

**Assessment of compliance with the Code of  
Practice for Statistics**

**Statistics on Government  
Spending: Country and  
Regional Analysis**  
*(produced by HM Treasury)*

## Office for Statistics Regulation

We provide independent regulation of all official statistics produced in the UK. Statistics are an essential public asset. We aim to enhance public confidence in the trustworthiness, quality and value of statistics produced by government.

We do this by setting the standards they must meet in the [Code of Practice for Statistics](#). We ensure that producers of government statistics uphold these standards by conducting assessments against the Code. Those which meet the standards are given National Statistics status, indicating that they meet the highest standards of trustworthiness, quality and value. We also report publicly on system-wide issues and on the way statistics are being used, celebrating when the standards are upheld and challenging publicly when they are not.

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# Executive Summary

## Judgement on National Statistics Status

ES.1 Users value HM Treasury's (HMT) Country and Regional Analysis (CRA) of government spending<sup>1</sup> and regard the statistics as being of high quality and trustworthy. We identified a range of actions for HMT to further enhance the statistics (outlined in Tables 1, 2 and 3 of this report). Once HMT demonstrates that these steps have been undertaken OSR will recommend that the Statistics Authority confirm the continuing designation of the statistics as National Statistics.

## Key Findings

### Public Value

ES.2 In a recent report, the House of Commons Public Administration and Constitutional Affairs Committee (PACAC)<sup>2</sup> titled *Accounting for Democracy*<sup>3</sup> said "*Citizens should be able to use [Government] Accounts to assess the effectiveness of Government spending... Both citizens and Parliamentarians should be able to rely upon and be able to understand the information which is published.*" We find that the CRA presents statistics that people can rely on, allows them to compare Government spending across the countries and regions of the UK and provides useful guidance to help them understand the published information.

ES.3 The strengths of the CRA statistics include:

- the capability to manipulate the statistics in interactive tables, allowing those familiar with spreadsheets to conduct bespoke analysis based on the data
- being the sole authoritative source for public spending per head in the UK's countries and regions
- that the framework used to create the statistics (the Total Expenditure on Services (TES) framework) is resilient to changes resulting from the creation or amalgamation of government departments or by programmes of work moving between departments. This is not the case when using the departmental budgeting framework

ES.4 Whilst there are considerable strengths in the statistics, there is potential for them to offer much greater public value, particularly in the following respects:

- the economic impact of public spending in the countries and regions is difficult to assess as the basis of the statistics is not focused on where the spending takes place but on 'who- benefits' from the spending, resulting from judgements rather than transactions. Users would like to use the statistics more intensively for economic analysis of fiscal effects, which rely on a 'where-benefits' breakdown
- the presentation of the statistics lacks capability for 'at-a-glance' appreciation of the insights from the statistics by occasional users who are not very experienced in investigating the data. Occasional users may well miss important insights from the statistics as they are currently presented

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<sup>1</sup> <https://www.gov.uk/government/collections/country-and-regional-analysis>

<sup>2</sup> <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-administration-and-constitutional-affairs-committee/>

<sup>3</sup> <https://publications.parliament.uk/pa/cm201617/cmselect/cmpublicadm/95/95.pdf>

- the level of classifying spending is at quite a high level (for example, 'transport' or 'health' spending) and does not allow an analysis at programme or individual service level (for example, spending on concessionary travel or Child and Adolescent Mental Health). Users would like to understand better the spend on programmes and services closer to their interests
- CRA is not presented by the source of public funds so spending from European Union or from local authority sources is not separately identified. This simplifies the presentation. However, Brexit is likely to affect public spending, but the nature and distribution of the effects are quite uncertain. It will be difficult to discern from the statistics alone what impact Brexit will have in the countries and regions without helpful analysis by the statisticians
- the rationale behind decisions about the split between non-identifiable and identifiable spending on large projects can seem obscure and lacking in coherence. Without greater transparency there's a risk to trust in public finances. People see taxes collected centrally, but without transparency might not see funds being divided between the countries and regions in a fair and equitable way. CRA can help signpost those interested in the ways large elements of spending are allocated to the explanatory documents

## Quality

ES.5 The data, coming from HMT's public expenditure database, collate expenditure across the whole of public expenditure on a largely consistent basis across departments, within high-level categories. HMT adopts international standards<sup>4</sup> to classify spending with as much disaggregation as possible (in some cases to what are referred to as 'sub-functions' or 'segments') while still maintaining international comparability. HMT acknowledges that the more granular the detail, the less accurate the data might be and is candid that its Education data at the sub-function level needs improving.

ES.6 Despite the TES framework being more resilient to machinery of government changes<sup>5</sup> than the departmental budgeting framework, HMT makes changes to its guidelines and methodologies for apportioning expenditure between each CRA publication. Coverage and classification can differ noticeably between publications, which means building a consistent data series for years before those covered by the latest CRA publication is not always straightforward. Changes to accounting methods and methods of financing infrastructure over time have had effects on what is included and excluded in various categories, especially when looking at the capital and revenue spending. For example, building a road is capital spending, but paying shadow tolls as part of a usage agreement with a private sector company that built the road, is revenue spending. HMT comprehensively explains the main changes in each annual publication.

## Trustworthiness

ES.7 There have been well-publicised criticism of the statistics and their interpretation over the last 20 years<sup>6</sup>. Much of the criticism continues to revolve around the methods used to create the

<sup>4</sup> COFOG (Classification of the Functions Of Government) [https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Classification\\_of\\_the\\_functions\\_of\\_government\\_\(COFOG\)](https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Classification_of_the_functions_of_government_(COFOG))

<sup>5</sup> Machinery of government changes are transfer of functions between ministers, or between a minister and a non-departmental public body (NDPB)

<sup>6</sup> For example 'The Welsh Budget' by Phil Williams (1998) and '[Why economic data provided by London will not help the Scottish independence debate](#)' blog post by Richard Murphy (March 2017 accessed 21 December 2018) and '[A Constructive Critique of the Treasury's Country and Regional Analysis of Public Expenditure](#)' by Jim and Margaret Cuthbert

data, for example the use of the 'who-benefits' approach, allocating spending according to the recipient of its benefit. However, the users of the CRA we spoke to demonstrated confidence in the statistics. We have also had access to feedback from users of government spending and revenue statistics which use the CRA data, which has shown that users see the statistics as trustworthy as they are materially consistent with similar country and region spending statistics published by the Office for National Statistics<sup>7</sup> (ONS) and by Scottish Government<sup>8</sup>.

## Next Steps

ES.8 We expect the CRA statistics team to report back to us by 30 August 2019. Once HMT has shown us that it has enhanced the public value, quality and trustworthiness of the CRA statistics having fully addressed the findings and requirements described in Tables 1, 2 and 3 of this report, the Authority will decide whether to confirm the NS designation, based upon OSR's advice.

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<sup>7</sup><https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/articles/countryandregionalpublicsectorfinances/2016to2017>

<sup>8</sup> <https://www.gov.scot/publications/government-expenditure-revenue-scotland-2017-18/>

# Chapter 1: Public Value

## Introduction

- 1.1 Value means that the statistics and other numerical information are accessible, remain relevant and benefit society; helping the public to understand important issues and answer key questions.
- 1.2 Value is a product of the interface between the statistics or other numerical information and those who use them as a basis for forming judgements.

## Findings

- 1.3 HMT's main method of direct engagement with users is via an email inbox where users send queries on specific areas. Queries tend to relate to the data underlying tables and how specific items are treated. Additional key areas of interest relate to the detail of functional breakdowns of spending, and functional comparisons between countries. Some significant improvements have been made to the CRA database in recent years to apportion expenditure more accurately to countries and regions of the UK. Many anomalies in previous editions of the CRA were addressed in *CRA 2017*<sup>9</sup>. HMT has worked with departments to reduce the burden associated with the CRA exercise by reducing the amount of data for departments to complete. Work is ongoing to look at alternative sources for the data used in the CRA.
- 1.4 In a public consultation conducted by ONS<sup>10</sup> in 2017 on Country and Regional Public Sector Finances at sub-national levels, users expressed a desire to see devolved public finance statistics for the English combined authorities and for areas across the UK where city-deals had been negotiated. London is the only city-region in the UK that benefits from dedicated official public spending data. ONS concluded that, given the current data sources available, there is limited scope for it to produce substantially more robust estimates of public sector revenue and expenditure at sub-national levels such as local authority/combined authority level than those that have been produced by other bodies.
- 1.5 To probe further whether the current official spending data sources could be augmented, we asked HMT's CRA data suppliers whether their departments had a policy interest in public spending statistics at the city-region level. Most departments told us that they thought there would be little interest by their policy colleagues in spending data for the combined authorities, especially those that have a more national focus. However, there were cases where statistics at city-region and combined authority level could be of value. For example, in the Department for Transport there could be an interest at a more regional level to help analyse the impacts of recent schemes to bring more devolved power to transport infrastructure strategy such as 'Transport for the North'<sup>11</sup> which covers several combined authorities.
- 1.6 We asked departments how adaptable they considered their allocation methods might be to apportion to large city-regions as well as the conventional regions. We found that departments' assessments of the adaptability of the methods used varied, with some departments confident that methodology could be adapted without affecting the quality of the

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<sup>9</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/657987/Country\\_and\\_Regional\\_Analysis\\_November\\_2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/657987/Country_and_Regional_Analysis_November_2017.pdf)

<sup>10</sup> <https://consultations.ons.gov.uk/public-sector-finances/sub-national-psf-consultation/>

<sup>11</sup> <https://transportforthenorth.com/>

data produced, and others not believing that their data are suitable to be disaggregated in this form.

- 1.7 The needs of users in government departments and in devolved nations appear to be at the centre of statistical production: their needs are understood, their views sought and acted on and their use of statistics supported. However, there are many other users (and potential users) of these statistics beyond government departments and the devolved nations (see Annex 1). We found that there were no clear mechanisms to help HMT to appreciate and balance the needs of the different users of CRA data in the countries and regions of the UK. Enhanced value could be offered from HMT accessing a wider range of views about the ways in which devolved spending data could be used, for example asking analysts in new city-regions the extent to which spending statistics for their city-regions would improve decision-making.
- 1.8 The presentation of the CRA statistics is through a statistical release which sets out meta-data and several tables of figures. There are some helpful annexes with population data used in conducting per capita analyses and the deflators used to present real-terms data. HMT also publishes excel spreadsheets and interactive tables to accompany the statistical report. These tables are welcomed by experienced users of the data who are often familiar with layouts and manipulation of the data. One regular user of these statistics commented that the narrative in the statistics releases was by and large of limited value, not adding much insight into the data, describing the release as a replication of vast amounts of data that are available in spreadsheets. The user expressed a desire for more detail when there are changes in treatment / classification between publications e.g. the treatment of student loans. Occasional or less-experienced users of the statistics might be put off by the lack of engaging means of presenting data such as infographics. We have included a screenshot at Annex 2 from the Government of Canada's infobase which is a Canadian Government spending 'at a glance' infographic<sup>12</sup>, capable of simple manipulations to allow users to track spending down to programme level. This infographic is illustrative of how government spending data can be tracked down to programme spend in an attractive format that allows users to toggle on ministerial portfolios and to search by programmes or key words. There is potential for the presentation of the CRA statistics to be similarly engaging, and better support and promote the use of the statistics by all types of users.
- 1.9 CRA statistics are presented at fairly high levels of aggregated spend. Spending on high profile major policy programmes or on government services is not reported in these statistics. Currently there is very little information about national and regional spending on individual projects and programmes within the Government's Accounts. For example, statistics on spending related to flood prevention and coastal erosion cannot be found in CRA for the countries and regions. We understand that some years ago there were 59 categories of sub-functions and 796 categories of sub-programmes<sup>13</sup>. The use of infographic presentation might provide a way of extending insight into government spending below current aggregated levels where the lowest levels is 'sub-function' or 'segment'. This might be particularly suited to programmes or services where there are significant levels of spending and where sufficient country and regional level spending data are already available.
- 1.10 We saw that users of CRA data expressed an interest in *where* spending occurs ('where-benefits'), as this is important for regional economic modelling. It is a significant limitation of the CRA statistics that they do not allow scope for enhanced economic analysis using fiscal multipliers. It is also not obvious that some of the spending presented is based on a 'where-

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<sup>12</sup> <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#partition/dept/exp>

<sup>13</sup> [https://strathprints.strath.ac.uk/46988/1/FEC\\_30\\_3\\_2005\\_CuthbertJCuthbertM.pdf](https://strathprints.strath.ac.uk/46988/1/FEC_30_3_2005_CuthbertJCuthbertM.pdf)

benefits' basis. For example, Department for Transport say<sup>14</sup> that the complexity of transport networks and limited data mean that it is not always possible or appropriate to allocate transport spending regionally on a 'who-benefits' basis. Where this is the case, spending is apportioned based on actual regional spend. This is now the case for nuclear decommissioning and for research and development spending. Some users told us that moving the collection of data from a 'who-benefits' to a 'where-benefits' basis would not be significantly more burdensome to data suppliers. With the aid of simple models, the data on the 'where-benefits' basis might be remodelled to a 'who-benefits' approach to continue offering these analyses for those interested in such research questions and in maintaining long-term time series.

**Table 1: Value – Findings and Requirements**

Findings	Examples	Requirement
<p>There is potential for HMT to develop the statistics to better meet users' need through more direct engagement with stakeholders beyond contact with major Government Departments, ONS and some of the devolved administrations</p>	<ul style="list-style-type: none"> <li>• HMT has consulted users of CRA statistics infrequently, the last time was some time ago</li> <li>• HMT statisticians have been able to learn from consultations involving public spending statistics run by other producers. They, with others, also helped ONS to create new statistics on Country and Regional Public Sector Finances. In the process HMT learned more about the CRA statistics</li> </ul>	<p>1 HMT should</p> <ol style="list-style-type: none"> <li>i. consider how best to collaborate with producers of other public finance statistics and with analysts in the countries and regions to seek views, update their understanding of users' needs to better support the use of these statistics</li> <li>ii. communicate effectively with the widest possible audience to increase awareness of the statistics and data</li> </ol>

<sup>14</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/761660/transport-expenditure-notes.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/761660/transport-expenditure-notes.pdf)

Findings	Examples	Requirement
<p>The presentation of the CRA lacks capability for at-a-glance appreciation of the data by less expert users. CRA statistics are presented at fairly high levels of aggregate spend.</p>	<ul style="list-style-type: none"> <li>• Currently, the presentation of data in tables is more suited to users who are very familiar with the data</li> <li>• International classifications of spending allow for consistency and comparability</li> <li>• Spending on major policy programmes or on government services is detailed in a publicly available database where HMT could enhance the searchability</li> <li>• New infographic presentations could offer easier access to spending data in areas where there is public interest</li> </ul>	<p>2 HMT should consider how to present CRA data in a more engaging way that supports and promotes use by all types of users and those with interests in spending at programme and service levels (sub-functional levels)</p>
<p>CRA statistics could offer enhanced functionality if they could be used to calculate fiscal multipliers</p>	<ul style="list-style-type: none"> <li>• 12.95 per cent of HMRC employment and 11.44 per cent of Department of Work and Pensions staff are based in Scotland. In these cases, the spend "in" Scotland would be likely to be greater than the 8.2 per cent of spend currently allocated "for" Scotland</li> </ul>	<p>3 HMT should plan to test the strength of user need for CRA on a 'where-benefits' basis, examine the feasibility of collecting data on this basis and the trade-off between enhanced functionality and increased burden on data suppliers</p>

# Chapter 2: Quality

## Introduction

- 2.1 Quality means that the statistics and numerical information represent the best available estimate of what they aim to measure at a particular point in time and are not materially misleading.
- 2.2 Quality is analytical in nature and is a product of the professional judgements made in the specification, collection, aggregation, processing, analysis, and dissemination of data.

## Findings

- 2.3 HMT makes the CRA statistics coherent and internally consistent by issuing clear guidance to departments on the treatment of government spending. Departmental suppliers of CRA data told us that they are very clear with HMT's statement of data requirements and have no suggestions with regards to any change. They told us that most communication with HMT occurs as ad hoc discussion. When larger issues and changes occur, phone calls and meetings are held. Some suppliers of source data identified specific issues, which were passed on to HMT for consideration. Considerable time is allocated by departments to the work, including the involvement of statisticians in preparing their returns. The return is signed off by a statistician, finance director, or a senior accountant in the department as being produced in accordance with HMT's CRA guidance<sup>15</sup>.
- 2.4 The conceptual basis for public sector spending is allocation of spending to a country or region from the perspective of 'who-benefits' rather than spending in a country or region. CRA statistics are subject to imprecision because:
  - the concept of 'who-benefits' is open to interpretation
  - simplifying assumptions are made to reduce the reporting burden for government bodies
  - the robustness of allocation methods varies according to the availability of data. Public service pension spending can be allocated based on the postcodes of recipients, giving a very accurate regional allocation. Other apportionments require higher degrees of estimation
  - HMT asks the largest departments to allocate their spending by country and region, whereas spending for the remaining departments are pro-rated using the total expenditure of the larger departments
- 2.5 Most expenditure data in CRA are taken directly from HMT's public expenditure database OSCAR (Online System for Central Accounting and Reporting<sup>16</sup>). OSCAR collates expenditure across the whole of the public expenditure on a consistent basis, identifies reasonable high-level categories. OSCAR is the single source of data for the management of public spending.
- 2.6 There are appropriate quality assurance arrangements around the supply of departmental spending data to OSCAR for use in the CRA at what is described as the high-level classifications i.e. high level classifications such 'health', 'education', 'public order'. Ultimately all the data are consistent with audited departmental Resource Accounts (within the

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<sup>15</sup> <https://www.gov.uk/government/publications/country-and-regional-analysis-guidance-2016/annex-b-guidance-for-allocating-expenditure-to-countries-and-regions>

<sup>16</sup> <https://data.gov.uk/dataset/942f0d97-6efa-4973-b0c7-400209446807/online-system-for-central-accounting-and-reporting-oscar>

budgeting framework). HMT's timetable for producing its statistics is aligned with their operational spending data timetable, so that updated data are published in a statistical release as soon as they are available, after allowing appropriate time for quality assurance to be carried out. The quality assurance process involves checking the data of some 50 bodies, each of which will have submitted detailed data averaging several hundred lines per organisation. HMT sets out its approach in quality guidelines<sup>17</sup>.

- 2.7 We heard some concerns from a regular user of these statistics about the quality of the sub-functional data i.e. below the high-level classifications, for example the sub-function of school spending within the high-level 'education' classification. The user found the sub-functional data displayed inconsistent quality and dependent on departmental finance submissions and their coding to different categories. Inconsistencies in total and per capita values could be spotted easily on particular sub-functions. This limits the public value when it comes to understanding differences in trends (for example on school expenditure) across the four countries. HMT acknowledges that the more granular the detail, the less accurate the data might be and sets this out in its description of the accuracy of the data in its Public Expenditure Spending Analysis (PESA) publication.<sup>18</sup> One of the areas that HMT is currently working on is Education. Some concerns about data quality stem from the movement from local government to central government in the schools reclassifying to academies. The Department for Education (DfE) is working on how to split data between secondary and primary schools. HMT told us that education source data come from a range of sources across local government but also now in central government. HMT statisticians are working to improve the data with DfE and are hopeful of positive results soon.
- 2.8 The methods used to produce the CRA largely ensure that these data align with various national and international standards, for example the Classifications of the Functions of Government (COFOG)<sup>19</sup> developed in its current version in 1999 by the Organisation for Economic Co-operation and Development and published by the United Nations Statistical Division as a standard classifying the purposes of government activities. The CRA exercise is carried out specifically to enable comparisons of how public funds are spent in different parts of the UK.
- 2.9 Some of the criticism of the CRA statistics focuses on a lack of transparency around decisions to allocate funding to different countries and regions asserting a lack of coherence in the decisions made. We found that many of the examples of a lack of coherence quoted were out-of-date. For example, we found an assertion that some of the approximately £400m spent annually on London museums is attributed to other countries and regions but museum spending by devolved nations is attributed completely to those countries. HMT told us that Welsh Government provides country and regional allocations for segments related to "museums & libraries". Scottish Government provides country and region splits for the segments Creative Scotland and Historic Scotland as well as for "Royal Botanic Garden". Mistrust stemming from the online narratives from some years ago might be mitigated through HMT being more transparent around the decisions taken and coherence in the application of the principles governing the apportionment. CRA can be used to better signpost users to explanatory documentation around the decisions relating to the allocation of spending.

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<sup>17</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/361923/Quality\\_guidelines\\_Oct\\_14.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/361923/Quality_guidelines_Oct_14.pdf)

<sup>18</sup> See p193 of the PESA publication paragraphs A11 to A13.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/726871/PESA\\_2018\\_Accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/726871/PESA_2018_Accessible.pdf)

<sup>19</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Classification\\_of\\_the\\_functions\\_of\\_government\\_\(COFOG\)](https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Classification_of_the_functions_of_government_(COFOG))

2.10 Brexit is likely to result in a material change in the circumstances and context for both the UK and the country and regional public spending data. On 24 July 2018 the UK Government issued a statement on a UK Shared Prosperity Fund<sup>20</sup> to replace EU spending, and people will be interested in how changes in public spending will affect the prosperity of the countries and regions. Once Brexit arrangements have been agreed, a portion of spending will shift from EU net contributions to the departments and administrations responsible, according to the Government's verdict on the allocation of this spending. This will then be reflected in the Whole of Government Accounts<sup>21</sup> and subsequently feed into the CRA data. There may also be ongoing payments to the EU after Brexit and people will want to know how that spending is allocated to the UK countries and regions. However, there are likely to be areas where information on these changes arising from Brexit is more available and transparent than in others. Consequently, it will not always be possible to provide users with a clear picture of the impacts resulting from Brexit. HMT will need to consider, where possible, how best to prepare data users for changes in the data.

**Table 2: Quality – Findings and Requirements**

Findings	Examples	Requirement
<p>HMT has improved transparency around the decisions regarding whether spending is identifiable or non-identifiable in respect to very large programmes such as HS2, Crossrail. There is room to enhance transparency further.</p>	<ul style="list-style-type: none"> <li>• Just over half (51 per cent) of the £6.4 billion spend on the London Olympics (between 2008 and 2013) was recorded as non-identifiable, with the remaining 49 per cent attributed to the London region. Some people argued that London's share should have been higher, given that spending in London from infrastructure and tourism significantly outweighed that spent in other countries and regions</li> <li>• Each year HMT publishes some information but there is no updated comprehensive list of links to decisions about ongoing projects. For example, there is a link to information about Crossrail allocation in <i>CRA 2017</i> but not in <i>CRA 2018</i></li> </ul>	<p>4 HMT should provide a clear and comprehensive account in each annual CRA publication to allocation methods, including the inclusion of links to published documents about allocation methods in respect to all ongoing major project spending</p>

<sup>20</sup> <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-07-24/HCWS927>

<sup>21</sup> <https://www.gov.uk/government/collections/whole-of-government-accounts>

Findings	Examples	Requirement
<p>The net fiscal effects of Brexit are highly uncertain both at the UK aggregate and the country and regional levels. There's little doubt though that Brexit will have significant impact on the components of spending captured in the CRA.</p>	<ul style="list-style-type: none"> <li>• As a lot of spending by the EU in the UK's countries and regions is not clearly identified in CRA, spending by UK central government rather than the EU will present as additional spending. However, Brexit may have other constraints on public spending. Without narrative commentary users may find it very difficult to understand the effects of Brexit on public spending in their region or nation</li> <li>• The fiscal implications of Brexit may take some time before they are seen in CRA statistics</li> <li>• The OBR will set out projections of public spending for the future once it has a clear view and set of assumptions—or a clear policy, from the Government</li> </ul>	<p>5 As and when information on the effects of Brexit is available, HMT should ensure that users are provided with appropriate insights about changes in the data. This should include helping users understand impacts on the CRA data and provide links, when applicable, to other output areas where information on Brexit impacts has already been published</p>

# Chapter 3: Trustworthiness

## Introduction

- 3.1 Trustworthiness means that the statistics and other numerical information are produced free from vested interest, based on the best professional judgement of statisticians and other analysts.
- 3.2 Trustworthiness is a product of the people, systems and processes within organisations that enable and support the production of statistics and other numerical information.

## Findings

- 3.3 HMT follows all statutory obligations and internationally endorsed guidelines governing the collection of data, confidentiality, and release. HMT sets out its arrangements for protecting the confidentiality of information used for statistical purposes in a published document<sup>22</sup>, (although CRA statistics are not based on confidential data), and the statistics, data and explanatory material are presented impartially and objectively in the statistical releases, which are themselves published in an orderly and timely manner.
- 3.4 There are no exemptions to the application of the Code of Practice for Statistics in HMT. Release dates for HMT's monthly statistical releases are pre-announced a year ahead on HMT's gov.uk webpages<sup>23</sup>. HMT's Head of Profession (HoP) for Statistics takes the final decision on any delays to releases and ensures that non-statistical matters do not influence such delays.
- 3.5 The timing of the release of CRA is largely determined by the operational timetable governing when departments must submit data to the OSCAR system and when local government data are available. CRA is released as soon as possible after the data have been finalised, and appropriate quality assurance has been carried out. HMT issues all its National Statistics at the standard time of 9.30am on a weekday. Scheduled revisions or unscheduled corrections to the statistics and data are released as soon as practicable. The changes are handled transparently in line with established policy<sup>24</sup>.
- 3.6 HMT has not to date included contact details for the responsible statistician either in the published statistical bulletin or on the web landing page for the statistics. Following discussion with the assessment team, HMT now gives an email address for statistical enquiries on the landing page for the statistics.
- 3.7 HMT has not established a work programme for these statistics. Doing so would help to ensure the continual development of the statistics by setting out the actions due to be taken by the producer team.
- 3.8 HMT has published a policy statement on compliance with the *Pre-Release Access to Official Statistics Order 2008*<sup>25</sup>. Those granted 24-hour pre-release to the Country and Regional Analysis statistics are listed on the HMT's webpages on the gov.uk website<sup>26</sup>; the list

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<sup>22</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/361918/Confidentiality\\_policy\\_Oct\\_14.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/361918/Confidentiality_policy_Oct_14.pdf)

<sup>23</sup> <https://www.gov.uk/government/statistics?departments%5B%5D=hm-treasury>

<sup>24</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/315168/Revisions\\_policy\\_May14.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/315168/Revisions_policy_May14.pdf).

<sup>25</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/628909/pre-release\\_access\\_arrangements\\_July\\_2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/628909/pre-release_access_arrangements_July_2017.pdf)

<sup>26</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/657945/CRA\\_pre-release\\_list.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/657945/CRA_pre-release_list.pdf)

contains at least 44 people<sup>27</sup>. There appears to be scope for HMT to review the way that it grants pre-release access to its statistics in line with the *Order*, and to review its pre-release access list for CRA.

3.9 HMT sets out in a published document how it engages with users of its statistics<sup>28</sup>.

**Table 3: Trustworthiness – Findings and Requirements**

Findings	Examples	Requirement
HM Treasury has not established a work programme for these statistics		<p>6 HMT should</p> <ul style="list-style-type: none"> <li>i. establish a development programme for these statistics and periodically review that programme</li> <li>ii. be open about progress towards meeting priorities and objectives</li> <li>iii. arrange for users and other stakeholders to be involved in prioritising statistical plans</li> </ul>
There is a list of at least 44 people with privileged pre-release access to the statistics who are not involved in the production or quality assurance of these statistics	<ul style="list-style-type: none"> <li>• 5 Cabinet Ministers as well as two further Government Ministers plus the First Ministers and Finance Secretaries of Scottish and Welsh Governments have privileged access</li> <li>• 10 Officials in Treasury are listed plus the offices of the Chancellor and the Chief Secretary to the Treasury</li> <li>• In Northern Ireland three senior officials receive early access</li> <li>• 7 Department of Transport officials are on the list</li> </ul>	<p>7 HMT should:</p> <ul style="list-style-type: none"> <li>i. strengthen its arrangements for reviewing requests to allow pre-release access to new people</li> <li>ii. review the current list of those with pre-release access for CRA, with a view to minimising the numbers of individuals included and inform the Authority of the justification for each inclusion</li> </ul>

<sup>27</sup> We cannot be sure of the numbers as the list includes the offices of two Treasury Ministers and the Permanent Secretary without specifying how many people within those offices have early access

<sup>28</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/361916/User\\_engagement\\_Oct\\_14.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/361916/User_engagement_Oct_14.pdf)

# Annex 1: About the Statistics

## The Statistics

- A1.1 The global financial crisis underscored why transparent, comprehensive and reliable financial information is important. The crisis highlighted that the performance of the wider economy can have a major impact on the financial position of the public sector. For example, many national governments decided to provide financial support to ailing banks to protect consumers, boost investor confidence and ensure funds were available for lending.
- A1.2 The CRA is intended to give a broad picture of relative spending for the benefit of different countries and regions of the UK. Small differences in regional spending are not treated as significant. CRA statistics are widely used as the main source of country and regional spending data by analysts inside and outside government. It is a matter of great public interest, and very important for monitoring how new funding systems (fiscal frameworks) are operating to have accurate comparative measures of levels of spend on “devolved” services across the whole of the UK. For example, it is important to know, for those services that are devolved to Scotland, what the comparative levels of spend on those services are in the rest of the UK, London, South East etc.
- A1.3 The UK Statistics Authority first assessed HMT’s Public Expenditure statistics with the findings reported in Assessment Report 145<sup>29</sup> published in November 2011. The Statistics Authority confirmed the National Statistics designation of the statistics in January 2013<sup>30</sup>. In the Statistics Authority’s confirmation letter, it was noted that a separate statistical publication of the public spending statistics by an annual Country and Regional Analysis (CRA) had been introduced since the assessment in 2011. At the time of the assessment, the statistics had been published in two chapters (9 and 10) within the Public Expenditure Statistical Analysis (PESA)<sup>31</sup> but the new extended and separate publication included more detail and was published earlier than the subsequent PESA publication. The Statistics Authority confirmed in its letter that National Statistics designation applied also to the CRA statistics.
- A1.4 The CRA statistics are published annually in November after data collection over the summer and the revised statistics are published in PESA in the following July. Each publication contains data for the previous five financial years.

## Uses and Users

A1.5 Users of these statistics include:

- Local authorities
- Academics and researchers
- Government departments
- Economic development bodies
- Researchers providing research and advice to Parliament and assemblies
- Devolved bodies and think tanks
- Trade associations and umbrella bodies
- Media

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<sup>29</sup> [https://www.statisticsauthority.gov.uk/wp-content/uploads/2015/12/images-assessmentreport145statisticsonpublicsectorexpenditur\\_tcm97-41160.pdf](https://www.statisticsauthority.gov.uk/wp-content/uploads/2015/12/images-assessmentreport145statisticsonpublicsectorexpenditur_tcm97-41160.pdf)

<sup>30</sup> [https://www.statisticsauthority.gov.uk/wp-content/uploads/2015/12/images-letterofconfirmationasnationalstatisticsassessmentreport145\\_tcm97-42525.pdf](https://www.statisticsauthority.gov.uk/wp-content/uploads/2015/12/images-letterofconfirmationasnationalstatisticsassessmentreport145_tcm97-42525.pdf)

<sup>31</sup> <https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2018>

A1.6 HMT describes the CRA as a purely statistical exercise that plays no part in resource allocation or the operation of the Barnett Formula<sup>32</sup>. In terms of how CRA statistics are used, here are a few examples:

- measuring inter-regional financial balances (to enable better consideration of policy and better modelling)
- to measure tax revenues on a regional basis (hence helping to inform debates around tax devolution)
- increasing the evidence base to argue for or against policy changes in relation to local government (for example, the potential for devolution of specific taxes to local authorities)
- using alongside other sources of public finance statistics to brief Ministers, officials and responding to queries from Members of Parliament, Assembly Members (Wales), Members of the Scottish Parliament and Members of the Northern Ireland Assembly
- informing research on the fiscal position of UK cities, developing policies that can support them to grow and boost the national economy
- developing more-detailed pictures of London's finances that inform more robust, evidence-based policy development
- descriptive analysis setting out historic evolution and looking into projections into the future, based on spending allocations, demographics etc.

A1.7 Statistical consultations with users have demonstrated wide support for country and regional public sector finance statistics. The most commonly viewed benefit of having such statistics is for the purposes of comparability between estimates produced for each country and region on a consistent basis. Users see these data as helping inform debates around devolution and aid policy analysis at the country and regional level. Such data have been described as improving the economic literacy of local policy officials and wider stakeholders. The availability of these data encourages stakeholders to consider the tax and revenue implications of local policy decisions.

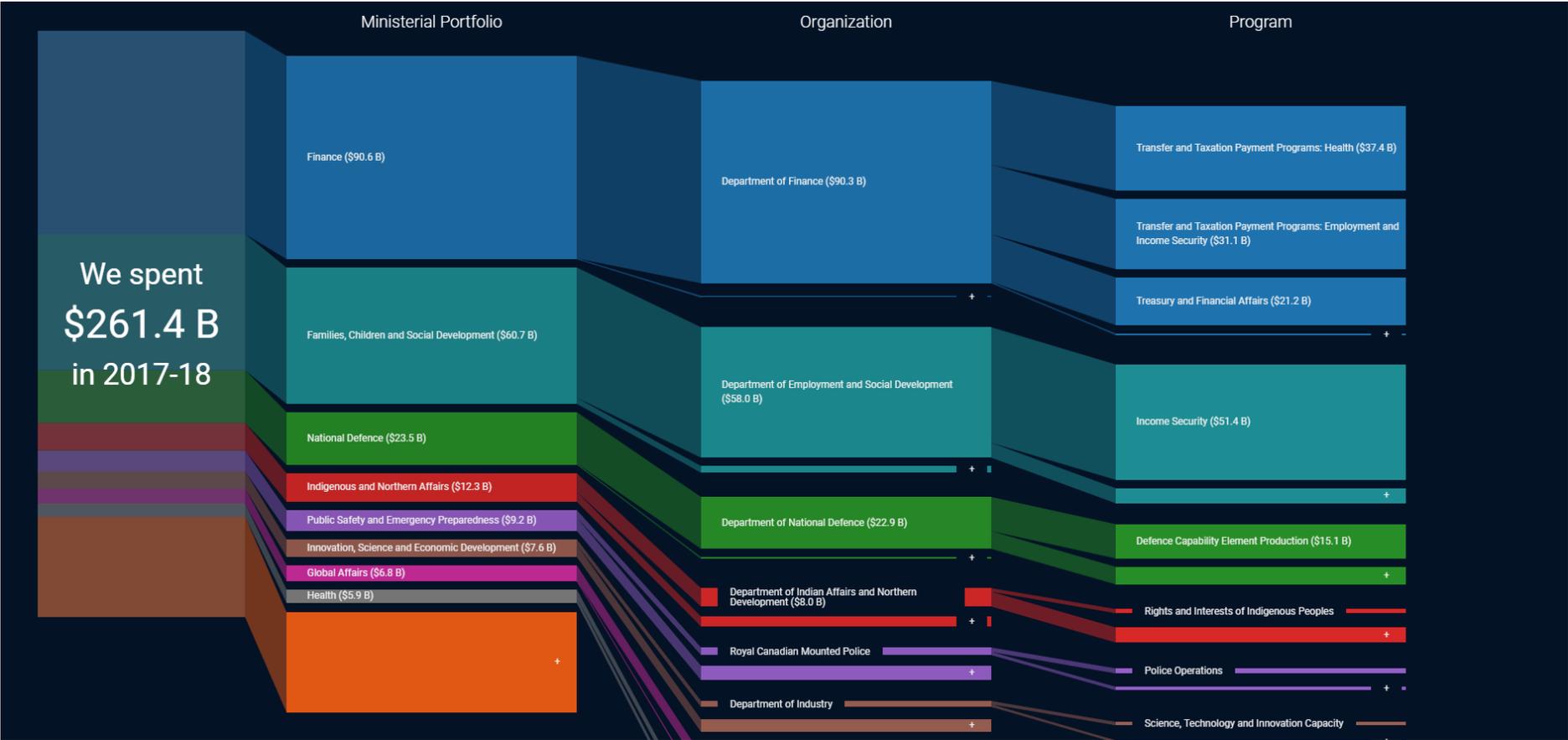
## Data Sources and Methods

A1.8 Each year, HMT asks UK government departments and the devolved administrations to undertake a statistical exercise to allocate expenditure by country and region. The exercise is based on devolved administration spending and the subset of departmental spending that can be identified as benefiting the population of individual regions. It asks departments and devolved administrations to apportion that spending between countries and regions following guidance issued by HMT. HMT then collates departments' returns and combines these with the known spending of local government to produce the analyses of public expenditure by country and region that are published in this release. The returns from government departments are used to apportion data in OSCAR.

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<sup>32</sup> <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7386>

# Annex 2: Screenshot from Statistics Canada's Government at a Glance Infographic



## Annex 3: The Assessment Process

A3.1 This Assessment was conducted from September 2018 to April 2019.

A3.2 This report was prepared by the Office for Statistics Regulation and approved by the Regulation Committee on behalf of the Board of the UK Statistics Authority, based on the advice of the Director General for Regulation.

A3.3 The regulatory team – Iain Russell and Dylan Jumar – agreed the scope of and timetable for this assessment with representatives of HMT in October 2018. The regulatory team subsequently discussed and met with the statistics team at HMT in December 2018 to review compliance with the [Code of Practice for Statistics](#), taking account of the all evidence gained through research and discussions with HMT.

A3.4 Part of the assessment process involves our consideration of the views of users. We approach many known and potential users of the set of statistics, and we invited comments via an open note on our website. This process is not a statistical survey, but it enables us to gain some insights about the extent to which (i) the statistics meet users' needs and (ii) to which users feel that the producers of those statistics engage with them. We are aware that responses from users may not be representative of wider views, and we take account of this in the way that we prepare Assessment reports.

A3.5 We received feedback from 24 users of these statistics

Type of user	Numbers
Other Government Departments (not devolved)	2
Academics	4
Devolved nations	4
Statistics Producers	2
City-Regions	2
Civic Groups	3
Accountancy bodies	4
Fiscal bodies	1
Think Tanks	2

A3.6 There was positive feedback about the availability and functionality of the CRA Interactive Tables. Users say data on a financial year basis is sufficient to meet their needs. Data on a calendar basis is preferable for some users, but not vital. While an annual publication is sufficient, some users think that a quarterly publication would provide additional value. There is a user view that the position of currently devolved countries is substantially different from the NUTS1 regions of England. This view suggests that statistics on a NUTS1 basis, although useful for comparative purposes, do not capture the geographical level to which any major fiscal powers are likely to be devolved in the future.

A3.7 Users identified the following improvements they would like to see:

- longer run time series of data to enable comparisons between successive administrations. HMT has judged that maintaining a significantly longer run of data would impose too much additional burden on organisations required to submit data on OSCAR
- more-detailed geographic data to enable comparisons between local authorities and electoral wards, to assist in assessing the effect of local decision-making processes. HMT has judged that asking departments to maintain and submit lower level geographical data would impose too much additional burden, as this is not how public spending is currently managed
- more-reliable sub-functional data. We were told by a user that the sub-functional data is of inconsistent quality and completely dependent on departmental finance submissions and their coding to different categories. Inconsistencies in recording across the UK can be easily spotted, leading to misleading total and per capita values on particular sub-functions.
- Better metadata and narrative in the statistics releases. One user described the metadata data and the narrative in the releases as having limited value and not adding much insight into the data. The release itself was described as a replication of vast amounts of data that are available in spreadsheets. The user would like more detail when there are changes in treatment / classification between publications for example the treatment of student loans where the user didn't think there had been much explanation of the changes made and their impact
- a published breakdown by the level of government that is spending (EU, central government, or local government/city-region).

A3.8 While HMT presents commentary on changes departments have made to their apportionment or significant changes in approach, users told us that they would like better narrative when the data presents something unexpected or unusual. For example, health spending decreased in cash terms in 2011-12 and 2012-13 (these events predate the CRA) but there was an expectation of commentary on such an event being set out. A view was expressed to us that not all the spending classifications are helpful, in particular, the catchall classification "social protection" groups together transfer payments and services in a way which was described to us as 'not informative'. One user told us it would be better if transfer payments were separately identified in the published material. (For example, in considering expenditure on health and social care, the user thought it made more sense to consider the elements of social protection dealing with care for the elderly alongside NHS spending, than it does to consider alongside pensions and working age benefits).

### Key documents from HMT

- Why CRA data matters and CRA best practice<sup>33</sup>

### Contact us

For any queries about this assessment, or the work of the Office for Statistics Regulation in general, please email [regulation@statistics.gov.uk](mailto:regulation@statistics.gov.uk)

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<sup>33</sup> <https://www.gov.uk/government/publications/country-and-regional-analysis-guidance-2016/annex-a-why-cra-data-matters-and-cra-best-practice>

# Annex 4: Next Steps

## Responding to the assessment report: what the Office for Statistics Regulation and HMT should expect from each other

A4.1 The publication of the Assessment report represents a key milestone in the assessment process, but should not be viewed as the end point. The next phase, to meet the Requirements set out in this report, is critical to delivering the value, quality and trustworthiness to achieve and maintain National Statistics status. The next steps are as follows:

- immediately following the publication of the report, the Office for Statistics Regulation will arrange a meeting with the statistics team to talk through the detail of the Requirements and to ensure a common understanding
- the HoP can follow up with the Assessment Programme Manager about the Director General for Regulation's letter that accompanies this Assessment Report. The letter: draws out the key findings; provides advice about where the statistics team is likely to need senior management support and direction and conveys any findings that have wider implications for the producer body and statistical system
- the HoP is encouraged to:
  - i. develop an action plan to meet the Requirements to the timetable set out in paragraph ES.8 of this report
  - ii. agree the action plan with their senior management, and confirm that it is appropriately resourced
  - iii. share the action plan with the Office for Statistics Regulation and publish it alongside the statistics
  - iv. seek out peers and support services that can help in delivering the plan – for example, [the GSS Good Practice Team](#)
  - v. agree with the regulatory team, how often, and in what form, the statistics team would like to engage about progress against the action plan – for example, some teams choose to meet with the regulatory team once a month
- the statistics team should provide full formal written evidence to the Office for Statistics Regulation by the deadline of 30 August 2019 as set out in paragraph ES.8 of this report. There is no set format for reporting, except that HMT should demonstrate that it has addressed the findings given in Tables 1-3 and provide links to any published or internal documents as support
- the regulatory team will review the evidence within 10 working days and arrange to provide feedback to the statistics team. As part of this process, the regulatory team may talk again to users to establish how their experience of the statistics has changed. When the regulatory team is satisfied that the Requirements have been fully met, their conclusions will be quality assured by Office for Statistics Regulation's senior management and then presented to the Authority's Regulation Committee to confirm designation. The Director General will then write publicly to the lead official to confirm the decision

A4.2 Based on experience, the Office for Statistics Regulation strongly encourages statistics teams to:

- engage with the detailed thinking of the Assessment report and revisit it regularly. The regulation team will be seeking evidence that the statisticians are demonstrating curiosity and are challenging their own thinking around delivering value, quality and

trustworthiness. The Requirements in this report should not be viewed as a simple checklist

- view the responsibility for meeting the Requirements as falling to the organisation, not just the team that produces the statistics
- engage users early, not just to keep them updated, users can often offer valuable insight and expertise
- contact the regulatory team at any time if there are any questions or concerns

A4.3 Responsibility for complying with the Code of Practice does not end with the award of the National Statistics designation. It is the statistics producers' responsibility to maintain compliance and to improve the statistics on a continuous basis. The Office for Statistics Regulation encourages statistics producers to discuss promptly with the regulatory team any concerns about whether its statistics are meeting the appropriate standards. National Statistics status can be removed at any point when the highest standards are not maintained, and reinstated only when standards are restored.

