefit schemes; either a final salary scheme (**classic, premium or classic plus**); or a whole career scheme (**nuvos** or **alpha**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic, premium, classic plus, nuvos**, and **alpha** are increased annually in line with Pensions Increase legislation. Members joining from April 2015 may opt for either the appropriate alpha or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 3.80% and 8.05% of pensionable earnings for **classic premium, classic plus, nuvos**, and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in **premium**. In **nuvos** and **alpha** a member builds up a pension based on pensionable earnings during the period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder

pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos** and **alpha**.

The majority of PCSPS members moved into **alpha** from 1 April 2015, new employees will also join **alpha**. Classic members who move to **alpha** will pay between 3% and 8.05%; those previously in **classic plus**, **premium** and **nuvos** will pay between 4.6% and 7.35%. Members who were 10 years or less away from their Normal Pension Age (NPA) on 31 March 2012 will continue in their current pension scheme.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

No Directors received compensation for loss of office during 2015/16.

STAFF REPORT

Staff Costs

	Total	Permanently employed staff	2016/17 Others	2015/16 Total
	£'000	£'000	£'000	£'000
Statistical Services Staff Costs	120,724	103,408	17,316	100,559
Social security costs	9,706	9,706	-	6,529
Other pension costs	19,892	19,892	-	18,339
Total	150,322	133,006	17,316	125,427
Less recoveries in respect of outward secondments	(5)	(5)	-	(68)
Total net costs	150,317	133,001	17,316	125,359

Note

Statistical Services and staff costs include £668,000 of research and development costs which are analysed as capital expenditure in the Statement of Parliamentary Supply, SOPS1 and SOPS2.

Recoveries of £5,000 (2015/16 £68,000) in respect of outward secondments are included in the operational income shown in note 5.

Staff numbers

	Total FTE	Permanently employed FTE	2016/17 Others FTE	2015/16 Number Total FTE
Objective				
Statistical Services	3,400	3,283	117	3,247

Note

Staff numbers are calculated using the average number of staff on the payroll each month rather than at year end.

Capitalised staff costs

	2016/17		2015/16	
	Cost £'000	FTEs	Cost £'000	FTEs
Data Collection Transformation Programme	423	9	248	7
Consumer and Retail Price Indices	-	-	38	2
Common Open Road Architecture platform (CORA)	-	-	358	8
Life Events	827	11	-	-
Central ONS Repository for Data (CORD)	-	-	231	5
Longitudinal Study	-	-	37	1
ARDC	-	-	1	-
Business Registers	698	3	-	-
Total	1,948	23	913	23

Notes

The 2016/17 salary figures reflect a net yearly movement of £564,000 accrued holiday and flexi pay, and PRP of £891,000.

In addition to the £150,317,000 reported total net costs £1,948,000 (2015/16 £913,000) of salary costs are categorised as capital expenditure and are not included in the Operating Cost Statement. An analysis by capital project is provided in Capitalised Staff Costs.

Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, but the Authority is unable to identify its share of the underlying asset and liabilities. A full actuarial valuation was carried out on 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Service Superannuation (www.civilservice-pensions.gov.uk).

For 2016/17, employers contributions of £19.7 million were payable to the PCSPS (2015/16 £18.3 million) at one of four rates on the range of 20 to 24.5 per cent (2015/16 20 to 24.5 per cent) of pensionable pay, based on salary bands.

The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt for a partnership pension account, a stakeholder pension with employer contributions. Employers' contributions of £198,000 (2015/16 £197,000) were paid to one or more of a panel of three approved stakeholder pension providers. Employers contributions are age-related and range from 3 to 12.5 per cent (2015/16 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition employers contributions of £8,237 represent in 0.8 per cent (2015/16 £6,556 0.8 per cent) of pensionable pay were payable to the PCSPS to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £31,737 (2015/16 £32,036). Contributions prepaid for both 2016/17 and 2015/16 were nil.

5 members of staff (2015/16 12 members of staff) retired early on ill-health grounds. These costs are centrally funded by the Civil Service Vote managed by My Civil Service Pension.

There were no additional accrued pension liabilities in either 2016/17 or 2015/16.

An actuarial valuation of the PCSP was completed during 2014/15 financial year, with an effective date of 31 March 2012. This revaluation was conducted in line with Directions made by HM Treasury, made under the Public Services Act 2013. The results of this valuation increases the average employer contribution rate paid from April 2015. The employer contribution rates will now be 20 to 24.5 per cent.

Reporting of civil service and other compensations

Exit package cost band	Total number of compulsory redundancies agreed within the year		Total number of other departures agreed within the year		Total value of exit packages agreed within the year by cost band £'000	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
<£10,000	-	-	12	1	96	7
£10,000 - £25,000	-	-	56	2	867	45
£25,000 - £50,000	-	-	52	2	1,903	78
£50,000 - £100,000	-	-	28	-	1,720	-
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
<£200,000	-	-	-	-	-	-
Total number of exit packages by type (total cost)	-	-	148	5	4,586	130

Redundancy and other departure costs have been paid in accordance with the provision of the Civil Service Compensation Scheme, a statutory scheme under the Superannuation Act 1972. Exit costs are accounted for in full for the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service Pension Scheme.

Ill-health retirement costs are met by the Pension Scheme and are not included in the table.

Number of Senior Civil Service Staff

SCS Pay Band

	2016/17		2015/16	
SCS Pay Band	Headcount	FTE	Headcount	FTE
SCS Pay Band 1 (Deputy Director)	39	38	34	33
SCS Pay Band 2 (Director)	9	9	8	8
SCS Pay Band 3 (Director General)	4	4	4	4
Permanent Secretary	1	1	1	1
Grand Total	53	52	47	46

Staff Numbers as at 31 March

	2016/17		2015/16	
Contract Type	Headcount	FTE	Headcount	FTE
Permanent Employment Contract	3,818	3,225	3,706	3,124
Fixed Term Employment Contract	215	213	62	62
Paid Secondment or Loan in	10	10	4	4
Grand Total	4,043	3,448	3,772	3,190

	2016/17	2015/16
Contingent Worker Type	Headcount	Headcount
Agency Worker	89	12
Contractor	80	63
Consultant	3	-
Service Worker	127	49
Grand Total	299	124

Staff Composition as at 31 March 2017

	Headcount		FTE	
	Female	Male	Female	Male
AA / AO	921	727	651	517
EO	385	207	344	204
HEO	407	329	378	324
SEO	282	211	263	209
Grade 7	184	227	174	223
Grade 6	41	69	40	68
SCS Pay Band 1 (Deputy Director)	11	28	11	27
SCS Pay Band 2 (Director)	2	7	2	7
SCS Pay Band 3 (Director General)	1	3	1	3
Permanent Secretary	-	1	-	1
	2,234	1,809	1,864	1,584

Sickness Absence

Average working days lost during 2016/17 was 8.1 (2015/16 was 8.7). Staff policies applied for disabled persons were in line with required government policies.

STATEMENT OF PARLIAMENTARY SUPPLY

The information on pages 50 to 53 is subject to audit.

Summary of Resource and Capital Outturn 2016/17

	2016/17 Estimate			Outturn			2016/17 Voted outturn compared with Estimate: saving/ (excess)	2015/16 Outturn
	Voted	Non-Voted	Total	Voted	Non-Voted	Total		Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Departmental Expenditure Limit								
- Resource	210,865	-	210,865	206,930	-	206,930	3,935	180,560
- Capital	20,140	-	20,140	19,028	-	19,028	1,112	8,596
Annually Managed Expenditure								
- Resource	(792)	-	(792)	(858)	-	(858)	66	167
Total	230,213	-	230,213	225,100	-	225,100	5,113	189,323
Total Resource	210,073	-	210,073	206,072	-	206,072	4,001	180,727
Total Capital	20,140	-	20,140	19,028	-	19,028	1,112	8,596
Total	230,213	-	230,213	225,100	-	225,100	5,113	189,323

Net Cash Requirement 2016/17

	2016/17			2016/17 Outturn compared with Estimate: saving/ (excess)	2015/16 Outturn
	Estimate	Note	Outturn		
	£'000		£'000	£'000	£'000
	204,031	SOPS 2	203,412	619	172,298

Notes

Figures in the areas outlined in bold are voted totals that are subject to Parliamentary control, any breach of the budget will result in an excess vote.

The Authority's net expenditure is classed as programme costs.

Explanations of variances between estimates and outturn are given in the Management Commentary on pages 34 to 35.

SOPS 1 NET RESOURCE AND CAPITAL OUTTURN

for the period ending 31 March 2017

SOPS 1.1 Analysis of net resource outturn

	Outturn				2016/17 Estimate Net Total outturn compared with Estimate		2015/16 Prior-year outturn
	Other Current £'000	Gross Resource £'000	Income £'000	Net Total £'000	Net Total £'000	£'000	£'000
Spending in Departmental Expenditure Limit							
Voted							
A. Programme Expenditure	236,375	236,375	(29,445)	206,930	210,865	3,935	180,560
Annually Managed Expenditure							
Voted							
B. Provisions	(76)	(76)	-	(76)	(76)	-	1,255
C. Utilised Provisions	(782)	(782)	-	(782)	(716)	66	(1,088)
Resource Outturn	235,517	235,517	(29,445)	206,072	210,073	4,001	180,727

Note

The programme costs within the annually managed expenditure reflect the utilisation of provisions and impairments charged to Annually Managed Expenditure (AME).

SOPS 1.2 Analysis of net capital outturn by section

	Programme Outturn			2015/16 Estimate Net Total outturn compared with Estimate		2014/15 Prior-year outturn
	Gross Capital Expenditure £'000	Income £'000	Net Total £'000	Net Total £'000	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000
Spending in Departmental Expenditure Limit						
Voted						
A. Programme Expenditure	19,028	-	19,028	20,140	1,112	8,596
Capital Outturn	19,028	-	19,028	20,140	1,112	8,596

SOPS 2 RECONCILIATION OF NET RESOURCE OUTTURN TO NET CASH REQUIREMENT

for the period ending 31 March 2017

	Note	2016/17 Estimate	2016/17 Outturn	2016/17 Net total Outturn compared with estimate: saving / (excess)	2015/16 Outturn
	£'000	£'000	£'000	£'000	£'000
Resource Outturn		210,073	206,072	4,001	180,727
Capital Outturn		20,140	19,028	1,112	8,596
Accruals to cash adjustments					
Depreciation and amortisation	4	(21,293)	(17,614)	(3,679)	(15,650)
Impairment	4	-	(620)	620	(1,753)
Adjustments to provisions	13	(99)	(289)	190	(1,255)
Other non-cash items	4	-	(89)	89	(890)
Adjustments to reflect movements in working balances					
Increase in receivables	10	-	1,046	(1,046)	6,015
Increase in trade and other payables	12	(5,381)	(5,052)	(329)	(3,859)
Other movements in working capital not reflected in operating costs		-	(194)	194	(721)
Utilisation of provisions	13	591	1,124	(533)	1,088
Net cash requirement		204,031	203,412	619	172,298

PARLIAMENTARY ACCOUNTABILITY DISCLOSURES

Special Payment and Losses (subject to audit)

For the period ending 31 March 2017

	2016/17	2015/16
	£'000	£'000
Ex-gratia claims	5	2
Special payments	22	250
	27	252

The Authority has paid £27,000 of ex-gratia payments and special payments to employees in keeping with the Civil Service Management Code during 2016/17 (2015/16 £252,000). All cases were below the individual disclosure threshold of £300,000.

	2016/17	2015/16
Number of Claims/Losses		
Ex-gratia claims	23	16
Special Payments	2	1
	25	17

Fees and Charges (subject to audit)

The only material fees and charges received by the Authority are received from other government bodies and these are disclosed in note 18.

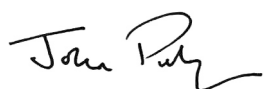
Remote Contingent Liabilities (subject to audit)

None identified.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The responsibilities of an Accounting Officer include confirming that as far as he is aware there is no relevant audit information of which the auditors are unaware and that he has taken all the steps he ought to have taken to make himself aware of any relevant audit information, and to establish that the auditors are aware of that information.

Signed by



John Pullinger CB Cstat
UK Statistics Authority
4 July 2017

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Statistics Board (referred to as the UK Statistics Authority) for the year ended 31 March 2017 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration Report, Staff Report and Parliamentary Accountability disclosures that is described as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my Report.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary

control totals for the year ended 31 March 2017 and shows that those totals have not been exceeded; and

- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2017 and of the Department's net operating costs for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration Report, Staff Report and Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report, Staff Report and Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
7 July 2017

Comptroller and Auditor General

National Audit Office, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP.



Chapter 4

UK Statistics Authority Annual Accounts

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the Year to 31 March 2017

		2016/17	2015/16
	Note	£'000	£'000
Programme Expenditure			
Staff	3	150,322	125,427
Other	4	86,136	83,937
Operating Income	5	(29,445)	(28,637)
Net Operating Costs for the year ending 31 March 2017		207,013	180,727
Other Comprehensive Net Expenditure			
Net (gain)/loss on:			
– revaluation of property, plant & equipment		(1,449)	(704)
– revaluation of intangibles		(226)	265
Total Comprehensive Expenditure for the year ending 31 March 2017		205,338	180,288

Reconciliation of Net Operating Costs to Statement of Parliamentary Supply

		2016/17	2015/16
	Note	£'000	£'000
Total resource outturn in Statement of Parliamentary Supply Budget		206,072	180,727
Expenditure which meets the European Statement of Accounts 2015 definition of research and development			
Staff costs (other)	3	537	-
Staff Costs (permanent)	3	131	-
Information technology expenditure	4	257	-
Net Operating Costs for the year ended 31 March 2017		207,013	180,727

The notes on pages 61 to 89 form part of these accounts.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

		2016/17	2015/16
	Note	£'000	£'000
Non-current assets:			
Property, plant and equipment	6	47,190	38,616
Intangible assets	7 & 7.1	27,445	34,510
Financial assets	10	63	77
Total non-current assets		74,698	73,203
Current assets:			
Trade and other receivables	10	7,594	4,687
Other current assets	10	11,771	13,618
Cash and cash equivalents	11	298	496
Total current assets		19,663	18,801
Total assets		94,361	92,004
Current liabilities:			
Trade and other payables	12	(30,375)	(25,323)
Current early retirement provision	13	(366)	(544)
Other current provision	13	(7,299)	-
Total current liabilities		(38,040)	(25,867)
Total assets less current liabilities		56,321	66,137
Non-current liabilities:			
Other provisions	13	-	(7,639)
Early retirement provision	13	(527)	(867)
Total non-current liabilities		(527)	(8,506)
Assets less liabilities		55,794	57,631
Taxpayers' equity and other reserves			
General fund		42,930	45,211
Revaluation reserve		12,864	12,420
Total equity		55,794	57,631

Signed by



John Pullinger CB CStat
Accounting Officer
UK Statistics Authority

4 July 2017

The notes on pages 61 to 89 form part of these accounts.

STATEMENT OF CASH FLOWS

for the period ending 31 March 2017

The Statement of Cash Flows illustrates the changes in cash and cash equivalents of the Authority during the reporting period.

This statement illustrates how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash arising from operating activities is a key indicator of service costs and the extent to which these operations are funded, by way of income from receipts from services, provided by the Authority. Investing activities represent the extent to which cash inflows and outflows have been made for resources, which are intended to contribute to the Authority's future Public Service delivery. Cash flows arising from financing activities include Parliamentary Supply and other cash flows including borrowing.

		2016/17	2015/16
	Note	£'000	£'000
Cash flows from operating activities			
Net operating costs		(207,013)	(180,727)
Adjustment for non-cash transactions	4	18,613	19,547
Increase in trade and other receivables	10	(1,046)	(6,015)
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		201	107
Increase in trade payables	12	5,052	3,859
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Expenditure</i>	6, 7 & 12	320	1,505
Use of provisions	13	(1,124)	(1,088)
Net cash outflow from operating activities		(184,997)	(162,812)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(13,751)	(5,596)
Purchase of intangible assets	7 & 7.1	(4,664)	(3,890)
Net cash flow from investing activities		(18,415)	(9,486)
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		203,214	171,577
Net Financing		203,214	171,577
Net decrease in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund	11	(198)	(721)
Cash and cash equivalents at the beginning of the period	11	496	1,217
Cash and Cash equivalents at the end of the period	11	298	496

The notes on pages 61 to 89 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the period ending 31 March 2017

		General Fund	Revaluation Reserve	Total Reserves
	Note	£'000	£'000	£'000
Balance at 1 April 2015		53,446	11,990	65,436
Changes in taxpayers' equity for 2015/16				
Net Parliamentary Funding - drawn down		171,577	-	171,577
Comprehensive expenditure for the year		(180,727)	-	(180,727)
ARDC capital income received		107	-	107
Non cash adjustments				
Non cash charges - auditor's remuneration	4	78	-	78
Movements in reserves				
Transfers between reserves		9	(9)	-
Net loss on revaluation of property, plant and equipment	6	-	704	704
Net gain on revaluation of intangible assets	7	-	(265)	(265)
Amounts issued from the Consolidated Fund for supply but not spent at year end		(496)	-	(496)
Deemed supply	11	1,217	-	1,217
Balance at 31 March 2016		45,211	12,420	57,631
Changes in taxpayers' equity for 2016/17				
Net Parliamentary Funding - drawn down		203,214	-	203,214
Advances from the Contingencies Fund		-	-	-
Repayments to the Contingencies Fund		-	-	-
Comprehensive expenditure for the year		(207,013)	-	(207,013)
Non cash adjustments				
Non cash charges - auditor's remuneration	4	89	-	89
Movements in reserves				
Transfers between reserves		1,231	(1,231)	-
Net gain/loss on revaluation of property, plant and equipment	6	-	1,449	1,449
Net gain/loss on revaluation of intangible assets	7	-	226	226
Amounts issued from the Consolidated Fund for supply but not spent at year end	11	(298)	-	(298)
Deemed supply	11	496	-	496
Balance at 31 March 2017		42,930	12,864	55,794

Notes

The General Fund is used to account for all financial resources, except for capitalised assets.

The Revaluation Reserve records unrealised gains and losses on revaluation of assets.

The notes on pages 61 to 89 form part of these accounts.

1. STATEMENT OF ACCOUNTING POLICIES AND ACCOUNTING CONVENTION

The 2016/17 financial statements are prepared in accordance with the 2016/17 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS), adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the UK Statistics Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Authority to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show Outturn against Estimate in terms of the Net Resource Requirement and the Net Cash Requirement.

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and in-house software.

The Authority is primarily resourced by funds approved by the House of Commons through the annual Appropriation Act. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund. The functional currency for the UK Statistics Authority is pounds Sterling; the Authority keeps a small balance of sterling and euros as well as shopping vouchers and postage stamps.

1.1 ADRC-E COLLABORATIVE AGREEMENT

The Authority has entered into a collaborative agreement to create the Admin Data Research Centre for England (ADRC-E) with:

- The University of Southampton;
- University College London;
- The London School of Hygiene and Tropical Medicine;
- The Institute for Fiscal Studies; and
- The Institute of Education.

The Economic and Social Research Council funds the arrangement via the University of Southampton who is the lead applicant to the collaborative agreement. The Authority has disclosed the expenditure and income relating to the arrangement in line with the requirements of IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interest in other Entities.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) assets include land, buildings, computers, and associated equipment, office machinery, and furniture and fittings.

Civil Estate property is occupied in Newport, Titchfield and Christchurch. The land and buildings are stated at current market value using professional valuations on an annual basis. The annual professional valuation more fully reflects specific local market conditions.

Any expenditure on leasehold assets is stated at current cost by using indices taken from the Authority's publication "Price Index Numbers for Current Cost Accounting". The properties occupied at Titchfield, Christchurch and Newport was professionally valued as at 31 December 2016 by a commercial company qualified to undertake these valuations. The valuations are to be prepared in accordance with the appropriate sections of the Practice Statements (PS) and the United Kingdom Practice Statements (UKPS) contained within the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards.

All other PPE assets are re-valued from the beginning of the quarter of acquisition. These assets are stated at current costs by using indices taken from the Authority's publication Price Index Numbers for Current Cost Accounting.

PPE assets must exceed the capitalisation threshold of £2,000 (including VAT) and have a life greater than one year.

1.3 INTANGIBLE ASSETS

Intangible assets consist of software licenses and in-house developed software. Software licenses are not re-valued and are included at depreciated historical cost.

In-house developed software is stated at current costs by using indices developed by the Office for National Statistics (ONS) National Accounts Division.

In House Developed Software assets must exceed a capitalisation threshold of £50,000 (including VAT) and have a life greater than one year.

Software Licences must exceed a capitalisation threshold of £2,000 (including VAT) and have a life greater than one year.

1.4 STATISTICAL RECORDS

Statistical information has built up over many years and is stored for reference purposes. No attempt is made to value this data, as there is no realistic way of doing so that would arrive at a meaningful valuation. The cost of storing and maintaining the data is charged to the Statement of Comprehensive Net Expenditure as incurred.

1.5 DEPRECIATION AND AMORTISATION

Depreciation is calculated so as to write off the re-valued cost of assets over the estimated useful economic life on a straight line basis (except where otherwise indicated), as follows:

Classification	Depreciation/Amortisation period	Previous Periods
Civil Estate Land	Not depreciated	No Change
Leasehold property	Over the term of the lease	No Change
Freehold property	As indicated by the District Valuation Officers annual report	No Change
Computer assets	Between 4 and 7 years	No Change
Office machinery	Between 4 and 7 years	No Change
Furniture and fittings	10 years	No Change
In-house developed software	Between 2 and 6 years	Between 3 and 16 years
Software licences	2 - 10 years	No Change

For property, plant and equipment a full year's depreciation is charged in the year of acquisition with the exception of building refurbishments where depreciation is charged from the quarter in which the assets are completed.

In-house developed software and applications are amortised between a range of 2 and 6 years, (subject to an annual review), charged from the quarter in which the assets are completed.

The development of new software assets are built under an 'agile' framework and are likely to be replaced significantly quicker than older ONS assets. These software assets have useful lives of between 2 and 6 years (subject to annual review).

Perpetual software licenses are amortised on a reducing balance basis over a life of 4 years. Where software licences are over a specific period they are depreciated over this useful life.

Each group of assets is reviewed annually for impairment.

1.6 ASSETS IN THE COURSE OF CONSTRUCTION

Assets under construction are capitalised as appropriate where meeting the requirements of IAS 16 or IAS 38 and transferred out of assets under construction into the relevant category of PPE or intangibles on completion.

1.7 RESEARCH AND DEVELOPMENT

The Authority undertakes certain research into statistical and survey methodology. Costs are charged to the Statement of Comprehensive Net Expenditure as they arise.

As required under European System of Accounts (ESA) 10 Research and Development costs are charged to Capital within the Statement of Parliamentary Supply and shown as a reconciling entry in the reconciliation between the Statement of Comprehensive Net Expenditure and the Statement of Parliamentary Supply.

1.8 OPERATING INCOME

Operating income which relates directly to the operating activities of the Authority comprises of the invoiced value of services supplied to the private sector, the wider public sector and other government departments. Income is recognised on completion of work and the value of work completed. Prices are calculated in accordance with Managing Public Money (published by the Treasury).

1.9 FOREIGN EXCHANGE

The Authority conducts a small number of transactions which are denominated in a foreign currency which are reviewed in accordance with IAS 21 and 39 (derivatives).

Transactions, other than Euros, are translated into sterling at the exchange rate ruling on the date of each transaction. Assets and liabilities denominated in Euros are translated into sterling at the exchange rate ruling at the date of the Statement of Financial Position.

1.10 LEASES

Leases are reviewed in accordance with IAS 17. The total cost of operating leases is expensed in equal instalments over the life of the lease.

1.11 FINANCIAL INSTRUMENTS

The Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables. Trade receivables are recognised less impairment. A provision for impairment is made when there is evidence that the Authority will be unable to collect an amount due in accordance with agreed terms.

1.12 PROVISIONS

The Authority provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of best estimate of the expenditure required to settle the obligation. Where the effect of time value is significant, provisions are discounted at the general rate of -2.70 per cent for a time period up to five years, -1.95 per cent for a time period of six to ten years, and -0.80 per cent for time periods greater than 10 years. Pension provisions are discounted at the rate of 0.24 per cent. The discount rates are published by HM Treasury. These provisions are reviewed each year in accordance with IAS 37.

1.13 TRADE RECEIVABLES

Trade receivables are recognised at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivable.

1.14 STAFF COSTS

Under IAS19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave at the year end.

1.15 EARLY DEPARTURE COSTS

The Authority meets the responsibility of additional costs of employees who take voluntary early severance or who retire early by paying the amounts required over the period between early departure and normal retirement date. The Authority provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments which are discounted by the HM Treasury discount rate of 0.24 per cent.

1.16 CASH AND CASH EQUIVALENTS

The Authority holds small balances of cash and cash equivalents in a readily realised form; these include small cash balances, shopping vouchers and postage stamps.

1.17 VAT

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.18 PROGRAMME EXPENDITURE

The Statement of Comprehensive Net Expenditure is analysed between programme and staff costs and income. The classification of expenditure and income as programme follows the definition of programme costs set out in HM Treasury Consolidated Budgeting Guidance, and as voted by Parliament in the Treasury's Supply Estimate.

1.19 PENSIONS

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes as described in notes to the accounts and in the Authority's Remuneration Report. The defined benefit elements of the schemes are unfunded and are non-contributory, except in respect of dependants' benefits. The Authority recognises the expected costs of these elements on a systematic and rational basis over a period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Authority recognises the contribution payable for the year.

1.20 CONTINGENT LIABILITIES

In addition to contingent liabilities disclosed in accordance with IAS 37, the Authority discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

Critical accounting judgements and key sources of estimation and uncertainty

The development, selection and disclosure of significant accounting estimates and judgements has been disclosed and agreed with the Audit and risk Assurance Committee.

1.21 REVALUATIONS

Land and buildings were acquired by the Authority at market value. The Authority re-values its estate on an annual basis. The valuations are undertaken by an independent organisation in accordance with the appropriate sections of the United Kingdom Practice Statements contained within the Royal Institution of Chartered Surveyors Appraisal Standards. The valuations are therefore an estimate of the estate based on their professional judgement as subject matter experts.

The Authority uses the indexation method (modified historic cost accounting) to adjust the value of its other tangible assets, namely Drummond Gate refurbishment costs, Office Machinery, Computer Hardware and Furniture and Fittings. Indexation is used to adjust the asset values to take into consideration market factors. This provides an

estimate of their value based on judgements about the economy by the Office for National Statistics.

Increases in valuation are credited to the Revaluation Reserves. Negative revaluations, called impairments are in the first instance written off against previously upward revaluations taken to the revaluation reserves. Where no previous revaluation reserves exist the impairments are written off as an expense in the Statement of Comprehensive Net Expenditure.

The indexation method is an estimate as it deals with categories as a whole, without consideration for individual assets.

1.22 INTANGIBLE ASSETS USEFUL ECONOMIC LIFE

Applicable expenditure incurred in the development of internally created software is capitalised and recognised as an intangible asset if the criteria set out in the relevant accounting standards are met. The Authority has made judgements and assumptions when assessing whether a project meets these criteria and recognises an intangible asset, whether purchased or built in-house (at cost) if, and only if:

- the Authority intends to complete the asset and bring it into use;
- the Authority has the ability to use the asset;
- there are adequate technical, financial and other resources to complete the development and use the asset;
- it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Having recognised the costs and determined the economic life attributable to an intangible asset by applying IAS38, the Authority undertakes an annual review of in-house developed software by applying IAS 36, adapted by HM Treasury for the public sector. The software does not generate future cash flows; its purpose is the support of future service potential and where an asset is not held for the purpose of generating cash flow, the value of the asset is assumed to equal the cost of replacing the asset, unless there has been a reduction in the service level. The Authority gauges the continued service potential of each in-house developed software asset by referring to the following factors:

- management information from the in-house software, including usage statistics where available;
- future plans highlighted by the ONS Strategic Roadmap and the Digital, Technology and Methodology transformation plan;
- information technology reviews;
- business area expectations and intelligence of ongoing requirements; and
- the estimated remaining useful economic life of the asset.

A full review of these factors is considered each year, and is presented to the Audit and Risk Assurance Committee for consideration.

The remaining economic lives for intangible assets are estimated at between two and six years for internal projects.

A reduction in the value of in-house developed software, or impairment of assets in the course of construction, resulting from decisions undertaken by the Authority in the course of normal business operations is charged to Departmental Expenditure Limit (DEL). Normal business operation covers all loss and damage to assets that result from management or staff action, and the actions of third parties.

1.23 PROVISIONS

A provision is a reserve to provide against any future cost that maybe incurred, taking into account an expected expense, disclosing it as a liability on the Statement of Financial Position. The Authority will create a provision in the period the liability becomes apparent and charges the related entry as an expense to the Statement of Comprehensive Net expenditure in the same period. The Authority has specific provisions based on historical evidence and professional judgements for potential claims.

1.24 PROVISIONS FOR BAD DEBTS

This is based on judgement of the debt materialising. The value of the debt is maintained by invoice based on its age and efforts are made to recover the debts by contacting the customer. Where there is sufficient evidence that suggests the amounts cannot be recovered they are initially provided for with any subsequent recognition of a bad debt being charged against the provision. This will increase the amount of expenditure to the Statement of Comprehensive net Expenditure in year (an increased charge to provision for bad debt) and correspondingly reduce the level of Debtors held within the Current Assets (within the Statement of Financial Position).

1.25 PROVISION FOR POTENTIAL CLAIMS

The value for provisions for tribunals and personal injury claims are based on ongoing cases at the year end and their likelihood of an outcome, with the probabilities being derived from the judgement of legal expertise the authority has employed. For example the value of a provision for an ongoing case has been calculated based on the overall claim multiplied by the probable outcome, if there is considerable doubt over the value and timing of the claim it should be treated as a contingent liability and as such not disclosed in the financial statements. All provisions are reviewed each year in accordance with IAS 37 Provisions, Contingent Liabilities and contingent Assets. The key principle established by IAS 37 is a provision should be recognised only when there is a present obligation resulting from past events. Planned future expenditure cannot be recognised.

1.26 DILAPIDATIONS

The terms of any lease that the Authority has entered into may state that the building should be returned to a fit state to the landlord. At any such time the Authority should consider whether there is any liability to return the property to its original state and commence discussion with the landlord. Negotiations with the landlord will precede any such provision for dilapidations and be based on the estimated cost of returning the property back to its original state.

The accounting treatment for Potential Claims and Dilapidations is to charge the costs to the Statement of Net Comprehensive Expenditure in the accounting period they arise, along with increasing the creditor balances held on the Statement of Financial Position. When an actual payment is made relating to these specific entries, the actual payment is made against the provision with no charge to the Statement of Net Comprehensive Expenditure.

1.27 DISCOUNTING OF LONG TERM PROVISIONS

Where the effect of time value is significant, provisions are discounted at the following rates:

	Short term 0 to 5 years	Medium term 5 to 10 years	Long term Exceeding 10 years
Early departure costs	0.24%	0.24%	0.24%
All other provisions	-2.70%	-1.95%	-0.80%

Note

Rates are published by HM Treasury.

1.28 ACCRUALS

Accruals are an accounting methodology that records income and expenditure when they occur; ensuring costs are recorded in the same period as the activity regardless of when cash is exchanged. The term accrual refers to any individual entry recording income and expense in the absence of a cash transaction. These occur throughout the year to ensure monthly reporting is as complete as possible but its primary purpose is to ensure the Annual Accounts represent a true and fair view of the Authority's financial position.

When goods or services are received prior to the financial year end but the invoice is not expected until the following financial year, an accrual is made to ensure that the charge is recognised in the correct accounting period. Other goods and services will require a quote previously provided such as a capital item to be delivered or calculation, such as a timesheet multiplied by the hourly rate for an employment agency accrual.

Holiday and flexi leave prepayment and accruals are calculated by comparing the expected year-end balance against the actual balance at 31 March. The expected balance is calculated by spreading the entitlement evenly over the year taking into

consideration the leave year start date for each member of staff. This is compared to the actual balance held; the balance is valued by grade using staff planning rates.

1.29 STANDARDS NOT YET ADOPTED

The following standards have been utilised or amended and should be considered when reading the accounts. The Authority will review their impact once they have been adopted by the FReM.

IFRS9 Financial instruments, this review includes three phases

- Phase one address classification and measurement;
- phase two address impairment, particularly how impairments are calculated and recorded; and
- phase three address hedge accounting.

This standard is due to be adopted by the FReM in 2018/19; the Authority anticipates this will have no impact on its financial statements.

IFRS 15 Revenue for Contract Customers specifies when revenue should be recognised when contracting with customers. The standard specifically focuses on long term contracts having staged payments. This standard is due to be adopted by the FReM on 2018/19, the Authority has limited involvement with this type of contract and this standard will have a limited impact on its financial statements.

IFRS 16 Leases specifies the elimination of the current operating lease categorisation for virtually all leases with the exception of short term leases. Assets and liabilities will be recognised on a 'right to use' basis.

This standard is due to be adopted by the FReM in 2019/20, the Authority anticipates this will have a limited impact on the its financial statements

The Authority is currently compliant in meeting its reporting requirements relating to estimates and judgements and where these estimates change, they are amended within the guidelines of accounting standard IAS 8.

2. SEGMENTAL INFORMATION OF EXPENDITURE AND INCOME

The following information is regularly provided in order to inform the decision making by the National Statistician's Executive Group and the primary Chief Operating Decision Maker (CODM)

	2016/17 Gross expenditure	2016/17 Income	2016/17 Net expenditure	2015/16 Gross expenditure	2015/16 Income	2015/16 Net expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Reportable Segments						
Census	23,524	(254)	23,270	18,434	(156)	18,278
Data Collection	50,972	(16,574)	34,398	46,090	(14,734)	31,356
National Acc & Economic Stats	29,830	(821)	29,009	24,060	(608)	23,452
Social and Analysis	18,914	(2,910)	16,004	17,462	(3,691)	13,771
Digital Services, Technology and Methodology	52,466	(264)	52,202	44,810	(479)	44,331
Corporate Support	43,176	(8,542)	34,634	36,608	(8,969)	27,639
UK Statistics Authority	1,568	(80)	1,488	1,487	-	1,487
	220,450	(29,445)	191,005	188,951	(28,637)	160,314

Reconciliation between segment information and net operating cost in the statement of comprehensive net expenditure

	Note	2016/17 Gross expenditure	2016/17 Income	2016/17 Net expenditure	2015/16 Gross expenditure	2015/16 Income	2015/16 Net expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
Total reported by segment		220,450	(29,445)	191,005	188,951	(28,637)	160,314
Reconciling items							
Depreciation	4	17,614	-	17,614	15,650	-	15,650
Provisions created in year	13	365	-	365	1,388	-	1,388
Provisions not required in year	13	(23)	-	(23)	(51)	-	(51)
Bad debt write off	4	-	-	-	-	-	-
Unwinding discount on provisions	4	(76)	-	(76)	(82)	-	(82)
Downward revaluations of fixed assets	4	620	-	620	1,753	-	1,753
Performance related pay year end accrual	3	891	-	891	879	-	879
Loss on disposal of equipment	4	23	-	23	811	-	811
	10 &						
Movement in holiday pay	12	457	-	457	65	-	65
VAT recovery		(3,863)	-	(3,863)	-	-	-
Statement of Comprehensive Net Expenditure		236,458	(29,445)	207,013	209,364	(28,637)	180,727

Note

Net assets are not reported separately to the CODM.

3. STAFF NUMBERS AND RELATED COSTS

for the period ending 31 March 2017

3.1 Staff Costs

			2016/17	2015/16
	Total	Permanently employed staff	Others	Total
	£'000	£'000	£'000	£'000
Statistical Services Staff Costs	120,724	103,408	17,316	100,559
Social security costs	9,706	9,706	-	6,529
Other pension costs	19,892	19,892	-	18,339
Total	150,322	133,006	17,316	125,427
Less recoveries in respect of outward secondments	(5)	(5)	-	(68)
Total net costs	150,317	133,001	17,316	125,359

Note

Statistical Services and Staff Costs includes £668,000 of research and development costs which are classified as capital expenditure in the Statement of Parliamentary Supply, SOPS 1 and SOP2.

3.2 Staff Numbers

	Total FTE	Permanently employed FTE	2016/17 Others FTE	2015/16 Number Total FTE
Objective				
Statistical Services	3,400	3,283	117	3,247

Note

The Statistical Services staff numbers are calculated using the average number of staff on the payroll each month.

3.3 Capitalised staff costs

	2016/17		2015/16	
	Cost	FTEs	Cost	FTEs
	£'000		£'000	
Data Collection Transformation Programme	423	9	248	7
Consumer and Retail Price Indices	-	-	38	2
Common Open Road Architecture platform (CORA)	-	-	358	8
Life Events	827	11	-	-
Central ONS Repository for Data (CORD)	-	-	231	5
Longitudinal Study	-	-	37	1
ARDC	-	-	1	-
Business Registers	698	3	-	-
Total	1,948	23	913	23

Notes

The 2016/17 salary figures reflect a net yearly movement of £564,000 of accrued holiday and flexi pay, and PRP of £891,000

In addition to the £150,000,000 in note 3.1, £1,622,000 (2015/16 £913,000) of salary costs are categorised as capital expenditure and are not included in the Operating Statement. An analysis by capital project is provided in note 3.3.

Recoveries of £5,000 (2015/16 £68,000) in respect of outward secondments are included as operational income shown in note 5.

4. PROGRAMME COSTS

for the period ending 31 March 2017

	2016/17	2015/16
Rentals under Operating leases	£'000	£'000
Other operating leases	4,211	4,198
Hire of plant and machinery	264	82
	4,475	4,280
Non-cash items		
Depreciation	17,614	15,650
Impairment of fixed assets	620	1,753
Net release of provisions	342	1,337
External audit fee ¹	89	78
Loss on disposal of equipment	23	811
Write off aged debtor and credit notes	1	-
Unwinding and rewinding of discount on provisions	(76)	(82)
	18,613	19,547
Information technology ²	23,371	20,429
Accommodation	14,874	12,874
Payments for carrying out surveys	10,953	11,767
Travel and subsistence	5,882	5,488
Other expenditure	5,446	4,419
Telecommunications	1,882	1,553
External training	1,188	952
Postage	1,007	921
Consultancy	924	473
Miscellaneous fees	907	686
Stationery	384	392
Hospitality	112	125
Ex-gratia payments	27	44
Census Services	-	1
Exchange rate (gains)/losses	(46)	(14)
Recovery of VAT ³	(3,863)	-
	86,136	83,937

Notes

¹ There were no non-audit fees incurred in either 2016/17 or 2015/16

² Statistical Services and Staff Costs includes £257,000 of research and development costs which are classified as capital expenditure in the Statement of Parliamentary Supply, SOPS 1 and SOP2.

³ Recovery of VAT - Improved reporting within the system facilities enabled a review highlighting under recovery of VAT over a four year period from October 2012.

5. INCOME

for the period ending 31 March 2017

	2016/17	2015/16
	£'000	£'000
Operational income	9,062	9,406
Statistical services	19,411	18,456
EU Income	972	775
	<u>29,445</u>	<u>28,637</u>

An analysis of income from services provided to external and public sector customers is as follows.

	2016/17			2015/16		
	External	Public Sector	Total	External	Public Sector	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Statistical services	1,780	7,282	9,062	1,561	7,845	9,406
Operational income	3,112	16,299	19,411	1,625	16,831	18,456
EU Income	972	-	972	775	-	775
	<u>5,864</u>	<u>23,581</u>	<u>29,445</u>	<u>3,961</u>	<u>24,676</u>	<u>28,637</u>

6. PROPERTY, PLANT AND EQUIPMENT

for the period ending 31 March 2017

	Land	Buildings	Computers	Office Machinery	Furniture and Fittings	Building Refurbishments Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At April 2015	9,882	24,075	30,486	4,679	8,222	951	78,295
Additions	-	-	1,371	192	217	3,174	4,954
Transfers from assets under construction	-	3,857	(44)	-	-	(3,857)	(44)
Disposals	-	-	(21,817)	(2,660)	(250)	-	(24,727)
Impairment	-	(2,248)	-	-	-	-	(2,248)
Revaluations	160	(409)	(52)	2	254	-	(45)
At 31 March 2016	10,042	25,275	9,944	2,213	8,443	268	56,185
Depreciation							
At April 2015	-	1,791	26,007	3,773	7,053	-	38,624
Charged in year	-	1,803	2,199	489	446	-	4,937
Disposals	-	-	(21,816)	(2,660)	(250)	-	(24,726)
Impairment	-	(494)	-	-	-	-	(494)
Revaluations	-	(943)	(26)	1	219	-	(749)
Transfer out of group	-	-	(23)	-	-	-	(23)
At 31 March 2016	-	2,157	6,341	1,603	7,468	-	17,569
Cost or valuation							
At April 2016	10,042	25,275	9,944	2,213	8,443	268	56,185
Additions	-	-	5,975	65	1,053	6,414	13,507
Transfers	-	1,173	(16)	16	-	(1,173)	-
Disposals	-	-	(2,043)	(161)	-	-	(2,204)
Impairment	-	(1,338)	-	-	-	(84)	(1,422)
Revaluations	113	(46)	948	(4)	133	-	1,144
At 31 March 2017	10,155	25,064	14,808	2,129	9,629	5,425	67,210
Depreciation							
At April 2016	-	2,157	6,341	1,603	7,468	-	17,569
Charged in year	-	1,943	3,071	284	449	-	5,747
Disposals	-	-	(2,023)	(161)	-	-	(2,184)
Impairment	-	(802)	-	-	-	-	(802)
Revaluations	-	(844)	448	(2)	88	-	(310)
At 31 March 2017	-	2,454	7,837	1,724	8,005	-	20,020
Net book value at 31 March 2016	10,042	23,118	3,603	610	975	268	38,616
Net book value at 31 March 2017	10,155	22,610	6,971	405	1,624	5,425	47,190
Asset financing:							
Owned	10,155	22,610	6,971	405	1,624	5,425	47,190
Net book value at 31 March 2017	10,155	22,610	6,971	405	1,624	5,425	47,190

Note

Included in the £13.507 million of additions are £372,000 of capital creditors. The total amount of capital creditors brought forward from 2015/16 was £128,000.

The properties at Titchfield, Christchurch and Newport were professionally valued as at 31 December 2016 by the District Valuer Service (DVS), the commercial arm of the Valuation Office Agency who are qualified to undertake these valuations. The valuations were prepared in accordance with the appropriate sections of the Practice Statements and the United Kingdom Practice Statements contained within the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

The Authority calculates and publishes indices, which are used to value non-property assets on a quarterly basis.

7. INTANGIBLE FIXED ASSETS

for the period ending 31 March 2017

In-house developed software applications

	NeSS Projects	CORD (Odyssey) Projects	CASPA (The Social Survey Repository)	Web Data Access	Web Development Project	CPI/RPI	CORA (Common Open Road Architecture)	Electronic Data Collection	Virtual Micro Laboratory	Improving Dissemination	Longitudinal Study	Business Prices	Software Licences	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valuation														
At April 2015	13,115	7,961	16,314	11,795	8,071	8,201	2,411	4,118	-	-	-	-	20,305	92,291
Additions	-	-	-	-	-	-	-	-	-	-	-	-	214	214
Disposals	(11,765)	-	-	-	-	-	-	-	-	-	-	-	(13,048)	(24,813)
Transfers from assets under construction	-	310	-	-	-	44	751	-	244	861	-	-	-	2,210
Transfer into group	-	-	-	-	-	-	-	-	-	-	-	-	44	44
Revaluations	(118)	(71)	(141)	(86)	(111)	(71)	(24)	(35)	-	-	-	-	-	(657)
At 31 March 2016	1,232	8,200	16,173	11,709	7,960	8,174	3,138	4,083	244	861	-	-	7,515	69,289
Amortisation														
At April 2015	11,488	5,404	10,723	4,331	4,868	1,044	290	407	-	-	-	-	17,239	55,794
Charged in year	805	381	829	3,652	1,615	520	437	490	57	53	-	-	1,874	10,713
Disposals	(10,955)	-	-	-	-	-	-	-	-	-	-	-	(13,048)	(24,003)
Transfer into group	-	-	-	-	-	-	-	-	-	-	-	-	23	23
Revaluations	(106)	(48)	(96)	(31)	(90)	(11)	(4)	(6)	-	-	-	-	-	(392)
At 31 March 2016	1,232	5,737	11,456	7,952	6,393	1,553	723	891	57	53	-	-	6,088	42,135
Valuation														
At April 2016	1,232	8,200	16,173	11,709	7,960	8,174	3,138	4,083	244	861	-	-	7,515	69,289
Additions	-	-	-	-	-	-	-	-	-	-	-	-	2,637	2,637
Disposals	(1,232)	-	-	-	(7,993)	-	-	-	-	-	-	-	(2,769)	(11,994)
Transfers from assets under construction	-	153	-	-	-	-	223	1,194	3	400	650	125	-	2,748
Revaluations	-	86	169	123	33	85	33	51	3	13	8	1	-	605
At 31 March 2017	-	8,439	16,342	11,832	-	8,259	3,394	5,328	250	1,274	658	126	7,383	63,285
Amortisation														
At April 2016	1,232	5,737	11,456	7,952	6,393	1,553	723	891	57	53	-	-	6,088	42,135
Charged in year	-	432	1,089	3,738	1,593	936	657	1,305	51	307	186	24	1,544	11,862
Disposals	(1,232)	-	-	-	(8,013)	-	-	-	-	-	-	-	(2,769)	(12,014)
Revaluations	-	63	126	142	27	22	12	17	1	2	1	-	-	413
At 31 March 2017	-	6,232	12,671	11,832	-	2,511	1,392	2,213	109	362	187	24	4,863	42,396
Net book value of in-house software 31 March 2016	-	2,463	4,717	3,757	1,567	6,621	2,415	3,192	187	808	-	-	1,427	27,154
Net book value of in-house software 31 March 2017	-	2,207	3,671	-	-	5,748	2,002	3,115	141	912	471	102	2,520	20,889
Remaining useful economic life	-	5	3	-	-	5	3	3	3	3	3	3		

Notes

The net book value of in-house developed software would be £26 million if historic cost accounting had been applied. The Authority calculates indices to value in-house developed software assets on a quarterly basis. The Authority does not revalue software licences. Included in the £2.637 million of software licences additions is £76,000 of capital creditors and the amount brought forward from 2015/16 is £NIL.

CORD (Central ONS Repository for Data) is the primary system used to compile the National Accounts including Quarterly National Accounts, Retail Sales Index and Trade (Goods and Services). The CORD platform capability is currently being enhanced to support the processing requirements to deliver the National Accounts in-line with the European System of Accounts 2012 Programme. This will be achieved through progressive improvements in statistical methods, data and system performance.

The Social Survey Repository replaced the Annual Population Survey/Labour Force Survey re-weighting and Scientific Information Retrieval 2002 systems based in Newport, which currently weight, re-weight, impute, produce derived variables, attach geographies and store the APS and LFS data. It is built on the CASPA platform (Common Architecture for Statistical Processing and Analysis).

The CPI/RPI Re-engineering Project and Business Prices delivers a new generation of price index systems to produce CPI and RPI statistical outputs, which will improve the efficiency, quality and flexibility of the systems used to produce economic statistics that are central to Government policy-making. The new application, Pretium, will deliver a significant reduction in the risk of publication error, as well as increased flexibility, reporting and analysis capability, to enable the Authority to better meet user needs. Pretium has been designed as a reusable platform with the ability to produce additional price indices in the future.

CORA (Common Open Road Architecture) is a software platform for the processing of business-related statistical surveys and it currently hosts the following surveys: Foreign Direct Investments, Mergers and Acquisitions, International Trade in Service and Outward Foreign Affiliates Statistics.

The Electronic Data Collection programme (EDC) aims to develop systems, methods and processes to improve the collection, integration and processing of data in relation to the UK's economy and society. The programme will modernise antiquated data collection modes, such as paper based questionnaires, with a range of electronic data collection channels, making further use of the Web and administrative sources.

The Virtual Micro Laboratory provides a facility for researchers to review and collate administrative data.

Web Data Access (WDA) enables the dissemination of a range of social and economic data sets in a way that maximises use in line with government policy and transparency. A review of this software was undertaken during 2014/15 which resulted in a remaining useful economic life of 1 year. It is now fully amortised. It was retained on the Intangible Fixed Asset register at the year end as data migration was still in process and it will be fully written off and disposed during 2017/18.

The Web Development Programme delivered the archived ONS website. Following the launch of the new ONS website under the Improved Dissemination Programme this asset was given a useful economic life of 1 year and has now been fully amortised.

The Improving Dissemination program has delivered a new, modern website with improved search and navigation. The programme also delivers new internal systems for statistical production areas to release outputs.

The Longitudinal Study provides valuable social research which links life events and Census data back to 1971. This programme aims to improve the analysis of occupational mortality and provide better information on fertility and birth rates.

The Business Prices programme provides additional functionality to include more respondents in line with Prices Surveys.

7.1 Assets Under Construction

	Longitudinal Study Redevelopment	CPI/RPI Re- engineering Project	Central ONS Repository for Data CORD	Electronic Data Collection	Life Events	CORA Platform	ADRC-E	Improving Dissemination	Business Prices	Business Registers	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At April 2015	574	-	89	32	4,723	94	155	364	-	-	6,031
In year expenditure	76	44	374	1,019	(3)	880	92	928	125	-	3,535
Impairment	-	(44)	(310)	-	-	(751)	(244)	(861)	-	-	(2,210)
Transfers to fixed assets	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2016	650	-	153	1,051	4,720	223	3	431	125	-	7,356
At April 2016	650	-	153	1,051	4,720	223	3	431	125	-	7,356
In year expenditure	-	-	-	423	827	-	-	-	-	698	1,948
Transfers to fixed assets	(650)	-	(153)	(1,194)	-	(223)	(3)	(400)	(125)	-	(2,748)
At 31 March 2017	-	-	-	280	5,547	-	-	31	-	698	6,556

	2016/17 Total	2015/16 Total
	£'000	£'000
Net book value of assets under construction at	6,556	7,356

Notes

Assets under construction are not revalued or depreciated.

The Life Events redevelopment project is replacing a legacy mainframe system for processing births, deaths and other events with a new system built on the strategic corporate IT platform. In addition to delivering a strategic solution, the system will be more effective and efficient to operate and maintain.

The Authority entered into a collaborative agreement to create the Admin Data Research Centre for England (ADRC-E). This will provide a facility for researchers to review and collate administrative data.

Non-current assets	2016/17 Total	2015/16 Total
	£'000	£'000
In-house developed software & software licences	20,889	27,154
Assets under construction	6,556	7,356
Intangible assets	27,445	34,510

8. IMPAIRMENTS

for the period ending 31 March 2017

8.1 Property Plant & Equipment

	Titchfield Building Revaluation	Newport Building Assets Under Construction	Total
	£'000	£'000	£'000
Component value as at 31 March 2017	821	84	905
Depreciation relating to the component	(285)	-	(285)
Total cost of impairment 2016/17	536	84	620

Note

Following a market valuation undertaken by DVS the Titchfield buildings were impaired.

A review, by an independent builder, of work undertaken to clad the Newport building highlighted the requirement for remedial work. As a result of the review a decision was made to impair the holding value of the work completed by the estimate cost of the remedial work.

9. FINANCIAL INSTRUMENTS

for the period ending 31 March 2017

As the cash requirements of the Authority are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-Public Sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Authority's expected purchase and usage requirements. The Authority is, therefore, exposed to little credit, liquidity or market risk. The Authority revalues outstanding Euro transactions at year end.

Currency risk

	2016/17	2016/17	2015/16	2015/16
	Non-interest bearing	Non-interest bearing	Non-interest bearing	Non-interest bearing
	financial assets	financial liabilities	financial assets	financial liabilities
	£'000	£'000	£'000	£'000
Gross financial assets/ liabilities – Euro	-	-	324	(325)

10. TRADE RECEIVABLES AND OTHER ASSETS

as at 31 March 2017

	2016/17	2015/16
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	7,594	4,687
Deposit and advances	12	3
Other receivables	2,982	-
Prepayments and accrued income	8,777	13,615
	<u>19,365</u>	<u>18,305</u>
Amounts falling after more than one year:		
Deposits and advances	63	77
	<u>19,428</u>	<u>18,382</u>

10.1 Total Trade Receivables Outstanding

	2016/17	2015/16
	£'000	£'000
1-30 days	7,407	4,476
31-60 days	14	36
61-90 days	67	165
91-180 days	106	3
	<u>7,594</u>	<u>4,680</u>
greater than 181 days	-	7
	<u>7,594</u>	<u>4,687</u>

Statement of Financial Position

	2016/17	2015/16
	£'000	£'000
Deposits and advances falling due after more than one year	63	77
Trade and other receivables	7,594	4,687
Other current assets	11,771	13,618
	<u>19,428</u>	<u>18,382</u>

Note

2016/17 figures reflect a net yearly movement of £52,000 of pre-paid holiday and flexi pay. The Authority calculates the holiday and flexi accrual at the year end with the figure being reflected in the category of accruals and deferred income.

11. CASH AND CASH EQUIVALENTS

for the period ending 31 March 2017

	2016/17	2015/16
	£'000	£'000
Balance at 1 April	496	1,217
Net change in cash and cash equivalent balances	(198)	(721)
Balance at 31 March	298	496

The following balances at 31 March were held at:

Government Banking Service accounts	242	368
Commercial banks and cash in hand	-	127
Cash equivalents	56	1
Balance at 31 March	298	496

12. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

for the period ending 31 March 2017

	2016/17	2015/16
	£'000	£'000
Amounts falling due within one year:		
Other taxation and social security	2,785	5,652
Trade payables	9,823	6,540
Other payables	-	533
Accruals and deferred income	17,469	12,102
Amounts issued from Consolidated Fund for supply but not spent at year end	298	496
	30,375	25,323

Note

2016/17 figures reflect a net yearly movement of £509,000 of accrued holiday and flexi pay.

The Authority calculates the holiday and flexi accrual at year end with the figure being reflected in the category of accruals and deferred income.

13. PROVISIONS FOR LIABILITIES AND CHARGES

for the period ending 31 March 2017

	Early Departure Costs	Drummond Gate Dilapidations	Ongoing Legal Cases	Other Provisions	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2015	1,979	6,645	259	-	8,883
Provided in year	298	-	-	1,090	1,388
Provisions not required written back	-	-	(51)	-	(51)
Provisions utilised in the year	(880)	-	(208)	-	(1,088)
Unwinding of discount	31	(198)	-	-	(167)
Rewinding of discount	(17)	102	-	-	85
Balance at 31 March 2016	1,411	6,549	-	1,090	9,050
Balance at 1 April 2016	1,411	6,549	-	1,090	9,050
Provided in year	-	-	365	-	365
Provisions not required written back	(23)	-	-	-	(23)
Provisions utilised in the year	(521)	-	-	(603)	(1,124)
Unwinding of discount	29	(102)	-	-	(73)
Rewinding of discount	(3)	-	-	-	(3)
Balance at 31 March 2017	893	6,447	365	487	8,192

	2016/17	2015/16
	£'000	£'000
Current early retirement provision 2016/17	366	544
Early retirement provision due after more than one year	527	867
Other provisions	7,299	7,639
Balance at 31 March	8,192	9,050

Analysis of expected timing of discounted flows

	Early Departure Costs	Drummond Gate Dilapidations	Other Provisions	Other Provisions	Total
	£'000	£'000	£'000	£'000	£'000
up to 31 March 2018	366	6,447	365	487	7,665
Between 2019 and 2021	408	-	-	-	408
Between 2022 and 2027	102	-	-	-	102
Between 2028 and 2031	17	-	-	-	17
Balance at 31 March 2017	893	6,447	365	487	8,192

Notes

Early Departure Costs

The Authority meets the additional costs of benefits, beyond the normal PCSPS benefits, in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and the normal retirement date. The Authority provides for this in full when the Early Retirement programme becomes binding by establishing a provision for the estimated payments discounted by H.M.Treasury pensions discount rate of 0.24%.

Ongoing Legal Cases

The Authority is currently dealing with one ongoing legal case, provisions have been included in line with professional advice.

Drummond Gate Dilapidations

The Lease expires in January 2018. It is anticipated that this will not be renewed. The UK Statistics Authority expects to pay a sum in respect of dilapidations under the Terms of the Lease. The provision is payable during 2017/18 and HMT discount rates do not apply.

Other Provisions

The Authority is currently negotiating pension rights as a result of TUPE transfers into the organisation following the end of the Fujitsu IT contract.

14. CAPITAL COMMITMENTS

for the period ending 31 March 2017

	2016/17	2015/16
	£'000	£'000
Contracted capital commitments	5,453	3,128
Total commitments as at 31 March not otherwise included in these financial statements	5,453	3,128

15. COMMITMENTS UNDER LEASES

for the period ending 31 March 2017

Operating Leases

Total future minimum Lease payments under Operating Leases are detailed in the table below for each of the following periods:

	2016/17	2015/16
	£'000	£'000
Buildings:		
Not later than one year	394	4,301
Later than one year and not later than five years	129	3,167
More than five years	43	52
	566	7,520
Other:		
Not later than one year	111	366
Later than one year and not later than five years	75	526
	186	892

The Authority has a number of sub-letting commitments and the following income streams are anticipated:

	2016/17
	£'000
Not later than one year	6,197
Later than one year and not later than five years	499
	6,696

16. OTHER FINANCIAL COMMITMENTS

for the period ending 31 March 2017

The Authority entered into non-cancellable contracts (which are not Leases or PFI contracts) for Information Management Services, Statistical Services and Facilities Management. As a result the Authority is committed to the following payments:-

	2016/17	2015/16
	£'000	£'000
Not later than one year	23,664	17,800
Later than one year and not later than five years	19,715	20,792
More than 5 years	46	1,711
	43,425	40,303

17. CONTINGENT LIABILITIES

for the period ending 31 March 2017

None

18. RELATED PARTY TRANSACTIONS

for the period ending 31 March 2017

The Authority has had various material transactions with other Government Departments and other Central Government bodies.

Most of these transactions have been with:

	Net Income / (Spend)
Department for Work and Pensions (net value)	11,921,380
Crown Prosecution Service	3,385,444
Welsh Assembly Government (net value)	3,315,953
Mayor's Office for Policing and Crime and Metropolis Police Commissioner	(3,030,750)
Department for Business Innovation and Skills	2,945,590
National Savings & Investments	1,369,648
Scottish Government (net value)	1,294,433
Intellectual Property Office (net value)	1,110,809
Department for Communities and Local Government	505,901

No Board Member, Key Manager, or other related parties have undertaken any material transactions with the Authority during the financial year 2016/17

19. COLLABORATIVE AGREEMENTS

for the period ending 31 March 2017

In order to jointly run the 'Administrative Data Research Centre - England' a project funded by the Economic Social Research Council; the Authority has entered into a collaborative agreement, assessed as a Joint Operation with:

- The University of Southampton
- University College London
- London School of Hygiene and Tropical Medicine
- The Institute for Fiscal Studies
- Institute of Education

The agreement outlines that the Authority will retain any assets it generates as part of this agreement and will be responsible for liabilities up to the amount of funding it has received only.

The Authority's share of the transactions, assets and liabilities of this Joint Operation are incorporated within the main financial statements, and are shown below:

Statement of Comprehensive Net Expenditure

	2016/17	2015/16
	£'000	£'000
Staff	488	725
Other	303	219
Operating Income	(1,175)	(1,057)
Net Operating Costs for the year ending 31 March	(384)	(113)

Statement of Financial Position

	2016/17	2015/16
	£'000	£'000
Non-current assets:		
Intangible assets	260	440
Bank	1,194	810
	1,454	1,250

Taxpayers' equity and other reserves

	2015/16	2014/15
	£'000	£'000
Income Capital	260	440
Net Reserve Expenditure	1,194	810
	1,454	1,250

20. MACHINERY OF GOVERNMENT – TRANSFER OF FUNCTION

On 23 January 2017, responsibility for Household Projections analysis was transferred from the Department of Communities and Local Government (DCLG) to the Authority, via a Machinery of Government Change (MOG).

In order to facilitate this £30k budget was transferred from DCLG to the Authority.

The 2015/16 Statement of Comprehensive Net Expenditure and Statement of Financial Position have not been restated to reflect this MOG, as the change is not considered material to these financial statements.

21. EVENTS ARISING AFTER THE REPORTING DATE

None.

22. DATE OF AUTHORISATION OF THE ACCOUNTS

The Accounts were authorised for issue on the date of the Comptroller and Auditor General's certification.

ISBN 978-1-4741-4307-3



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