

UK Statistics Authority

ANNUAL REPORT AND ACCOUNTS 2011/12



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Foreword



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.



The Government Statistical Service (GSS) is headed by the National Statistician and is spread across more than 30 government departments, agencies and the devolved administrations. It includes statisticians and others providing high quality information, analysis and advice to decision makers. Around 1,400 staff are members of the Government Statisticians Group, the professional community of statisticians within government.



The Office for National Statistics (ONS) is the executive office of the UK Statistics Authority and is the UK's single largest statistical producer. It is also the internationally recognised National Statistical Institute of the UK.



Andrew Dilnot CBE

Foreword by Andrew Dilnot, Chair of the UK Statistics Authority

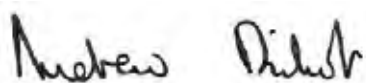
I am delighted to introduce the UK Statistics Authority Annual Report and Accounts for the financial year 2011/12. While this report covers the work of the Authority prior to my taking up office on 1 April 2012, I intend to continue the work of my predecessor, Sir Michael Scholar, and to build on the Authority's priorities and agenda that he and the Authority Board established over these past four years.

My starting point is that I care very much about official statistics, not just about the numbers themselves but about the ways in which they are used and interpreted. There is almost no decision that any of us takes that is not, in the end, based to some extent on statistics. Statistics are vital in helping all of us understand the world around us, and in taking the everyday decisions that we need to make. For this reason, I believe that the work of official statisticians and statistical staff working in both ONS and the wider Government Statistical Service (GSS) is core to the fabric of our national life; it should be respected, looked after, and also encouraged and further developed.

As Chair of the UK Statistics Authority, I want to be both a guardian and a champion of official statistics. I will continue the Authority's strong record of defending – robustly and independently – the integrity of official statistics, when it is necessary to do so including, on occasion, public intervention against those who undermine the integrity of UK official statistics.

I will also continue to champion official statistics, and champion the dedication and professionalism of all those who produce official statistics across the statistical service. I would like all of us to think about statistics in a positive way, to see the enormous value and richness of UK official statistics, and to maximise their use throughout government and beyond. This is as important for the general public and the media as it is for Parliament, politicians and civil servants. I believe that we must create a sense of the significance of official statistics, the need and value of sound and strong statistical analysis, as well as the consequences of their misuse. Sound and impartial commentary, explanation, and tools for dissemination are critical to our success.

I would like to pay tribute here to Sir Michael Scholar for his enormous legacy as the Authority's founding chairman. Sir Michael has set a very high benchmark for me, and I very much hope I can come up to that exacting standard. I value enormously the advice and support of the Authority Board, and I am very much enjoying working with my colleagues in the Authority, the ONS, the wider GSS, in Parliament, and beyond, to deliver on the Authority's statutory objective of promoting and safeguarding UK official statistics to serve the public good.

A handwritten signature in black ink, reading 'Andrew Dilnot'.

Andrew Dilnot CBE

July 2012



Sir Michael Scholar KCB

Chapter 1

Chair's Report and About the UK Statistics Authority

1.1 CHAIR'S REPORT 2011/12

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

I expected that my report last year would be my last as Chair of the Statistics Authority, given that my term of office was due to conclude in summer 2011. But I was asked, and I agreed, to continue in post until the process to find my successor was completed.

In last year's report I attempted an assessment of how far the Statistics Authority had so far met the aims and objectives I had set for it at its launch in 2008. I will not repeat that assessment now, except to say that last year's work has not, in my view, altered the general tenor of that assessment: we have had our successes (see below), but we have also had some disappointments (see also below).

As before, we are best known for our high-profile criticisms of Departments' or senior political figures' misuse of statistics. This year has seen a number of these – in respect, for example, of the Mayor of London's comments on juvenile reoffending statistics, the Treasury's breach of pre-release access arrangements, and also on drug seizures, migration, Employment and Support Allowances and other statistics. These interventions are chronicled below.

Such interventions require careful and often detailed work by the Authority. But they occupy a small part of the Authority's output. During the year we have nearly completed our initial programme of statutory Assessments of compliance with the *Code of Practice*. Under the direction of the Authority's Head of Assessment, we have reviewed nearly all those sets of National Statistics which had been thus designated under the pre-2008 arrangements, to determine whether or not they should continue to be designated 'National Statistics'. This role is a statutory requirement – and a huge and challenging task – placed upon the Authority under the legislation which created us.

Since the beginning of the Assessment programme the Authority has published 250 Assessment Reports, covering 1,100 sets of statistics. In December 2011 we published our findings from the programme so far, setting out the five main themes that were evident from our Assessments, as well as highlighting examples of good practice. Overall, we found that official statistics are high quality products, worthy of confidence and trust. But we also found that those who produce them need to improve the text that accompanies their first release; they need better to understand and communicate the uses made of official statistics; to improve the documentation of sources and methods used; to maximise the use of existing administrative data for statistical purposes; and to improve comparability between statistics produced by the four Administrations of the UK. The Authority believes that these findings provide a sound base upon which the statistical service can continue to develop and maximise the value of the statistical product for the user, drawing also upon the numerous examples of good practice we found on all these matters across the statistical service. These are discussed in the Head of Assessment's report in chapter 2 of this report and in the Monitoring Brief itself, published in December 2011.

The *2007 Act* also requires the Authority to monitor the production and publication of official statistics and to report on any concerns we might have about their quality, good practice, or about their comprehensiveness. Chapter 2 of this Report sets out in more detail the monitoring work that we have undertaken during 2011/12. This year we published ten Monitoring Briefs setting out our views in response to specific issues of concern.

We continue to place the utmost importance on our direct reporting to Parliament, either through our published reports or by engaging directly with Select Committees and individual Members of Parliament. Accompanied by the National Statistician and the Head of Assessment, I gave oral evidence to the Public Administration Select Committee in May 2011, to discuss the work of the Authority and to elaborate on our findings, and also to assist the Committee in identifying the future priorities for the Authority and my successor as Chair. I have valued greatly the support of the Chairs and members of the Public Administration Select Committee, both in the current Parliament and the previous Parliament.

In July 2011, the Authority sent a report to the Home Affairs Committee in response to the Committee's observations about the limitations of official UK migration statistics, and criticism of some of the ways in which those statistics had been used in public debate. Parliament, Government and the public all need a comprehensive statistical picture of immigration and emigration, but this is not in practice deliverable without the systematic recording of people entering and leaving the UK, and data on the

destination of migrants once they arrive. To put such a system in place would require a new framework of legislation and administration. Without such a system – which seems unlikely for the foreseeable future to be acceptable to Ministers or to Parliament – our view is that there is no alternative statistical solution that will deliver comprehensive, integrated and definitive data; but our report made some suggestions to improve the communication of the statistics which can be produced in the field of migration.

In August 2011, the Authority wrote to the Chair of the House of Commons Work and Pensions Committee to set out our views about the publication of statistics on the Employment and Support Allowances. This resulted in one of several notifications made by the Authority under section 16 of the *2007 Act*, where we notify the responsible Ministers (in this case at the Department for Work and Pensions) of our wish to assess formally the statistics concerned, to determine compliance with the *Code of Practice*. We also made section 16 notifications during 2011/12 in respect of various statistics about Income Tax produced by HM Revenue and Customs (November 2011), substance misuse and alcohol treatment statistics (November 2011), and certain statistics on housing (December 2011). Our notifications and Ministers' responses continue to be published on the Authority's website, and where there is agreement, our assessments proceed.

In March 2012, the Authority published a report setting out our views on statistics for parliamentary constituencies, and their importance to a number of different and significant user communities. We set out a number of improvements we wish to see, to ensure that official statistics at this important geographic level are available to those who need and rely on them for their work – in Parliament, among those seeking election, those working in support of them, and to the wider public in holding their elected representatives to account. We believe that such statistics are very important for our democratic institutions: if statistics are to serve the people, we believe that they should serve the people's elected representatives. We hope that early progress can be made along the lines set out in our report.

As I outline above, during the course of our monitoring and assessment work we have found it necessary from time to time to criticise Departments and senior political figures where we judged it necessary to do so to preserve trust and integrity in the statistical system. During 2011/12, the principal interventions involved departmental breaches of the pre-release access arrangements (May and September 2011), statistics about the Employment and Support Allowance (August 2011), migration statistics (October 2011), statistics on juvenile reoffending (October 2011), drug seizure statistics (November 2011), statistics on the nationality of benefit claimants (January 2012), and inappropriate comparisons of crime statistics in London (March 2012).

Under the *2007 Act*, the Authority operates as the governing body of the Office for National Statistics (ONS), a role previously performed by Ministers. As the UK's National Statistics Institute, ONS is the largest single producer of official statistics in the UK, and the Authority has oversight of its work. As such, it is clearly important that the ONS should be an exemplar across the whole statistical service. The Authority was particularly concerned during 2011/12 about the delay to the publication of the Blue Book in 2011, the delivery of the new ONS website in August 2011, and about errors in the publication

of ONS's estimates of output in the construction industry. We have followed closely the remedial steps that ONS has taken to overcome these difficulties.

The 2011 Census was the largest statistical operation ever conducted in the UK, and it was a great tribute to the hard work and effort by staff in ONS, and the 30,000 temporary fieldwork staff who were employed by ONS, that the Census operations in 2011/12 have been a great success. This year will see the publication of the first statistical outputs and we remain confident that the final response rate will be good, and a marked improvement in the coverage of the population compared with 2001. Throughout the planning and running of the 2011 Census ONS has paid close attention to improving coverage in particularly hard-to-count areas, and we hope that the improved results will be evident to all when they are published.

Within ONS, and in other parts of the statistical service, work has been progressing for some time, with the strong support and encouragement of the Minister for the Cabinet Office, to evaluate future possibilities in counting the UK population without the need for a traditional census of this kind. ONS will publicly set out these options during 2014, and this will provide an opportunity for Parliament, Government, and the public to determine the advantages and disadvantages of the alternatives.

These alternatives, if they are to be successful, will be heavily dependent on the extent to which ONS, aided by other Departments, can fully utilise administrative records for statistical purposes, and can develop the necessary systems to produce accurate and timely counts of the population. In March 2012 the Authority published a report which examined some of the implications of the growing use of administrative records to prepare official statistics. The Authority warmly welcomes these developments, which save money compared with conventional surveys, and can provide statistics which are more complete, more timely, and are available for smaller geographical areas. However, the trend towards greater use of administrative data brings with it the need to provide strong public safeguards and guarantees about the protection of personal and confidential information; these safeguards and guarantees should be debated openly.

From the outset, the Statistics Authority's policy has been that all data held for statistical purposes, including data from administrative sources, should as a matter of principle be placed in the public domain, subject to legal and confidentiality constraints. These principles are enshrined in the *Code of Practice for Official Statistics*. To this end, the Authority welcomed recent Government initiatives in this area, and we responded very positively to the Cabinet Office consultation on Open Data in October 2011.

To realise the potential of the newly published data, users need to make informed judgements about data utility and reliability in their decision-making. In making such judgements, users must be fully informed about the strengths and weaknesses of the data; again another requirement of the *Code of Practice*. We fully support the view, expressed by the Public Administration Select Committee, that data transparency is not always or necessarily achieved simply by the publication of raw data. The 'dumping' of data on a website can appear to meet the requirements of transparency and good government, but official statisticians are rightly required under the *Code of Practice* to produce official statistics which are intelligible, readily accessible, and are published with

objective and impartial commentary. The Statistics Authority will do all it can to ensure that official statistics meet these high standards.

During the year, the Authority has found it necessary to criticise some Departments or Ministers for their handling of numerical information that Departments do not currently regard as 'official statistics'. Often this category of information is referred to as 'management information', 'research data' or 'occasional' studies. We wish all government bodies to be mindful of the principles set out by the National Statistician in her published guidance, as well as the Authority's own stated position in this regard. In deciding whether a particular set of data should be treated as official statistics, the Authority will consider (i) whether the data concerned are used publicly in support of major decisions on policy, resource allocation, or other topics of public interest; or (ii) whether the data attract public controversy, so that public debate would be better informed if the figures were handled as official statistics and released according to the principles set out in the *Code of Practice*. These principles ensure that the public interest is served, by the publication, alongside the data, of high quality analysis and commentary, assisting the user in interpreting the data and their significance in informing decisions.

The Statistics Authority has continued to champion the cause of effective user-engagement. Engagement between users of official statistics and producers of official statistics is fundamental both to building trustworthiness in the product and the statistical service, as well as securing maximum public value. Our assessment programme has consistently found that the statistical service needs to improve its engagement with users beyond government, and to document more thoroughly and systematically the use made of the statistics. The Statistics Authority welcomed the recent launch of the beta-version of StatsUserNet by the Statistics User Forum, supported by the Royal Statistical Society, and we wish it every success for the future. We believe that this initiative will provide a much-needed platform, so that users and producers of official statistics can engage with one another, and so that there can be improved dissemination of advice, discussion and information across the UK official statistics user community.

The Authority has paid close attention to the effects of reductions in expenditure on statistical work across the statistical service, as part of the wider programme of departmental budgetary restrictions. We encourage Departments to ensure that they take proper account of the interdependencies involved in decisions to change statistical work: a small saving in one Department's statistical budget can cause great damage to another Department's statistical output. We also urge Departments fully to consult the users of statistics as their plans develop. I would like to pay tribute to statisticians in the Government Statistical Service for their efforts, during this period of austerity, to maintain the delivery of statistical outputs, analysis and advice to users in government and beyond.

During this year, we have continued to monitor Departmental plans for statistical expenditure, and to raise matters publicly with Ministers when we have found that to be necessary. The Authority has published seven Statistical Expenditure Reports during 2011/12 – on Scottish Schools statistics (June 2011), on statistics on smoking drinking and health (July 2011), on Scottish population surveys (September 2011), adult social

care statistics (December 2011), and statistics on participation in higher education (December 2011).

At the conclusion of my term of office at the end of March 2012, I wrote to the Cabinet Secretary and to the Head of the Civil Service setting out my concerns about some changes in the nature of the Government Statistical Service in recent decades. Successive exercises over the years to rein back Departmental expenditure have had the unintended consequence of reducing statistical capability at senior levels in Departments. Given the added responsibilities placed on professional statisticians by the *2007 Act* and by the Authority; and given the requirements of succession planning at the highest level in the Statistical Service, this is unfortunate. I also re-iterated in my letter the Authority's view that the National Statistician should be given a leading role in decisions about the work and staffing of statistical offices in government, as happened as a matter of course in the time of Claus Moser, Harold Wilson and Edward Heath.

The Authority welcomed the Home Secretary's announcement that she had accepted the recommendations arising from the National Statistician's review of crime statistics, following the Authority's own review into overcoming barriers to trust in crime statistics, published in 2010. In April 2012, responsibility for the production and publication of crime statistics transferred from the Home Office to the National Statistician and ONS, under the stewardship of a new independent advisory committee. We believe that this transfer of functional responsibility will be an important mechanism in improving public confidence in crime statistics.

There continue to be areas where the Authority wishes to see more progress and at a faster pace. The Authority has long called for the Consumer Prices Index to include a measure of owner-occupied housing costs, and we look forward to this being achieved by ONS in the near future, under the supervision of the National Statistician's Consumer Prices Advisory Committee. We are also aware of wider discussion about the use of individual price indices as 'compensation indices'. Our view is that, while this is an important use of such indices, decisions as to who compensates whom, and for what, (for example in determining the extent of uprating of benefits and pensions) are ultimately for Ministers and Parliament, and for economic and commercial agents, and not for statisticians.

The decision by the Government and the devolved administrations to retain the present unsatisfactory arrangements for pre-release access to official statistics continues to be a matter of disappointment. The Authority remains of the view, expressed clearly in our report published in 2010, that privileged access for Ministers and their advisers to official statistics ahead of their release undermines the trustworthiness of the statistical product and the statistical service in the eyes of the wider public. This year we have seen several egregious breaches of the pre-release access rules, alongside a number of other instances where the rules were not, in our view, properly followed. I believe that the current system of pre-release access is not sustainable in the longer-term and I hope that Government and Parliament will very soon end this unacceptable practice.

At the end of my report last year, I paid tribute to my fellow members of the Board of the Statistics Authority, both past and present. I pay tribute to them again: they together brought about the successful launch and establishment of the Authority, and I

have constantly enjoyed working with them. The whole Authority was deeply saddened by the death of Professor Sir Roger Jowell, who occupied one of the Authority's two Deputy Chair posts between 2008 and December 2011. Roger made a huge contribution to all aspects of the Authority's work, particularly in his supervision of our monitoring, assessment, and scrutiny activity. His loss is keenly felt in the Statistics Authority, and I know that he is also much missed across the world of official statistics and the social sciences, both in the UK and internationally.

Throughout the five years of my term of office I have greatly valued the support of many from far and wide. To have been appointed to lead the Statistics Authority in its formative, early years has been an honour, and a most rewarding experience for me. I am delighted that Andrew Dilnot has now succeeded me. Andrew brings with him an enormous amount of experience, commitment, courage, and dedication to our cause, and he is a great leader and source of inspiration for the Authority and beyond. I know that under Andrew's direction the Authority will go from strength to strength. I wish him and the Authority, as well as the wider world of official statistics, all the very best in the months and years ahead.

A handwritten signature in black ink that reads "Michael Scholar". The script is cursive and fluid.

Sir Michael Scholar KCB

Chair, UK Statistics Authority

30 March 2012

1.2 ESTABLISHMENT AND MEMBERSHIP

The UK Statistics Authority was established under the *Statistics and Registration Service Act 2007* 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 and the devolved legislatures.

The Chair of the UK Statistics Authority is Andrew Dilnot CBE. Mr Dilnot was appointed Chair of the Authority by Her Majesty the Queen following an open competition. The appointment was subject to a pre-confirmation hearing by the Public Administration Select Committee and a formal debate on the floor of the House of Commons. Mr Dilnot took up his post on 2 April 2012. His term of appointment will end on 31 March 2017.

The Chair of the UK Statistics Authority during 2011/12 was Sir Michael Scholar KCB. His appointment as Chair of the Authority ended on 31 March 2012.

During 2011/12 the other non-executive members of the Authority, who were all appointed through open competition, were:

- Professor Sir Roger Jowell CBE – Deputy Chair of the Authority with responsibility for oversight of the UK official statistics system (deceased 25 December 2011);
- Lord David Rowe-Beddoe of Kilgetty – Deputy Chair of the Authority with responsibility for the governance of the Office for National Statistics (ONS);
- Dr Colette Bowe;
- Mr Partha Dasgupta;
- Dame Moira Gibb DBE, FCGI;
- Professor David Rhind CBE FRS FBA; and
- Sir Jon Shortridge KCB.

The Authority also has three executive members at any one time. During 2011/12 they were:

- Ms Jil Matheson – National Statistician. The National Statistician is a Crown appointment and a member of the Authority under the provisions of the *2007 Act*. Ms Jil Matheson is also the Authority's Chief Executive and Principal Accounting Officer;
- Mr Richard Alldritt – Head of Assessment. The Head of Assessment is a statutory appointment under the provisions of the *2007 Act* and was appointed a member of the Authority by the non-executive members;
- Mr Stephen Penneck – Director General of ONS. Mr Penneck was also appointed a member of the Authority by the non-executive members.

Members of the UK Statistics Authority in 2011/12

Chair



Sir Michael Scholar
KCB

Deputy Chairs



Lord Rowe-Beddoe
of Kilgetty



The late Professor
Sir Roger Jowell CBE

Non-Executive Members



Dr Colette Bowe



Mr Partha Dasgupta



Dame Moira Gibb
DBE, FCGI



Professor David
Rhind CBE FRS FBA



Sir Jon Shortridge
KCB

Executive Members



Ms Jil Matheson



Mr Richard Alldritt



Mr Stephen Penneck

1.3 FUNCTIONS AND SCOPE

The UK Statistics Authority has two principal statutory functions:

- governance of the Office for National Statistics, the UK's National Statistical Institute and largest producer of official statistics; and
- independent scrutiny of all official statistics produced in the UK, through monitoring and assessment against the *Code of Practice for Official Statistics*.

The Authority is required to promote and safeguard the quality and comprehensiveness of official statistics, and ensure good practice in relation to official statistics. It is responsible for producing and maintaining the *Code of Practice* and for taking action when there are infringements of the *Code*.

It is also responsible for devising and conducting a programme of assessments to determine which official statistics may be accredited as *National Statistics* and to publish lists of those statistics each year. It is the Authority's duty to report any concerns about the quality of official statistics it may have to Parliament or to the devolved legislatures.

The *2007 Act* gave the UK Parliament, or in the case of wholly devolved statistics the devolved legislatures, the responsibility for determining:

- the arrangements and procedures for access to official statistics before their publication in final form;
- which bodies, other than Crown bodies, may produce official statistics and therefore be subject to the provisions of the *Code*; and
- what data may be shared between the Authority and other public bodies for statistical purposes.

Since 2008 the UK Government has introduced six Orders¹ relating to these matters which were approved by Parliament and brought into force. In addition, three Orders were brought into force by the Scottish Parliament², two by the Northern Ireland Assembly³ and one by the National Assembly for Wales.⁴

1.4 AIMS AND OBJECTIVES

The Authority's statutory task of 'promoting and safeguarding the production and publication of official statistics that serve the public good' is set in broad terms. The role of the Authority is to ensure that official statistics are produced and used for the public good, that is, not necessarily for the benefit of government alone.

The Authority has developed a set of high level aims and objectives to reflect the legislation and to guide its actions.

The UK Statistics Authority aims to ensure that:

- the right range of statistics are produced;
- high and consistent professional standards are maintained; and
- official statistics are well explained, including strengths and weaknesses – leading to better decision-making in the public interest.

By so doing, the Authority aims to enhance trust in the statistical system, in terms of quality, political independence and impartiality.

In order to achieve these aims the Authority's objectives, or tasks, are to:

- support the National Statistician in improving statistical planning (decisions on what statistics will be produced and in what form) taking systematic account of user needs;
- use its scrutiny powers to ensure high and consistent professional standards across all producers of official statistics;
- work with the statistical service to help improve communication of statistics and related advice to users; and
- build confidence in the statistical service, and in the Authority, among those people who use official statistics.

The UK Statistics Authority has four principal mechanisms by which to achieve its objectives:

- systematically assessing compliance of official statistics with the *Code of Practice*, and investigating and reporting independently on major issues;
- direct responsibility for the governance of ONS;
- working with the statistical service to design and implement improved procedures where the need for this is identified; and
- reporting to Parliament and advising Government about any aspects of the statistical service, or the use of official statistics, about which the Authority has concerns.

These mechanisms relate to three different but overlapping spheres of the official statistics system: the Authority's scrutiny function, the Office for National Statistics, and the wider Government Statistical Service (GSS). This structure helps shape, in turn, the structure of the report.

1.5 STRUCTURE OF THIS REPORT

The report is divided into the following chapters.

- *Chapter 2* reports on the Authority's monitoring and assessment function as conducted by staff of the Authority. It begins with a foreword by the Head of Assessment, Richard Alldritt, who leads the Programme of Assessments on behalf of the Authority.
- *Chapter 3* reports on the work being carried out by statisticians across the Government Statistical Service (GSS). It begins with a foreword by the National Statistician, Jil Matheson in her capacity as Head of the GSS.
- *Chapter 4* reports on the work of the Office for National Statistics (ONS), the country's National Statistical Institute and single largest producer of official statistics. It begins with a foreword by Stephen Penneck, Director General of ONS.
- *Chapter 5* contains corporate and summary financial information prescribed by HM Treasury for inclusion in departmental annual reports.

The Authority's financial statements for the year ended 31 March 2012 are on pages 70 to 128.

1.6 REPORTING TO PARLIAMENT

The UK Statistics Authority is an independent statutory body that reports to the UK Parliament and to the devolved legislatures on the exercise of its functions. The *2007 Act* sets out how the Authority will produce a report 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 Annual Report fulfils that responsibility.

The Authority attaches particular importance to its direct reporting and overall accountability to the UK Parliament and devolved legislatures.

1.7 THE AUTHORITY IN 2011/12

The remaining sections of this chapter set out how the Authority manages and communicates its work, the internal organisation structures it has established to manage its business, the staff it has to support it and the ways in which it makes transparent its activities.

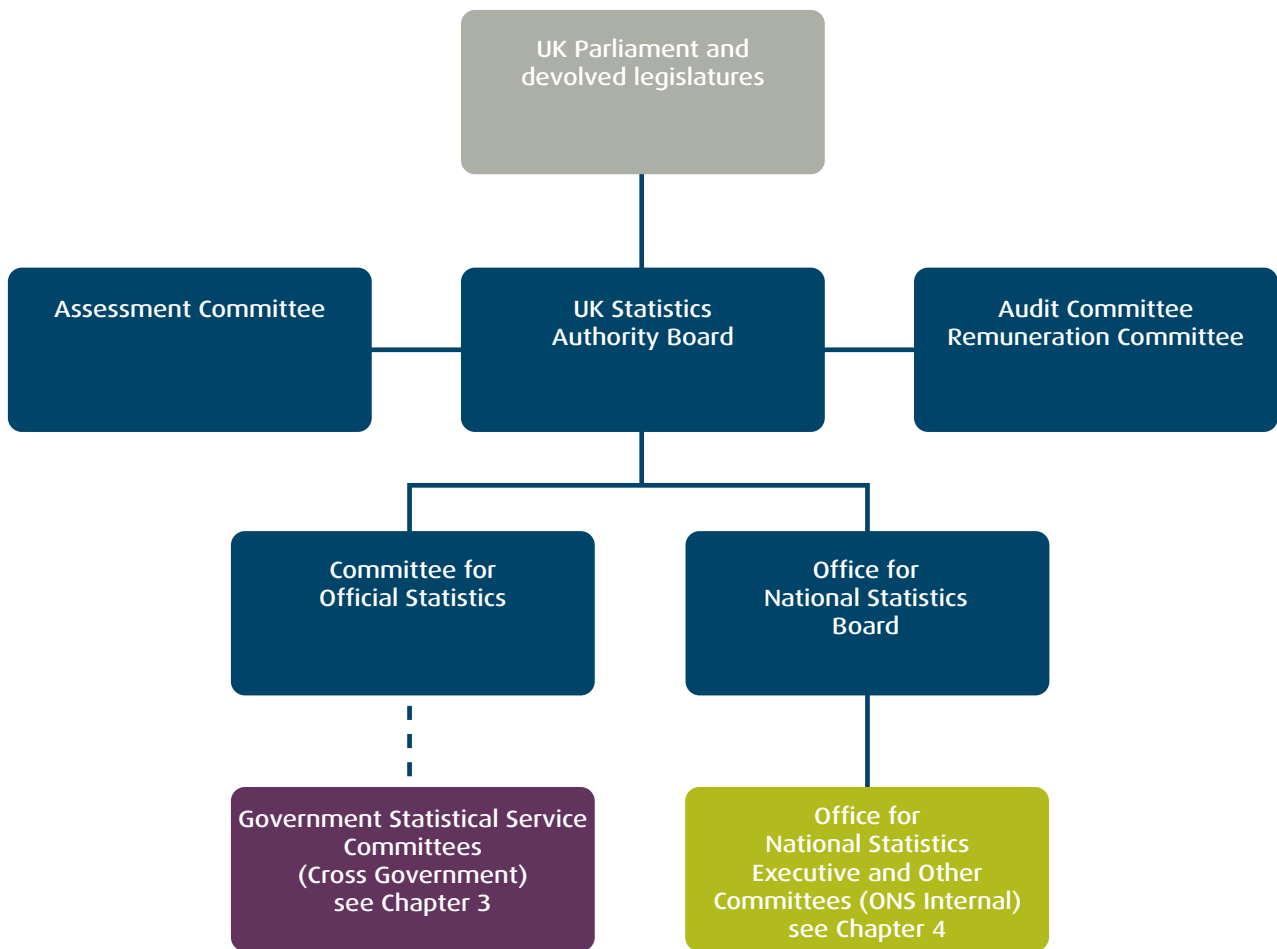
1.8 ORGANISATION

The executive and non-executive members constitute the Board of the UK Statistics Authority, the Authority's governing body. The Board met on ten occasions during 2011/12.

The Authority Board has established sub-committees to support it in its work and which report to it. During 2011/12 these were:

- the Office for National Statistics Board, chaired by Lord Rowe-Beddoe, the Authority's Deputy Chair with responsibility for ONS. The ONS Board oversees the strategy and priorities of ONS and monitors the ONS budget and work programme. During 2011/12 it met on 12 occasions;
- the Committee for Official Statistics, which was chaired by the late Professor Sir Roger Jowell, Deputy Chair with responsibility for official statistics. The Committee provides oversight of the UK official statistics system, including its scope and capacity and the extent to which it meets the full range of user needs. During the year it met on five occasions;
- the Assessment Committee, which was also chaired by the late Professor Sir Roger Jowell, to consider draft Assessment Reports and make recommendations to Board of the Authority regarding National Statistics designation. The Committee met eight times during 2011/12.
- the Audit Committee, chaired by Professor David Rhind. The Committee's remit concerns risk management, control and governance in the Authority. It met six times during 2011/12; and
- the Remuneration Committee to oversee the remuneration of the members of the Senior Civil Service (SCS) employed by the Authority and ONS. The Committee met on two occasions and was chaired by Lord Rowe-Beddoe.

UK Statistics Authority Organisation Structure



The diagram above shows these committees and how they relate to the organisational structures of the ONS and the GSS.

1.9 SUPPORT TO THE BOARD OF THE UK STATISTICS AUTHORITY

The Authority is supported by a small headquarters who have two main areas of responsibility:

- monitoring and assessment of Official Statistics led by the Head of Assessment. The functions and activities here are further discussed in Chapter 2 of this report; and
- provision of secretariat and support functions to the Chair and members of the Authority, its Board and committees. The Head of Secretariat may report directly to the Chair in the exercise of these functions.

The Secretariat and Monitoring and Assessment team had 26 staff which equated to 24.8 Full Time Equivalents (FTEs). Of these, seven were primarily engaged in functions relating to support the Board of the Statistics Authority, its committees and members,

although the role also involves working closely with the monitoring and assessment functions.

The principal responsibilities of the Secretariat are to manage the business of the Authority Board and its committees; to manage the Authority's public face including its website, media relations and other communications activities; public enquiry facilities; programme of events; to coordinate and manage its casework and formal correspondence; to assist the Board in the development and implementation of its policies; and to provide other support and advice to the Chair and other Authority members as required.

1.10 ENGAGEMENT AND TRANSPARENCY

The Authority's website, telephone and email enquiry services are at the forefront of the Authority's public 'face'. The Authority continues to engage with the statistical user community, in particular the Royal Statistical Society (RSS), Statistics User Forum (SUF) and groups of statistical users.

The Authority operates transparently and openly. It publishes the minutes and papers of its meetings on its website, correspondence regarding issues of public concern and information about other aspects of its work. During the year, the Authority made various developments to its website, www.statisticsauthority.gov.uk, designed to enhance further the user experience. The Secretariat welcomes feedback on the Authority's website.

During the year the Authority has continued to maintain an issues log which is routinely updated and published on the Authority website. The issues log lists those issues raised with the Authority. It is an important mechanism by which the Authority decides on how to respond to issues of public concern and determine its forward work programme for monitoring and assessment.

The Authority's has a central email enquiry point, authority.enquiries@statistics.gov.uk. Enquiry handling is managed by the Secretariat. There is also a central telephone enquiry line 0845 604 1857.

1.11 NOTES ON CHAPTER 1

¹ *Pre-Release Access to Official Statistics Order 2008, Official Statistics Order 2008, Official Statistics Order 2009, Statistics and Registration Service Act 2007 (Disclosure of Higher Education Student Information) Regulations 2009, Statistics and Registration Service Act 2007 (Disclosure of Pupil Information) (England) Regulations 2009; Official Statistics Order 2010.*

² *Pre-Release Access to Official Statistics (Scotland) Order 2008, Official Statistics (Scotland) Order 2008 ; Official Statistics (Scotland) Order 2010.*

³ *Pre-Release Access to Official Statistics (Northern Ireland) Order 2009, Official Statistics Order (Northern Ireland) 2012.*

⁴ *Pre-Release Access to Official Statistics (Wales) Order 2009.*



Mr Richard Alldritt

Chapter 2

Monitoring and Assessment Annual Report

2.1 HEAD OF ASSESSMENT'S INTRODUCTION

The legislation under which the Statistics Authority was established required us to assess all existing National Statistics against the standards set out in the *Code of Practice for Official Statistics*, and we are now approaching the end of that task. By late summer 2012 we expect to have completed the assessment of all the existing National Statistics, some 1,100 different sets, in a series of 250 assessment reports, each available in printed form and online. As far as we are aware this is the first time that all the main official statistics of a national statistical system have been independently and systematically assessed anywhere in the world.

The *Code of Practice*, published in January 2009, was not designed to reflect the standards already being achieved but rather to raise them, particularly in respect of understanding the use made of the statistical products and adapting the publication of statistics to better support that use. It was therefore unsurprising that no set of statistics assessed during the first two years of assessment was awarded a completely clean bill of health. But evidence from the third year suggests that the many government bodies that produce official statistics are making a greater commitment to compliance with the standards in the *Code*.

Whilst there is good evidence that the majority of official statistics meet identified needs, are produced according to sound methods, and are managed impartially and objectively, there are five things that we frequently identify as needing further development. These are:

- the explanation and contextualisation that accompany the publication of official statistics;
- the understanding and communication of the use made of the statistics;
- the published information on sources and methods, which is often incomplete;
- the exploitation for statistical purposes of administrative data systems (records of various kinds) already in existence in government; and
- the comparability of statistics for the four UK administrations.

We have seen some improvements in these areas (see section 2.2 below), but there remains scope to do more to help users get full value out of the available figures.

As well as maintaining the assessment process, we have continued to develop the Authority's broader role in monitoring the production, management and use in public debate of official statistics, and reporting to Parliament on any concerns we have. This work leads to published letters and to 'Monitoring Briefs' that can look at any aspect of the production or public use of official statistics.

Whilst commenting on the use and misuse of statistics in public debate is only a small part of our work, it attracts a lot of attention from the news media. This may give a lop-sided public impression of our role. Mostly it is directly focused on helping government statisticians to support the user of statistics to find, understand and use those statistics. However the more high profile interventions about misuse do serve to remind the many organisations that produce official statistics that we expect high standards not just of the statisticians but also of all who use official statistics to influence public policy.

The Authority has a duty to safeguard the quality and comprehensiveness of official statistics, but has no formal right to be consulted about departmental decisions on expenditure on statistical work or cuts to statistical activities. Where we have any concerns, we investigate retrospectively and publish our findings in a series of Statistical Expenditure Reports. That one of these reports is written does not imply criticism. On a number of occasions we have supported cuts to statistical work which no longer seemed to deliver good value.

We believe that the processes of Monitoring and Assessment have enhanced the international reputation of UK statistics and have started to enhance the service to users of official statistics. In the summer of 2012, we intend to publish plans for the future of assessment work, which will continue to evolve and develop to ensure that it remains a beneficial influence on the service.



Richard Alldritt

Head of Assessment, UK Statistics Authority

July 2012

2.2 ASSESSMENT

The assessment of official statistics against a *Code of Practice* is a statutory requirement of the *Statistics and Registration Service Act 2007*. At the last count there were over 1,100 sets of National Statistics. The year 2011/12 saw the publication of 97 Assessment Reports – the largest number of reports published in any year since the Authority was set up – taking the total number of assessment reports published to 198. These reports cover 80 per cent of the existing sets of National Statistics.

The Statistics Authority has published numerous analyses of the findings from assessment, drawing together the common messages and identifying general areas for attention across the Government Statistical Service (GSS). The latest analysis, published in the Monitoring Brief *Findings from the Authority's Assessment Programme, 2009 to 2011*, identified five main themes arising from the assessment programme. These are the need to:

- i. improve the text that accompanies the first release of official statistics;
- ii. better understand and communicate the use made of official statistics;
- iii. improve the documentation of sources and methods;
- iv. maximise the use of existing administrative data for statistical purposes; and
- v. improve comparability between some statistics produced by the four administrations of the UK.

The Monitoring Brief explains these points and gives some examples of good practice, including the following.

- i. Assessment Report 152 covered ONS's Statistics on Marriage and Divorce. In response, ONS included greater explanation of some contextual issues that could explain the statistics presented within the release. Of particular note was the way that ONS linked the recent small rise in the number of divorces and the divorce rate to the economic downturn. ONS then further explained the two competing theories about that relationship and linked the theories to the statistics presented.
- ii. HM Revenue & Customs developed a guide for users of its Trade Statistics in response to Assessment Report 93. This described a range of the users and uses made of these statistics. It also includes some users' experiences of the statistics and information about how HM Revenue & Customs seeks to engage with the users of its Trade Statistics.
- iii. The Ministry of Justice has replaced a survey with administrative data in the production of some of its Courts Statistics (Assessment Report 36). The statistics on the timeliness of criminal cases in the magistrates' courts have previously been based on data collected in the quarterly Time Intervals Survey (TIS). Not only are the new statistics likely to be more robust and allow lower level detail to be published, but discontinuing the quarterly TIS has been estimated to save £1m per year in court staff time.

The Authority is planning to complete the current programme of assessment in the autumn of 2012. During 2012 we will publish a review of the programme and proposals for the next phase of the programme.

All Assessment Reports are available on the Authority's website.

2.3 MONITORING

The Authority has a statutory duty to monitor the production of official statistics and report on any concerns it has about quality, good practice or comprehensiveness. Monitoring provides a means of establishing, and publicly reporting, the Authority's views on any matter of concern.

The Authority has developed a programme of Monitoring Briefs (previously called Monitoring and Assessment Notes) in response to specific issues of concern. They have helped raise public awareness of issues and emphasise the Authority's independent perspective. The Authority published ten Monitoring Briefs in 2011/12.

The Impact of the Authority's Monitoring and Assessment function

This Brief identified the practical benefits of Monitoring and Assessment. It found that there were early signs of beneficial impact in terms of enhancing statistics producers' understanding of the use made of statistics, improving producers' engagement with users, and raising standards in statistical releases. The Brief also set out some plans to enhance further the benefit of assessment.

Implementation of Authority Recommendations

In the case of Requirements made in statutory Assessment Reports, statistics producers are required by law to comply. This Brief found that around half of these had been met by April 2011, and the rest were in train. There was also evidence that statistics producers have made progress in relation to most of the recommendations from the Authority's Monitoring work.

Immigration Statistics

In the course of 2010/11, the Home Affairs Committee of the House of Commons issued several reports on immigration-related topics. In these reports it commented on the limitations of UK migration statistics, and criticised some of the ways in which the statistics have been used in public debate. As a response to these observations, the Authority published a Monitoring Brief, *Immigration Statistics*, which considered the official statistics available and the comments made by the Committee, and suggested some areas for improvement in the presentation of the statistics.

The demand for, and feasibility of, a UK-wide index of multiple deprivation

Each of the four UK administrations produces an index of multiple deprivation (IMD) – a ranking of small areas from the most to the least deprived, based on a range of statistical data about domains – such as income, employment, health, housing, education, access to services, and crime. However, there is no corresponding IMD covering the UK as a whole, so areas in different countries of the UK cannot be compared. This Brief concluded that there was not a sufficiently strong case for the development of a UK-wide IMD by government to justify the additional resources needed. It suggested some further steps that would help meet the needs of users with an interest in deprivation across the UK.

Accessibility and coherence of statistics about climate change

This Brief reviewed the extent to which official statistics relating to climate change are coherent and accessible. It identified some weaknesses in the current arrangements, which it invited the government departments with primary responsibility in this area to consider further. These included the need for standardised information on quality, a central internet site for climate change information, interactive maps, an intuitive framework for statistics about climate change, and a regular statistical report about climate change.

Findings from the Assessment Programme 2009 to 2011

Through our series of 'Findings from Assessment' Monitoring Briefs, we have analysed the common themes picked up in assessments. This helps identify priority areas for attention. The latest version, *Findings from the Assessment Programme 2009 to 2011*, identified five areas that continued to require the most improvement.

Monitoring Update

While not a Monitoring Brief in itself, this document described the ways in which the Authority's recommendations in Monitoring Briefs were taken forward. We plan to update this document from time to time as new information on progress emerges.

Statistics for Parliamentary Constituencies

Parliamentary constituencies, whether for the Westminster Parliament or the devolved legislatures, typically do not have the same boundaries as the standard administrative areas such as local authorities. However this does not prevent the production of official statistics for constituency areas. These are typically produced using estimation techniques that ensure the estimates for constituencies are consistent with the existing published statistics for surrounding areas. This Monitoring Brief reviewed the current position and drew together the case for improving the availability of statistics for constituencies.

Creating official statistics from administrative data

This Brief reviewed whether the statistical service has sufficient access to, and influence over, the administrative data sources from which official statistics are increasingly drawn. It also looked at some of the statistical implications of the Government's Open Data policy. It concluded that in order to ensure quality and maximise value, some further steps need to be taken – both to improve access for statistical purposes and to build confidence that appropriate security arrangements exist to protect confidential information about individuals and businesses.

Reporting of official statistics about the August 2011 public disorder

In January 2012, the Daily Mail published an article under the headline: *Rioting is 'airbrushed' from official crime statistics as most trouble-hit areas record a drop in violent crime*. The article highlighted official statistics from the Home Office, which included recorded crime statistics in respect of the public disorder in cities across England in August 2011. This Monitoring Brief reviewed the available statistics about the incidents of disorder and the reporting of this information by the Daily Mail.

2.4 STATISTICAL EXPENDITURE

To safeguard the coherence of the UK's decentralised and devolved statistical system, spending cuts and other changes should be carried out with a clear overview of the whole statistical system in mind. The Authority has proposed to Government that it should have a consultative role in relation to any significant changes to statistical expenditure or statistical outputs, in order to fulfil its statutory role to promote and safeguard the production and publication of official statistics that serve the public good. The Government has indicated that it is for each department to decide on how they manage their budgets.

In the absence of a formal consultative role, the Authority has continued its series of Statistical Expenditure Reports. These investigate changes to departmental statistical work programmes where there are questions about whether user needs have been fully considered; where adequate consultation may not have been carried out; where the effects on other departments or other statistical series may not have been taken into account; or on the rationale underpinning the proposals more generally.

In 2011/12, the Authority published seven Statistical Expenditure Reports:

- *Citizenship Survey;*
- *Place Survey;*
- *Scottish Schools Statistics;*
- *Statistics on smoking, drinking and health;*
- *Scottish Population Surveys;*
- *Adult Social Care Statistics for England;* and
- *Widening Participation in Higher Education, Statistics for England.*

Each Statistical Expenditure Report was sent to the relevant Minister with a covering letter from the Authority Chair.

2.5 ISSUES LOG AND CASEWORK

The Authority maintains an Issues Log on its website. This log is a record of matters or concerns to which the Authority's attention has been drawn. Inclusion on the log does not necessarily mean that the Authority shares the concern or is committed to further action. The purpose of maintaining the log is to provide transparency about what is drawn to our attention. The Authority follows some of the issues up, and this can lead to an announcement or a position statement set out in correspondence or a Monitoring Brief.

The most common types of issues raised with the Authority have fallen into the following broad categories:

- the clarity of the communication of official statistics;
- methodological/technical concerns about coverage and classification;
- the coherence of official statistics (including with non-official statistics);
- concerns about release practices;

- legal/quasi-legal issues, including relating to the Census, and to disclosure; and
- gaps in official statistics.

2.6 MONITORING AND ASSESSMENT TEAM

The Monitoring and Assessment team is now well established across its three sites – London, Edinburgh, and Newport. The team has 20 full-time equivalent staff members from a range of analytic backgrounds; including statistics, social research, economics, and audit. The team meets regularly in order to share its understanding of the application of the *Code* in assessments, and to ensure coherence.

The Authority, with the Royal Statistical Society (RSS) and the Economic and Social Research Council, jointly funds the Statistics User Forum (SUF). SUF is an umbrella organisation for user groups and other interested bodies. It aims to be the authoritative voice for users of UK official statistics, working in partnership with the devolved administrations and their own user communities.

The Authority has seconded a member of staff to SUF since September 2009, to provide secretariat support to SUF, helping to take forward the RSS Statistics User Theme business planning, and working with user groups bilaterally to help them build and sustain direct engagement with relevant producers. The RSS has developed a user engagement website, StatsUserNet, which will be used to facilitate communication between users, and between users and producers, of official statistics.

2.7 THE AUTHORITY AND DEVOLVED STATISTICS

The Authority's remit, as established by the *Statistics and Registration Service Act 2007*, applies to official statistics across the UK. The Authority is therefore accountable to the UK Parliament, the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly.

Over a third of Assessment Reports published by the Authority cover devolved statistics. The main themes to have emerged from the Assessment Programme apply equally to devolved statistics. These include the need to improve the text that accompanies the first release of official statistics; the need to better understand and communicate the use made of official statistics; and the need to improve comparability between some statistics produced by the four administrations of the UK. During 2011/12, the Authority continued to engage with users and producers of devolved statistics to promote a good understanding of the role of the Authority and to communicate the emerging findings from assessment.



Ms Jil Matheson

Chapter 3

Government Statistical Service Annual Report

3.1 NATIONAL STATISTICIAN'S INTRODUCTION

This is my third annual report as National Statistician and Head of the Government Statistical Service (GSS). I am proud that during the year official statistics enabled policy makers and the public to understand what is happening to the economy, inflation and the labour market; to the size and characteristics of the population; to the environment, education, health, and all the most important aspects of public debate. In addition, the GSS mounted the largest statistical exercise ever undertaken in the UK with the 2011 Census and responded quickly to new developments, such as producing statistics about the riots of August 2011, within just a few days.

This year saw both **reducing public expenditure and increasing demands** for new statistical outputs. Producers of official statistics have identified the most important statistical outputs to prioritise through consultation with users and sought efficiency gains through, for example, increased use of administrative data sources and data sharing and linking. At the same time, the GSS has been grasping new opportunities to improve the availability and accessibility of data presented by initiatives such as **Open Data**.

The UK Statistics Authority's Assessment programme has continued during 2011/12 and the majority of the UK's National Statistics have now been assessed and deemed

compliant with the *Code of Practice for Official Statistics*. Producers of National Statistics have taken advantage of the assessment process to drive up the **quality of statistical outputs and processes** by responding to and meeting Authority requirements for improvement. Some common themes emerge from Assessment, such as the need to improve statistical commentary and strengthen engagement with users, which are two of my key priorities. During the year we ran an extensive programme of workshops across the GSS to improve commentary in statistical releases. This is vital for increasing the **accessibility and impact of official statistics**, something I am passionate about. We are also working closely with the Royal Statistical Society's Statistics Users' Forum to increase our engagement with users particularly through participation in their StatsUserNet programme.

The UK has continued to **engage internationally** with both European Union (EU) and worldwide statistical partners. Sharing methods, standards and best practice with our international colleagues is essential to our work and helps us to strengthen GSS statistics and improve our value-for-money. This year I was delighted to take on roles in the Bureau of the UN Conference of European Statisticians and the OECD Committee on Statistics. The GSS was particularly pleased to welcome the Director General of Eurostat to the UK in January 2012 to explore how we and other partners in the European Statistical System (ESS) can best work together to reduce our costs and maximise our impact.

In June 2011 my review of Crime Statistics was published. The recommendations were designed to **strengthen public trust** in the statistics and implementation is underway. Responsibility for the compilation and production of official statistics on crime transferred to the Office for National Statistics (ONS) on 1 April 2012 from the Home Office. I am pleased that the new Crime Statistics Advisory Committee has been established and is already fulfilling its aim of providing transparent and impartial advice on changes affecting published crime statistics.

This has also been a year that has seen the successful completion by ONS of the **Census 2011 data collection** and the **establishment of the Beyond 2011 programme** to assess options for meeting future data needs. Many in the GSS are contributing to the national debate on the measurement of National Well-being led by ONS, and 2011 saw the first release of experimental estimates.

During 2011/12 the GSS developed its **GSS 2020 Strategy – Building the Community**. This is aimed at all those involved in the provision of official statistics, and sets out the things we must do to achieve future success. We need the 'right statistics, right methods and right impact' – and this year my annual report is structured around that theme.

I strongly believe that statisticians have a vital role to play in supporting the evolving needs of government and to do that we need to have **influence at senior levels of the Civil Service** and do more to champion 'right skills, right place, right time'. Heads of Profession for statistics in Departments and Chief Statisticians in the devolved administrations will need to play a stronger role in capability building, workforce planning and talent management. This will continue to be important in 2012/13. I am confident we will meet the challenges that we face.

Once again I am grateful for the commitment, enthusiasm and professionalism of GSS staff and thank them for their contributions over the last year.

A handwritten signature in dark ink that reads "Jil Matheson". The script is cursive and fluid.

Jil Matheson

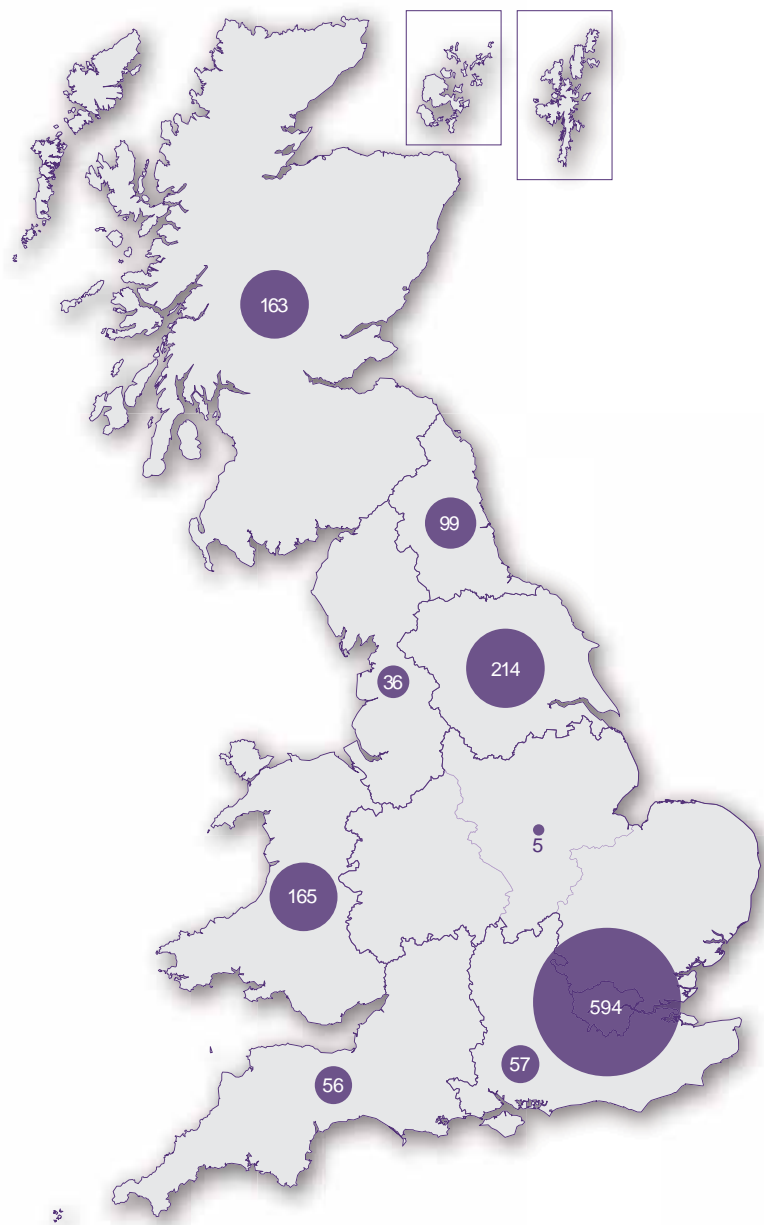
National Statistician and Head of the Government Statistical Service

July 2012

3.2 THE GOVERNMENT STATISTICAL SERVICE

The GSS is the community of all those involved in producing official statistics in the UK. Led by the National Statistician, it is a diverse network of people across many different organisations, including government departments, agencies and the devolved administrations. Although the equivalent staff in Northern Ireland are not part of the GSS, they work closely with it and share a common professional culture. The GSS includes statisticians and others providing high quality information, analysis and advice to decision makers. Around 1,400 staff are active members of the Government Statistician Group (GSG), the professional community of statisticians within government based in various locations across the country. Numbers of GSG staff have increased since 2000 and remained broadly the same since 2010/11.

Government Statistical Group Staff by Region¹, 2011 to 2012²



¹ The data for East Midlands, West Midlands and East of England have been merged due to the small number of staff in these regions.
² Numbers for 2012 only show those active in GSS positions.

Contains Ordnance Survey data
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Statisticians regularly work alongside their policy and analytical colleagues both within and across organisations to produce the evidence base for government policy making and policy monitoring and to help inform understanding of the UK economy and society. Their advice includes the provision of evidence for reporting progress against departmental business plans.

Every government department or agency with a GSS presence has its own Statistical Head of Profession (HoP), with professional accountability to the National Statistician. Each of the devolved administrations has a Chief Statistician. They work together within a governance structure that operates on an inter-departmental and inter-administration basis, coordinating statistics policy and addressing issues of common interest or concern.

The GSS and non-Crown bodies currently publish 1,059 National Statistics products; all of which are pre-announced via the UK National Statistics Publication Hub, the central portal for web access to official statistics.

GSS strategy

During 2011/12, the GSS developed its strategy 'GSS 2020 – Building the Community'. This builds on the National Statistician's 'Statistics Matter' statement of 2010 and sets out those things the GSS community must do in order to be successful for the future.

This strategy is aimed not just at statisticians, but all those involved in the provision of official statistics and related advice and support. Reliable and trustworthy statistics can only be delivered through the combined efforts of a broad range of professionals. The strategy has been developed through discussion with a range of stakeholders, including members of the GSS, the UK Statistics Authority, user groups, policy colleagues and colleagues in other analytical professions.

The strategy sets out the goal of the GSS as 'A collaborative community providing statistical data, analysis and advice used for the public good'. It describes outcomes the GSS is seeking in five key areas, and identifies some high level success criteria. These are:

- People: statistical professionals with the right skills and experience to share knowledge and build capability;
- Users: routinely engaged users with clearly understood needs that drive improvement to GSS products and services;
- Processes: smart and efficient systems and methods which use technology to deliver fit for purpose statistics and advice in clear and accessible ways, whilst protecting confidentiality and minimising the cost to data suppliers;
- Outputs: statistical data and advice communicated clearly and accessibly to the broadest range of users; and
- Community: a proud GSS that works effectively together and with others.

International engagement

The GSS undertakes international activity to maximise its influence on statistical developments affecting the UK, develop and improve our own statistical system, help others develop theirs and to seek opportunities for collaboration that will maximise our value-for-money.

Our main focus internationally is the European Statistical System (ESS). This is made up of the statistical office of the European Union (Eurostat) and the statistical authorities in Member States. The EU legal framework determines the nature of many GSS outputs (and in the case of ONS, the vast majority). The GSS works within the ESS to guide its strategic direction, develop appropriate EU statistical legislation and policies and to ensure the UK's compliance with them.

In 2011/12, the GSS and our ESS partners started work to develop a new five year European Statistical Programme (2013 to 2018). The aim is to ensure that we can respond effectively to the growing demands for European statistics, while minimising demands on our resources and burdens on respondents. In January, Walter Radermacher, the Head of Eurostat, was welcomed to the UK for discussions about the efficiency-driven vision for European statistics.

Elsewhere, the GSS continued to be active in the Organisation for Economic Cooperation and Development (OECD) and the United Nations (UN). Across the global statistical system, the GSS has been actively engaged in debates about how national systems can best plan for the future given our common challenges. Learning from, and teaching others, has had specific benefits for the UK, such as in developing our Beyond 2011 and Measuring National Well-being programmes.

The GSS also continued to work with individual countries in helping them to develop their statistical systems. This has not only supported overall UK Government policy, in helping to improve the lives of the citizens of the developing world, but also helped those countries to produce internationally comparable statistics. This has been achieved by welcoming visitors from numerous countries during the year and by embedding statisticians from the Department for International Development (DFID) within developing countries. DFID statisticians have also provided direct support in monitoring the impact of the UK Government's overseas development aid.

In 2011/12, the GSS has continued to develop relations and collaborative projects with strategically important countries for the UK government and statistical system. A focus has been the rapidly developing economies, where our own potential learning gains are significant and the need for comparable statistics highest. For example, ONS entered into a Foreign and Commonwealth Office sponsored three year project of technical assistance to the Chinese National Bureau of Statistics.

3.3 RIGHT STATISTICS

Each department or agency within the GSS decides how it sets priorities and manages its statistical budget. There has been continuing pressure on resources and many new demands stemming from changes in both technology and public policy.

The National Statistician has continued to seek to ensure that statistics of national importance are preserved and that efficiencies are made in existing systems. The National Statistician's Office has continued to monitor the impact of departmental decisions and consultations that affect statistical services and outputs. During 2011/12 around 50 departmental public consultations took place across the GSS on changes to statistical outputs. Around three quarters of these resulted in a change to the

production or presentation of official statistics with approximately a quarter leading to a cessation of statistical production of some kind. The GSS has also used the drive to make efficiencies as an opportunity to make improvements to its products.

The following case studies illustrate examples of how departments have prioritised statistical resources and outputs and sought efficiencies during the last year through consultation with users.

Service and Civilian Personnel Numbers – Ministry of Defence

The Defence Analytical and Services Agency (DASA) produces National and Official Statistics on Service and civilian personnel numbers. In the light of budget reductions, it has prioritised outputs in a number of areas to maintain essential services.

Five of DASA's National Statistics publications on military personnel were reviewed in consultation with users and replaced with one monthly and one quarterly product; three other publications were reviewed and replaced with a single annual publication in May 2011. These new products deliver a more concise and useful set of information as well as efficiency savings.

DASA reviewed and consulted on its civilian National Statistics in the latter part of 2010/11, which resulted in 2011/12 in the consolidation of products to better meet user need and reduce resource requirement. There have been improvements to processes underpinning these products to enable more efficient production. The resource savings have ensured sustainability of reporting and reallocation of resource to decision-making support and higher level analysis, which had previously not been feasible.

DASA is updating and maintaining its 'build your own table' mechanism to complement the reductions in regular publications for users internal and external to the Department.

Survey Efficiency Project – Scottish Government

The Scottish Government reviewed the purpose of all major Scottish Government cross-sectional population surveys (Scottish Household Survey, Scottish Health Survey and Scottish Crime and Justice Survey, Scottish House Conditions Survey). In conjunction with users, the review investigated the sampling methodology, survey content and procurement practices for these surveys.

This led to these surveys being redesigned for 2012 onwards, with key parts of the Scottish House Conditions Survey being subsumed into the Scottish Household Survey. There will in future be a pooled sample that includes 20 core questions across the surveys. This approach delivered substantial recurring annual savings at the same time as improving the information to users of survey data and taking steps towards harmonisation with the ONS Integrated Household Survey.

The GSS has proven itself well able to respond to new statistical needs.

Riot statistics – Ministry of Justice (MoJ)

Following widespread episodes of public disorder in August 2011, MoJ statisticians were able to effectively link data from across the criminal justice system to quickly provide background on those brought before the courts for their involvement in the public disorder, including their criminal history and ethnicity. This was achieved just five days after the disorder.

In addition, MoJ statisticians worked quickly and collaboratively with colleagues from the Department for Education and the Department for Work and Pensions to carry out data shares to produce and publish the first concrete piece of evidence on the socio-economic and educational backgrounds of those involved in the disorder. This was published two months after the riots. These statistics significantly improved understanding of the characteristics of those brought before the courts and changed public perceptions previously formed by the media and casual observers.

The Government's approach to regional policy has recently changed with a switch of focus away from standard regions and towards more targeted, lower levels of geography.

New English Business Survey – Department for Business, Innovation and Skills (BIS)

BIS is committed to the generation and use of a strong evidence base. Despite the current expenditure constraint, BIS has been able to reinvest efficiency savings to introduce a new monthly survey, the English Business Survey (EBS) to support the development and implementation of its spatial economic policies.

The first results were published on 28 February 2012 as an experimental official statistic (www.bis.gov.uk/analysis/statistics/sub-national-statistics/ebsurvey). The survey will provide robust regional indicators on a monthly basis and sub-regional indicators on a quarterly basis. The EBS will provide data for the Government to make informed decisions on how to support growth in different areas and respond to local economic issues.

Once the EBS is more established the aim is to publish a wider set of supporting tables through an online reporting tool which is being developed.

Following the National Statistician's review of house price statistics published in December 2010, it was announced in 2011 that responsibility for the House Price Index previously produced by the Department for Communities and Local Government would transfer to the ONS by April 2012. ONS and Land Registry will work together on one of the main review recommendations – to produce a single, definitive house price index.

This commitment paves the way for the next stage of the review, considering the broad range of housing market official statistics that are available.

3.4 RIGHT METHODS

Standards and quality

Improving standards and the quality of GSS outputs is a continuous process. The GSS Methodology Advisory Committee, whose membership includes academics, international experts and representatives from the Royal Statistical Society (RSS) has continued to provide independent external advice on methodological developments. Examples of topics advised on by the Committee in 2011/12 include ONS' consideration of the inclusion of owner occupied housing costs in the Consumer Prices Index and the Health and Social Care Information Centre's research into risk adjusted quality standards used in outcome measures to determine the quality of healthcare.

The UK Statistics Authority's continued provision of Quality Improvement Funding (QIF) has enabled the delivery of specific projects aimed at improving quality, methodologies and consistency. Outcomes generally have wider applicability across the GSS. Examples in 2011/12 include:

- *Quality assurance of MoJ data linking methodology and increasing capability to analyse new linked datasets:* MoJ has confirmation that the data linking methodology is robust, appropriate and effective. More progress is anticipated later in 2012 when the project moves its linked data into regular production;
- *Method review of Department for Transport's Bus Fares Index:* Metadata has been improved and a much clearer way of calculating the index has proven to be timely and effective. The successes of the project have contributed to increased understanding by a key user; and
- *Northern Ireland Construction Output Statistics – calculation of quality measures including standard errors and coefficients of variation around the main construction output measures:* These have been successfully developed and the Northern Ireland Statistics and Research Agency plans to publish the quality measures at the earliest opportunity.

Quality management

During 2011/12 GSS Quality Good Practice guidance has been developed to encourage standardisation and improvement of quality management, assurance and review. Departments are now implementing these standardised practices. The work in this area includes:

- quality measurement and reporting guidance and standard templates which can be used to provide quality information on all published statistics;
- extensive development of the ONS Quality, Methods and Harmonisation Tool as a standard quality review methodology for the GSS, and;
- the roll out of training courses on Quality Management and Assurance across the GSS, supported by QIF funding.

In 2011 the European Commission published its proposed strategy for more robust quality management of European statistics. Its main aims are to address weaknesses that have become apparent in recent years, most notably the unreliability of Greek public finance statistics. The GSS has been influential in guiding the development of EU frameworks to safeguard the quality and trustworthiness of official statistics across Europe and beyond, using our experience with implementing the *Statistics and Registration Service Act 2007*.

Data sharing

Data sharing is important not only in making efficiency gains but also in spurring innovative analysis in statistics. It also improves statistical quality by providing an additional quality assurance mechanism and enabling better usage. Several Data Sharing Orders were passed by Parliament in 2011/12 to allow the sharing of data between the UK Statistics Authority and other government departments. For example, access to Welsh Schools Census data collected by the Welsh Government has enabled ONS to make improvements to the accuracy of mid-year population estimates.

3.5 RIGHT IMPACT

GSS capability

A revised competency framework for statisticians has been developed during the year, along with an updated policy for Continuing Professional Development. This will lead to a more focused approach, relevant to the skills needs of individual statisticians and their business areas. Skills are being developed through the introduction of an e-learning course on Data Transparency available to all GSS staff, not just statisticians. Enhancement of non statistical skills, such as consultancy and influencing, will continue to be a high priority for 2012/13 to maximise the impact of statisticians' work both within and outside of Government.

Accessibility and impact of statistics

A GSS strategy for the web dissemination of Official Statistics was published in 2011 which outlines the steps needed to serve users more effectively.

Improving statistical communication is a central theme in increasing the frankness, accessibility and impact of official statistics and has been a significant feature of this year. A coordinated programme of GSS/RSS workshops designed to raise awareness of the importance of the clear communication of statistics, has been held for a wide number of GSS departments, agencies and the devolved administrations. This effort is designed to complement and support the work of the Assessment team of the UK Statistics Authority.

Engagement with users

Understanding the needs of users is one of the key requirements of the *Code of Practice for Official Statistics*. The need to prioritise statistical outputs against the background of decreasing public sector resources, improve the availability and accessibility of data and improve communication with users about the statistics themselves and what they show have all been drivers.

In addition to the extensive public consultations that have been conducted with a view to both improving efficiency and statistical products, progress has included:

- Setting up a user group for prices statistics, to help ensure that the Consumer Prices Advisory Committee is fully aware of user needs and concerns and the ways in which the indices are used;
- Bringing together statistics user group leads and their counterparts across the GSS to evaluate current approaches to user engagement and how this might be improved in the future, with a view to developing best practice guidance; and
- The GSS has begun to use StatsUserNet, the RSS' recently launched website for user-user and user-producer communication, employing social networking channels.

Open Data

The UK Government's Transparency agenda (also known as 'Open Data') continues to have a significant impact. It is driving a change in the way that the GSS manages and disseminates statistics and the data that underlie statistical releases. It brings a requirement for the use of open systems that will enable data to be easily re-used, and creates an expectation that underlying data should always be made available. Open Data creates opportunities to raise awareness of the richness and power of our data and statistics amongst the user community and to stimulate analytical work across the public and private sectors.

The UK Government's consultation on Open Data in 2011 was aimed at informing its strategy to embed transparency and open data as core operating principles of public services. The National Statistician's response supported the ambitions of the open data agenda – to get more public data out into the public domain, and to support innovation, choice and decision making for the public good whilst appropriately protecting data confidentiality.

Across the GSS, good progress has been made in the past year to achieve these aims although there is still much more to be done to make the necessary technical leaps and implement a culture change. Ensuring appropriate privacy controls is essential for the GSS, as protecting the confidentiality of statistical data is paramount. The GSS is creating centres of expertise to support these aims, to provide training across the GSS and champion best practice.

Two case studies demonstrate how well departments have responded to the Open Data agenda:

Addressing the challenges of publishing new data – Health and Social Care Information Centre (IC)

The IC commenced monthly publication of prescribing data relating to each general practice in England. The data in question are collected directly from operational systems, but were not at that time available for public use.

IC had to consider:

- The likely users and uses of the data – the IC had to decide what supporting information it could publish to encourage use and make it easier;
- The appropriate level of detail to publish – based on assumptions about the utility of the data; and
- Issues relating to legality – the data did not include any patient identifiable data but could be used with other data sources to infer identities of patients in certain circumstances. The potential for any unintended consequences arising from the publication of the data had to be considered and appropriate standard statistical disclosure controls adopted.

IC continue to monitor the take-up and usefulness of newly released data and will make further improvements during 2012/13.

Improving the availability of UK Trade Data – HM Revenue and Customs (HMRC)

In March 2012 HMRC re-launched their website www.uktradeinfo.com which has been the main source of UK Overseas Trade Statistics since 1999. The website allows users to use and reuse UK trade data using an online tabulation tool and provides the ability to download information into a variety of formats.

The benefits of the re-launched website include:

- Direct access – customers are just two clicks away from detailed import and export data from 1996 onwards;
- Simple downloading of data into various formats, charts and maps;
- More data – Port data is now available in addition to Commodity, Value, Quantity and Country detail;
- Less suppressed data. Modern software provides optimal suppression management; and
- Easier access and downloading of time series.

The GSS has many challenges and opportunities to look forward to in 2012/13, including continuing to respond to working in an environment of reducing public expenditure, the Government's Open Data agenda, the impact of the reform of the EU Statistical Law and the release of Census 2011 data. The GSS is well placed to meet these challenges.



Mr Stephen Penneck

Chapter 4

Office for National Statistics Annual Report

4.1 DIRECTOR GENERAL'S INTRODUCTION

2011/12 has been a year of challenges. Some of these have been so significant that they have, at times, overshadowed a broad range of achievements.

Field operations for Census 2011 were completed in August and the response rate has been very good. We have been working extensively with stakeholders to develop new dissemination tools, for what we expect to be a successful, accessible Census which meets the needs of a wide range of users.

New developments at ONS included preparations for the transfer of Crime Statistics from the Home Office to ONS, where the acknowledged independence of ONS should increase public trust in these statistics. It was agreed in December that the House Price Index would be transferred from the Department for Communities and Local Government to ONS by April 2012, to take advantage of our extensive experience in producing and developing price indices.

Whilst the new website and publishing system was not initially the success that had been hoped, a web recovery project (implemented in September) closed at the end of March 2012, having resolved the major issues that were identified. We are now receiving positive feedback on the website.

Despite these website difficulties we have published a wide range of high quality statistics on economic, social and demographic issues. This has been as a result of both the dedication and professionalism of our staff.

As a result of European requirements, significant improvements were incorporated in the National Accounts Blue Book. These did mean that we had to delay a part of the Blue Book publication by three weeks, at a late stage. This was regrettable but necessary to comply with our quality assurance programmes.

We have continued to receive strong, indeed increased media coverage, which has been augmented by social media including Twitter, Facebook and YouTube, thus making our statistics more accessible to more people.

A six month programme of work entitled 'ONS 2012: Delivering the Vision' was initiated in September. This has focused on leadership skills and the capabilities needed to deliver our strategic priorities of trust in statistics; informed customers; and engaged staff. The programme has also delivered a new organisational structure.

We have learned much this year and we look forward to the new challenges of 2012/13 with ONS better prepared to meet them.



Stephen Penneck

Director General for ONS

July 2012

4.2 ONS MISSION, VISION AND VALUES

Mission

‘Trusted statistics – understanding the UK’ is the ONS mission statement. It sums up our role in the UK statistical system, what we do and what we offer.

Our main responsibilities include the collection, compilation, analysis and dissemination of a range of economic, social and demographic statistics relating to the United Kingdom that serve the public good and meet our legal obligations (both domestic and international); the provision of statistical leadership and methodological advice for the benefit of UK official statistics; representing the UK in the international arena; and the development and maintenance of definitions, methodologies, and classifications of statistics.

Vision

Our vision for ONS ‘where people come first for trusted statistics’ means that:

- *our statistics*: are recognised for the trust they bring, their fitness for purpose and their relevance for decision making;
- *our customers*: are informed about how statistics drive their decisions, the quality of our statistics, and how their priorities influence our plans;
- *our people*: are engaged and motivated to work in ONS; adding value, innovating and contributing to our vision.

Values

Our vision and mission statement describe ‘what’ ONS will do; our values describe ‘how’ ONS lives the vision. Our values are that we:

- respect each other;
- work together to make a difference;
- are proud of what ONS does; and
- always want to do better.

4.3 ONS FACTS AND FIGURES

Our statistics

ONS is the largest producer of official statistics in the UK. Every year we produce a large range of economic, social and demographic statistics which meet the standards set in the *Code of Practice for Official Statistics* – ‘National Statistics’.

In 2011/12 we published 650 statistical releases including:

- the National Accounts, including Gross Domestic Product (GDP);
- Balance of Payments and other economic statistics;
- measures of inflation;
- population and migration statistics;
- health, social and vital statistics, including well-being; and
- regional statistics.

In addition we:

- sent out 1.6 million requests for business data, including questionnaires, telephone data entry, email and internet requests;
- undertook over one million social survey interviews; and
- sent out over 25 million Census questionnaires.

Our customers

ONS statistics are used by a wide range of customers for a wide range of uses. These include:

Central Government:

- to allocate billion pound budgets; and
- to inform major economic decisions.

Local Government and Health Authorities:

- to plan services.

The private sector:

- to inform plans; and
- to inform contractual arrangements.

Individuals, often through the media:

- to understand their local areas;
- to understand our changing society; and
- to hold the government to account.

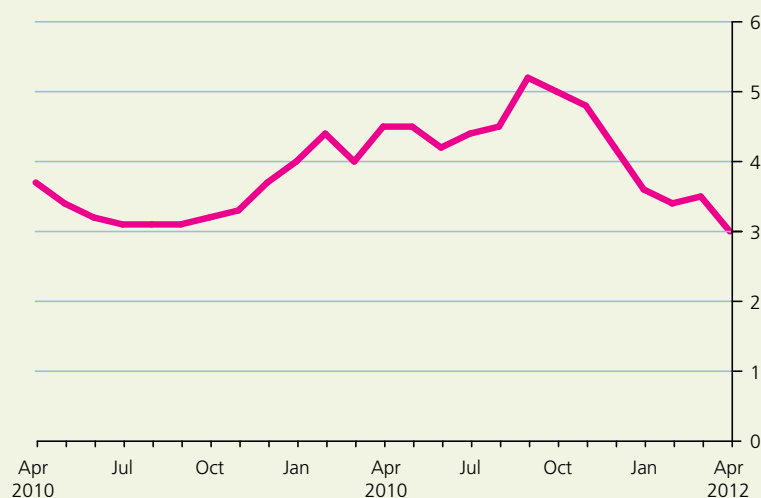
In 2011/12, there were more than 6.6 million visits to our website.

Examples of the use to which our statistics are put include:

Consumer Price Index

- The main UK measure of consumer price inflation, and the Government's inflation target;
- Calculation of inflation increases to benefits, tax credits and public service pensions (from April 2011);
- Price escalation clauses in contracts; and
- Comparison of UK inflation with that in other countries.

CPI: twelve month percentage change

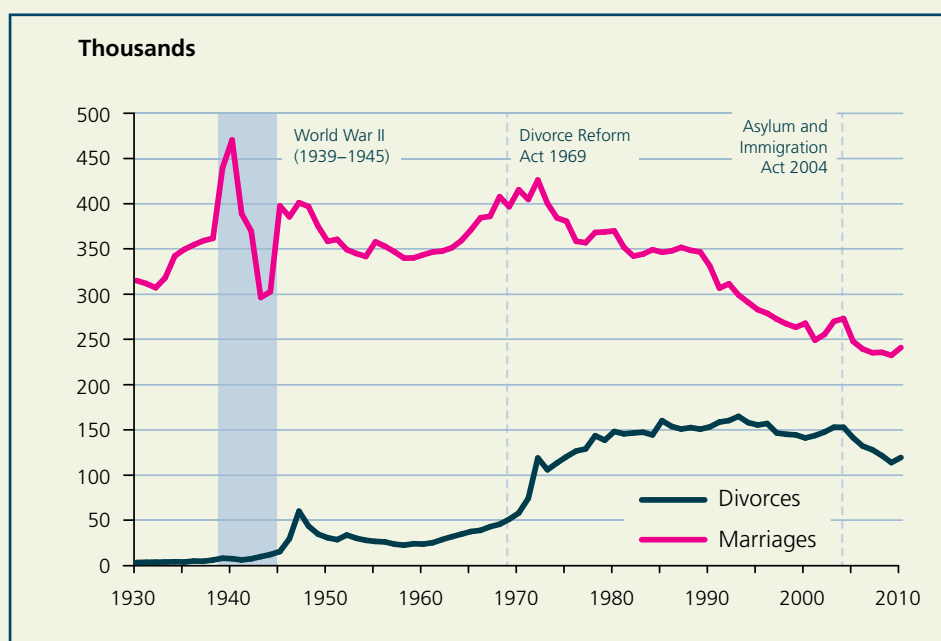


Statistics on families and households in the UK

- Government policy development, for example assessments of likely uptake of benefits;
- Informing charities which provide support for single parent families;
- Academic research on family types and how this has changed over time;
- Informing the private sector about their target audience for products and services; and
- Informing the public, via the media, on changes to society.

For example:

Number of marriages and divorces in England and Wales, 1930–2010



Census

- Allocation of billions of pounds in local authority and health funding;
- Informed policy making;
- Planning local authority services, including health and social services;
- Socio-demographic research;
- Informed business decisions; and
- Planning transport systems.

Our people

Between March 2011 and March 2012 staff numbers in ONS reduced as shown in the table below:

	Head Count	Full Time Equivalent
March 2011	3,917	3,201
March 2012	3,609	2,939

Source: Quarterly Public Sector Employment Survey

Note: Staff on Suspend Assignment and not paid by ONS are excluded from these figures

This reduction is in part due to the release of 151 Census staff by head count (full time equivalent of 147).

4.4 OUR PERFORMANCE OVER THE LAST YEAR

The ONS Board and the senior management team use the corporate scorecard to monitor our performance in delivering our Business Plan.

Our statistics

Our achievements during 2011/12 include:

- successful 2011 Census operation: a great response with 23 million census returns, of which 16 per cent were completed online. We are confident that a response rate of 94 per cent nationally, and over 80 per cent in every local authority, has been achieved. We are looking forward to publishing the first results in the summer with further outputs planned for later in the year;
- celebration of the 70th anniversary of the founding of the Government Social Survey, which began life in 1941 as the Wartime Social Survey;
- publication of the National Population Projections, released every two years in October, which attracted a wide range of attention from stakeholders;
- publication of a number of short stories and podcasts on a range of topics including average hours worked and trends in the Balance of Payments; and

- as part of the open data agenda, release of the underlying dataset for the Retail and Consumer Price Indices (RPI/CPI) with plans to release further underlying datasets based on the lessons we learnt.

In addition, we delivered significant improvements to our statistics through our projects and programmes:

Blue Book

The 2011 Blue Book was an ambitious project and included a number of significant changes to the National Accounts:

- updated the Standard Industrial Classification from SIC 2003 to SIC 2007 to meet European regulations;
- updated the Classification of Product by Activity to CPA 2008;
- introduced improved deflation methodology, moving from the Retail Prices Index to the conceptually better and internationally harmonised Consumer Prices Index; and
- updated the reference year and base year to 2008.

The project also produced the national accounts for the first time using an integrated production system on a new IT platform.

The incorporation of these significant changes was a major undertaking. To ensure the project was completed reliably, and after consultation with key users, we delayed publication by three weeks to ensure quality was maintained.

Migration Statistics Improvement Programme

The Migration Statistics Improvement Programme closed at the end of 2011/12. It delivered improved population and migration estimates including:

- new and improved methods for distributing long-term and short-term international migrants to local authorities;
- a conceptual framework of Population Statistics;
- uncertainty indicators for Population Statistics;
- a strategy for exploiting the statistical benefits arising from the e-Borders programme;
- improvements to migration statistics reporting; and
- plausibility ranges, derived using administrative sources, for population estimates for 0-15 year olds.

Beyond 2011

The Beyond 2011 programme was established to assess options for meeting future user needs for population and small area socio-demographic statistics which are currently met by the Census. Key achievements during the year have been:

- identification of eight options to consider, with a particular focus on those based primarily on administrative data;
- a public consultation to understand user requirements for outputs, focusing in particular on the trade-off between accuracy, frequency and geographic detail; and
- initial testing of the options to identify the statistical and operational issues.

During 2012/13 each of the options will be developed and refined on an iterative basis, enabling final recommendations to be made in September 2014.

Measuring National Well-being

ONS is seen as one of the world leaders in developing accepted and trusted measures of national well-being and of the progress of the UK. Achievements in 2011/12 include:

- a successful national well-being debate which informed the National Statistician's report on the way forward in July 2011;
- a further consultation on proposed domains or aspects of national well-being; publication of an initial assessment at the end of February 2012, including estimates of the value of the UK's human capital; and a set of environmental accounts for the UK; and
- publication of two reports with experimental estimates of subjective well-being, in December 2011 and February 2012.

Information Management – Improved Resilience

ONS has continued to implement its corporate Information Technology strategy which sets out the basis for moving to a sustainable and reusable technology. Improvements during 2011/12 include:

- installation of a new system for Life Events;
- upgrading software that supports systems for National Accounts and Population Statistics;
- significant improvements to resilience and security of desktop infrastructure, with over 3,000 upgraded workstations installed, rationalisation of software used, and tighter control of removable media, all contributing to improved protection of ONS data;
- 66 per cent of all servers (192 out of 294) have been upgraded;
- old servers have been removed;
- all firewalls have been brought to the required standard or replaced; and
- infrastructure Risk Management Accreditation Document Set (RMADS) has been completed and interim accreditation received.

This year, the following sets of statistics met the conditions to be designated as 'National Statistics':

- Small Area Income Estimates for England and Wales;
- Statistics on Families and Households in the UK;
- Statistics on Cancer in England;
- Statistics from the Living Costs and Food Survey;
- Statistics on Civil Partnerships;
- Population Estimates and Projections;
- Statistics from the General Lifestyle Survey;
- Effects of Taxes and Benefits on Household Income;
- Consumer Trends;
- Short-term Migration for England and Wales;

- Statistics on Retail Sales;
- Consumer Price Indices;
- Adoptions in England and Wales;
- Statistics on Pensions;
- E-commerce and Information and Communication Technology Activity;
- Overseas Travel and Tourism Statistics;
- Balance of Payments Statistics;
- Labour Market Statistics;
- Services Producer Price Indices;
- Producer Price Indices;
- Average Weekly Earnings;
- Wealth in Great Britain; and
- Migration Statistics.

In our business plan 2011-2015 we said that we were stopping some of our outputs as part of the reductions announced in Spending Review 2010. During 2011/12, we stopped producing the following publications – Monthly Digest, Financial Statistics, Economic and Labour Market Review, Population Trends, Regional Trends, and UK Health Statistics. Development work on public sector productivity stopped after further consultation with our stakeholders. However, our website continues to include statistics and analysis published by ONS on these topics.

2011/12 has not been without difficulties. The launch of our new website in August 2011 was not initially the success that had been hoped. It quickly became clear that there were a number of significant issues with the new website covering areas such as users not being able to find content, missing content, and functionality. As a result a web recovery project was initiated to address these issues. These difficulties apart, the new website provides a substantially improved platform on which to develop more flexible forms of dissemination for Census 2011 and other ONS outputs. Further investment is planned to improve the performance and capacity by enhancing the underlying infrastructure.

In addition, some of our statistical releases were published with errors which we corrected as soon as we were able. As a result, improved quality assurance processes have now been introduced across the office and, where needed, production processes are being strengthened.

Despite these difficulties, our statistics this year have attracted the widest ever media commentary, with the debate focused on the statistical messages. We are now a regular publisher on YouTube. In addition, our staff appear regularly on television and local radio explaining our statistics. As a result, our profile as a producer of key statistics is higher than it has ever been.

Our customers

We serve a wide range of customers through a variety of different channels.

During 2011/12 there were 174 events for the National Debate on Well-being held around the country with around 34,000 responses to the debate in all. This has helped us develop our well-being programme of work and has informed new measures of subjective well-being.

ONS held regular events for the media and other stakeholders, including on Gross Domestic Product (GDP), retail sales, public finances and the labour market. These events have been well attended and have been appreciated by those attending.

We host a number of visits to ONS every year. This year included visitors from India and China and local schools and universities.

ONS ran over 25 consultations through our website on topics as diverse as 'the definition of avoidable mortality'; 'improving measurement of car prices in the CPI and RPI'; 'national accounts classification process'; and 'measuring well-being'. These consultations help us improve the quality of our outputs and enable us to produce statistics which meet our users' needs.

We work closely with the Statistics User Forum (SUF) which provides an umbrella organisation for an increasingly large number of groups of statistics users, and represents the shared views of this very diverse community. User groups include health, economics and business, prices and labour market statistics. They hold regular meetings and conferences which ONS staff attend or present at.

In 2011/12 we launched a number of discussion forums on the new StatsUserNet, a community for all users of official statistics run by the Royal Statistical Society. Communities include the labour market and the CPI/RPI.

In the last quarter of 2011 there were over 2,000 stories in the national press using ONS data, compared with 1,800 in the last quarter of 2010.

The number of visits to our website dropped significantly following the launch of our new website, falling from 2.4 million in the last quarter of 2010 to 1.3 million in the last quarter of 2011. We are hopeful that the improvements we have now introduced will result in increased usage.

In 2011 ONS received over 54,000 enquiries (phone calls and emails) via its customer contact centre.

We launched a new complaints policy in April 2011 and received around 700 complaints in 2011/12. Nearly all relating to the burden put on businesses filling in surveys. All complaints are taken seriously and we always try to address these within our target of ten working days.

We regularly seek feedback from our stakeholders and this is discussed in a separate section of this chapter.

Our people

Our key indicators show that while our level of staff engagement is in line with the rest of the Civil Service overall, there is room for improvement in developing our leadership and skills.

In response to these indicators and due to the difficulties we faced during 2011/12 we set up a programme to improve ONS organisational performance, referred to as 'ONS 2012: Delivering the Vision'. This is helping to ensure that ONS has the skills, systems and the ways of working we need to face the future challenges and to make the delivery of the vision 'where people come first for trusted statistics' real.

Launch of skills strategy

We are committed to valuing and developing our people to the maximum of their potential as part of living the ONS Vision and Values. In January 2012 we launched a new skills strategy which sets out the key skills and capabilities we need to deliver our business plan and to become the organisation we aspire to.

Coaching

The ONS 2012 programme acknowledged the importance of coaching as a key enabling initiative. Because it clearly links to our values it will help us achieve our vision. Coaching is about a style of behaviour, being self aware, listening properly and encouraging colleagues to find their own answers. It is about creating an environment where people learn, gain confidence and take more ownership for their work and decision making. ONS Coaching is being rolled out across the office.

Resourcing

The ongoing external recruitment controls announced in 2010 have continued to encourage us to re-skill and redeploy our own people wherever possible, resulting in our placing 150 of our people into new posts across the organisation.

In addition, we gained some exemptions from the recruitment controls to fill a number of posts in specialist skill areas where we have gaps. We used a variety of innovative attraction strategies, emphasising the benefits of working in a leading statistical organisation to help fill these gaps.

We have introduced career transition support to staff, predominately at the Titchfield site, during the downsizing phase of the Census 2011 programme. The reduction in posts has been carefully managed to minimise the impact on our staff and business areas.

Performance management, absence and employee relations

We continue to have good level of achievement of end-of-year appraisals; the expected completion rate this year is 90 per cent, a similar rate to last year. Working collaboratively with the trade unions we have an action plan in place to improve the perceived fairness of the performance rating system.

Sickness absence levels rose during 2011 to 8.1 average working days lost (AWDL) in March 2012 compared with 7.4 in March 2011, which was the lowest figure during the year. The AWDL are analysed at a local level every month and the HR team continues to give targeted support to managers to assist them in understanding and reducing their absence levels.

The capability and skills of our managers to lead on staff grievance, discipline, poor performance and respect at work issues continues to improve with coaching and specialist support from ONS Human Resources Division. As managers address more issues, there has been a rise in the number of cases in 2011:

- 33 discipline cases;

- nine grievances; and
- six underperformance cases.

We have successfully defended six employment tribunals (and lost none).

Retention of Investors in People accreditation

We were re-accredited against the Investors in People Core Framework. The report said that ‘Some areas of good and occasionally excellent practice were identified, in particular, there is a high level of commitment, a focus on continuous improvement and a strong culture of learning and development’.

Equality and Diversity

We take a strategic approach to equality and diversity so that it is integrated in all we do. This helps us maximise the contribution of all our people as well as ensures we meet our legal obligations. Our equality and diversity report is published annually on our website.

For 2011/12 we identified three diversity priorities: disability, part time working and representation of women at senior levels, and put in place action plans for these areas. The findings of our subsequent People Survey showed that all these groups returned an engagement index higher than the average for all staff.

Awards

In 2011/12 ONS staff won a number of awards including:

- jointly with Cardiff University, the **2011 Innovation Prize** at Cardiff University’s Annual Innovation Awards. ONS and Cardiff School of Mathematics have teamed up to develop a number of partnership projects. The centrepiece, and award winner, is the creation of a new MSc in Operational Research and Applied Statistics, a vocationally orientated course providing students with high-level skills for a career in statistics;
- a prestigious **Employers’ Forum on Age** award in the category ‘Best Public Sector Overall’. ONS was praised as having ‘good examples of proactive policies that attract and retain older workers ... excellent outcomes with high employee engagement and lots of activity to ensure they are taking care of staff’;
- the Cabinet Secretary, then Sir Gus O’Donnell, presented ONS with the Certificate of Alignment with BS25999 for our work on **Business Continuity Planning**; and
- ONS Design Services won a European-wide competition to create a new logo for the European Statistical System Committee (ESSC). The new logo will be applied to specific Eurostat products and weblinks.

4.5 RISK MANAGEMENT

ONS continues to identify and manage risks within its risk management framework.

The Executive Committee receive risk management information on a monthly basis. We have improved our risk reporting in 2011/12 with the introduction of risk appetite and risk totality analysis, and regularly review the strategic risks linked to our business priorities.

In addition to risks identified at working level, ONS also assesses strategic risks which pose significant threat to the successful achievement of key objectives and/or impact on reputation. These are identified and formally reviewed monthly by the ONS Leadership Team and the ONS Board throughout the year.

Risk and Issue Liaison Officers in each of our directorates help embed risk management and ensure the risks are managed appropriately and at the right level.

We are currently developing an assurance map to help facilitate the identification of any gaps in our risk management process. It will also:

- ensure sources of assurance are appropriately reported in accordance with the Audit Committee Terms of Reference;
- inform internal audit planning through the identification of assurance provided from other review and inspection bodies to avoid duplication and identify potential assurance gaps; and
- inform the Annual Governance Statement.

In addition we have piloted a Corporate Governance Assurance Statement (CGAS) with a number of senior staff and by September all senior staff will have signed off a CGAS.

4.6 STAKEHOLDER ASSESSMENTS

Each year ONS requests an assessment of its performance from central government departments, Bank of England and the Office for Budgetary Responsibility.

The table below summarises these for 2011/12.

	Percentage Response		
	good	satisfactory	poor
engagement	33	67	0
collaboration	58	42	0
competency	58	33	8
data quality	41	41	18
Overall	42	50	8

The feedback included expressions of appreciation for the expertise of ONS staff, their willingness to help and their collaborative and professional approach. And not unexpectedly the feedback also reflected the difficulties ONS faced during the year. The overall assessment was lower than last year with the Bank of England marking us as “poor”. As discussed earlier we are working hard to address these difficulties and the concerns of our stakeholders. For example, during the year we addressed issues stakeholders raised about the website and introduced new quality assurance processes for our statistical releases.

4.7 LOOKING FORWARD

We are now in the second year of our four year Business Plan. Over the coming year we will continue to produce and publish nearly 500 regular quality statistical outputs which meet user needs.

The ONS 2012 programme of work to improve our effectiveness and capability has placed us in a better position to move forward with some of the issues we faced last year. As part of ONS 2012, we have:

- a new Directorate level structure, to bring all our statistical systems under common ownership to ensure the lessons from successful system redevelopments are learned more quickly across our statistical outputs;
- a new Directorate which will focus on analysis and dissemination, providing a longer term web strategy and leadership around continuous web improvement;
- an upgraded technical infrastructure supporting the national accounts; and
- a new central Portfolio Delivery Unit. The unit will improve support to programmes and improve the standard of risk and status reporting.

Our statistics

We will be publishing crime statistics and the Index of House Prices for the first time, helping to build trust in these statistics. We will continue to develop new Data Collection, Analysis and Dissemination strategies which underpin our Statistical Business Strategy.

We plan to continue to invest in our significant portfolio of projects and programmes to help deliver our vision. These include developing National Accounts according to the new European System of Accounts; redeveloping the CPI/RPI systems; improving the IT system for scheduling social survey interviews; improving the Life Events system; delivering an initial web data collection capability; and improving information assurance and security for our IT systems.

We look forward to publishing the first census results in the summer, with further outputs scheduled for late 2012, early 2013 and beyond. We will also publish the first annual results on subjective well-being as part of our work on developing a trusted set of statistics to understand and monitor national well-being, and will be publishing a wide range of statistical outputs and analysis on the UK economy and society.

Our customers

In response to our customers' feedback we will continue to make improvements to our website. Our plans include enabling increased access to ONS data content for users and application developers through an enhanced Application Programming Interface (API) as well as a new Data Explorer.

As part of the open data agenda, we plan to release a number of 'open format' datasets during the course of 2012/13, working with stakeholders. Building on this, we plan to publish further datasets in 2013/14.

We plan to continue to work with stakeholders to improve our statistics and services. We will organise workshops, user group events, consultations and discussion forums and we will use social media to ensure users are involved in taking our statistics forward.

Our people

During the course of the next financial year we will be implementing the new skills strategy focusing on developing leadership; portfolio, programme and project management; statistical analysis; and statistical and business processing. This will help to deliver our vision and our business plan and improve our operational performance. We have redesigned our organisation, and our new governance and directorate structure will enable us to deliver our strategic priorities effectively.

Chapter 5

Corporate and Summary Financial Information

This chapter brings together a number of corporate activities. It summarises the Authority's financial position in 2011/12 and shows that we have already achieved a number of the 2015 Government Performance Targets on sustainability. It also shows that we are making good progress against 2013 targets set for Senior Civil Service posts and that we continue to make a positive contribution to the local communities with staff volunteering to help with a range of community projects. The final part of this chapter gives a summary of our information assurance.

5.1 COMPARISON OF 2011/12 OUTTURN WITH THE 2011/12 ESTIMATE

Resources	2011/12 Estimate	2011/12 Outturn	Saving
Departmental Expenditure Limit	£000	£000	£000
Departmental Expenditure Limit – Resource	326,477	311,853	14,624
Departmental Expenditure Limit – Capital	20,939	19,853	1,086
Annually Managed Expenditure – Resource	18,195	(6,278)	24,473
Total	365,611	325,428	40,183

The Statement of Parliamentary Supply Summary of Resources 2011/12 contained in the Accounts shows the total net outturn for the year was £325.4 million against an estimate of £365.6 million.

The above disclosures are compliant with new reporting requirements under HM Treasury's Clear Line of Sight initiative.

There are several reasons for the resource under-spend within the category of Departmental Expenditure Limit of £14.6 million, the most significant being:

- contingency funding for the census not being required;
- restrictions on recruitment which have remained in place throughout 2011/12; and
- lower depreciation charges than expected when set as part of the 2010 Comprehensive Spending Review settlement

The first two points above also explain the saving against the Net Cash Requirement as shown on page 88 of the accounts.

The majority of the under-spend relates to the contingency funds held within the census programme not being required. A contingency fund was set aside to cover any unforeseen operational difficulties that might impact on the overall census response rate and/or quality of data. This level of contingency was informed by the 2001 census programme when significant calls were made against such a contingency. During 2011, the census field operation and the various operational services were very successful, in the main due to successful planning (including the rehearsal in 2009), excellent contractual relationships with over 20 major suppliers and the partnerships between local authorities and community groups. Together with an excellent marketing campaign, this meant that response target rates were met and there was no requirement to significantly extend the field work.

Included within this expenditure are staff costs which are further analysed in Note 5 to the accounts. This Note 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 significant proportion of under-spend in the category of Annually Managed Expenditure relates to a provision that was included in the single supplementary estimate as a result of the VAT assessment undertaken during the year. This provision was not required at 31 March 2012.

The Remuneration Report and Note 1 to the accounts provide further information on the relevant pension 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 20 to 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 86 to 87. The financial statements are audited in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and in accordance with the *Government Resources and Accounting Act 2000*.

Audit fees charged in the accounts amount to £75,800 (2010/11 £70,400). There were no non-audit fees charged in 2011/12.

5.2 CORE TABLE

The following table shows expenditure records and plans over a number of years. For 2008/09 onwards they show spending for the Authority only, whereas prior to that they also include spend for General Register Office and National Health Service Central Register.

Machinery of Government (MOG) transfers for Crime Statistics and House Price Index have been applied for the first time in the 2012/13 main Estimate. They are also included in plans for the remainder of the spending review but are not included within previous years.

The Statistics Board

Total departmental spending

	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Planned	2013-14 Planned	2014-15 Planned
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Resource DEL									
Section A: Programme Expenditure	193,802	171,099	207,297	205,899	304,690	311,853	181,639	173,337	163,796
Section B: Departmental Unallocated Provision	-	-	-	-	-	-	6,000	-	-
Total Resource DEL	193,802	171,099	207,297	205,899	304,690	311,853	187,639	173,337	163,796
<i>Of which:</i>									
Pay	128,951	117,886	103,317	110,196	125,286	158,457	117,844	111,231	105,147
Net current procurement ¹	48,760	31,186	90,492	81,136	166,679	138,986	47,795	46,606	43,349
Current grants and subsidies to the private sector and abroad	(350)	(846)	(721)	(70)	(781)	(1,044)	(1,000)	-	-
Current grants to local government	-	-	-	-	-	-	-	-	-
Depreciation ^{2*}	16,441	22,873	14,209	15,849	13,436	14,721	17,000	15,500	15,300
Other	-	-	-	(1,212)	70	733	6,000	-	-
Resource AME									
Section C: Provisions	-	-	-	14,420	7,056	(719)	278	235	205
Section D: Utilised Provisions ⁶	(3,746)	(7,936)	-	(13,849)	(10,072)	(5,559)	(3,837)	(1,924)	(1,390)
Total Resource AME	(3,746)	(7,936)	-	571	(3,016)	(6,278)	(3,559)	(1,689)	(1,185)
<i>Of which:</i>									
Pay	-	-	-	-	-	-	-	-	-
Net current procurement ¹	-	-	-	-	-	-	-	-	-

	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Planned	2013-14 Planned	2014-15 Planned
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current grants to local government	-	-	-	-	-	-	-	-	-
Net public service pensions ³	-	-	-	-	-	-	-	-	-
Take up of provisions	30,038	5,904	13,676	13,956	3,038	(1,736)	278	235	205
Release of provisions ⁶	(3,746)	(7,936)	(13,849)	(15,216)	(10,072)	(5,559)	(3,837)	(1,924)	(1,390)
Depreciation ²	-	-	-	469	4,018	1,017	-	-	-
Other	(30,038)	(5,904)	173	1,362	-	-	-	-	-
Total Resource Budget	190,056	163,163	207,297	206,470	301,674	305,575	184,080	171,648	162,611
<i>Of which:</i>									
Depreciation ^{2*}	16,441	22,873	14,209	16,318	17,454	15,738	17,000	15,500	15,300
Capital DEL									
Section A: Programme Expenditure	22,562	15,342	19,305	14,374	14,627	19,853	17,000	8,600	10,100
Total Capital DEL	22,562	15,342	19,305	14,374	14,627	19,853	17,000	8,600	10,100
<i>Of which:</i>									
Net capital procurement ⁴	22,562	15,324	19,290	14,374	14,627	19,853	17,000	8,600	10,100
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-
Capital support for local government	-	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-	-
Other	-	18	15	-	-	-	-	-	-
Capital AME									
Total Capital AME	-	-	-	-	-	-	-	-	-
<i>Of which:</i>									
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-
Net lending to the private sector and abroad	-	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Budget	22,562	15,342	19,305	14,374	14,627	19,853	17,000	8,600	10,100
Total departmental spending^{5**}	196,177	155,632	212,393	204,526	298,846	309,690	184,080	164,748	157,411
<i>Of which:</i>									
Total DEL	199,923	163,568	212,393	204,424	305,881	316,985	187,639	166,437	158,596
Total AME***	(3,746)	(7,936)	-	102	(7,034)	(7,295)	(3,559)	(1,689)	(1,185)

1 Net of income from sales of goods and services.

2 Includes impairments.

3 Pension schemes report under FRS 17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

4 Expenditure on tangible and intangible fixed assets net of sales.

5 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 is the sum of resource budget AME and capital budget AME less depreciation in AME.

6 The value of provisions is stated after contributions towards dilapidations.

* Depreciation has been restated for years 2006/07 to 2010/11.

** 2009/10 and 2010/11 total departmental spending restated.

*** 2009/10 and 2010/11 total AME restated.

5.3 SPENDING REVIEW

The Spending Review is a Treasury-led process to allocate resources across all government departments, according to the Government's priorities. Spending Reviews set firm and fixed spending budgets over several years for each department. Spending Review 2010 covers the four years from 2011/12 to 2014/15.

The Authority publishes a business plan that shows how its spending is planned within the remit of that settlement.

5.4 PROMPT PAYMENT TARGET

The Authority is committed to both the Confederation of British Industry Prompt Payment Code and Department for Business Innovation and Skills Better Payment Practice. The policy is that all bills 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 achieved payment in accordance with this policy in 97per cent of transactions for the year ended 31 March 2012. The performance is measured in accordance with HM Treasury guidelines.

In addition to the 30 day target, we endeavour to pay suppliers, especially Small and Medium sized Enterprises, within 5 days. We achieved payment in accordance with this policy in 85per cent of transactions for the year.

5.5 FINANCIAL REPORTING TO PARLIAMENT

This report forms part of the annual reporting process to Parliament. To allow Parliamentary scrutiny, 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. Estimates can be found at:
www.hm-treasury.gov.uk/psr_estimates_mainindex.htm

5.6 TRANSPARENCY

The Government has a clear commitment to greater transparency of public information. It believes members of the public should be able to access information on how departments are organised and what they spend.

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 give greater transparency across its operations the Authority publishes information which is regularly updated on its own website and/or the ONS website.

This includes:

- Board members and Senior Directors expenses and hospitality received;
- Organisation charts;
- Details of Senior and Junior posts and Senior Staff salaries;
- Details of payments to suppliers each month over £25,000; and
- Monthly prompt payment information.

5.7 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.

Some suppliers such as Lockheed Martin UK and Capita Business services are working as part of the 2011 Census. Those that provide longer term support to the Authority include Fujitsu Services who provide IT services, Steria who provide key IT contractors, Mitie Facilities Services who provide Facilities Management, British Telecom for Communications and TNS Research International who work with us on retail price surveys.

5.8 SUSTAINABILITY ACCOUNTING AND REPORTING

This section presents our environmental data based on the financial year ending 31 March 2012 and includes all estate where the Authority has a presence.

The requirements for minimum reporting as part of 2011/12 HM Treasury Sustainability Reporting are fully consistent with non-financial information requirements laid down under the *Greening Government Commitments (GGC)* (including the transparency requirements).

Summary

In 2011/12 the Government established a set of *Greening Government Commitments* that apply to all Departments and the Authority has in place a Sustainable Development Policy and Sustainable Development Action Plan designed to take steps to meet the new Commitments. Our performance has already exceeded the government targets

in some areas and we are making good progress in almost all other areas. We expect to meet or exceed the 2015 government targets in all areas except Travel and Waste. There is further information on waste later in this section. While we have reduced emissions from rail and air travel and from travel between offices, the nature of our Field Operations make it difficult to reduce emissions from road vehicles to the level required.

Area	Actual	Government Target Performance 2015
Carbon from Buildings (tonnes Carbon Dioxide)	4,719	5,328
Carbon from Travel (tonnes Carbon Dioxide) ¹	5,176	2,592
Waste (tonnes) ²	567	506
Water consumption (cubic metres)	15,892	18,526
Water expenditure (£'000)	68	No Target
Energy consumption ('000 kilowatt hours)	12,573	No Target
Energy expenditure (£'000)	1,068	No Target

Notes:

1. Carbon from travel includes road, field force travel, census field force travel, car hire, taxis and mileage from staff cars, rail and air on official business.
2. Construction waste is excluded from the waste figures as it is out of scope of the Greening Government Commitments.

Greenhouse Gas emissions

The Authority has the following *Greening in Government* targets:

- reduce greenhouse gas emissions from the whole estate by 25per cent by 31 March 2015 as compared with the 2009/10 baseline;
- reduce greenhouse gas emissions from business related transport by 25per cent by 31 March 2015 as compared with the 2009/10 baseline; and
- reduce domestic business flights by 20per cent by 31 March 2015 from 2009/10 baseline.

Benefits are being realised from:

- improving the thermal performance of the Newport building through the installation of double glazed windows and improved insulation;
- installation of more efficient boilers at Newport and Titchfield and the introduction of solar pre-heat; and
- more immediate and improved control of the operation of the heating system facilitated by the introduction of Automatic Meter Reading (AMR) technology adjusting the temperature in the large paper store in Christchurch.

The Authority has achieved Carbon Management Trust certification.

The figures below indicate the trends over time for greenhouse gas emissions and domestic air travel.

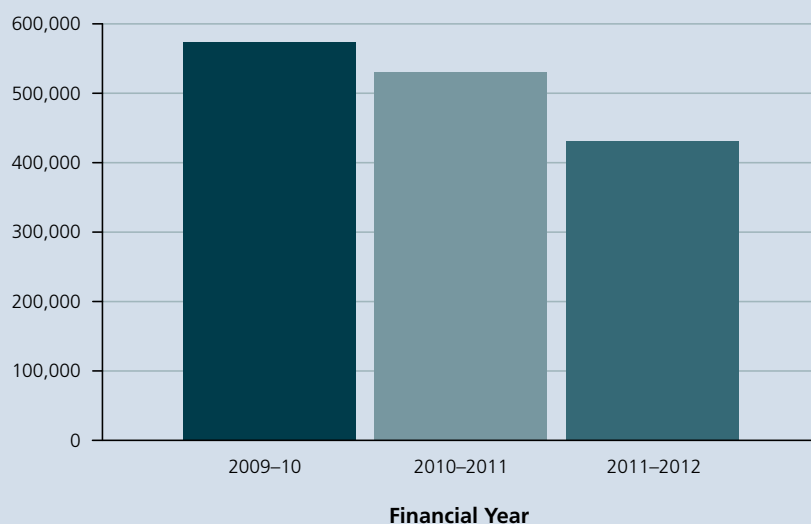
Greenhouse Gas emissions

Tonnes of CO²



Domestic Air Travel

km travelled



The table below provides a full breakdown of greenhouse gas emissions, energy consumption and travel on official business over the last three years.

Greenhouse Gas Emissions		2009/10	2010/11	2011/12
Non-Financial Indicators (tonnes Carbon Dioxide) ¹	Total Building Emissions	7,105	6,165	4,719
	Total Emissions Road Vehicles ²	2,881	2,963	4,842
Non-Financial Indicators (tonnes Carbon Dioxide) ¹	Total Emissions Rail Travel	184	147	132
	Total Emissions Air Travel	391	257	202
Energy consumption (‘000 kilowatt hours)	Electricity	9,530	8,781	7,583
	Gas ³	10,424	7,476	3,486
	Bio Fuels	0	364	1,304
	Oil	0	647	200
	Total Buildings Energy Consumption	19,954	17,268	12,573
Financial Indicators (£’000)	CRC Gross Expenditure (2010 onwards)	0	3	69
	Expenditure on Energy	1,633	1,075	1,068
Kilometres travelled	Road Travel	13,074,156	13,352,896	24,245,763
	Rail Travel	3,058,182	2,435,697	2,171,871
	Air Travel (Domestic)	572,962	530,410	430,275
	Air Travel (Short Haul)	1,139,084	513,411	596,365
	Air Travel (Long Haul)	1,126,975	809,121	417,982

Notes:

1. The emissions figures will change due to the DEFRA conversion factors being updated and amended on an ongoing basis. This has resulted in the restatement of 2010/11 figures.
2. The emissions for Road Vehicle is now expressed in kilometres whereas in previous years’ reports it was expressed in miles.
3. Significant gas reduction has been due to the installation of the Biomass boilers in Newport.
4. Consumption in kilowatt hours is a recognised measure but the target is based on the tonnes of Carbon Dioxide emitted.
5. Consumption and emissions figures have been restated for 2010/11 due to correction of automatic meter reading data by our supplier.
6. Road travel during 2011/12 includes travelling related to the census. Excluding this activity, the kilometres travelled would have been 10,323,086.

Waste

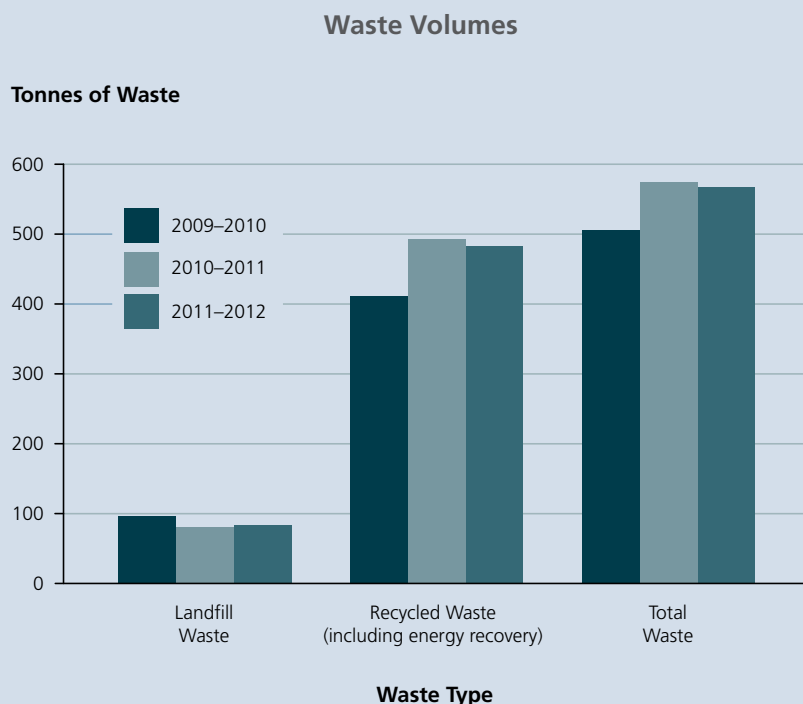
The Authority has the following *Greening in Government* targets:

- reduce the amount of waste generated by 31 March 2015 compared with the 2009/10 baseline;
- reduce the amount of paper used in 2011/12 by 10 per cent from that used in 2010/11; and
- ensure that all redundant ICT equipment is re-used or recycled responsibly.

Although waste is re-used and recycled the target is aimed at reducing the amount of waste generated and this is difficult to achieve. Negotiations have begun with suppliers to see if they can reduce packaging that leads to waste. Paper use is on track to meet

the target and all ICT equipment is disposed of via an established contract which helps to ensure that all redundant ICT equipment is re-used or recycled responsibly.

The figure below indicates the waste volumes by type over time.



The table below provides a breakdown of waste over the last three years.

Waste		2009/10	2010/11	2011/12
Non-Financial Indicators (tonnes)	Landfill Waste	96	81	84
	Recycled Waste (including energy recovery)	411	493	483
	Total Waste	507	574	567
Non-Financial Indicators (%)	(Restated 10/11) Total Waste Recycled	81	86	85
Paper usage (A4 ream equivalent)	Total reams used	N/A	48,701	42,210
Financial Indicators (£'000)	Total waste disposal costs	57	92	74

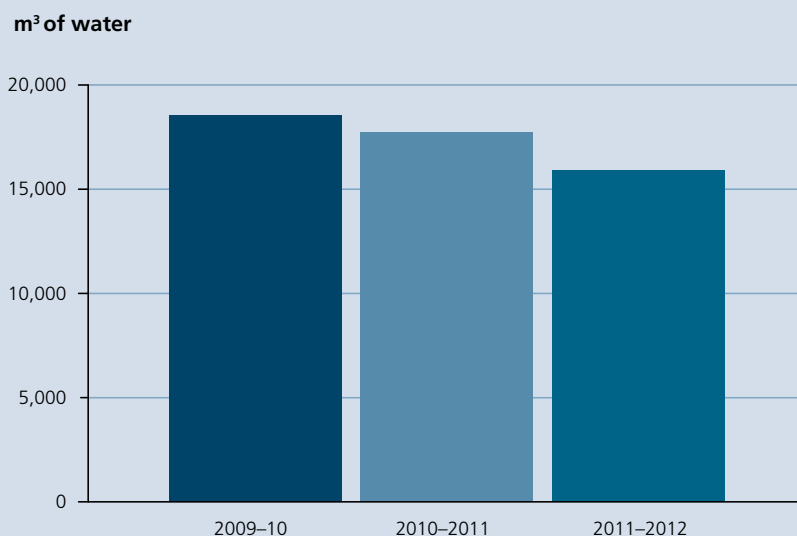
Water

The Authority has the following *Greening in Government* targets:

- reduce the amount of water used in the whole estate to below 2009/10 levels; and
- meet the good practice benchmark of between 4m³ and 6m³ per FTE per annum on the office estate.

The single biggest impact on driving down water consumption has been the rainwater harvesting system installed at Newport at the end of 2010/11 which has significantly reduced use of mains water.

Water Consumption



The table below provides the water breakdown over time.

Water		2009/10	2010/11	2011/12
Non Financial Indicators (cubic metres)	Consumption	18,526	17,740	15,892
	M³/FTE	7.6	6.1	6.2
Financial Indicators (£'000)	Costs	62	55	68

Bio-diversity

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 bio-diversity. This has been achieved through the specification of environmentally friendly measures of control in its Grounds Maintenance contract, maintaining and planting trees and having 'wild' spaces.

Sustainable Procurement

The Authority has embedded objectives into appropriate staff performance agreements, introduced Government Buying Standards into contracts, engaged with all suppliers and reached Level 2 of the Flexible Framework tool for Sustainable Development.

5.9 STAFF INFORMATION

The table below shows a reduction in headcount and full time equivalent staff working for the Authority between March 2011 and March 2012.

	UK Statistics Authority		Of which: ONS	
	Head Count	Full Time Equivalent	Head Count	Full Time Equivalent
March 2011	3,970	3,252	3,917	3,201
March 2012	3,663	2,991	3,609	2,939

Note: Staff on Suspend Assignment and not paid are excluded from these figures

Average sickness absence levels rose slightly to a peak of 8.1 Average Working Days Lost (AWDL) in March 2012.

Staffing matters are dealt with on an Authority wide basis. Given the majority of staff work in ONS, most staffing matters, including AWDL, are discussed in Chapter 4. Chapter 4 does not include SCS and Senior Management Grade targets, which are summarised below.

Progress against Senior Civil Service and Senior Management Grade Targets for 2013

The SCS and feeder grade targets for 2013 were developed in 2008 and agreed with the Cabinet Office. Although we are making progress against our senior management grade targets, against a reduction of 20 per cent in Senior Civil Service posts and a recruitment freeze, it is important to recognise that it will take several more years before we are likely to meet them. We have introduced a Gender Action plan, in part, to help bridge the gap and there is a Disability Action plan in place. It is worth noting that as headcount is low in both SCS and Grade 6, one person more or less can significantly impact the figures.

SCS Measure	% Target for 2013	% Actual at March 2012
Females in top management (Payband 2 and above)	40	20
Females in SCS	40	28
Ethnic Minorities (EM) in SCS	2	0
Disabled in SCS	2	3
Grade 6		
Females in Grade 6	45	45
EM in Grade 6	5	2
Disabled in Grade 6	5	4
Grade 7		
Females in Grade 7	44	40
EM in Grade 7	4	1
Disabled in Grade 7	3	3

Notes:

1. Data as at 31 March 2012 (suspend assignment and contractors excluded).
2. Data for ethnic minority and disability 'actual' is based on number of people who have declared their ethnicity or disability.

5.10 CORPORATE AND SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility policy supports staff taking up to three days' paid special leave per calendar year to undertake volunteering in line with our objectives and with Civil Service policy.

In Newport we continue to work with Business in the Community Wales, a business led charity and we are expanding our corporate social responsibility activities with communities across Newport benefitting. In Titchfield we work with the local business community through the Segensworth Business Forum which is a group that represents the interests, concerns and issues of businesses on the Segensworth Industrial Estates. Examples of some of our activities in 2011/12 include:

- clearing of overgrown woodland at Ringland wood and helping to build woodland paths and steps in addition to clearing debris from Bettws brook and painting unsightly nearby garages to improve the visual environment;
- mentoring pupils at Pillgwenlly Primary School and Duffryn High School; and
- providing a project manager, a health and safety officer, surveyor and others to assist infants at a local school (Locks Heath Infant School) to run a project to develop a new outside space at their school.

5.11 INFORMATION ASSURANCE

Our statistics are compiled from information collected about individuals and businesses through surveys and administrative sources. Often, the information we collect is both personal and confidential and we continue to take steps to improve our culture of confidentiality and security of information, and to strengthen the technical measures we have in place to protect the information we hold.

We have a programme of work to strengthen our information assurance position which is overseen at the highest levels of the organisation and, along with our rolling programme of work on accreditation of information systems, continues to deliver benefits. As well as technical improvements, the programme includes cultural change and awareness and we ensure that all staff complete e-learning training in information security as well as signing a confidentiality declaration detailing their obligations under the *Code of Practice for Official Statistics*.

We remain on track to reduce our data collection burden on businesses by 25 per cent by 2015 (from the baselines set in 2005/06).

An Independent Information Assurance Review (IIAR) was commissioned on the Census programme in March 2010. The final IIAR report was published in February 2011, in advance of the 2011 Census. The review was led by the former Auditor General of Northern Ireland, supported by Information Assurance experts. The covering letter to this independent review stated that "Public confidence that the information in their returns will be securely handled is vital for the success of the Census(es). We believe that the results of our review will make a substantial contribution to engendering that confidence and that the public can be assured that the information they provide to the

2011 census will be well protected and securely managed.” (The full report is available on www.ons.gov.uk).

Forty laptops in the last year were lost or stolen in the course of normal off-site staff duties but did not pose any risk to personal or sensitive information. In line with our risk appetite the office takes measures to protect its IT equipment and all of our laptops are encrypted. Guidance and policies around the use of laptops and strict rules on the use of passwords provides assurance that no personal information was made vulnerable.

5.12 DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as the Principal Accounting Officer is aware:

- there is no relevant audit information of which the Authority’s auditors are unaware; and
- she has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the Authority’s auditors are aware of that information.



Jil Matheson

Principal Accounting Officer

UK Statistics Authority

3 July 2012

Chapter 6

UK Statistics Authority Annual Accounts

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 disclosure and explain any material departures in the accounts; and

- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Head of the Authority as Principal Accounting Officer of the Authority. In addition, HM Treasury has appointed a Secondary Accounting Officer, the Director General of the Office for National Statistics to be accountable for that part of the Authority's accounts relating to ONS for resources and the associated assets, liabilities and cash flows. This appointment does not detract from the Head of the Authority's overall responsibility as Accounting Officer for the Authority's accounts.

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's assets, are set out in Managing Public Money published by HM Treasury.

GOVERNANCE STATEMENT 2011/12

Scope of Responsibility

As Principal Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of the UK Statistics Authority's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Authority's Corporate Governance arrangements benefit from active interaction with a number of individuals and bodies with knowledge and expertise to aid me in properly discharging my role as Accounting Officer.

The Governance Framework

Corporate governance is the system used to direct, manage and monitor an organisation and enable it to relate to its external environment. The fundamental principles of corporate governance, to which the Authority is fully committed, are openness, inclusivity, integrity and accountability. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control is in place throughout the year and which continues in the Authority accords with HM Treasury guidance.

The Authority has sub-committees which help to support its work and further details can be seen in Chapter 1.

The risk and control framework

The Authority Board, ONS Board, Audit Committee and ONS Executive Committee have primary responsibility for identifying and monitoring the key risks which the Authority faces. The Board delegates the responsibility of assurance for the risk management process to the Audit Committee, with the Audit Committee reporting back to the Board after each meeting. The Audit Committee, which is chaired by a Non-executive Director, is responsible for providing assurance, in conjunction with our internal auditors, to the Board and to me as the Accounting Officer on the existence and effectiveness of the overall processes for managing risk within the Authority.

The management of risk is delegated through the Executive Committee to subsidiary governance committees, senior managers and risk policy owners. They are responsible for ensuring the proper management of risks and the implementation of the risk management strategy and framework within their respective directorates, programmes

and projects, including providing guidance, support and training to team members as appropriate to their authority and duties. The Authority's risk function additionally provides any necessary support and guidance in the fulfilment of these activities.

The Authority has established and embedded a risk management system which is reviewed during the year by the UK Statistics Authority Audit Committee. Risk management has been built into planning systems and is embedded in all Board processes. Risk is an integral part of the quality processes within programme, project and operational services. The Authority fully recognises the principles of public risk management.

During the year, the risk appetite has been reviewed with the overall business risk appetite agreed as cautious. However, due to the sensitivity of certain categories of data, the Authority has:

- an averse appetite for risks around confidentiality, integrity and availability for market sensitive pre-release data;
- an averse appetite for risks around confidentiality and security of personal data; and
- an averse appetite for the risk of financial loss.

Risk management guidance is available to all staff on the intranet site. It explains the underlying approach to risk management, documents the process, its roles and responsibilities, and identifies the main reporting and escalation routes. Staff attending induction courses receive guidance on risk management and governance processes, and additional risk management training is provided for senior managers and members of staff who help coordinate the risk management framework.

The Authority has continued to develop a culture of risk management that recognises that risk and issue management is an integral part of good management practice, supporting and informing, amongst other things, planning and prioritisation.

An Assurance Map has been developed for the Authority that provides evidence, maps the key controls and assesses whether there is sufficient assurance in terms of the Strategic Risks associated with delivering the Vision. The assurance map is reviewed every six months.

In addition, the assurance map:

- ensures sources of assurance are appropriately reported in accordance with the Audit Committee Terms of Reference;
- considers the extent of assurance over processes and risks;
- informs internal audit planning through the identification of assurance provided from other reviews to avoid duplication and identify potential assurance gaps; and
- informs the annual Governance Statement.

Strategic Risks are regularly reviewed and these relate to the strategic priorities of the Authority. These include continuing to understand our customer needs, improving the accessibility and presentation of our statistics, data security, reducing the burden we place on our survey respondents and maintaining an investment programme that improves the relevance of our statistics. Each of these is owned by an Executive Director, reviewed monthly and the risk appetite considered. A number of changes have been

introduced into the reporting of risks in 2011/12 including risk totality analysis (providing a holistic analysis of all risks within the Authority) and improved assurance to UK Statistics Authority Boards.

A Counter Fraud Strategy has been implemented during the year. The strategy sets out the Authority's approach to reduce fraud, bribery and corruption and the mechanisms through which we aim to hold fraud to an absolute minimum. In accordance with the strategy, a fraud risk assessment has been completed for the Authority. The responses received identified 161 risks in total, the majority of which were rated as low priority with no high level risks being reported.

Although there have been no significant instances of fraud during the year, the volume of fraud cases being investigated has increased. It is the opinion of the Head of Internal Audit that the likely reason for the increase is the promotion of the Authority's zero tolerance approach to fraud. Following review of the referrals received during 2011/12 and completion of the fraud assessment, it is her opinion that the risk of fraud within the Authority remains low.

Corporate Governance Assurance Statements (CGAS) are being introduced for the Authority which require the Directors General, Directors and Deputy Directors (the senior civil service) to systematically review their own internal controls. A pilot exercise was undertaken during the final quarter of 2011/12 and the process is expected to be introduced for all senior staff by September 2012. The process will require evidence of compliance to be made available and include a review and scrutiny process.

This process provides assurance that the UK Statistics Authority can respond efficiently to significant business, operational and financial risks or changes and justify the basis on which it proceeds.

Statement of Information Risk

I and the Authority realise that assets containing business and personal information need to be handled lawfully, accurately and securely. As Accounting Officer I have ensured that the Authority has complied with its statutory obligations. I have received comprehensive and reliable assurance from managers, Internal Audit and my Senior Information Risk Owner that the information risks are being managed effectively. The organisation continues to build on its strong cultural understanding of the need to handle assets correctly and has in place a programme of work including training and awareness. The Information Assurance and Exploitation Committee is chaired by the Senior Information Risk Owner and attended by Information Asset Owners. The committee manages information risk at a strategic level and ensures that a consistent approach to managing and handling information is taken. There have been no incidents regarding information security which had to be notified to the Information Commissioner.

Review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers, the annual report of the Head of Internal Audit and also by comments made by the external auditors and other review agencies and bodies.

The process for maintaining and reviewing the effectiveness of the system of internal control within the Authority is:

- annual reviews by Internal Audit of the Authority's key financial systems and the internal controls in operation within each business area against known and emerging risks;
- annual business planning to align developments against strategic objectives;
- meetings of the Audit Committee to consider the work of, and recommendations made by the Internal and External Auditors and other review bodies;
- meetings of the ONS Executive Committee in terms of Risk Management and the challenge to senior managers on how they are managing the identified high risks facing the Authority;
- annual reviews of the Authority's financial accounts and supporting systems by the External Auditors leading to their opinion as published in the year-end statements;
- annual reviews and updates of the Authority's financial regulations;
- governance based statements from Directors and their Deputies;
- the role of Head of Assessment within the Authority with the remit of undertaking assessments on how official statistics comply with the *Code of Practice for Official Statistics*; and
- annual review of the risk management framework.

Internal Audit undertook audits of two major programmes (Census and National Well-Being) during the year which highlighted one issue on the transition arrangements for the replacement of the Senior Responsible Owner within the National Well-Being programme. This has subsequently been addressed.

In addition to Internal Audit I gain assurance from a number of different sources. These sources included the Efficiency Reform Group gateway reviews, covering a number of our larger programmes and projects during the year. The reviews undertaken identified strengths in the Consumer and Retail Price Index, Beyond 2011, 2011 Census, Web Data Access and Measuring National Well-being and found no significant weaknesses.

Internal Audit presents a risk based audit strategy for its work that was agreed by the Committee and reviewed periodically during the year.

The Head of Internal Audit has provided the following statement:

"The areas which have been subject to internal audit review this year have demonstrated an improvement in the level of organisational internal control. The recommendation tracking process has also identified a greater level of implementation of the audit recommendations by the agreed timescale. For the areas identified during the audits as having a status of requiring improvement, all recommendations have been agreed by management and action plans are in place to address the issues identified. There have been no reviews in 2011/12 that warranted an 'unacceptable' opinion. As a result I have given a green opinion for internal control."

Review of the effectiveness of the Audit Committee

The Audit Committee is constituted in accordance with HMT guidance.

The Board, through the Audit Committee, has reviewed the effectiveness of the systems of internal control. The process used by the Audit Committee to review the effectiveness of the system of internal control includes:

- review and consideration of the risk review process;
- review and consideration of certifications from management of satisfactory and effective operation of systems of internal controls, both financial and operational;
- a review of the programme of internal audit and consideration of their findings and reports. Internal audit also report regularly on the status of issues raised previously from their own reports and reports from the external auditor; and
- a review of reports of the external auditors, National Audit Office and Grant Thornton, which contain details of any material control issues identified or arising from their work as auditors.

The Committee held a workshop on 5 December 2011 at which its effectiveness was reviewed. In particular the Committee:

- reviewed and agreed its Terms of Reference;
- reviewed its relationship with the Accounting Officers, and the Authority Board and its other boards and committees;
- determined its requirements for information and agreed a forward agenda;
- reviewed its skills and training requirements; and
- agreed its priorities for 2012.

The committee is also satisfied that it is able to provide the Principal Accounting Officer and Authority Board with assurance that:

- audit work carried out during the year has been endorsed by the Committee, was appropriately risk focused and, where appropriate, was informed by earlier assurance work and audit recommendations;
- audit work has been carried out to meet the Committees assurance requirements and has met the standards and timescales that we required;
- there have been some significant developments during the year – notably the initiatives to produce an assurance map and CGAS's – and these demonstrate continuous improvement in seeking and providing assurance;
- there has been a significant improvement over the past year in the way that the organisation has responded to internal audit assurance reviews generally and more particularly in the timely implementation of audit recommendations;
- there have been improvements in the identification and management of risk, although further work embedding this throughout the organisation is still required;
- an adequate framework is in place to keep the risk of financial crime as "low" and the associated risk of misstatement in the Authority's accounts as "very low";
- the Authority's governance arrangements are sound and have worked effectively – a number of changes at Authority Board level following the appointment of a new

Authority Chair will provide an opportunity for these arrangements to be reviewed and, if necessary, strengthened; and

- a system and controls are in place for the delivery of the Authority's financial statements for 2011/12.

During the year Internal Audit undertook a review of the governance arrangements for the Audit Committee which resulted in a satisfactory opinion.

Significant governance issues

The following significant issues have impacted on the Authority during the year. Although remedial action has been undertaken in all areas, the Authority continues to face challenges for the year ahead and will need to continue to invest in the presentation of statistics, new technology and staff.

- **Significant error in statistical release**

In August 2011, ONS published an incorrect figure in the regular Statistical Bulletin containing the Quarter 2 (April to June 2011) construction output estimate, which impacted on the GDP estimate. In response to the error published, the following actions have been implemented:

- more robust Quality Assurance checks;
- additional statistical staff have been provided to fully resource and assist the construction team;
- automated checks have been introduced to the spreadsheets which were the source of the error to prevent a similar error happening again; and
- a programme of work in the area of Retail Price Index and Consumer Price Index will aim to replace spreadsheets by automated processes and is due to be completed by September 2012.

- **Delay to the Blue Book**

The 2011 edition of the Blue Book contained significant changes: new industrial and product classifications, required by European Regulation, improved methods of deflation and an updated reference year and base year to 2008, bringing them back in line with normal practice and completing the catch up of a lag which had opened up in previous years.

The incorporation of these significant changes was a major undertaking. The Blue Book project also aimed to produce the National Accounts for the first time using an integrated production system on a new IT platform (CORD).

The 2011 edition of Blue Book was released in two parts. Part 1, including GDP, Supply-Use and Environmental accounts, was published as originally announced. Part 2 was published to a revised timetable, delaying the original date by three weeks.

The delay to the Blue Book caused difficulties for a number of our key stakeholders including the Bank of England, HM Treasury and the Office for Budget Responsibility.

To reduce the risk of delay to future Blue Books, a high level scoping document and plans for the 2012, 2013 and 2014 Blue Books have been developed for each annual publication. Blue Book 2012 will focus on consolidation and minimising risks.

- **The launch of the website**

The new ONS website went live at the end of August 2011. There were considerable user complaints with the new website, particularly focusing on the difficulty of finding content, issues with broken links, problems with the data download function and the lack of reference tables in statistical bulletin portable document formats.

A web recovery team was quickly set in place to respond to these problems, and a series of improvements have been made to address these immediate issues.

The Board recognises that further investment is required to stabilise the web platform, ensure consistent publication at 09.30 and to provide future enhancements.

- **Response from the Board of the Authority**

As a result of these issues, the Board of the UK Statistics Authority raised concerns about the performance of ONS and asked for immediate action to be taken.

In September 2011, the ONS 2012: Delivering the Vision programme was set up to improve ONS's organisational performance. Stephen Penneck, the Director General for ONS, and I led the ONS 2012 programme which focused on three key areas of organisational performance: leadership; risk and reputation; and capability.

The programme closed in March 2012 with a number of changes having been made in ONS, including:

- a new corporate structure including a new Executive Director team with restructured roles to help ONS meet future challenges and respond to changing user and stakeholder needs;
- common ownership to ensure the lessons from successful system redevelopments are learned more quickly across statistical systems; and a new Analysis and Dissemination Directorate to provide a longer term web strategy and external focus; and
- introducing a new Committee structure and new ways of taking decisions, and initiatives to reduce risk and raise capability.

Challenges for the year ahead

Our statistics need to remain relevant and up to date for our users as our nation becomes ever more complex with the increased openness of the economy, the complexity of financial markets, the changing structure of families, population ageing, and migration flows.

Improvements to our new website remain a priority. We will continue to improve the presentation of statistics, and associated commentary, publish more datasets and metadata and improve our services to meet our users' needs. The Beyond 2011 Programme gives ONS the opportunity to establish and test models for meeting future user needs for population, and small area population socio-demographic statistics, piloting on a relatively small scale, an integrated data model and to learn lessons before developing it more widely.

New IT tools continue to be developed which improve efficiency, reduce burden and enhance statistical quality. As new technology becomes available ONS will look for opportunities to exploit its potential, including seeking opportunities to partner with and learn from others. We will be placing an increasing emphasis on statistical

computing and data visualisation. We will be increasing attention to balance the risks of data access and security with transparency and data use.

A key challenge for the Authority will be to improve staff engagement levels, and to enhance Leadership Capability to support organisational change. The Authority is committed to transforming its HR function in line with the Civil Service HR Model. The emphasis will be on providing strategic added value input on key organisation drivers such as capability and performance.

With the first cycle of Assessments due to be completed in the autumn of 2012, the Authority will need to develop a strategy for its Monitoring and Assessment function which is in line with the delivery of its strategic aims and objectives.



Jil Matheson

Principal Accounting Officer

UK Statistics Authority

3 July 2012

REMUNERATION REPORT

Service Contracts

The *Constitutional Reform and Governance Act 2010* require 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 when appointments may be made otherwise.

Unless otherwise 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 interest of the senior directors and non-executive members of the UK Statistics Authority. The Authority does not make payments in kind. These disclosures have been subject to audit.

Remuneration of Executive Directors for the UK Statistics Authority and Office for National Statistics, 2010/11 and 2011/12

Senior Directors Name and title	2011/12 Salary £'000	2010/11 Salary £'000
Jil Matheson National Statistician Fixed term contract 1 September 2009 to 31 August 2012	140-145	140-145
Mr Stephen Penneck Director General Office for National Statistics Appointed 9 November 2009	120-125	120-125 plus bonus 5-10
Mr Richard Alldritt Head of Assessment	115-120 plus bonus 5-10	115-120 plus bonus 5-10
Steve Newman Chief Financial Officer	110-115	110-115 plus bonus 5-10
Paul Woobey Chief Information Officer	130-135	135-140
Guy Goodwin Director of Population, Health and Regional Appointed 14 June 2011	85-90 plus bonus 5-10	N/A
Glen Watson Census Director Appointed 1 October 2011	95-100 plus bonus 5-10	N/A

Senior Directors Name and title	2011/12 Salary £'000	2010/11 Salary £'000
Band of highest paid director's total Remuneration £'000	140-145	N/A
Median total remuneration, including census field staff	£17,651	N/A
Ratio, including census field staff	8.034	N/A
Median total remuneration, excluding census field staff	£17,934	N/A
Ratio, excluding census field staff	7.907	N/A

Notes

Mr Stephen Penneck announced his retirement and will leave the Authority on the 21 September 2012.

Mr Steven Newman has stepped down from his role and will leave the Authority on the 31 July 2012.

The remuneration costs of census field staff were for a limited duration.

Remuneration of Non-executive Directors of the UK Statistics Authority, 2010/11 and 2011/12

Non-executive members Name and title	2011/12 Salary £'000	2010/11 Salary £'000
Sir Michael Scholar Chair of UK Statistics Authority Prior contract 1 September 2007 to 31 August 2011 New fixed contract 1 September 2011 to 31 March 2012	100-105	120-125
Professor Sir Roger Jowell Deputy Chair (Statistical System) Prior contract 11 November 2008 to 31 January 2011 New fixed contract 1 February 2011 to 31 August 2012.*	20-25	30-35
Lord David Rowe-Beddoe Deputy Chair (ONS) Prior contracts 1 February 2008 to 31 January 2010 and 1 February 2010 to 31 January 2012 New fixed contract 1 February 2012 to 31 August 2012	35-40	35-40
Mr Partha Dasgupta Non-Executive Director Prior contract 1 February 2008 to 31 January 2011 New fixed contract 1 February 2011 to 31 January 2013	15-20	15-20

Non-executive members Name and title	2011/12 Salary £'000	2010/11 Salary £'000
Dame Moira Gibb Non-Executive Director Prior contract 1 February 2008 to 31 January 2011 New fixed contract 1 February 2011 to 31 January 2013	15-20**	20-25
Professor David Rhind Non-Executive Director Prior contracts 1 February 2008 to 31 January 2010 and 01 February 2010 to 31 January 2012 New fixed contract 01 February 2012 to 31 January 2014	20-25	20-25
Professor Steve Nickell Non-Executive Director Resigned 31 October 2010	N/A	10-15 (full year equivalent 20-25)
Sir Jon Shortidge Non-Executive Director Fixed contract 01 February 2010 to 31 January 2013	20-25	20-25
Dr Colette Bowe Non-Executive Director Fixed contract 1 February 2010 to 31 January 2013	20-25	20-25

* Professor Sir Roger Jowell (deceased 25 December 2011).

**The salary costs for Dame Moira Gibb were invoiced by and paid to the London Borough of Camden from 1 April 2011 to 31 December 2012.

Salary

Non-executive members are paid a fee plus expenses and have no pension entitlement.

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Authority and thus recorded in these accounts.

The Remuneration Committee concluded the pay arrangements for the UK Statistics Authority senior directors. The committee consists of:

- Chair – Lord David Rowe-Beddoe;
- Professor Sir Roger Jowell (deceased 25 December 2011);
- Jil Matheson; and
- Sir Michael Scholar.

The UK Statistics Authority Senior Civil Service (SCS) Salary arrangements follow the guidance set by Cabinet Office in response to the Senior Salaries Review Body. SCS Pay is made up of two elements – a consolidated increase to Base Pay and a non-consolidated bonus payment. Both elements are performance related – whether they are payable and the value of them is determined by an individual's performance in the previous appraisal year.

The remuneration for Jil Matheson, as National Statistician, is not set by the Authority's Remuneration Committee but is determined separately. As a Permanent Secretary, no bonus payments have been made.

Dr Colette Bowe replaces Professor Sir Roger Jowell on the Remuneration Committee from 1 April 2012.

This Report is based on payments made by the Department and thus recorded in these accounts.

Benefits in Kind

None of the above received benefits in kind.

Bonus

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses paid relate to the performance during the previous appraisal year.

The bonuses reported in 2011/12 relate to performance in 2010/11 and the comparative bonuses reported for 2010/11 relate to the performance in 2009/10.

Pension Benefits

Pension Benefits for Executive Directors of the UK Statistics Authority and 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 2012 and related lump sum	Cash Equivalent Transfer Value at 31 March 2011	Cash Equivalent Transfer Value at 31 March 2012	Real Increase in Cash Equivalent Transfer Value
	£'000	£'000	£'000	£'000	£'000
Jil Matheson National Statistician	(0-2.5) plus (2.5-5) lump sum	65-70 plus 190-195 lump sum	1,334	1,414	(35)
Mr Stephen Penneck Director General Office for National Statistics	(0-2.5) plus (2.5-5) lump sum	60-65 plus 190-195 lump sum	1,381	1,464	(46)
Richard Alldritt Head of Assessment	0-2.5 lump sum nil	40-45	667	749	19
Steve Newman Chief Financial Officer	0-2.5 lump sum nil	5-10	100	142	30
Paul Woobey Chief Information Officer	2.5-5.0 lump sum nil	15-20	148	200	35
Guy Goodwin Director of Population, Health and Regional	(0-2.5) plus (0-2.5) lump sum	15-30 plus 75-80 lump sum	372	400	(4)
Glen Watson Director of ONS Census	(0-2.5) plus (0-2.5) lump sum	25-30 plus 75-80 lump sum	401	433	(3)

The actuarial factors used to calculate the Cash Equivalent Transfer Value (CETVs) were changed in 2011. The CETVs at 31 March 2011 and 31 March 2012 have both been calculated using the new factors for consistency. The CETV at 31 March 2011 therefore differs from the corresponding figure in last years report which was calculated using the previous factors.

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

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). 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 and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5per cent of pensionable earnings for classic and 3.5per cent for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2012. 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 a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3per cent 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 3per cent and 12.5per cent (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 3per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8per cent 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.

Further details about the Civil Service pension arrangements can be found at the website 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.



Jil Matheson

Principal Accounting Officer

UK Statistics Authority

3 July 2012

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 for the year ended 31 March 2012 under the *Government Resources and Accounts Act 2000*.

The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes.

I have also audited the Statement of Parliamentary Supply and the related notes.

These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report 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 Department's 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. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

¹ The Statistics Board is the statutory name of the UK Statistics Authority under the Statistics and Registration Service Act 2007

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 2012 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 2012 and of its net operating cost 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 part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the *Government Resources and Accounts Act 2000*; and
- the information given in Chapter 5 'Corporate Summary Financial Information' 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 part of the Remuneration Report 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.

Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road, Victoria, London, SW1W 9SP

6 July 2012

Primary Statements to the Accounts

STATEMENT OF PARLIAMENTARY SUPPLY

Summary of Resource Outturn 2011/12

Estimate				Outturn			2011/12	2010/11
							Voted outturn compared with Estimate: saving/ (excess)	Outturn
Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total		Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Departmental Expenditure Limit								
- Resource	3	326,477	0	326,477	311,853	0	14,624	304,690
- Capital		20,939	0	20,939	19,853	0	1,086	14,627
Annually Managed Expenditure								
- Resource	3	18,195	0	18,195	(6,278)	0	24,473	(3,016)
- Capital								
Non Budget								
- Resource	3	0	0	0	0	0	0	0
Total		365,611	0	365,611	325,428	0	40,183	316,301
Total Resource		344,672	0	344,672	305,575	0	39,097	301,674
Total Capital		20,939	0	20,939	19,853	0	1,086	14,627
Total		365,611	0	365,611	325,428	0	40,183	316,301

Net Cash Requirement 2011/12

2011/12			2011/12	2010/11
			Outturn compared with Estimate: saving/ (excess)	
Estimate	Note	Outturn		Outturn
£'000		£'000	£'000	£'000
345,361	4	305,627	39,689	304,307

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary and other controls.

All of the Authority's costs are classified within the category of programme costs.

The notes on pages 93 to 128 form part of these accounts.

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the Year to 31 March 2012

	Note	2011/12	2010/11
		£'000	£'000
Programme expenditure			
Staff	5	173,495	139,089
Other	6	160,777	196,464
Operating Income		(28,697)	(33,879)
Net Operating Costs for the year ending 31 March 2012		305,575	301,674
Other Comprehensive Net Expenditure			
Net loss/(gain) on:			
- revaluation of property, plant & equipment		912	1,433
- revaluation of intangibles		(538)	510
Total comprehensive expenditure for the year ending 31 March 2012		305,949	303,617

Reconciliation of Net Operating Costs to Statement of Parliamentary Supply

	2011/12 Outturn	2010/11 Outturn
	£'000	£'000
Total resource outturn in Statement of Parliamentary Supply Budget	305,575	301,674
Net Operating Costs for the year ended 31 March 2012	305,575	301,674

The notes on pages 93 to 128 form part of these accounts.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2012

		2011/12	2010/11
	Note	£'000	£'000
Non-current assets:			
Property, plant and equipment	8 & 8.1	43,016	45,722
Intangible assets	9.1 & 9.2	40,945	35,186
Financial assets	11	112	319
Total non-current assets		84,073	81,227
Current assets:			
Trade and other receivables	11	5,040	2,604
Other current assets	11	4,161	17,810
Financial assets	11	0	280
Cash and cash equivalents	12	5,348	2,350
Total current assets		14,549	23,044
Total assets		98,622	104,271
Current liabilities:			
Trade and other payables	13	(39,100)	(36,926)
Current early retirement provision	14	(2,098)	(3,023)
Total current liabilities		(41,198)	(39,949)
Total assets less current liabilities		57,424	64,322
Non-current liabilities:			
Other provisions	14	(10,168)	(15,353)
Early retirement provision	14	(4,027)	(5,493)
Total non-current liabilities		(14,195)	(20,846)
Assets less liabilities		43,229	43,476
Taxpayers' equity:			
General fund		32,293	31,571
Revaluation reserve		10,936	11,905
		43,229	43,476

Jil Matheson

Jil Matheson
Principal Accounting Officer
UK Statistics Authority
3 July 2012

The notes on pages 93 to 128 form part of these accounts.

STATEMENT OF CASH FLOWS

for the period ending 31 March 2012

		2011/12	2010/11
	Note	£'000	£'000
Cash flows from operating activities			
Net operating costs	3	(305,575)	(301,674)
Adjustment for non-cash transactions	6	14,734	20,564
Decrease/ (Increase) in trade and other receivables	11	11,700	(8,578)
<i>Less movements in receivables relating to items not passing through the Statement of Comprehensive Expenditure</i>		21	(1)
Increase in trade payables	13	2,174	12,551
<i>Movements in payables relating to items not passing through the Statement of Comprehensive Expenditure</i>	8,8.1, 9 & 13	(7,908)	(1,678)
Use of provisions	14	(5,830)	(10,072)
Net cash outflow from operating activities		<u>(290,684)</u>	<u>(288,888)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8 & 8.1	(5,542)	(8,027)
Purchase of intangible assets	9 & 9.1	(9,401)	(7,392)
Net cash flow from investing activities		<u>(14,943)</u>	<u>(15,419)</u>
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year	4	308,625	306,657
From the Consolidated Fund (Supply) – prior year		0	251
Net Financing		<u>308,625</u>	<u>306,908</u>
Net increase in cash and cash equivalents in the period after adjustment for payments of amounts due to the Consolidated Fund	12	2,998	2,601
Cash and cash equivalents at the beginning of the period	12	2,350	(251)
Cash and Cash equivalents at the end of the period	12	<u>5,348</u>	<u>2,350</u>

The notes on pages 93 to 128 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the period ending 31 March 2012

		General Fund	Revaluation Reserve	Total Reserves
	Note	£'000	£'000	£'000
Balance at 1 April 2010		28,218	14,247	42,465
Changes in taxpayers' equity for 2010/11				
Net Parliamentary Funding – drawn down		306,657	0	306,657
Excess Vote – prior year		251	0	251
Comprehensive expenditure for the year		(301,674)	0	(301,674)
Non cash adjustments				
Non cash charges – auditor's remuneration	6	70	0	70
Amounts issued from Consolidated Fund for supply but not spent at year end		(2,350)	0	(2,350)
Movements in reserves				
Transfers between reserves		399	(399)	0
Net loss on revaluation of property, plant and equipment		0	(1,433)	(1,433)
Net loss on revaluation of intangible assets		0	(510)	(510)
Balance at 31 March 2011		31,571	11,905	43,476
Changes in taxpayers' equity for 2011/12				
Net Parliamentary Funding – drawn down		308,625	0	308,625
Comprehensive expenditure for the year		(305,575)	0	(305,575)
Non cash adjustments				
Non cash charges – auditor's remuneration	6	76	0	76
Movements in reserves				
Transfers between reserves		594	(594)	0
Net loss on revaluation of property, plant and equipment	8	0	(912)	(912)
Net gain on revaluation of intangible assets	9	0	537	537
Amounts issued from the Consolidated Fund for supply but not spent at the year end		(5,348)	0	(5,348)
Deemed supply	12	2,350	0	2,350
Balance at 31 March 2012		32,293	10,936	43,229

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 93 to 128 form part of these accounts.

Notes to the Accounts

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements are prepared in accordance with the 2011/12 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. 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 an additional primary statement. The Statement of Parliamentary Supply and supporting notes show Outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and in-house developed software.

The Clear Line of Sight initiative resulted in a number of changes to the way that Resource Estimates were prepared. The Authority has amended the format of the Resource Accounts so that they are consistent with the 2011/12 Resource Estimate and compliant with the FReM. The amendments include a revision to the Statement of Parliamentary Supply to state the control totals on a net basis; and Revisions to Notes 3 and 4 in the accounts in accordance with the FReM.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) assets include land and 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.

The properties occupied at Titchfield, Christchurch and Newport have been professionally valued as at 31 December 2011 by DVS, the commercial arm of the Valuation Office Agency who are qualified to undertake these valuations. The valuations are 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.

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".

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 taken from the Authority's index developed by the Office for National Statistics (ONS). Software assets 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 methodology that would achieve a meaningful valuation. The cost of storing and maintaining the data has been 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
Civil Estate Land	Not depreciated
Leasehold property	Over the term of the lease
Freehold property	Between 6 and 25 years
Computer assets > £50,000	7 years
Computer assets < £50,000	4 years
Office machinery > £50,000	7 years
Office machinery < £50,000	4 years
Furniture and fittings	10 years
In-house developed software	9 years
Software licences	4 years

For PPE 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 brought into use.

In-house developed software and applications are amortised over a life of 9 years, subject to an annual review, which is charged from the quarter in which the assets are brought into use.

Software licenses are amortised on a reducing balance basis over 4 years.

Due to the Authority's specialised assets which are not of an income generating nature, the Authority undertakes impairment reviews based on the remaining estimated useful life of the asset.

1.6 ASSETS IN THE COURSE OF CONSTRUCTION

Assets under construction are capitalised where meeting the requirements of International Accounting Standards (IAS) 16, Property, Plant and Equipment or IAS 38, Intangible Assets as appropriate 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.

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, public sector and other government departments. Income represents the value of work completed. Charges are calculated in accordance with HM Treasury's Managing Public Money.

1.9 FOREIGN EXCHANGE

The Authority conducts a small number of transactions which are denominated in foreign currency which are reviewed in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, and IAS39 Financial Instruments Recognition and Measurement. 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 Statement of Financial Position date.

1.10 LEASES

Leases are reviewed in accordance with IAS 17, Leases. 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.

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, longer term provisions are discounted at the rate of 2.2 per cent, except for pension provisions which are discounted at the rate of 2.8 per cent; both rates are published by HM Treasury. These provisions are reviewed each year in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

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 are recognised as an expense when the organisation has an obligation to pay them. This includes the cost of any untaken leave at the year end.

1.15 EARLY DEPARTURE COSTS

The Authority meets the 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 2.8 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's 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, Provisions, Contingent Liabilities and Contingent Assets, 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 are stated at discounted amounts and the amount reported to Parliament separately noted.

1.21 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The development, selection and disclosure of significant accounting estimates and judgements and the application of these judgements has been discussed and agreed with the Audit Committee.

- **Depreciation and revaluation**

Depreciation is calculated so as to write off the re-valued cost of assets over the estimated useful economic life (see table in 1.5 Depreciation and Amortisation).

The commercial arm of the Valuation Office revalues land and buildings on an annual basis. Plant and equipment and In-house built software are revalued on a quarterly basis using indices produced by the Authority. The Authority does not revalue software licenses.

The Authority's in-house generated software is depreciated over useful economic life. Due to the specialised nature of these assets which are not income generating, the Authority undertakes annual impairment reviews based on the remaining useful life of the asset.

- **Estates 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. Where such terms exist, the Authority has considered whether there is any liability to return the property to its original state and commenced 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.

Provisions are measured at the Authority's best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, discounted to present value using prescribed discount rates.

- **Discounting of long term provisions**

Where the effect of time is significant, provisions are discounted at the rate of 2.2 per cent, except for early departure costs which are discounted at the rate of 2.8 per cent.

- **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.

When goods or services provided under a contractual arrangement 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.

Holiday and flexi leave pre-payments and accruals are calculated by comparing the expected year end balance against the actual balance at 31 March 2012.

1.22 STANDARDS NOT YET ADOPTED

The following standards have been issued or amended which may have an affect on the Authority. The Authority will consider their impact in detail once they have been adopted by the FReM.

IAS 1 Presentation of financial statements (Other Comprehensive Income)

IAS 1 revisions are subject to consultation with a planned effective date 1 June 2012.

The revisions require items of Other Comprehensive Income (OCI) to be grouped on the

basis of whether they might at some point be classified from OCI to profit for example, cash flow hedges, or may not that is, gains on property revaluation. This will make it clearer to users what their potential effect on profit or loss will be in future periods, notably in light of improved disclosure of financial instruments and pensions, and where there will be no impact. Amendments also allow simplified reporting for discontinued operations and OCI groupings. The FReM already interprets IAS 1, to ensure consistent reporting across departments. The Authority does not anticipate these changes will have a material impact on the Financial Statements.

IAS 19 Employee benefits

IAS 19 revisions are subject to consultation. The amended IAS 19 introduces a number of changes which includes disclosure requirements and modification to the accounting for termination benefits. The Authority anticipates this will have no material impact on the Financial Statements.

IFRS 13 Fair value measurement

IFRS 13 seeks to increase consistency and comparability of fair value measurements and related disclosures through a 'fair value hierarchy'. The standard requires fair value to be measured using the most reliable data and inputs available to determine an exit price of an asset or liability. The application of IFRS 13 is subject to further review by HM Treasury and other relevant authorities prior to a process of consultation. The Authority anticipates this will have no material impact on the Financial Statements.

1.23 FINANCIAL REPORTING FUTURE DEVELOPMENTS

IAS 17 Leases

IAS 17 is under review; the abolition of the current operating finance lease categorisation is expected. In its place assets and liabilities will be recognised on a 'right of use' basis. The implications are subject to further review by HM Treasury and other relevant authorities. The Authority anticipates this will have no material impact on the Financial Statements.

IAS 18 Revenue

Re-issued in November 2011, the Exposure Draft seeks to develop a single conceptual model, and general principles, for determining when revenue should be recognised in the financial statements. The application is subject to further review by HM Treasury and other relevant authorities prior to a process of consultation. The Authority anticipates this will have no material impact on the Financial Statements.

Emissions trading

Emission trading schemes are designed to achieve reduction of greenhouse gases through the use of tradable permits. This IASB project is paused until the Board concludes its ongoing deliberations about its future work plan. HM Treasury will issue guidance and consult on accounting changes. The Authority anticipates this will have no material impact on the Financial Statements.

IASB Practice Statement – narrative reporting

The proposals draw upon international best practice in the preparation and presentation of management commentary. Although non-mandatory, guidance will improve the consistency and comparability of management commentary across departments. The Authority anticipates this will have no material impact on the Financial Statements.

2. SEGMENT INFORMATION OF EXPENDITURE AND INCOME

The following information is regularly provided in order to inform decision making by the Management Board, the Chief Operating Decision Maker (CODM) of the Authority to make decisions regarding planning, resource allocation and income, as well as performance monitoring reported on an Authority wide basis.

	2011/12 Gross expenditure	2011/12 Income	2011/12 Net expenditure	2010/11 Gross expenditure	2010/11 Income	2010/11 Net expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Reportable Segments						
Economic, Labour and Social Analysis	15,335	(3,260)	12,075	16,938	(4,000)	12,938
Surveys and Administrative Sources	51,234	(13,530)	37,704	58,054	(18,792)	39,262
Population, Health and Regional	11,237	(2,272)	8,965	9,235	(1,324)	7,911
Census 2011	154,249	(2,573)	151,676	160,010	(3,681)	156,329
Information Management	38,430	(1)	38,429	34,258	(1)	34,257
Methodology	7,268	(402)	6,866	6,835	(622)	6,213
Corporate Support	31,534	(6,653)	24,881	24,805	(5,328)	19,477
UK Statistics Authority	3,974	(6)	3,968	4,083	(131)	3,952
	313,261	(28,697)	284,564	314,218	(33,879)	280,339

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

Note	2011/12 Gross expenditure	2011/12 Income	2011/12 Net expenditure	2010/11 Gross expenditure	2010/11 Income	2010/11 Net expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Total reported by segment	313,261	(28,697)	284,564	314,218	(33,879)	280,339
Reconciling items						
VAT assessment	5,621	0	5,621	0	0	0
Depreciation	6	14,721	0	14,721	0	13,436
Provisions created in year	14	460	0	6241	0	6,241
Provisions not required in year	14	(2,639)	0	(3,509)	0	(3,509)
Bad debt write off	6	0	0	132	0	132
Unwinding discount on provisions	6	433	0	174	0	174
Downward revaluations of fixed assets	6	1,017	0	4,018	0	4,018
Performance related pay year end accrual		741	0	840	0	840
Loss on disposal of equipment	6	657	0	3	0	3
Statement of Comprehensive Net Expenditure	334,272	(28,697)	305,575	335,553	(33,879)	301,674

Note

During the year Her Majesty's Revenue and Customs undertook a VAT assessment which resulted in a VAT liability of £5,621,000.

3. NET OUTTURN

3.1 ANALYSIS OF NET RESOURCE BY SECTION

	Outturn				2011/12 Estimate		2010/11
	Other Current	Gross Resource Expenditure	Income	Net Total	Net Total	Net Total outturn compared with Estimate	Prior-year outturn
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Spending in Departmental Expenditure Limit							
Voted							
Programme costs	340,550	340,550	(28,697)	311,853	326,477	14,624	304,690
Annually Managed Expenditure							
Voted							
Programme costs	(6,278)	(6,278)	0	(6,278)	18,195	24,473	(3,016)
Resource Outturn	334,272	334,272	(28,697)	305,575	344,672	39,097	301,674

Note

The programme costs within the annually managed expenditure reflect the utilisation of provisions.

3.2 ANALYSIS OF NET CAPITAL OUTTURN BY SECTION

	Outturn		2011/12 Estimate		2010/11
	Net Total	Net Total	Net Total outturn compared with Estimate	Prior-year outturn	
	£'000	£'000	£'000	£'000	
Spending in Departmental Expenditure Limit					
Voted					
Capital costs	19,853	20,939	1,086	14,627	
Capital Outturn	19,853	20,939	1,086	14,627	

4. RECONCILIATION OF NET CASH REQUIREMENT TO INCREASE IN CASH

	2011/12 Outturn	2010/11 Outturn
	£'000	£'000
Net Cash Requirement Estimate	345,316	315,218
From the Consolidated Fund – current year	308,625	306,657
Amounts due to the Consolidated Fund – current year received and not paid over	(5,348)	(2,350)
Amounts due to the Consolidated Fund – received in prior year and paid over	2,350	0
Net Cash Requirement Outturn	305,627	304,307
Increase in cash held by the core department and agencies	2,998	2,350

5. STAFF NUMBERS AND RELATED COSTS

5.1 STAFF COSTS COMPRISE:

			2011/12	2010/11
	Total	Permanently employed staff	Others	Total £
	£'000	£'000	£'000	£'000
Statistical Services Staff costs	101,328	86,041	15,287	101,918
Census Field Staff costs	47,966	47,966	0	14,318
Statistical Services Staff social security costs	6,245	6,201	44	6,443
Census Field Staff social security costs	3,091	3,091	0	855
Statistical Services Staff other pension costs	14,767	14,685	82	15,217
Census Field Staff other pension costs	98	98	0	338
Total	173,495	158,082	15,413	139,089
Less recoveries in respect of outward secondments	(176)	(176)	0	(218)
Total net costs	173,319	157,906	15,413	138,871

The average number of full-time equivalent persons employed during the year was as follows.

5.2 STAFF NUMBERS

			2011/12	2010/11
	Total FTE	Permanently employed FTE	Others FTE	Number Total FTE
Objective				
Statistical Services Staff	3,229	3,049	180	3,377
Census Field Staff	23,742	23,742	0	786

Notes

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

The Census Field staff numbers are based on an average for April and May. The staff numbers for June were 2,470, being the final month for field operations.

5.3 CAPITALISED STAFF COSTS

	2011/12		2010/11	
	Cost	FTEs	Cost	FTEs
	£'000		£'000	£'000
Web Data Access	616	17	0	0
Web Development Programme	170	7	515	22
Labour Force Survey	50	2	501	21
Consumer and Retail Price Indices	158	7	109	5
Central ONS Repository for Data	33	1	0	0
Total	1,027	34	1,125	48

Notes

In addition to the £173,495,000 in note 5.1, £1,027,000 (2010/11 £1,125,000) 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 note 5.3. Recoveries of £176,000 (2010/11 £218,000) in respect of outward secondments are shown as administration income shown in note 7.

Departmental objectives are further explained in the management commentary in Chapter 5 Corporate and Summary Financial Information.

Pensions

The Principal Civil Service Pension Schemes (PCSPS), is an unfunded multi-employer defined benefit schemes, but the Authority is unable to identify its share of the underlying assets and liabilities.

A full actuarial valuation was carried out on 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2011/12, employers' contributions of £14,673,000 were payable to the PCSPS (2010/11 £15,161,000) at one of four rates in the range of 16.7 to 24.3 per cent (2009/10 16.7 to 24.3 per cent) of pensionable pay, based on salary bands.

The scheme's Actuary reviews contributions every four years following a full scheme valuation.

The contribution rates reflect the 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 an employer contribution.

Employers' contributions of £311,000 (2010/11 £334,000) were paid to one or more of a panel of three appointed stakeholder pension providers.

Employers contributions are age-related and range from 3 to 12.5 per cent (2010/11 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 £16,000 representing 0.8 per cent (2010/11 £22,000 0.8 per cent) of pensionable pay were payable to PCSPS to cover the cost of future provision of lump sum benefits to PCSPS this was also 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 Statement of Financial Position date were £21,000 (2010/11 £19,000).

Contributions prepaid for both 2011/12 and 2010/11 were nil.

7 members of staff (2010/11 4 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 was no additional accrued pension liabilities in either 2011/12 or 2010/11.

5.4 REPORTING OF CIVIL SERVICE AND OTHER COMPENSATION SCHEMES – EXIT PACKAGES

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	
	2011/12	2010/11	2011/12	2010/11	£'000	£'000
<£10,000	4	2	0	1	12	11
£10,000 - £25,000	3	9	0	0	46	139
£25,000 - £50,000	5	6	0	0	202	209
£50,000 - £100,000	5	19	0	0	322	1,500
£100,000 - £150,000	8	8	0	0	1,038	927
£150,000 - £200,000	2	6	0	0	357	1,045
>£200,000	0	3	0	0	0	785
Total number of exit packages by type (total cost)	27	53	0	1	1,977	4,616

Notes

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme under the Superannuation Act 1972. Exit costs are accounted for in full in 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.

6. PROGRAMME COSTS

	2011/12	2010/11
	£'000	£'000
<i>Rentals under Operating leases</i>		
Hire of plant and machines	77	153
Other operating leases	3,979	3,944
	4,056	4,097
<i>Non-cash items</i>		
Depreciation	14,721	13,436
Downward revaluation and amortisation	1,017	4,018
Loss on disposal of equipment	657	3
Write off of aged debtors and credit notes	0	132
External audit fee*	76	70
Provisions	(2,170)	2,731
Unwinding of discount on provisions	433	174
	14,734	20,564
VAT Assessment**	5,134	0
Travel and subsistence	5,926	6,290
Census Field Staff Travel	3,761	1,437
Hospitality	117	120
Consultancy	681	1,977
Ex-gratia payments	82	119
Exchange rate (gains)/losses	25	(37)
Information technology	24,710	22,276
Accommodation	15,194	10,933
Other expenditure	3,958	3,231
Census Services	72,160	114,881
External training	1,226	1,402
Miscellaneous fees	758	1,100
Payments for carrying out surveys	4,812	4,527
Stationery	635	759
Postage	782	797
Telecommunications	2,026	1,991
	160,777	196,464

Notes

* There were no non-audit fees incurred in either 2011/12 or 2010/11.

**During the year Her Majesty's Revenue and Customs undertook a VAT assessment resulting in a VAT liability (see Note 13).

7. INCOME

	2011/12	2010/11
	£'000	£'000
Operational income	6,742	5,510
Statistical services	20,910	27,588
EU Income	1,045	781
	<u>28,697</u>	<u>33,879</u>

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

	2011/12			2010/11		
	External	Public Sector	Total	External	Public Sector	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Operational income	239	6,503	6,742	36	5,474	5,510
Statistical services	580	20,330	20,910	1,943	25,645	27,588
EU Income	1,045	0	1,045	781	0	781
	<u>1,864</u>	<u>26,833</u>	<u>28,697</u>	<u>2,760</u>	<u>31,119</u>	<u>33,879</u>

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computers	Office Machinery	Furniture and Fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At April 2010	10,475	24,055	19,826	2,577	11,276	68,209
Additions	0	0	2,558	56	359	2,973
Transfers from Assets under construction	0	5,939	0	0	0	5,939
Disposals	0	0	(553)	(18)	(1,213)	(1,784)
Reclassifications	0	0	(191)	2	0	(189)
Revaluations	(113)	(5,712)	(1,242)	77	209	(6,781)
At 31 March 2011	10,362	24,282	20,398	2,694	10,631	68,367
Depreciation						
At April 2010	0	934	11,270	2,262	6,509	20,975
Charged in year	0	1,759	3,200	178	1,038	6,175
Disposals	0	0	(545)	(18)	(1,212)	(1,775)
Reclassifications	0	0	(24)	2	0	(22)
Revaluations	0	(937)	(578)	61	124	(1,330)
At 31 March 2011	0	1,756	13,323	2,485	6,459	24,023
Cost or valuation						
At April 2011	10,362	24,282	20,398	2,694	10,631	68,367
Additions	0	0	3,805	78	143	4,026
Transfers from Assets under construction	0	1,988	0	0	0	1,988
Disposals	0	(1,512)	(1,137)	(6)	0	(2,655)
Revaluations	(480)	(2,617)	(30)	10	(97)	(3,214)
Transfer out of group	0	0	(278)	0	0	(278)
At 31 March 2012	9,882	22,141	22,758	2,776	10,677	68,234
Depreciation						
At April 2011	0	1,756	13,323	2,485	6,459	24,023
Charged in year	0	1,455	3,612	150	1,032	6,249
Disposals	0	(1,272)	(662)	(6)	0	(1,940)
Revaluations	0	(1,251)	0	7	(68)	(1,312)
Transfer out of group	0	0	(210)	0	0	(210)
At 31 March 2012	0	688	16,063	2,636	7,423	26,810
Net book value at 31 March 2011	10,362	22,526	7,075	209	4,172	44,344
Net book value at 31 March 2012	9,882	21,453	6,695	140	3,254	41,424
Asset financing:						
Owned	9,882	21,453	6,695	140	3,254	41,424
Leasehold ownership	0	0	0	0	0	0
Net book value at 31 March 2012	9,882	21,453	6,695	140	3,254	41,424

Notes

Included in the £4,026,000 of additions are £965,000 of capital creditors. The capital creditors brought forward from 2010/11 amounted to £701,000.

The properties at Titchfield, Christchurch and Newport were professionally valued at 31 December 2011 by 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.

8.1 ASSETS UNDER CONSTRUCTION

	Building Refurbishments	Total
	£'000	£'000
At April 2010	3,490	3,490
In year expenditure	3,827	3,827
Transfers to fixed assets	(5,939)	(5,939)
At 31 March 2011	1,378	1,378
At April 2011	1,378	1,378
In year expenditure	2,202	2,202
Transfers to fixed assets	(1,988)	(1,988)
At 31 March 2012	1,592	1,592

Notes

The in-year expenditure of £2,202,000 includes £1,067,000 of capital creditors. The amount of capital creditors brought forward from 2010/11 was £645,000.

Assets under construction are neither revalued nor depreciated.

Statement of Financial Position

	2011/12 Total	2010/11 Total
Non-current assets	£'000	£'000
Net book value of property plant and equipment	41,424	44,344
Assets under construction	1,592	1,378
	43,016	45,722

9. INTANGIBLE FIXED ASSETS

9.1 IN-HOUSE DEVELOPED SOFTWARE APPLICATIONS

	NeSS projects	Odyssey projects	I-Dissemination project	The Social Survey Repository	Web Development Project	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Valuation						
At April 2010	15,899	23,670	5,010	0	0	44,579
Transfers from assets under construction	0	0	0	2,500	0	2,500
Revaluations	(278)	(415)	(88)	24	0	(757)
At 31 March 2011	15,621	23,255	4,922	2,524	0	46,322
Amortisation						
At April 2010	7,519	8,887	681	0	0	17,087
Charged in year	1,841	2,968	551	70	0	5,430
Revaluations	(113)	(127)	(7)	0	0	(247)
At 31 March 2011	9,247	11,728	1,225	70	0	22,270
Valuation						
At April 2011	15,621	23,255	4,922	2,524	0	46,322
Transfers from assets under construction	0	0	0	421	5,647	6,068
Revaluations	333	496	105	59	72	1,065
At 31 March 2012	15,954	23,751	5,027	3,004	5,719	53,455
Amortisation						
At April 2011	9,247	11,728	1,225	70	0	22,270
Charged in year	1,883	3,034	564	317	474	6,272
Revaluations	213	277	31	4	2	527
At 31 March 2012	11,343	15,039	1,820	391	476	29,069
Net book value of in-house software 31 March 2010	8,380	14,783	4,329	0	0	27,492
Net book value of in-house software 31 March 2011	6,374	11,527	3,697	2,454	0	24,052
Net book value of in-house software 31 March 2012	4,611	8,712	3,207	2,613	5,243	24,386
Remaining useful economic life (years)	4	4	6	7	8	

Notes

The net book value of in-house developed software would be £22,338,000 if historic cost accounting had been applied. The Authority calculates indicies to value in house developed software assets on a quarterly basis.

The Neighbourhood Statistics Service (NeSS) website is an online resource for people working in regeneration and social research, or for anyone interested in knowing about where they live. It provides information related to deprivation about local communities, such as crime, drugs, unemployment, community breakdown, and schools with low educational attainment. This supports the development and measurement of integrated and sustainable solutions to local problems.

The Odyssey projects are a number of small projects which form a central ONS repository for data (CORD) which is fully supported by metadata. Incorporated within this is a set of standard statistical tools covering time series, estimation, disclosure and tabulation.

The I-Dissemination project is the Publication Hub which has provided for the first time a one-stop-shop for statistics users where they can find each day links to all of the new National Statistics from across Government.

The Social Survey Repository replaces the Annual Population Survey/Labour Force Survey reweighting and Scientific Information Retrieval 2002 systems, based in Newport which currently weight, reweight, 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 Web Development Programme delivers a new ONS website, with improved search and navigation. The programme also delivers new internal systems for statistical production areas to release their outputs onto the new website. As well as a new website, the programme will also provide an Application Programme Interface through which other parties will be able to directly access ONS statistics for use in their own systems.

	2011/12 Software licences	2010/11 Software licences
	£'000	£'000
Valuation		
At 1 April	10,162	9,969
Additions	5,371	905
Disposals	0	(900)
Reclassifications	0	188
Transfer into group	278	0
Valuation at 31 March	15,811	10,162
Amortisation		
At March	7,731	6,782
Charge in year	2,199	1,829
Disposals	0	(900)
Reclassifications	0	20
Transfer into group	211	0
Amortisation provision at 31 March	10,141	7,731

	2011/12 Total	2010/11 Total
	£'000	£'000
Net book value of software licences	5,670	2,431

Notes

Included in software licences additions of £5,371,000 is £3,352,000 of capital creditors. The amount brought forward from 2010/11 is £285,000.

The Authority does not revalue software licences.

9.2 ASSETS UNDER CONSTRUCTION

	Web Development Project	The Social Survey Repository	CPI/RPI Project	Central ONS Repository for Data	Core Data Collection Systems	Web Data Access	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At April 2010	2,659	623	999	0	0	0	4,281
In year expenditure	2,810	2,139	1,973	0	0	0	6,922
Write off	0	0	0	0	0	0	0
Transfers to fixed assets	0	(2,500)	0	0	0	0	(2,500)
At 31 March 2011	5,469	262	2,972	0	0	0	8,703
At April 2011	5,469	262	2,972	0	0	0	8,703
In year expenditure	871	159	1,851	449	584	4,340	8,254
Transfers to fixed assets	(5,647)	(421)	0	0	0	0	(6,068)
At 31 March 2012	693	0	4,823	449	584	4,340	10,889

	2011/12 Total	2010/11 Total
	£'000	£'000
Net book value of assets under construction	10,889	8,703

Notes

Included in the additions of £8,254,000 is £1,340,000 of capital creditors. The amount of capital creditors brought forward from 2010/11 is £183,000.

Assets under construction are not revalued or depreciated.

The development of the new Consumer Prices Index (CPI) and Retail Prices Index (RPI) computer system provides a new and flexible system improving ONS's capability to continue to produce important economic indicators.

The Central ONS Repository for Data is a central system used to derive statistics by breaking down balanced outputs.

Core Data Collection Systems replaces the Telephone Operations Call Schedule.

Web Data Access (WDA) will enable the 2011 census results to be disseminated in a way that maximises use in line with government policy and transparency, meeting the requirements of EU legislation.

Statement of Financial Position

	2011/12 Total	2010/11 Total
	£'000	£'000
Non-current assets		
In-house developed software	24,386	24,052
Software licences	5,670	2,431
Assets under construction	10,889	8,703
Intangible assets	40,945	35,186

10. FINANCIAL INSTRUMENTS

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 Department's expected purchase and usage requirements and the Authority is therefore exposed to little credit, liquidity or market risk.

The Authority revalues outstanding Euro transactions at the year end.

Currency risk

	2011/12 Non-interest bearing financial assets	2011/12 Non-interest bearing financial liabilities	2010/11 Non-interest bearing financial assets	2010/11 Non-interest bearing financial liabilities
	£'000	£'000	£'000	£'000
Gross financial assets/liabilities – Euro	537	(335)	1,235	(174)

11. TRADE RECEIVABLES AND OTHER ASSETS

	2011/12	2010/11
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	5,040	2,604
Deposit and advances	73	123
Other receivables	1,263	12,555
Prepayments and accrued income	2,825	5,412
	9,201	20,694
Amounts falling after more than one year:		
Deposits and advances	112	39
Other debtors	0	280
	9,313	21,013

11.1 INTRA-GOVERNMENT BALANCE

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011/12	2010/11	2011/12	2010/11
	£'000	£'000	£'000	£'000
Balances with other central government bodies	6,866	15,550	0	280
Balances with local authorities	32	31	0	0
Balances with NHS Trusts	4	11	0	0
Balances with public corporations and trading funds	0	375	0	0
Subtotal: intra-government balances	6,902	15,967	0	280
Balances with bodies external to government	1,870	4,291	0	0
Balances with staff	429	436	112	39
Total debtors at 31 March	9,201	20,694	112	319

Total trade receivables outstanding

	2011/12	2010/11
	£'000	£'000
1-30 days	4,931	2,577
31-60 days	49	23
61-90 days	46	3
91-180 days	14	1
	5,040	2,604
greater than 181 days	0	0
	5,040	2,604

Statement of Financial Position

	2011/12	2010/11
	£'000	£'000
Deposits and advances falling due after more than one year	112	319
Trade and other receivables	5,040	2,604
Other current assets	4,161	17,810
Financial assets	0	280
	9,313	21,013

12. CASH AND CASH EQUIVALENTS

	2011/12	2010/11
	£'000	£'000
Balance at 1 April	2,350	(251)
Net change in cash and cash equivalent balances	2,998	2,601
Balance at 31 March	5,348	2,350

The following balances at 31 March were held at:

Government Banking Service	5,237	2,227
Commercial banks and cash in hand	1	1
Cash equivalents	110	122
Balance at 31 March	5,348	2,350

13. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2011/12	2010/11
	£'000	£'000
Amounts falling due within one year:		
Other taxation and social security	2,309	3,920
Trade payables	6,317	898
Other payables	518	495
Accruals and deferred income	24,608	29,263
Amounts issued from Consolidated Fund for supply but not spent at year end	5,348	2,350
	39,100	36,926

Notes

During 2011/12 Her Majesty's Revenue and Customs undertook a VAT assessment which resulted in a VAT liability of £5,621,000 (£5,134,000 includes £1,283,000 output VAT liability (Note 19.2) and £3,851,000 prior years input VAT liability). This balance is within the category of trade payables.

2010/11 figures reflects an in year net increase of £635,000 which consists of a reduction of £457,000 for accrued holiday and flexi pay and an accrual of £1,092,000 holiday pay for census field staff.

2011/12 figures reflect a net reduction for accrued holiday and flexi pay.

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

13.1 INTRA-GOVERNMENT BALANCES

	Amounts falling due within one year	
	2011/12	2010/11
	£'000	£'000
Balances with other central government bodies	14,821	7,763
Balances with local authorities	8	43
Balances with Eurostat	671	390
	15,500	8,196
Balances with bodies external to government	19,019	21,670
Balances with staff (holiday pay and performance related pay)	4,581	7,060
Total creditors at 31 March	39,100	36,926

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Early Departure Costs	Onerous Contracts	Bessborough Rent	Drummond Gate Dilapidations	Relocation Costs	Myddelton Street Dilapidations	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2010	16,527	5,638	250	7,365	270	978	31,028
Provided in year	0	5,999	0	0	2	240	6,241
Provisions not required	(1,206)	(585)	0	(1,120)	(166)	(432)	(3,509)
Provisions utilised in the year	(6,753)	(2,963)	(250)	0	(106)	0	(10,072)
Unwinding of discount	619	89	0	1,211	0	22	1,941
Rewinding of discount	(672)	(39)	0	(1,049)	0	0	(1,760)
Balance at 31 March 2011	8,515	8,139	0	6,407	0	808	23,869
Balance at 1 April 2011	8,515	8,139	0	6,407	0	808	23,869
Provided in year	460	0	0	0	0	0	460
Provisions not required	0	(2,422)	0	(217)	0	0	(2,639)
Provisions utilised in the year	(3,022)	(2,000)	0	0	0	(808)	(5,830)
Unwinding of discount	470	374	0	894	0	0	1,738
Rewinding of discount	(300)	(251)	0	(754)	0	0	(1,305)
Balance at 31 March 2012	6,123	3,840	0	6,330	0	0	16,293

Statement of Financial Position

	2011/12	2010/11
	£'000	£'000
Current early retirement provision 2011/12	2,098	3,023
Early retirement provision due after more than one year	4,027	5,493
Other provisions	10,168	15,353
	16,293	23,869

Analysis of expected timing of discounted flows

	Early Departure Costs	Onerous Contracts	Drummond Gate Dilapidations	Total
	£'000	£'000	£'000	£'000
In the remainder of the Spending Review period to 2015	5,195	3,326	0	8,521
Between 2016 and 2019	894	514	6,330	7,738
Between 2020 and 2025	34	0	0	34
Balance at 31 March 2012	6,123	3,840	6,330	16,293

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 on the Authority by establishing a provision for the estimated payments discounted by the Treasury pensions discount rate of 2.8per cent in 2011/12.

Drummond Gate Onerous Contract

The property has been actively marketed and the building is currently fully occupied. As part of the agreements some tenants were allowed a rent free period which terminates in 2017/18. Therefore the lease income does not fully cover the total cost of the lease and running costs and a provision has been made to cover the onerous elements of the lease. The provision has been discounted by the Treasury discount rate of 2.2per cent. Provisions not required of £2,422,000 are due to changes in a sub tenancy agreement.

Lancaster Court Onerous Contract

The Authority entered into a lease in June 1989. Since August 2008, the Authority has had no requirement for the property or been able to find a tenant. Due to low demand in the area for this type of property it is anticipated that we will not be able to find a tenant in the short period of time remaining on the lease and this provision recognises the cost until the end of the lease in June 2014. The provision has been discounted by the Treasury discount rate of 2.2per cent.

Drummond Gate Dilapidations

The lease expires in January 2018 and will not be renewed. The UK Statistics Authority expects to pay a sum in respect of dilapidations under the terms of the lease.

Myddelton Street Dilapidations

Following the settlement and utilisation of the provision for dilapidations, the Authority vacated the premises in June 2011.

15. CAPITAL COMMITMENTS

	2011/12	2010/11
	£'000	£'000
Contracted building refurbishments commitments	958	152
Contracted IT commitments	1,230	600
Total commitments as at 31 March not otherwise included in these financial statements	2,188	752

16. COMMITMENTS UNDER LEASES

Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods

	2011/12	2010/11
	£'000	£'000
Buildings:		
Not later than one year	5,984	5,970
Later than one year and not later than five years	22,707	16,665
Later than five years	20,665	7,150
	<u>49,356</u>	<u>29,785</u>
Other:		
Not later than one year	83	125
Later than one year and not later than five years	26	0
Later than five years	0	0
	<u>109</u>	<u>125</u>

The cost of building leases include sub letting commitments for Drummond Gate.

The following income streams are anticipated.

	2011/12
	£'000
Not later than one year	5,269
Later than one year and not later than five years	25,784
Later than five years	4,834
	<u>35,887</u>

17. OTHER FINANCIAL COMMITMENTS

The Authority has entered into non-cancellable contracts (which are not leases or PFI contracts), for Information Management Services and Facilities Management. The payments to which the Authority is committed are as follows:

	2011/12	2010/11
	£'000	£'000
Not later than one year	16,319	74,299
Later than one year and not later than five years	28,141	17,867
Later than five years	0	0
	44,460	92,166

18. CONTINGENT LIABILITIES

During the year, HM Revenue and Customs (HMRC) undertook a VAT assessment which established the incorrect accounting treatment for VAT on certain sales contracts involving research activities. Although the Authority and HMRC reached an agreement on the VAT liability, which is included in these financial statements, the assessment has not been closed and is subject to further review. HMRC may determine whether the Authority should incur a penalty for its accounting treatment for VAT. The timing and value of any such penalty is unknown as at the date of authorisation of the financial statements.

19 SPECIAL PAYMENTS, LOSSES AND OTHER PAYMENTS

19.1 SPECIAL PAYMENTS AND LOSSES

	2011/12	2010/11
	£'000	£'000
Ex-gratia claims	5	2
Special payments	77	117
Equipment losses	0	25
	82	144

The Authority has paid out £82,000 ex-gratia and special payments to employees in keeping with the Civil Service Management code during 2011/12. All cases were below the individual disclosure threshold of £250,000.

	2011/12	2010/11
Number of Claims/Losses		
Ex-gratia claims	51	28
Special Payments	248	27
Equipment losses	0	49
	299	104

19.2 OTHER PAYMENTS

Following an assessment carried out by Her Majesty's Revenue and Customs (HMRC) during 2011/12 the Authority made a fruitless payment to HMRC of £1,283,000 in relation to VAT that should have been applied to certain outputs. This is not expected to recur.

20. RELATED PARTY TRANSACTIONS

The United Kingdom Statistics Authority has had various material transactions with other government departments and other central government bodies (negative value denotes income). Most of these transactions have been with:

- Department for Work and Pensions – aggregate value £(7,559,594.97)
- Department for Communities and Local Government – aggregate value £(1,719,143.65)
- Department for Business, Innovation, and Skills – aggregate value £(1,859,105.24)
- Department of Health – aggregate value £(2,181,523.48)
- National Savings and Investments – aggregate value £(1,368,060.00)
- Northern Ireland Statistics and Research Agency – aggregate value £(2,592,153.66)
- Scottish Government – aggregate value £(1,080,257.76)
- UK Intellectual Property Office – aggregated value £(1,401,418.00)
- Welsh Government – aggregated value £(1,283,589.71)

No board member, key manager or other related parties have undertaken any material transactions with the Authority during the year.

21. EVENTS ARISING AFTER THE REPORTING DATE

None.

22. DATE OF AUTHORISATION OF THE ACCOUNTS

The Accounts were authorised to be issued on 6 July 2012.



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