

# Annual Report and Accounts

# 2018/19





# UK Statistics Authority Annual Report and Accounts 2018/19

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# Chair's Foreword

## Ten years of independence

Last year, we celebrated 10 years since the establishment of the independent UK Statistics Authority.

Our elected representatives don't often get praised for their foresight and wisdom, but they should be in this case. Government and Parliamentarians from both sides of the House created a structure to give real independence to the Office for National Statistics (ONS), to establish a statutory Code of Practice for Statistics, and create a regulator that is empowered to criticise them – and others – when statistics are misused. That's a remarkable thing to have done. It's unique internationally in the extent of the independence it provides, and we like to think also unique in the vigour with which it's been used.

This new independent body had been in the works for some time and was clearly needed: in 2005 the Office for National Statistics (ONS) had found that fewer than 20 per cent of those surveyed believed official statistics were produced without any government interference.

Of course, we should and do try to measure progress and the National Centre for Social Research (NatCen) have just published new data on public confidence in official statistics.

I was especially pleased to see continued high levels of trust. Of those respondents who gave a view, 88 per cent said they trust ONS statistics and there is strong recognition of political neutrality in the statistics produced by the ONS.

That's a real tribute to everyone in the Authority, the Office for Statistics Regulation (OSR), the ONS and the wider Government Statistical Service (GSS).

## Spreading good practice

It's good news that trust in statistics produced by ONS remains high, but the statistical system as a whole has set itself a much bigger mission: to mobilise the power of data to help Britain make better decisions.

This annual report describes the activities of the past year aimed at that objective, and some of their context. I would like to pick out here in particular the role of the Code of Practice



**Sir David Norgrove**



both within Government and increasingly outside of it. 11 organisations are now signed up, with more on their way. All the organisations that have signed up have demonstrated their commitment to the pillars of Trustworthiness, Quality and Value which underpin the Code and which help ensure the fair, accurate and impartial statistics that are so important to us all.

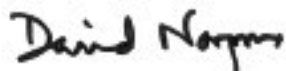
## Our thanks

Finally, I want to thank my colleagues on the UK Statistics Authority Board for their support and commitment.

I want to pay particular thanks to colleagues who are leaving. After many years spent guiding the work of the UK's statisticians, Dr David Levy is stepping down from the Board. We'll miss his wise advice. And Heather Savory is leaving to work on the United Nations Global Working Group on Big Data for Official Statistics. We are grateful for all that Heather has done to transform ONS digital and data capability.

As this Annual Report and Accounts goes to print, we will also be saying goodbye to the UK's National Statistician, John Pullinger. John was appointed in 2014, and his achievement has been immense. In just five years he has transformed ONS from top to bottom and had a major impact across government, changing what statistics are produced, how they are produced, and how they are presented so they tell compelling and understandable stories to help decision making by government, central and local, by every type of organisation and by individual people. He has been determined to make us all start from the questions people want answers for, rather than what information we have, making us look outwards. He has changed the way we think about our statistics and our roles.

And he's done it quietly but firmly, with wisdom and judgement, and with good humour and humanity. What he has done will stand the country in good stead for years to come. We wish him all the very best for the future.



**David Norgrove**

Chair, UK Statistics Authority  
June 2019

# Chief Executive's Report

When I was appointed National Statistician, my vision was that by 2020 statistics would be radically different. This vision underpins our strategy, 'Better Statistics, Better Decisions' which seeks to mobilise the power of data to help Britain make better decisions. As we enter the final stage of this period, I am hugely encouraged by the progress we have made together.

In our first year, we sought to build and strengthen our leadership team and develop the relationships needed with partner organisations. In our second year our focus turned to funding – getting clarity about the resources available, notably through the 2015 Spending Review and subsequent funding from Sir Charles Bean's review of economic statistics. In our third year, we focused on technology which has seen us make significant progress with improving the technology available to staff (especially field staff). We also established the Data Science Campus and saw the implementation of the Digital Economy Act which has the potential to transform the data landscape. More recently, we have focused on our staff, their skills and how we work together to maximise our collective contribution.

Despite many bumps in the road, and new challenges arising from preparing for EU Exit, we are on track to deliver in our three priority areas: economic statistics, contribution to public policy (including through the Census and other data collections) and data capability (technology and skills), ready for whatever the future brings.

The top priority in our strategy is to deliver a statistical service to help with decisions about the economy.



## GDP

In July we introduced a new publishing model for gross domestic product (GDP) which gave two (rather than three) estimates of quarterly GDP and sped up the Index of Services publication by two weeks, enabling the publication of monthly GDP estimates. This has enabled ONS to publish timely GDP estimates to aid policy makers while maintaining a balance with the quality of data available, as well as to support efforts to produce a more coherent picture of the UK economy on a monthly basis.

**John Pullinger CB CStat**

## Trade

The Government Statistical Service (GSS) has worked across departmental boundaries and with wider stakeholders to understand their needs and ensure our statistics are best placed to address them. In 2016, we began an ambitious development project to enhance, improve and expand our trade statistics and to provide in more detail than ever before, information on what the UK trades, from which region, and with which countries. At the time of the referendum in 2016 we were publishing around 1,000 data series for trade. In meeting the demand of our users, we have now increased this to over 100,000, designed to meet requirements in a more granular way.

## RPI

The issue of measuring inflation is hugely important and, either directly or indirectly, affects individuals and businesses throughout the UK. It is the role of the Office for National Statistics (ONS) to develop good measures of changing prices and costs that are suitable for a wide variety of uses. In 2013, the Retail Price Index (RPI) lost its status as a National Statistic. This year has seen increased scrutiny on the RPI, including an important inquiry by the House of Lords Economic Affairs Committee.

The second priority in our strategy has been to improve the contribution we make to public policy, including through the Census.

## Census White Paper

At the end of last year we published a White Paper – ‘Help Shape Our Future’ – which sets out plans for the content and conduct of the next Census in 2021, including a target to make the centuries old Census a predominantly online survey for the first time in its history. The Census is part of a larger transformation programme of the way ONS collects, processes and shares its data. Investment in re-usable systems and processes ensure ONS delivers a legacy beyond just the Census. Information gathered during the Census will enable Central and Local government to target vital public services to communities and groups where they are needed and allow businesses to make decisions about the goods and services they will provide in 2021 and beyond.

## Population and migration statistics

With an ever-increasing need to respond to a rapidly changing policy context, providing more detailed statistics and analysis on population and migration patterns is one of ONS’ highest priorities. ONS has an ambitious programme of work to transform population and migration statistics to make it even better for those that rely on these figures to understand how our society is changing. We are working in partnership

across the Government Statistical Service (GSS) on a programme of work to put administrative data at the core of our evidence on international migration (UK) and on population (England and Wales) by 2020.

### **Crime statistics**

Understanding critical issues affecting our society lies at the heart of what ONS does and we continually consult with the people who use our data. Last year we changed the way we present crime statistics in order to put more emphasis on providing clear explanations on the latest trends using the best source of information for each type of crime. The latest Crime Survey for England and Wales (CSEW) figures incorporate an important change that improves how repeat incidents of violence are included in the survey estimates.

The third priority in our strategy is to enhance data capability.

### **Revised data policies**

Improved access to datasets, including those held by other government bodies, will allow ONS to advance its mission of providing the UK with better statistics for better decisions. But with new data-sharing powers comes a heightened responsibility to protect personal information. This is why, in response to the Digital Economy Act (DEA), we revised our policies on the use, management and security of data to ensure we continue to effectively protect personal information. We live in a rapidly changing and developing digital world and we will continue to monitor and assess the data standards and security measures in place to ensure they remain strong and effective.

### **Analysis Function**

Alongside colleagues in the economics, social research, operational research and actuarial professions and many other scientific disciplines, statisticians have helped create the government Analysis Function. The Function aims to integrate the use of analysis, evidence and research into all policy, finance and operational decisions.

### **Code of Practice**

Our new Code reframes the debate about statistics. The statistician is not just a calculator. Rather, the statistician's job is at the heart of democracy. The Code is framed around three pillars: trustworthiness, quality and value. Trustworthiness is about processes, people and systems. No one can just expect to be trusted. An organisation must provide testable evidence to demonstrate that they have the interests of the public at heart, by demonstrating competence, honesty and openness. Quality is about the data and how they are processed into statistics. Statistics

that are the best available estimate of what they aim to measure and should not mislead. Value follows the emphasis in the United Nations Fundamental Principles of Official Statistics on statistics that meet the test of practical utility. This includes a coherent picture, a focus on users, an emphasis on what questions the statistics answer and on innovation as the world changes. The real power of the Code is as an antidote to the narratives about loss of trust in institutions in general and in the use of data in particular. Its pillars and principles are designed to be universal and can voluntarily apply to any situation where an organisation wants to publish data, evidence and statistics that command confidence. The Code places those involved in the creation and communication of official statistics as an essential element of an emerging ecosystem that seeks to enhance the positive public good that can arise from better use of data. It also provides a stern challenge to those who harness data for their own vested interest in ways that damage society, communities and individuals.

## Final remarks

2018 marked the tenth anniversary of the creation of the UK Statistics Authority (UKSA) and the 50th anniversary of the Government Statistical Service (GSS). Those 50 years span enormous change and advancement of statistics and their use. Across the GSS we are doing fantastic things with statistics in an environment where many of the challenges would be recognised by those who came before us. We are evaluating how success at school links to success in the workplace. Using real time information on PAYE data we can understand changes to the labour market faster than ever before. Our economic statistics research programme is enriching our understanding of productivity. Using machine learning we are finding insights from complex data to help make better decisions. We are continuing to produce regular outputs in the face of all kinds of new challenges from data collection through data management, methods and security to communicating our findings. Within ONS we are creating an organisation that is a great place to work and are delivering a unique public service. At a time of real change for our country we are stepping up. We can feel proud of what we have achieved, can be inspired by those who came before us 50 years ago and confident that we are getting into shape for the future.

We are fortunate to be part of a dynamic statistical community from across the globe, all passionate about better statistics for better decisions, and keen to make a difference in their own countries. We will continue to engage with our friends in the EU statistical system and also more widely with colleagues across the OECD and UN. This year during the UK's

time as 'Commonwealth Chair-in-Office' – a two-year role which came into effect in April 2018 – I hosted a meeting of Commonwealth Heads of Statistics where, under Commonwealth Heads of Government Meeting's (CHOGM) theme 'Towards a Common Future'. We discussed Leadership; Ocean statistics; Data Science; Education statistics; and Working together in the future. The sessions on Ocean statistics and Education statistics were important CHOGM 2018 themes. The 53 Commonwealth nations adopted the Blue Charter on Ocean Governance at the leaders' summit which maps out efforts to protect oceans and marine environments throughout the Commonwealth, from threats such as climate change, pollution and over-fishing. Statistics will play an important role in helping to inform future policy and progress on Oceans initiatives.

As I come to the end of my term as National Statistician, I would like to highlight the extraordinary contribution that all the people who work in UK official statistics make to public life. As Sir Bernard Jenkin, Chair of the Public Administration and Constitutional Affairs Committee has said, their work is always in the headlines, but they are never in the limelight. I salute their hard work, commitment and dedication and wish them all, and the new National Statistician, every success for the future.



**John Pullinger** CB CStat  
National Statistician  
UK Statistics Authority  
24 June 2019





**9,551**

**National print stories**  
informed by ONS and  
its statistical outputs



**1%**

**Increase in staff engagement**  
between 2017/18 and 2018/19



**4,162**

**Hours of training**  
delivered by Data Science  
Campus Faculty team



**13.7m**

**ONS Website sessions**  
in 2018/19



**908**

**Parliamentary questions**  
and FOI requests answered



**1,242,735**

**Survey responses**  
processed by ONS



**£3.4m**

**Efficiency savings**  
from ONS in 2018/19



**458,000**

**Online data collection**  
responses received



**698**

**Statistical releases**  
from ONS in 2018/19



**Retail Price Index**  
**Consumer Price Index**

**The most searched for**  
ONS statistics



**191**

**New analysts**  
recruited to ONS

**Visit our website**  
**to find out more**



# Purposes and Activity

## Statutory Framework

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

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

## Statutory Objective

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

- informing the public about social and economic matters
- assisting in the development and evaluation of public policy
- regulating quality and publicly challenging the misuse of statistics

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

## Better Statistics, Better Decisions

On 29 October 2014, the Authority published its strategy for the UK official statistics system for the five years 2015 to 2020. The strategy can be found in full on the Authority's website: [www.statisticsauthority.gov.uk](http://www.statisticsauthority.gov.uk)

The collective mission of our official statistics system is:

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

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## Functions

The Authority's strategy covers the three principal elements of the UK official statistical system for which the Authority has oversight. The Authority provides professional oversight of the Government Statistical Service (GSS), and has exclusive responsibility for the Office for National Statistics (ONS) and independent regulation through the Office for Statistical Regulation (OSR).

### The Government Statistical Service (GSS)

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

### The Office for National Statistics (ONS)

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

### Office for Statistics Regulation (OSR)

The OSR is the Authority's independent regulatory function, based in offices in England, Scotland and Wales. It provides independent regulation of all official statistics produced in the UK, and aims to enhance public confidence in the trustworthiness, quality and value of statistics produced by government.

It does so by assessing official statistics for compliance with the Code of Practice for Statistics, monitoring and reporting publicly on statistical issues, and challenging the misuse of statistics.

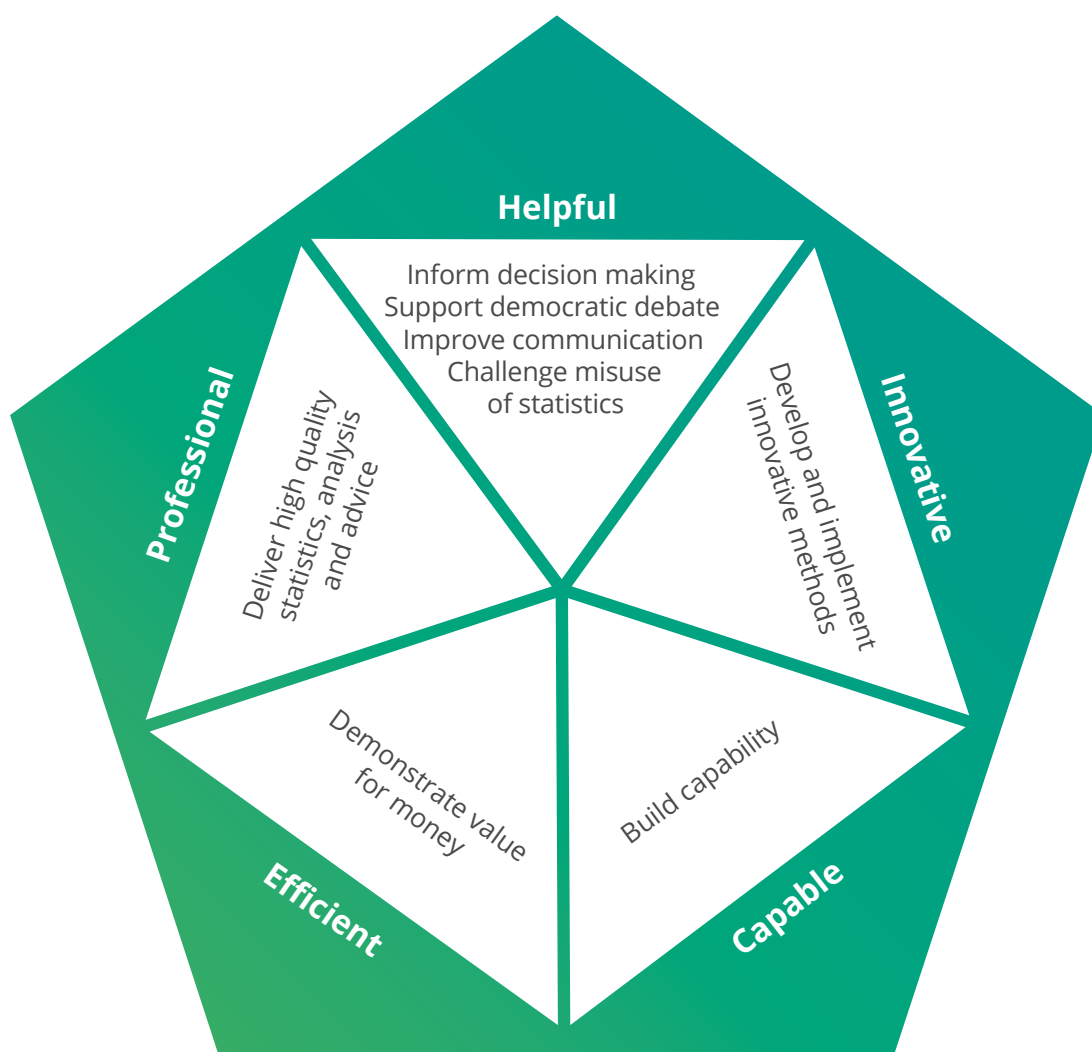
The legislation which established the UK Statistics Authority requires strict separation of the functions of production and regulation, where those involved in the production of statistics are not involved in the assessment of statistics against the Code. The Director General for Regulation, reporting directly to the Chair of the Authority and producing a separate annual performance report:

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

The ONS together with other government departments, agencies and other bodies are producers of statistics and therefore are subject to assessment by the OSR. There are several tools used by OSR in their assessments: assessment reports which can lead to designation (or de-designation) of a statistic as a National Statistic – an important signal to users of trustworthiness; compliance checks which are lighter touch reviews that enable OSR to cover more areas but in less detail; systematic reviews which look at groups of statistics and how they are used together; and casework which considers how statistics have been used in public debate. More detail on the OSR, its governance and approach is set out in the Annex to this document.

# Strategic Objectives

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



# Better Statistics, Better Decisions – Progress during 2018/19

## Introduction

As the country considers its changing relationship with the European Union and the world, it is essential official statistics continue to be trusted sources of information for citizens and decision makers. A key part of that is meeting our commitment to deliver, through ONS, our programme of over 650 releases a year in a timely fashion to meet user needs.

The key to the ongoing successful delivery of Better Statistics, Better Decisions in this, the fourth year, of our strategy is the need to keep pace with the rapidly changing nature of the economy and society, and the changing expectations from users of official statistics. Our success as an organisation is ultimately measured by the value we bring to our users and stakeholders. We know there is a greater appetite for statistics and data from policy makers and from the public. They are looking for a coherent collection of statistics that are presented in a way which all users can understand, and which reflects the breadth of decisions people make.

Across the life of Better Statistics, Better Decisions, we have needed to innovate and develop new approaches, which have raised new challenges. As we change the methods of producing statistics we need to continue to maintain their quality. A summary of our performance in 2018/19 is provided below.

## Trust in official statistics

The National Centre for Social Research (NatCen) data on public confidence in official statistics continue to show high levels of trust. Of those respondents who gave a view, 88 per cent said they trust ONS statistics and there is a strong recognition of political neutrality in the statistics produced by the ONS – 73 per cent of respondents who gave a view agreed that statistics produced were free from political interference.

## Quality of outputs and processes

We continued our performance against our key quality targets. 99.6 per cent (down from 99.8 per cent in 2017/18) of our releases were free from major errors and we introduced a revised approach to overseeing the quality of our outputs during the year. We achieved our target for National Statistics designation for our major statistical series for the

first time since 2016/17. Our performance against our release deadline was at 98.2 per cent, in line with trends over the last three years. And the labour force survey response rate rose to the highest level over the last three years at 55.7 per cent.

## **Implementing the Code of Practice for Statistics**

In 2018/19, we implemented the new Code of Practice for statistics, produced by the OSR, which enshrines three key principles – trustworthiness, quality and value. As an organisation, we cannot assume that we are trusted. Thus, our work in implementing the new code and demonstrating our openness and honesty through our publications, products and services through the year is aimed at maintaining trust and proving that we have the public interest at our core. We have strived to maintain and improve the quality of what we produce, and we continue to seek to increase the practical application – and therefore value – of our products and services.

## **Government Statistical Service**

During the year we have continued to build on our relationships across the Government Statistical Service which marked its 50th Anniversary during 2018. In terms of wider engagement with the statistical community UKSA – which itself celebrated its 10th year – hosted the Commonwealth Heads of Statistics conference. This important global event was chaired by the National Statistician. Aligning to the Commonwealth Heads of Government theme of ‘Towards a Common Future’ the conference discussed Leadership; Ocean statistics; Data Science; Education statistics; and considered how this global community could build much closer working relationships.

## **Partnerships**

We work in partnership across the GSS with the rest of government, we have a wide-reaching network of key stakeholders and partners across the statistical and analytical professions; the devolved administrations; across academia; in all areas of the business communities; and through the European Union and United Nations with our international counterparts. We have continued to build on existing relationships and develop new links through 2018/19, including the further development of centres of expertise across Public Policy statistics.

Working collaboratively, the Economics Statistics Centres of Excellence (ESCOE) and ONS delivered its first conference in 2018/19 bringing together international expertise to look at key issues in economic statistics from the UK perspective. This was a successful event which

brought together academics from around the world to share best practices and insights. The Centre of Excellence and the work done through this forum is a key element contributing to the Bean Review recommendations and improved economic statistics. New partnerships have been formed in the period across economic statistics including with the Institute of Engineering and Technology bringing together subject matter experts to consider new and innovative development models.

A network of ONS Fellows was launched during the year to provide challenge through the Economic Experts Working Group and to support in-house developments in the production of economic statistics. The network also provides support in enhancing the economics university curriculum with more focus on understanding and producing economic statistics.

The Data Science Campus Advisory Board was established during the period to advise the ONS on research priorities, partnerships, ethical issues and legal considerations. In establishing the Advisory Board, we are able to draw on a wealth of experience from across government, academia, industry and the third sector, challenging us to increase our impact, build our network of contacts and collaborations into new areas, and help deliver the Campus's mission of data science for public good.

## **Transformation in Economic Statistics**

2018/19 was an important year in the lifecycle of our key transformational programmes. In Economic Statistics, we attained approval for our transformation programme business case to the end of the current Spending Review which is an important milestone and endorsement of our activities in this area. In February 2019 and as part of the parliamentary main estimate process we secured ongoing support from the Chancellor for our work in embedding the Bean Review recommendations in relation to improvements in Economic Statistics.

Through these vital enablers we have continued to develop and embed new ways of working. This included developing trade statistics particularly in the context of EU Exit. Working through the Government Statistical Service, across departments and with our stakeholders we have expanded our data series publications for trade from 1,000 in 2016 to 100,000 this year, to help us understand in more detail what the UK trades, from where and with whom.

During the summer 2018 we launched a new publishing model for Gross Domestic Product (GDP) providing an additional estimate for the quarterly figure whilst speeding up the Index of Services publication by two weeks. This has allowed us to publish monthly GDP estimates



while at the same time maintaining a balance with the quality of the data available. This puts the UK at the leading edge in short term economic measurement.

We continued to develop the National Accounts in line with international standards. This included meeting our final commitment to align to the new European Statistical standards and there are currently no reservations on the UK's Gross National Income estimates. We have started to implement further methodological improvements in areas where we anticipate Eurostat (the statistical office for the European Union) will request further progress.

Delivery of Enhanced Financial Accounts will improve the understanding of the financial flows in the economy and, particularly in light of the 2008 financial crisis, the need to understand the build-up of liabilities. A number of research outputs have already been published explaining how our work with commercial and regulatory data has provided new insights into the financial sector. A full set of experimental flow of funds will be published shortly after Blue Book 2019. Full integration into national accounts systems and publications is planned for Blue Book 2021.

In line with the Bean Review recommendations, we laid the foundations for Blue Book 2019, which will include the biggest changes to the measurement of GDP in a generation. The Blue Book will incorporate into the National Accounts published results from the new Annual Survey of Goods and Services and the reinstated Purchases survey, as well as the introduction of a 'gold standard' framework for measurement of GDP, which will include for the first time double deflated estimates. The National Accounts dataset consistent with Blue Book will be published on 30 September 2019.

Generally, progress has been made on both the production and transformation of Price Statistics. The House Price Index gained National Statistics status in September 2018 and the second release of Household Cost Indices in April 2019, which fulfilled a key part of improving the landscape for our users of consumer prices. We have enhanced the work to support regional and sub-national economic statistics (including to the devolved administrations) and have established regional economic forums. We have continued to deliver the major survey of the services sector (Annual Survey of Goods and Services) which produces key data on this vital sector covering 80 per cent of the economy.

As part of our initial work in using new, vastly expanded data sources and linking micro data we have developed new data sources to understand productivity – publishing our work on the link between management practices and productivity; and engaging with other



government departments, the Bank of England and the Economic Statistics Centre of Excellence to better understand productivity and its impacts. We have expanded the use of VAT and PAYE administrative data to understand the relationships with existing data collections to develop new products to support new processes in the production of the National Accounts. We have worked with HMRC on the release of RTI aggregates with work continuing into 2019/20.

As the nature of the economy changes we continue to research IT architecture and cloud computing and their impacts as we refresh our business prices system. In terms of our consumer prices system, further developments have been made during 2018/19 using web-scraped and scanner data.

Through the ESCOE, we have looked at measuring GDP at different publication horizons to enhance quality and increase the content available to users; we have investigated the use of administrative data to develop new labour force and migration statistics; we have developed a statistical model to generate quicker estimates of regional economic growth; and we have continued our work to build our understanding of the challenges in measuring the modern economy.

## **Transformation in Public Policy**

This year has been of vital importance as we build towards the next Census in 2021. In Autumn 2018 we published a White Paper – ‘Help Shape Our Future’ – which set out the plans for the content and ways in which we aim to operate the Census – predominantly as an online survey for the first time. The Census and its wider transformational programme, called the Census and Data Transformation Programme, is a key enabler allowing the ONS to develop the way it collects, processes and shares data. Part of the programme legacy is the investment we have made in 2018/19 and prior periods in re-usable technologies and processes. As with previous Census the information gathered allows Central and Local government to target public services where they are needed and helps businesses to make decisions about the goods and services they provide.

Critically in respect of delivering the wider programme we have put in place the key contractual building blocks that will underpin Census 2021. We have made further progress on the design of the Census and delivered the initial technologies for our first Census user journeys. We have continued our build up to Census rehearsal in Autumn 2019 and have progressed the programme Full Business Case which is scheduled for formal HM Treasury review early in 2019/20.

In a broader public policy context, we started work in 2018/19 to provide analysis and fill the gaps in our knowledge across areas of society that are hard to reach such as in respect of homeless people, bereaved children, and in understanding the disaggregation of the UN Sustainable Development Goals.

As the policy context rapidly changes we have needed to respond in turn providing increasingly more detailed analysis and statistics on population and migration patterns. This work is ongoing with ONS in partnership with the rest of the GSS seeking to place administrative data at the forefront of our evidence on international migration (UK) and on population (England and Wales).

This year, and through our constant consultation with the users of our data we changed the way we present crime statistics. This change in presentation now puts more emphasis on providing clear explanations on the latest trends using the best sources of information available for each type of crime. Increasing the value to users.

These significant developments in our programme have been achieved in parallel with the continued migration of business surveys online and the development of testing of online social surveys, with 458,000 business surveys available online during 2018/19.

As part of our modernisation agenda we have introduced significant changes in the technology deployed by our Field Force and have decommissioned legacy corporate systems used in this area – aligning it with the rest of the organisation. These changes will deliver long-term benefits in terms of flexibility and productivity and will provide all our staff with more adequate tools.

## **Enhanced Data Capability and Data Access**

Post the Digital Economy Act, and as we have continued to use enhanced datasets during 2018/19 the level of responsibility to protect personal information has become heightened. This has led to the wholesale revision of our policies on the use, management and security of data in our custody. The revised policies place the security of personal information at their core. We have a continuing obligation to ensure our policies and processes are robust and fit for purpose in the rapidly and continually changing digital world. To this end we continue to monitor and assess the data standards and security measures to ensure they remain strong and effective. During the year, we have developed the basis for the Admin Data Research Programme, which will make our administrative data accessible for accredited research purposes.

One of our key objectives within digital services is the movement of surveys to our new strategic platform (the Survey Data Collection Platform). During the period we have migrated 18 Business Surveys from our existing legacy IT provisioning to our new strategic cloud based environments. As at the end of 2018/19 we now have 23 Business Surveys on our strategic platform which will increase to 25 early in 2019/20. In terms of external respondents, we have reached 85,000 with plans to increase further to 100,000.

From a social survey perspective, we have delivered our first pilot survey – Labour Markets – onto the Survey Data Collection platforming in October 2018. With reference to the Census preparation above we have delivered iterative developments as we continue to work towards the Census Rehearsal in Autumn 2019.

To date we have successfully transferred over 100 individual data sets to our Data Access Platform. This platform is a key element of our ongoing digital strategy and is critical to the delivery of objectives across Economic Statistics and Public Policy.

We have expanded the reach and impact of the Data Science Campus. This has included the commissioning or delivery of more than 30 research projects across economic indicators and public health. These projects involve and benefit a diverse range of government and other stakeholders. We have continued to enhance data science capability and deliver trained data scientists for government exceeding our target of training 150 qualified data scientists by the end of 2018/19.

## **OSR work relating to ONS**

The OSR as the independent assessor of statistics carries out much of its work in relation to ONS as the National Statistics Institute and key producer within the UK. The below sets out a summary of the key areas of work during 2018/19.

OSR highlighted a series of improvements that have been made in economic statistics in the period and following the Bean Review. Their assessments of Regional Gross Value-Added statistics focused on a series of technical improvements and greater timeliness, and the re-designation reviews of both construction and trade demonstrated extensive work undertaken by ONS teams to improve these important statistics. In a systemic review on statistics for City Regions OSR concluded that ONS had extended its user engagement and provided much more useful information for city regions.

There are exceptions to the general picture of improvement. The main one is statistics on income and earnings. Since a review in 2015 there have been only incremental improvements, and the overall problem – multiple sources

and a lack of a coherent picture of living standards – has not been fully resolved. In addition, across economic statistics there have been a series of minor errors reported on a monthly basis. Ongoing work to develop the National Accounts may highlight further areas that require change.

Population and policy statistics has seen a strong emerging strategy on migration, based on a steady process of refresh, drawing on administrative data sources. Housing statistics demonstrates ONS' greater emphasis on cross-GSS leadership, using the new Head of Profession within ONS – although there remains a lot to do to support the main producer, the Ministry of Housing, Communities and Local Government. On health, ONS has agreed to provide leadership to the GSS producers on this issue, but again there is more to do here.

OSR has reported publicly on a range of quality issues in the population and public policy area, including on travel and tourism and migration statistics, and in the assessment of cancer survival statistics. While these do not have a single common cause, it was identified that there may be a general theme around how ONS communicates with users about quality concerns and how they impact on the use of the statistics.

## **The Challenges We Have Faced**

The House of Lords report on the Retail Prices Index (RPI) increased the focus on the quality of RPI in the context of the breadth of its usage across government and commercial contracts. We have and will continue to play an active role in this area and will respond in due course.

The Census is on track for delivery but is at a critical phase with a tight timescale for a meaningful dress rehearsal. A stronger focus on design and assurance during this preceding period would have helped the programme develop quicker and made the timescales for the year ahead less restrictive. Plans have been developed and are being actioned to ensure the delivery of a successful rehearsal and we remain confident in our ability to meet our milestones and key timelines.

We have delivered significant change to our social survey function but without sufficient consideration of the totality of the impact of this on the teams in the field. This has contributed to a dip in response rates across our surveys and led to a major error in our migration statistics. We are addressing this through an action plan to assist the field with their delivery challenges.

While we have access to and the ability to link increasing amounts of data from government and commercial sources, we are yet to gain access to a number of critical data sets that will form the basis of key economic indicators and the basis of an administrative data focused replacement

system for population and migration statistics. This has the potential to affect key milestones in the Economic Statistics Transformation Programme; and Census and Data Collection Transformation Programme.

We have made significant progress in improving our corporate technology estate and transforming outdated technology such as that in support of Life Events statistics; but this is a long-term strategy and the core technology that supports the production of many statistics still needs to be modernised. We have plans in place across Economic Statistics to resolve significant elements, but the ability to progress in this area and across Population and Public Policy is dependent on continued investment through the next Spending Review.

During this Spending Review period, we have set up a Learning Academy which delivers leadership, technical and analytical training. However, there are challenges achieving the uplift in skills we need to see across the organisation. As many of our analytical staff are involved in the daily production of our statistical outputs it is difficult to provide the time they need to retrain to use new systems, methods and processes effectively. Recruiting and retaining technical skills in IT and Data Science also continues to be a challenge for us; primarily due to location and our employment terms and conditions.

Our transformation has focused on developing significant changes for our front-line staff including upgrading supporting technologies to enable smart and mobile working across the office and in the field. Our corporate functions need more focus in the future to ensure the organisation is supported and enabled more effectively.

Quality issues have presented challenges during the period. We have had the highest recorded number of major and minor errors during 2018/19. There remains a high reliance on off system mechanisms and tools and key risks around systems resilience which will need further action to address during 2019/20.

## **Preparations for EU Exit**

The Authority has played an active role in providing important information in relation to statistics in light of the EU Exit. As an example, the Authority successfully bid for funding for trade statistics from the EU Exit fund to ensure appropriate support continues to be provided.

The risks and opportunities for the statistical system from the UK's withdrawal from the EU will depend on the eventual outcome of the EU Exit activities. The UK Statistics Authority however has in place a programme of work to ensure the statistical system is well prepared for all outcomes. In all circumstances, it will be important that our statistics

continue to be comparable over time and with those of other countries, so the UK's decision to leave the EU is not expected to greatly impact the suite of statistics we would want to produce.

There remains a risk to the ongoing funding that the Authority obtains via Eurostat grants. Each current grant application or ongoing Eurostat funded activity is kept under review. The Authority is confident that this risk is acceptable given the relatively small scale of total grant funding and the necessity to carry out funded activities regardless of funding source.

## Looking Ahead

As part of our review and reflection of 2018/19 and as we publish our further refreshed business plan during 2019/20 we have identified the key strategic assets (table below) that deliver the Authority's value to the public. This refreshed delivery model will form the basis of the continued realisation of our key aims and the strategic perspectives in Better Statistics, Better Decisions as it moves into its fifth and final year. This model will aid us in building our refreshed strategy and our Spend Review 2019 submission during 2019/20.

## Helpful/Professional

**Building Public Trust** – Investing in our relationships and independence; supported by the quality of statistics and our analysis.

## Innovative/Professional

**Transforming Statistics** – Transforming the delivery of economic statistics and population and public policy statistics.

**Managing Data Responsibly** – Managing increasing amounts of data responsibly and increasing trust in our handling of data.

**Increasing Technical Capability** – Secure scalable technology enabling the development of advanced data methods.

## Capable

**Developing Our People** – Building the analytical, managerial and leadership capabilities that drive our success.

## Efficient

**Modernising Corporate Functions** – Providing the supporting structures and enabling functions that support our success, while making best use of our resources.

## A Better Statistics, Better Decisions Delivery Model





Our immediate priorities within the next period of our development are set out below.

## **Helpful and Professional**

### **Building Public Trust**

We will continue to develop our capacity to produce insightful, trusted, analysis to inform debate on the back of independent statistics and continue to invest in our ability to work and communicate effectively with our broad range of stakeholders. The Office for Statistics Regulation through its 'National Statistics' designation and Code of Practice for Statistics, has a key role to play in developing trust.

We will continue to be transparent about our work to improve the quality of statistics including Gross Domestic Product; Financial Accounts; Inflation, including addressing the House of Lords enquiry on the use of the Retail Price Index (RPI); Trade; Population and Migration; Health and Social Care; Inequalities; Crime; Income and Wealth.

We will also connect across the Government Statistical Service, through our Centres of Expertise and the work that we are doing to ensure consistent approaches to quality of statistics across the system.

To maintain public trust in our use of data, we will continue to use the independent scrutiny provided by the National Statistician's Data Ethics Advisory Committee to ensure our use of data is ethically appropriate. We will also ensure we use data proportionality and transparently, with strong communication of how the better statistics go on to support clearly articulated better decisions.

## **Professional/Innovative**

### **Managing data responsibly**

We will continue to embed our revised policies on the use, management and security of data; expand our access to administrative data through the Digital Economy Act; and continue to invest in our security approach to provide confidence in our management and use of data. We will also play a leading role in the Administrative Data Research Partnership to maximise the use of this data for the public good.



## **Innovative**

### **Transforming Statistics**

Across our statistical transformation programmes our priorities are as follows.

#### **Economic Statistics Transformation**

The publication of the Blue Book 2019 represents the culmination of a significant amount of work in driving improvements in this area as set out in the Bean Review. We will continue to develop finer grained and more timely economic statistics, working with ESCOE to deliver improvements across the system. We will also continue our work to improve our core technology and move off legacy systems to new data platforms.

#### **Census and Data Collection Transformation**

We will submit the next iteration of our Census and Data Collection Transformation Programme business case in 2019 and seek to secure the legislative basis for the Census by March 2020. We will continue to move forward with the next phases of the technology development and delivery of Census and Data Collection Programme in the build up to the Census Collection and Processing rehearsals in Autumn 2019 and early 2020 respectively. This will include bringing together our integrated design for the Census with our delivery partners following the conclusion of major Census procurements. We will also continue our research into the use of administrative data to replace the Census and develop a new system of population and migration statistics for delivery in 2020, building towards making recommendations to the Government in 2023 on the future of the Census.

#### **Increasing technical capability**

We will develop the technology and data architecture that will support the data collection and processing systems that will underpin the Census. This includes the continued development of our capacity for processing online surveys; and developing modernised support for the field force. We will continue to build the capabilities of the Data Access Platform, which is the key to the future of economic statistics, public policy statistics and the use of administrative data. We will focus on continuing to develop our plans to resolve our technology legacy to improve resilience and efficiency; and deliver increasing cross government impact from our Data Science Campus – including demonstrating the role that Artificial Intelligence and Machine Learning can play in improving government's analytical capabilities.

## Capable

### Developing our people

We will deliver a revised people strategy and focus on developing a high performing culture; flexible, diverse and capable teams; and an innovative and dynamic organisation. This will include building the analytical capability of our people in the ONS and across Government through the National Statistician's leadership of the Analysis Function. We will also focus on building on the success of the Data Science Campus in the development and deployment of advance data techniques to support Data Science for the public good.

## Efficient

### Modernising corporate support

We will continue to invest in our corporate support and oversight functions – including the efficiency and effectiveness of our key corporate systems; enhancing and streamlining our governance; and ensuring that our assurance and oversight systems support the delivery of our strategy now and into the future. We will continue to ensure that we maximise the value we deliver from our financial resources.

# Key Performance Indicators

Over the course of the year, ONS publishes hundreds of sets of statistics as well as analysis and research on the key issues facing the country. These outputs are used across the nation to inform decision making and to help people understand the world around them. Therefore, the quality of our products and services, and our ability to meet the expectations of our customers, is absolutely central to us.

Our Key Performance Indicators show how we have continued to meet the highest quality standards and address the needs of customers, although also acknowledging we still have room for improvement. Our performance against these indicators is summarised in the table below. It is important to note our targets are always used to stretch performance.

Our Key Performance Indicators align to the dimensions of our strategy. In this way we can see the link between these metrics and both our key objectives and the strategic risks which we face.

## Helpful

Indicator	Target	Performance				Comments
		2018/19	2017/18	2016/17	2015/16	
Public Confidence in Official Statistics	>90%	88%	N/A	90%	N/A	The majority of the sample think statistics produced are important for understanding Britain.
Proportion of customers who feel ONS outputs are trustworthy	90%	88%	N/A	88%	N/A	Levels of trust in ONS and the statistics it produces remain high, having shown little change since 2016/17.
ONS online end user satisfaction	60%	96%	20% positive opinion. 76% ok or above opinion.	40%	65%	

## Professional

Indicator	Target	Performance				Comments
		2018/19	2017/18	2016/17	2015/16	
Proportion of statistical releases free from major errors (ONS)	100%	99.6%	99.8%	99.8%	99.7%	Three major errors in 2018/19 – Migration Statistics; Quarterly Report Producer Price Index; Productivity Experimental Statistics.
Major statistical series not designated 'National Statistics'	0	0	1	0	N/A	This year we received re-accreditation for Construction.
Releases within 09:30 deadline	100%	98.2%	98%	98.6%	N/A	Performance broadly strong against a 100% target.
Labour force survey response rate	56%	55.7%	55.6%	55%	N/A	Full year performance below target, however an improvement has been seen in the latter part of the year. Maintaining response rates remains a key risk to statistical quality.
Significant data breaches or losses	0	1	0	0	N/A	One notifiable breach occurred in 2018/19 relating to information we use to manage the business. The ICO decided no further action was warranted. No statistical breaches were recorded during the year. Following implementation of GDPR the threshold for reporting breaches has lowered.

## Innovative

Indicator	Target	Performance				Comments
		2018/19	2017/18	2016/17	2015/16	
Deliver significant progress towards modernising ONS	Deliver all activities and milestones as outlined.	Good progress	Good progress	Good progress.	N/A	Whilst our transformation remains a challenge we have delivered milestones broadly in line with our plans and approved business cases.
Proportion of business surveys available Online	410,000 sample by 18/19	458,000	Good progress	Progress made	N/A	As of the close of 2018/19 we have made 458,000 of our Business Survey sample online, surpassing our target of 410,000 for this stage.

## Efficient

Indicator	Target	Performance				Comments
		2018/19	2017/18	2016/17	2015/16	
Deliver our business while achieving annual efficiency savings	19% real terms reduction to core funding in 2020	£3.4m efficiency savings in 2018/19	£5.1m efficiency savings in 2017/18	£5.4m efficiency savings in 2016/17	N/A	On target to meet our efficiency challenge by 2020.
Achieve set income target	£24.3m	£25.49m	£29.6m	£29.5m	£28.4m	We continue to surpass our income target year on year. Reduction in 2018/19 is due to change in treatment of property income for the Drummond Gate site.
The number of staff days lost per person across the Authority	<8	7.0	7.6	8.1	N/A	We have made, through a focussed effort, significant improvement in this area, with the number of absences continuing to fall. This reduces the risk to the organisation's productivity.

## Capable

Indicator	Target	Performance				Comments
		2018/19	2017/18	2016/17	2015/16	
Level of staff engagement (Authority)	65%	62%	62%	60%	54%	We were pleased to see an increase in staff engagement. In order to improve further an action plan has been developed that will be progressed throughout 2019.
Proportion of ONS systems and processes that are resilient	90%	82%	85.7%	85.5%	84.3%	There remain risks around our legacy technologies. Future target will be year-on-year increase.
Share of the ONS workforce who are members of the four Government analytical professions	28% by end 2019/20	39%	19%	18%	N/A	Target has been surpassed, following the inclusion of OpDel Analysts and significant recruitment campaign for the four analytical professions.

# Resources and Organisation

## Planning and Financial Management

The Authority's delegated budget for 2018/19 represents the penultimate year of the 2015 Spending Review and is detailed in our Annual Accounts.

### Financial Outcome

Total Resource Expenditure increased from £279.3m in 2017/18 to £305.6m in 2018/19. This rise is mostly driven by the increase in funding relating to our Census and Data Collection Programme as we ramp up activity on Census preparation in readiness for 2021.

Income fell from £29.6m in 2017/18 to £25.5m in 2018/19. This was driven by a reduction in rental income as a result of reducing the amount of office space held by the Authority in London and the corresponding reduction in our subletting activity.

During the year we carried out £17.6m of Capital expenditure. Despite these additions, the value of our non-current assets has dropped by £5m. This is driven by a reduction in the value of our in-house software through amortisation. There was also an impairment of £2.6m in the value of buildings due to the fact that our valuers have determined that capital investments in the buildings have not yielded similar valued increases in the market value.

The Authority also generates value for the country by undertaking and promoting Economic Research. We are implementing a new Secure Research Service to provide ease of access to our data among the academic community. The Authority incurred £2.0m of Research Spend that classifies as Capital spend under the European System of National and Regional Accounts (ESA10) but cannot be capitalised under IFRS. This has been identified as a reconciling item on the Statement of Parliamentary Supply.

### Financial Management

We have continued to improve our budgetary planning and critical business processes to demonstrate the best use of resources and compliance with key financial controls.

Financial management of the additional spend on the Census Transformation Programme is supported by a Business Case. This business case has been successively updated as we have proceeded through the programme and a Full Business Case was submitted to HM Treasury in early 2019/20.

During 2018/19 the Authority awarded procurement contracts to support the Census delivery with a view to deliver Census rehearsal in Autumn 2019. Robust procurement and authorisation frameworks were in place for these contracts.

The Authority has continued to improve financial management, business planning and governance for business as usual activity. In particular we implemented a review and refresh of our internal governance framework, continued improvements in the quality of the operational management information and cost forecasting.

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

During the three financial years 2016/17 to 2018/19 we have achieved efficiencies in line with target levels. Our budgets have been set net of efficiencies and these efficiencies have allowed us to remain within all control totals. We continue to achieve our SR15 financial targets.

We have realigned our governance structure and have made progress in driving clarity through our planning and the monitoring of our key deliverables, workforce and finances. Together with a bolstering of our governance around procurement activity and income generation we enter the new financial year on a sounder footing. This is a work in progress with more tangible benefits anticipated during 2019/20.

## People Capability

In relation to our people, we continue to transform our workforce in line with our Better Statistics, Better Decisions Strategy.

We continued to build our people capability in our analytical, data science and economics priority areas and will continue to increase professional strength in our enabling functions. Through our Learning Academy, we provide learning and development that helps to drive the transformation of our services. We continued the development of career pathways, and broadened access to them through the introduction of apprentices as well as strengthened links with universities and our local communities. Recruiting and retaining certain specialist skills continues to be a challenge for us, due to location and pay restraints.

Our programme of workforce transformation continues to build a workforce of the right size, shape and skills needed for the future. We have seen the fundamental transformation of our Digital and Technology services. Our Economic Statistics; Population and Public Policy; and Methods, Data and Research areas are currently undergoing an ambitious change programme. In addition, our Census 2021 programme is gaining momentum and building its workforce.

To support the change in skills and capability, we have run two voluntary exit schemes this year which has allowed the organisation to refresh the skills that it requires for the future. We have strengthened our workforce planning capability and continue to develop our strategic resourcing strategy in line with organisational needs. Much of our work this year has been underpinned by evidence and insights drawn from analysis of people data. Our work on People Analytics has matured considerably and acts as an enabler to business and people decisions. The transformation of our workforce will continue to be a key priority over the coming year. Whilst engagement has been incrementally improving, it does however fall short of where we would like to be. Following the loss of an Employment Tribunal case during the year we are redoubling our efforts on diversity and inclusion to ensure that all staff get opportunities to realise their potential.

Our people strategy recognises the importance of everyone that works with us and the need to support them to be the best they can be. We want ONS to be a brilliant place to work for everyone. We want to create an organisation where we are all empowered to excel individually, in teams and in our business areas, so that we can deliver together.

Work continues to create a high performing culture; developing flexible, diverse, capable teams; and being an innovative and competitive organisation.

Attracting and retaining the specialist skills we require remains a challenge for us within the current public sector pay guidelines. In 2018, an exceptional business case was submitted and approved by HM Treasury and Cabinet Office to secure a higher award than the 1 per cent – 1.5 per cent set out within Civil Service Pay Guidance.



We have established good employment relations with our staff and recognised Trade Union colleagues, working in partnership to create a better work experience for all employees. We have seen an encouraging increase over the past four years in our employee engagement index score, as measured by the Civil Service People Survey. In 2018 it was 62 per cent. This has been achieved despite periods of significant transformation across ONS.

In summary, 2018 has seen significant progress in our workforce transformation programme. We continue to horizon scan for emerging labour market trends and develop innovative people solutions to support the organisation's needs.

# Corporate Responsibility

## **Anti-corruption and Anti-bribery Measures**

The Authority takes financial propriety very seriously. All senior leaders in the organisation – interpreted here as members of the Senior Civil Service – are required to sign a declaration of interests and confirm a statement on related parties. In addition, all members of the procurement profession who hold contractual delegation are also required to sign the declaration. The Commercial Assurance Group which makes recommendations on commercial agreements convenes once a month as part of the Authority's internal governance model. Part of the standard agenda is a requirement of all members present to declare any specific interests in relation to any of the items for discussion at that meeting.









An ongoing register is maintained of all hospitality and gifts offered to Authority staff. All staff are aware of the civil service rules and the internal policy around acceptance of hospitality or gifts including the requirement to declare any offer. This register is periodically reviewed by the Authority Audit and Risk Assurance Committee to ensure adherence to policy. The last review took place in March 2019.

The Authority Counter Fraud Team maintains a Fraud, Bribery and Corruption policy which is made available to all staff via the internal intranet. The counter-fraud team has not identified any material fraud for the period.

## **Sustainability**

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

## Summary

Area	Baseline 2009/10	Target 2019/20	Reduction Target	Actual 2016/17	Actual 2017/18	Actual 2018/19
 Carbon (tonnes carbon dioxide)	9,952	4,976	50%	5,262	4,878*	4,361
 Domestic business flights (km flown ,000)	573	390	32%	504	708*	718
 Waste (tones)	506	438	13%	384	359*	306
 Waste going to landfill sites (%)	19%	10%	53%	20%	4%*	3.3%
 Paper A4 reams equivalent	57,109	28,554	50%	30,715	34,860*	28,930
 Water consumption (cubic metres)	18,526	12,923	30%	19,786	15,037*	16,724
 Energy expenditure (£'000)	-	-	-	1,043	897	889
 Water expenditure (£'000)	-	-	-	88.4	77.6	85

**Note** \*Figures have been revised from those previously published. This is due to numbers being estimated in the 2017/18 Annual Report and the methodology used in estimating those figures undergoing improvements.

## Reduce our emissions

The Authority has been tasked with reducing the total Carbon production by 50 per cent from the 2009/10 baseline position. Overall the Authority has reduced Carbon emissions by 56 per cent by 2018/19 exceeding the original target set for 2019/20.

The GGC also challenges the Authority to reduce domestic flights by 30 per cent by 2019/20. The Authority's travel policy mandates that the cheapest method of transport be employed for any journey, which encourages domestic air travel between the South East, North East, Scotland and Northern Ireland, impacting on our ability to meet this target.

## Improve our waste management

All ICT equipment is disposed of via an established contract which helps ensure that all redundant ICT equipment is re-used or recycled responsibly. The Authority has successfully reduced waste in this area by 40 per cent from the 2009/10 levels.

The Authority has reduced paper use by 49 per cent since 2009/10.

The Authority is also tasked with reducing the amount of waste going to landfill to less than 10 per cent. The level of waste going to landfill sites during 2018/19 stands at three per cent.

## **Water**

The Authority has a target to reduce water consumption, which is currently challenging due to an increase in property m<sup>2</sup> and FTE numbers. However, during 2018/19 we have undertaken a series of leak detection projects at our Newport site to ensure water leaks are minimised.

## **Sustainable Procurement**

The ONS's standard Terms and Conditions request that all suppliers comply with our Sustainable Development Policy, which includes, but is not limited to, the conservation of energy, water, wood, paper and other resources, a reduction in waste, the phasing out of the use of ozone depleting substances and the minimisation of the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment. It is noted that, whilst not all Contracts are currently utilising ONS's standard Terms and Conditions, the aspiration is that all future Contracts will be awarded on them to maximise the benefits of this Policy.

Expenditure Analysis from April 2017 – present reveals that the ONS averaged expenditure of circa 27 per cent on SME's which is just above the target of 25 per cent that was initially set. The ONS extensively uses Public Sector Framework arrangements collaboratively managed by Government Organisations such as the Crown Commercial Service (CCS). A key Framework utilised is the Government Digital Services' (GDS) offering, "G:Cloud".

The CCS and GDS frameworks aim to encourage small and medium sized enterprises and local businesses to bid for work with support available to them if required.

The requirements of the Government Buying Standards are issued to the Commercial Services team on a weekly basis via the Commercial Update, which is a comprehensive review of all Procurement news and legislation. The weekly updates also provide information from across the Commercial Team such as data from the Cabinet Office approved Commercial Pipeline as these assist the Team in reviewing opportunities that may be of interest to smaller or local business ensuring appropriate timetables and market engagement are utilised.

We currently have one member of staff on an apprenticeship scheme working towards their professional qualification and one member of the team recently successfully completed the apprenticeship scheme. ONS has been proud to work collaboratively with local Universities and has benefited from a graduate placement. The placement is due to end during the 2019/20 financial year. Additionally, four team members are working towards achieving their MCIPS qualification. This is important for the ONS, as CIPS encourages sustainable purchasing. Throughout the training programme, Corporate Social Responsibility is promoted as a core value. This cohort-style training and the subsequent at-desk conversations can also help to refresh the awareness of existing team members regarding sustainable purchasing principles.

## **Food and Catering**

All contractors are required to adhere to our Sustainable Development Policy. During 2018/19 the Authority has worked with their suppliers to remove consumer single use plastics, committing to a staged project with complete removal by 2020. Items removed during 2018/19 are single use cups, plastic cutlery, single use sachets, containers and bottles across the estate.

## **Sustainable Construction**

The ONS construction works are designed and built with the objective of improving the performance of the estate, and in so doing contribute to achievement of Greening Government Commitments target, for example the installation of LED light fittings as standard. All contractors are required to complete a sustainability questionnaire used as part of the tender process and are required to source materials in line with the GBS.

## **Biodiversity**

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

## **Climate Change Adaptation**

The Authority's Sustainable Development Action Plan considers the long-term implications of its operations in relation to Climate Change. This Action Plan is updated yearly and assesses any risks of climate change and how the estate may require necessary adaption.

## **Sustainable governance and decision making**

Our Sustainable Development Policy and Action Plan are embedded within our overall governance and decision making. During 2017/18 an Environmental Champions Group was initiated, where improvement projects are identified, elevated and presented to senior management for review and approval. During 2018/19 an example of the projects undertaken by the group were:

- removal of single use plastic cups and cutlery across the estate
- celebrating World Environment Day (5 June) to raise staff awareness of plastic reduction
- partnering with another Government Department, with whom the Authority shares the site, to develop Electric Vehicle Charging points
- a visit to a local waste recycling and incineration centre, to understand our waste streams better
- operating against ISO14001 Environmental Management System as an organisation
- analysing business flight use data to understand how the Authority uses and may reduce flight use

## **Other Information in the Public Interest**

### **Responding to Members of the Public**

The Authority received zero complaints about its services during 2018/19.

### **Whistleblowing arrangements**

Making sure the Authority's staff feel able to come forward with concerns is important in ensuring effective governance and management across the organisation.

The Authority's whistleblowing policy encourages employees to raise concerns about wrongdoing, advises on the protection afforded to whistle blowers, and provides reassurance that concerns will be investigated responsibly and professionally. The policy is accessible on the Authority's intranet.

The Authority's staff survey results in 2018 showed that 49 per cent of staff believed 'it is safe to challenge the way things are done'. This is a two percentage point improvement from the prior survey and compares to the Civil Service average of 47 per cent.

## Respect for Human rights

The Authority fully complies with the Human Rights Act 1998.

The realisation of human rights correlates with the availability of sound official statistics. Statisticians play a critical role in supporting evidence-based policy and measuring civil, economic, political and social rights. In accordance with internationally accepted standards, starting with the Universal Declaration of Human Rights, the dissemination of relevant information is essential to meet peoples' right to information and delivering on related entitlements to trustworthy statistics. Upholding rights, such as the rights to privacy and to be registered as well as the rights of statisticians themselves is vital to ensure robustness and independence in official statistical systems.

The Authority recognises these challenges and have established a clear Statement of Principles to ensure that we:

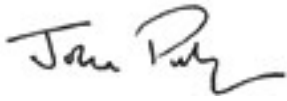
- exercise our statutory responsibilities in a fair, proportionate and accountable way, with due regard for principles of privacy and appropriate degrees of internal and external scrutiny
- work in a collaborative, transparent and fair manner with data suppliers, civil society and the general public, responding to any concerns or opportunities as they arise
- reinforce our full accountability to the UK Parliament and the devolved legislatures in exercising our statutory responsibilities

## Workplace Health, Safety and Welfare

Workplace Health and Safety performance is reviewed on an annual basis by the Departmental Health and Safety Committee. The Authority has an up to date Health and Safety Policy which has been amended as necessary to ensure that it remained current with legislation and to take account of organisational changes. All necessary risk assessments, inspections, maintenance, cleaning and testing regimes were in place. The Authority conformed to legislative space requirements and provided the required welfare facilities. The Authority provides a range of Health and Safety training events including mandatory induction courses for all new starters.

The Authority is especially aware that it needs to ensure that it protect our Field Force against the Health and Safety risks they encounter outside the office environment and often working alone. Work has commenced, and will continue, to fully develop suitable and sufficient health and safety management arrangements for the 2021 Census.

In terms of staff wellbeing, 69 per cent of staff gave a positive response to the question “How satisfied are you with your life nowadays?”. This was one percentage point higher than the 2017/18 results and remains higher than the overall response rate for the Civil Service as a whole (66 per cent).

A handwritten signature in black ink, appearing to read 'John Pullinger', with a stylized, cursive script.

**John Pullinger** CB CStat  
National Statistician  
UK Statistics Authority  
24 June 2019





# Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Authority to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Authority 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 income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Reports as a whole are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

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

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

The Accounting Officer confirms that, as far as he or she is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he or she ought to have taken to make himself or herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

# Governance Statement

## Responsibilities

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

## Compliance with the Corporate Governance Code

I have assessed the Authority's compliance with the Corporate Governance in the Central Government Departments' Code of Good Practice 2011. The code focuses on governance arrangements for ministerial departments and there are elements which are not directly relevant to the Authority due to our statutory framework and status as a non-ministerial department, for example, Commissioners oversight of the arrangements for the conduct of their proceedings and the delegation of functions (Section 12 and Section 14, CRCA 2005) and ministers attending the Board. However, we comply with the spirit and principles of the code.

## Role of the Authority Board during 2018/19

The UK Statistics Authority Board has the statutory objective of promoting and safeguarding the production and publication of official statistics that 'serve the public good'. In accordance with the 2007 Act, the Authority Board is comprised of a majority of non-executive directors (including a Chair) appointed through open competition, and three executive members, as set out in the 2018/19 Governance and Committees of the Board table.

The post of Chair of the UK Statistics Authority is a Crown appointment. Sir David Norgrove was appointed by HM The Queen following an open competition and subject to a pre-appointment hearing by the Public Administration and Constitutional Affairs Committee and a formal debate on the floor of the House of Commons. Sir David took up his post on 1 April 2017 and his term of appointment will end on 31 March 2022.

## Governance and Committees of the Board during 2018/19

During 2018/19 sub-committees, which supported the Authority Board in its work and reported to it, met as follows.

Committee	Chaired by	Purpose	Meetings
Audit and Risk Assurance	Ms Nora Nanayakkara	To support the Authority Board and the Authority's Accounting Officer in their responsibilities for risk management, control and governance.	Met on six occasions
Regulation Committee	Professor Anne Trefethen (Professor Sir Adrian Smith FRS until 14 February)	To help shape the regulation strategy and to oversee the programme of Assessment of sets of official statistics against the Code of Practice plus other work related to Assessment and regulation.	Met on four occasions
Remuneration Committee	Sir David Norgrove	To determine 2017/18 performance bonuses for the members of the Senior Civil Service (SCS) employed by the Authority and to consider other staff pay issues.	Met on two occasions

## Topics Covered by each Committee

<b>Authority Board</b>	Analytical Profession; Beyond 2020 (Horizon-scanning); Board effectiveness; Business Planning; 2021 Census; Communications; Managing Contracts; Data Acquisition; EU Exit; Financial Planning; Future Strategy; Income and Earnings statistics; Retail Prices Index; Security arrangements; Trade Statistics; and VAT in the National Accounts.
<b>Audit and Risk Assurance Committee</b>	Annual Report and Accounts; Census; Committee effectiveness; Corporate Governance Assurance; Delegations; Economic Statistics; External Audit; Finances; GDPR; Internal Audits; Procurement; Risk and Assurance (including Risk Management); and Security.
<b>Regulation Committee</b>	Annual Review of Casework; Assessments: Community Life Survey; House Price Index; Trade Statistics; Communications; Clarifying Regulatory Tools; Forecasts; Insight Reports; OSR Work Programme and Business Plan; Regulatory Strategy; and Systemic Reviews: Adult Social Care; Classifications; Data Linkage; Policing; Public Value of Justice Statistics; Skills.
<b>Remuneration Committee</b>	Senior Civil Service (SCS) performance moderation (base pay and non-consolidated performance related award).

## Attendance at the Board and its sub-committees

	Authority Board	Audit and Risk Assurance committee	Regulation Committee	Remuneration Committee
<b>Non-executive members</b>				
<b>Sir David Norgrove</b> Chair	10/10		3/4	2/2
<b>Professor Sir Adrian Smith</b> Deputy Chair to Nov 18	9/10		3/3	2/2
<b>Ms Sian Jones</b> Deputy Chair from Dec 18	8/10	5/6		
<b>Professor Ian Diamond</b> from 7th June 2018	7/9	4/4		
<b>Professor David Hand</b>	10/10		2/4	
<b>Professor Jonathan Haskel</b>	8/10		3/4	
<b>Dr David Levy</b>	9/10			
<b>Ms Nora Nanayakkara</b>	10/10	6/6		2/2
<b>Professor Ann Trefethen</b> from 7th June 2018	8/9		3/3	
<b>Executive members</b>				
<b>Mr John Pullinger</b> Chief Executive and National Statistician	10/10	6/6		2/2
<b>Mr Ed Humpherson</b> Director General for Regulation	9/10		4/4	
<b>Mr Iain Bell</b> Deputy National Statistician for Population and Public Policy (to 31 March 2019)	10/10			

## Board Effectiveness Review

This year's Board Effectiveness Review was overseen by the Chair of the Authority Board. A survey was undertaken that sought members views on:

- processes for agreeing business plans
- the adequacy of information provided to the Board, to allow it to monitor performance and progress
- board composition and culture
- support for members
- areas of focus for the coming year

The outcome of the survey was discussed at the board meeting on 28 June 2018. While members of the Board indicated that they were broadly content with the support provided to them, they requested that the Secretariat work with officials to improve the clarity and precision of papers. Board members also recommended that the Board could be more involved in the setting of its forward agenda, and in engaging with staff outside of formal Board meetings. A proposed action plan to address these issues was approved by the Board on 28 June, and has been implemented in the period since. The equivalent survey for 2018/19 will be discussed by the Authority Board in July. Board minutes and papers are published on the UK Statistics Authority website at: <https://www.statisticsauthority.gov.uk/about-the-authority/board-and-committees>.

## Assurance over the Quality of Information

The Authority Board recognises the need to ensure it receives sound advice and information to enable informed decisions to be made. The Board Secretariat works with teams to ensure the information provided is of a good quality, with a template used for committee papers, structured to ensure risks and resource implications are highlighted and to ensure sufficient engagement and challenge during discussions.

The structure and information contained in regular agenda items are reviewed annually as part of the Board Effectiveness review.

An Integrated Performance and Finance Report is provided to the Board in each meeting to aid decision making. The Board is content with the quality of the data it is provided with.

## Executive Committees during 2018/19

I chair the National Statistics Executive Group (NSEG). The role of NSEG is to support the National Statistician in the exercise of my functions as the Head of the Government Statistical Service (GSS) and Chief Executive of the UK Statistics Authority and ONS, so as to achieve the collective mission and strategic objectives of the official statistics system. This Group met on ten occasions during 2018/19.

## Risk Management Approach and Strategic Risk Framework

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

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

During this year we have continued to focus on increasing our maturity in risk management. The progress we have made includes:

- developed a new suite of strategic risks, as summarised in Figure 1
- the most significant aspects of these risks to the Authority's data and information security approach are described thematically in this statement, due to the significance of the changes in our approach during the year
- developed a new platform to record all corporate, programme and project risks in one place to support greater transparency and provide a foundation for improvements to risk governance
- refreshed our Risk Policy to support our maturing approach, allowing for clearer articulation of risks from across our organisation and refine established approaches to risk management
- provided additional guidance to the organisation on the identification, articulation and management of risk based on Plain English principles
- rolled-out bespoke risk management training across the organisation to encourage a culture of risk-based decision making in line with appetite, and a focus on exploiting opportunities as well as preventing threats



The changing nature of the Authority's external environment means it is important that we identify and manage risk and ensure effective oversight across the organisation.

Our recent controls self-assessment process, in support of the Governance Statement, has highlighted compliance and engagement issues in relation to Risk Management. We have seen similar areas for improvement captured in a wide range of management actions coming out of internal audits in 2019. The need to mature and engage with risk management has been recognised at a senior level.

The integration of risk management across the organisation and improvements to risk governance and accountability will be the key focus for our risk management approach in 2019/20 and will give us the clear line of sight we need as we progress with the final year of our strategy and Spending Review 2019.

## Figure 1: UK Statistics Authority Strategic Risks Summary

Risks	
<b>Helpful and Professional</b> Building Public Trust	That public confidence in official statistics is eroded through a perceived lack of independence and integrity in production, or through misuse. This is mitigated through the role of the Authority Board in overseeing the statistical system, the role of the OSR and the quality oversight of our outputs.
<b>Professional and Innovative</b> Managing Data Responsibly	The framework for access to sources of data provided by the Digital Economy Act [2017] is not fully utilised to realise the benefits for the transformation of official statistics and research, including enhanced economic statistics and the replacement of the benefits of the Census in the post 2021 period. This is mitigated through the relationships we are building with data providers combined with our security approach and promotion of the value of data in decision making.
<b>Innovative</b> Economic Statistics Transformation	The Authority's capacity, capability and resources are insufficient to fully address the technology legacy – increasing reliance on instable systems and the risks of errors in economic statistics. This is mitigated through our plans to resolve our technology legacy within the Economic Statistics Transformation Programme and increase our capacity to utilise our key technology platforms.
<b>Innovative</b> Census and Data Collection Transformation	The Census collection and processing rehearsals do not fully test the systems and processes that are required to deliver the Census – increasing the risks to delivery of Census 2021 and affecting its credibility; quality; and the reliability of the outputs as a basis for economic and social policy. This is mitigated through our detailed plans for the delivery of the Census rehearsals and the testing in place to ensure the rehearsals effectively assess readiness for the Census in 2021.
<b>Innovative</b> Increasing Technical Capability	That external security threats combined with data we hold in Data Access Platform (DAP) increase the level of scrutiny of our systems and their potential as a target – the impact of data loss or significant breach undermines confidence in our security approach increasing the risk that we are unable to secure sufficient confidence in our management of data. This is mitigated through the security strategy and approach to testing the security of our technology estate and DAP.
<b>Capable</b> Developing our People	That we are unable to attract and retain the leadership and technical skills that we need to deliver our strategy – this increases the risk of our failure to deliver our statistics, transformation programmes and technical/technology developments. This is mitigated through the Authority's developing people strategy and promotion of the work of the Authority to the employment market.
<b>Efficient</b> Modernising Corporate Support	That we are unable to secure sufficient resources in the next Spending Review (2019) to continue to meet our ambitions – increasing the risk that the organisation is unable to keep pace with its changing environment and deliver the necessary transformation to execute our strategy. This is mitigated through the plans for the spending review and integration with the approach to the next Authority Strategy.

## Risks to Data Security

Data security is of fundamental importance to the Authority and is managed through a range of policies and controls to ensure that the protection of, and access to information is managed throughout its lifecycle. My responsibilities as Accounting Officer in this area are supported by the Chief Security Officer, the IT Security Officer and a network of Information Asset Owners who cover all the information assets held by the organisation. In accordance with Cabinet Office requirements the Authority completes an annual Departmental Security Health Check background and highlight report.

During 2018/19, in line with the general security environment, the threat to information held within Government and the private sector, as well as at similar organisations across the world, has significantly increased. The Authority needs to defend itself against threats to information and deal with attacks when they occur.

At the start of 2018 the Authority's Chief Security Officer launched a comprehensive new strategy to remodel the way that the Authority manages security and strengthens capability and capacity in this area to ensure staff and data are secure. Over the year, the implementation of the strategy has enabled the Authority to significantly improve its governance of data through policies and principles for security; its understanding and management of the data it receives and processes through specific content assessment; and the security assurance that applies to staff, their access to data and the monitoring arrangements.

A key focus in 2018/19 has been on the security of our new environment for the processing of statistical data, particularly in the context of the development of new data sources, statistical technologies and the General Data Protection Regulation (GDPR). Working closely with Government partners and consulting with Cabinet Office and National Cyber Security Centre for advice and guidance, the security team has introduced new and extensive security arrangements and measures to protect this data.

In early 2019, supporting the Authority's transparency in the use of data, we published the Authority's security approach. The approach is principles based – data is managed according to its sensitivity and access to it is governed with a clear set of rules. Being open and transparent is important to the Authority and provides citizens with details on how data is assessed for sensitivity, how data is handled securely and the mechanisms we use to secure data as it is processed.

The security of our systems, and our data management environment – the Data Access Platform, which will hold Census data and the administrative data which will facilitate the ongoing development of statistics – will remain critical to our ongoing success.

## **Risks to Information Management**

Management of the Authority's documents and records throughout their lifecycle, and according to information legislation, continues to be a priority. During 2018/19, we have rolled out a new document management system enabling greater functionality for the storage and sharing of operational information. The document management system has been supported by a new document and records management policy which has updated the retention periods for personal information in support of GDPR compliance and accountability.

With significant levels of confidential data collected and acquired for use in official statistics, information management and confidentiality are critical considerations where people, processes and systems interface with the external world. Staff working in some parts of the Authority have access to a range of business and personal data to produce high quality, accurate statistics. There is a recognised, strong cultural understanding that information must be handled lawfully, accurately and securely, supported by strong legal, technological and business processes.

In July 2018, the UK Parliament approved the statutory documents underpinning the Statistics and Research strands of the Digital Economy Act 2018, following a public consultation earlier in the year. These documents set out the principles by which the Authority will operate, to support access of new data sources in the production and transformation of UK official statistics, and to support accredited researchers to access de-identified data in secure access environments for public good research projects. The Authority is beginning to fully operate the new legal frameworks and our approach will continue to develop in 2019/20.

As the statutory accreditor of processors, researchers and projects under the Research strand of the Digital Economy Act, we have recently established a new Research Accreditation Panel, with an independent chair and members, and representatives of Government Departments, the Devolved Administrations, and UK Research and Innovation. The Panel is chaired by Professor Paul Boyle CBE, and is responsible for considering, scrutinising and approving applications for accreditation under the DEA Research powers. In line with our commitment to transparency, the minutes and papers of the Panel's deliberations are published on the Authority's website.

In January, the Authority published a range of documents that describe how it looks after and uses data for the public benefit. These include the strategic approach to data use; a comprehensive data management framework to describe how the Authority manages and governs data practices to ensure we protect the confidentiality and security of data we hold, and meet our legal obligations; a range of data management policies; and a transparent register of the data sources we acquire from other organisations that support the production of our statistics and research.

I am required to report any significant breaches relating to personal data to the Information Commissioner's Office (ICO). There have been no such incidents, during 2018/19, regarding the data that we hold to produce statistics. One incident was reported to the ICO during 2018/19 relating to the pension information of a small number of Authority staff that was dispatched incorrectly by a third-party. The ICO received the report, noting the corrective actions to be taken, with no further regulatory action required.

## Improving the Authority's overall control environment

In 2018/19, the Authority developed its organisational control framework to ensure that the governance, controls and oversight functions are able to keep pace with our overall transformation programmes.

The controls have been enhanced in key areas during the year in the following areas:

- **Data security and information management** – through the publication of a revised set of security and information management policies, as set out above
- **Financial management** – through tighter and more responsive financial control
- **Commercial function** – which has successfully delivered the complex Census contracts and developed a plan for securing commercial practices and governance of decision making
- **Revenue generation and management** – by developing our income policy, controls and governance.
- **Risk management** – including embedding a new risk system and the development of a new suite of strategic risks, as set out above.

However, the internal assessment of the control environment has identified areas where the Authority still needs to improve – including:

- **Portfolio oversight** – by developing a consensus on our approach to managing our portfolio, covering Economic Statistics Transformation, Census and Data Collection Transformation, dependencies across these programmes and standalone projects to ensure that the benefits we have committed to are delivered
- **Governance** – developing the coherence of management information that supports the assessment of our performance; and the integration of the approach to managing the dependencies that support the key transformation programmes
- **Planning and prioritisation** – including the development of the business planning approach to clearly articulate the priorities for resource usage and investment
- **Workforce planning** – including the need to broaden out the approach to workforce planning to enable longer term plans to be developed that will secure the capabilities that we need for the future shape of the Authority
- **Performance management** – assessing the implementation of the revised performance management approach that was introduced during 2018/19
- **Stability of systems** – develop plans to fully resolve the Authority's technology legacy across the whole organisation, as part of the transformation programmes and ongoing investment
- **Commercial compliance** – including the controls over purchasing and awareness of the regulatory framework for procurement
- **Further embedding of the Authority's oversight processes** – including the approach to quality management, risk management and business continuity

These areas will be the focus of management attention during 2019/20.

### Assurances from Internal Audit

The Internal Audit function provides the National Statistician and the Audit and Risk Committee with a clearer view on any emerging risks. The internal audit programme is closely linked to the key risks of the Authority. Arrangements are in place to ensure that the National Statistician is made aware of any significant issues which indicate that key risks are not being effectively managed. The Internal Audit service complies with the Public Sector Internal Audit Standards.

## Opinion of the Head of Internal Audit

The Head of Internal Audit has provided a 'limited' annual overall opinion for the 12 months ended 31 March 2019. HM Treasury's definition of 'limited' is as follows 'there are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective'.

A total of 29 audit reviews have been undertaken in the 2018/19 financial year. Of these reviews, four provided a substantial opinion, ten moderate and nine limited; with five of the six progress reports providing good progress and one reasonable. The internal audit opinion was based on the outcomes of the 2018/19 internal audit programme of work. The opinion reflects the status of the risk, control and governance environment, based at the point in time in which the work was undertaken; while considering the level and extent of change, and the way in which the organisation is managing and responding to its risks.

The opinion reflects significant progress in some key areas including: the implementation of a comprehensive security strategy as well as enhancements in both risk management and governance. However, the reports have highlighted the need for the Authority to co-ordinate its activities better across its delivery structures and the need to enhance the sense of ownership and accountability over key processes to drive improvements. The opinion also recognises the need to continue to improve the Authority's monitoring and oversight functions, including risk management, business continuity management and project and programme oversight.

## Opinion of the Chair of the Audit and Risk Assurance Committee

The Committee provides assurance that, during the period of this report, it discharged fully its responsibilities in accordance with its terms of reference. The Committee is committed to the ongoing review of its effectiveness in fulfilling its assurance remit.

Based on the work of the Committee during the year and the assurance work carried out by the External and Internal Auditors, it is my opinion that the Authority's governance and control framework is generally effective. The Committee recognises that this is the third consecutive year with an overall limited opinion from Internal Audit. The identified weaknesses are very different in nature. This year's limited assurance opinion centred around identified weaknesses in cross organisational



integration. Taking that into account, there are three areas where improvement is therefore needed in order for the organisation to avoid a limited opinion again next year:

- approach to risk management in programmes
- embedding the key business risks within the strategic planning and budgeting process
- strengthening key oversight functions – particularly programme management and people management

Having regard to the issues raised during the year and the extended period of transformation that the organisation has undergone, the Committee also recognises that this coming year particularly presents significant a transition risk. The Authority is managing a significant amount of change and, in addition, is experiencing considerable turnover particularly in senior roles. If clear, top-down leadership support and co-ordination is not available to the organisation during this time of transition, there is a risk the organisation will not be able to achieve the improvements outlined above and will risk a limited opinion again next year.

## **Overall conclusion**


Overall, across our governance, risk management and control environment I have assurance that we are delivering the aims and objectives that are set out in our strategy and business plan. The Authority has continued to deliver its extensive programme of outputs and can point to extensive progress across these programmes, as describe in the Performance Report. The Authority has also developed governance, risk management approach and financial management and introduced key security and data access policies during the year.

However, our risk assessment and management activities; assurance activities and Internal Audit's programme indicate that the Authority needs to build its capability to manage across the organisation to continue to successfully deliver our transformation programmes, the projects within them and our programme of statistical outputs. This is mainly due to the progress in the delivery of our strategy, which means that teams across the organisation are increasingly reliant on access to administrative data; the capabilities within the technology and methodology functions; the ability to prioritise and plan across the workforce; and access the people we need to improve our skills and capacity.



This work also points to the need to clarify responsibilities and oversight for key strategic risks to ensure that accountabilities are clear across the organisation and that the Authority continues to build its capacity in key areas of assurance and oversight.

To do this the Authority needs to build its approach to managing and overseeing the key risks and interdependencies across the organisation. This will help to ensure that it can break down the silos that act as barriers to effective cross team working, while increasing our ability to managing priorities, resources and transformation programmes. Our success in these areas will continue to be the focus of the Authority Board, the next National Statistician, and the leadership team across the organisation during 2019/20.



**John Pullinger**

Accounting Officer

24 June 2019

# Summary Financial Information

## Key Financial Outturns

The key financial outturns for 2018/19 are shown below:

Resources	2018/19 Estimate £'000	2018/19 Outturn £'000	Saving £'000
Departmental Expenditure Limit – Resource	282,698	280,124	2,574

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

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

## Departmental Expenditure Limit – Capital

	2018/19 Estimate £'000	2018/19 Outturn £'000	Saving £'000
Capital	19,052	17,556	1,496

The Authority has been able to utilise 92 per cent of its Capital funds throughout the year using this funding to begin to transform our IT systems; to ensure our buildings assets are safe and secure; and to ensure our estate reflects our changing requirements.

## Depreciation and Amortisation

	2018/19 Estimate £'000	2018/19 Outturn £'000	Saving £'000
Depreciation	23,100	19,144	3,956
Impairment	-	2,570	(2,570)

The Authority has robust financial controls in place for asset management and we have been able to plan effectively for the utilisation of our assets. During the year we have continued to review our assets which verified the continued useful economic life.

## Annually Managed Expenditure

	2018/19 Estimate £'000	2018/19 Outturn £'000	Saving £'000
Annually Managed Expenditure – Resource	3,345	2,450	895

The Authority utilised 73 per cent of its AME budget during 2018/19. The variance between estimate and outturn is attributed to Voluntary Exit Scheme (VES) payments being completed earlier than anticipated resulting in an accrual in RDEL rather than a provision in AME.

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

The Remuneration Report (Page 67) and Civil Service Pensions (Page 84) provide further information on the relevant schemes.

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

The accounts of the Authority are audited by the Comptroller and Auditor General and his Certificate and Report to the Houses of Parliament is presented in the Annual Accounts at pages 91 to 95.

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

Audit fees charged in the accounts amount to £89,000 (2017/18 £89,000). There were no non-audit fees charged in either 2018/19 or 2017/18.

## Core Tables

The Statistics Board Total departmental spending, 2017/18 to 2019/20.

	2017/18 Outturn £'000	2018/19 Outturn £'000	2019/20 Forecast £'000
<b>Resource DEL</b>			
Programme expenditure	249,775	280,124	297,629
<b>Total resource DEL Of which:</b>	<b>249,775</b>	<b>280,124</b>	<b>297,629</b>
Staff costs <sup>1</sup>	151,537	167,311	208,435
Purchase of goods and services	106,460	116,592	94,475
Income from sales of goods and services	(29,565)	(25,493)	(26,581)
Current grants aboard (net)	-	-	-
Depreciation <sup>2</sup>	21,343	21,714	21,300
Other resources	-	-	-
<b>Resource AME</b>			
Provisions	(4,663)	3,215	-
Utilised provisions	(719)	(765)	(1,000)
<b>Total resource AME Of which:</b>	<b>(5,382)</b>	<b>2,450</b>	<b>(1,000)</b>
Take up of provisions	499	3,215	-
Release of provision	(5,162)	-	-
Utilisation of Provisions	(719)	(765)	(1,000)
Other	-	-	-
<b>Total resource budget Of which:</b>	<b>244,393</b>	<b>282,574</b>	<b>296,629</b>
Depreciation and amortisation <sup>2</sup>	21,343	21,714	21,300
<b>Capital DEL</b>			
Programme expenditure	17,118	17,556	7,000
<b>Total capital DEL Of which:</b>	<b>17,118</b>	<b>17,556</b>	<b>7,000</b>
Capital grants to persons and non-profit bodies (net)	-	-	-
Purchase of assets	17,118	17,556	7,000
<b>Capital AME</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital budget</b>	<b>17,118</b>	<b>17,556</b>	<b>7,000</b>
<b>Total departmental spending<sup>3</sup> Of which:<sup>4</sup></b>	<b>240,168</b>	<b>278,416</b>	<b>282,329</b>
<b>Total DEL<sup>4</sup></b>	<b>245,550</b>	<b>275,966</b>	<b>283,329</b>
<b>Total AME</b>	<b>(5,382)</b>	<b>2,450</b>	<b>(1,000)</b>

### Notes

1. £2,002,000 of staff costs associated with research and development have been analysed as capital expenditure in the Core Tables in accordance with European System of Accounts 2010 Assets and Liabilities (ESA10).
2. Includes impairments.
3. Total departmental spending is the sum of the resource, AME and the capital budget excluding depreciation. Similarly total DEL is the sum of resource and capital DEL less depreciation. AME covers the cost of provisions.
4. Prior year total departmental spending and DEL in the published accounts contained depreciation which has now been removed.

	2017/18 Outturn £'000	2018/19 Outturn £'000	2019/20 Forecast £'000
<b>Assets of which:</b>			
Non-current assets	68	16	68
Current assets	21,451	21,878	22,228
<b>Intangible assets:</b>			
Software licences	2,798	2,539	2,003
In-house developed software applications and applications under construction	18,401	12,397	9,781
<b>Tangible assets:</b>			
Property plant and equipment and building refurbishments under construction	51,565	52,811	41,666
	<b>94,283</b>	<b>89,641</b>	<b>75,746</b>
Current liabilities	(33,185)	(44,281)	(43,631)
Non-current liabilities	(2,009)	(4,148)	(4,148)
<b>Capital employed</b>	<b>59,089</b>	<b>41,212</b>	<b>27,967</b>

#### Notes

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

## Prompt Payment Target

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

Where no conditions exist, payment will be made within 30 working days of the receipt of goods or services, or the presentation of a valid invoice, whichever is the later. We made payments in accordance with this policy in 93 per cent of transactions for the year ended 31 March 2019 (95 per cent in 2017/18). The performance is measured in accordance with HM Treasury guidelines.

In addition to the 30 days target we endeavour to pay small and medium sized enterprises within five days. We achieved payment in accordance with this policy in 80 per cent of transactions for the year, (82 per cent in 2017/18) compared to a target of 80 per cent.

The fall in the percentage of invoices paid within 30 days and five days (SME's) compared to prior year, is due to resource issues encountered during the year which was fully managed to ensure set targets were met.

## Directors' Report

The requirements of the Directors' report are covered by the following.

The UK Statistics Authority is a non-ministerial department, operating at arm's length from Government and reporting directly to Parliament and the devolved legislatures. The Cabinet Office retains residual ministerial responsibilities for the UK Statistics Authority.

The composition of the Authority Board and its sub-committees is set out in the Governance Statement (pages 46 to 49).

The Executive Directors of the UK Statistics Authority are set out in the Remuneration Report (pages 67 to 75).

The Authority maintains a Register of the Interests of its Board members. This is not published but is made available for inspection on request. It is updated at least annually. The onus is on individual members of the Authority to determine other interests that should be disclosed and to make known to the Chair and secretariat any subsequent changes in those interests. At the start of every meeting of the Authority Board, members will be asked to declare any interests in the business on the agenda. Members should similarly make an interest known should it arise during the business of the meeting.

Personal data related incidents are described in the Governance Statement (page 55).

Other disclosures are promulgated by HM Treasury through Public Expenditure System papers.

## Financial reporting to Parliament

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

<https://www.gov.uk/government/collections/hmt-main-estimates>

## Engagement and Transparency

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

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

This includes:

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

The Authority 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**.

The Authority operates transparently and openly. It publishes the minutes and papers of its meetings, and correspondence regarding issues of public concern and information about other aspects of its work on its website **www.statisticsauthority.gov.uk**.

## **Contractual Arrangements**

To deliver its business, the Authority works with over 250 suppliers. All Contracts utilise a Government Procurement Guidelines process to identify which suppliers are key suppliers. This determines the level of engagement to successfully deliver all contracts.

This process has identified that the Authority currently has twenty key suppliers. This is evenly allocated across the business to deliver both the Census Programme and Corporate requirements. The Census key suppliers have been asked to sign a Partnering Charter. This sets out the way in which ONS, suppliers and sub-contractors will engage. It sets out the programme vision and objectives, the benefits of partnering (collaborative working) and the partners duties.

Supplier performance is reviewed in accordance with Government Procurement Guidelines. This includes monthly reviews to strategically monitor areas such as the financial stability of the business, compliance with the contractual deliverables which include Brexit and Social Value considerations and the performance of sub-contractors where applicable.

In addition, the Census key suppliers attend the Collaborative Key Supplier Meetings. The Key Supplier Meeting does not discuss day to day management or performance of a contract. It focuses on cross cutting relationships and interfaces. These meetings have representatives from ONS Deputy Directors, Business Area Leads and the leaders from each of our Key Suppliers. These meetings seek to be:

- **Forward Looking** – Proactively managing shared risks and seeking to maximise opportunities and innovation
- **Provides Strategic Direction** – Seeks out solutions to cross-cutting challenges and focused on joint benefits and successes
- **Relationships** – Fosters and reinforces collaborative ways of working and enables an understanding of objectives and interfaces
- **Reflective** – Builds on Industry best practice and encourages lessons learnt and continuous improvement



# Remuneration Report

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

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

**i** Further information about the work of the Civil Service Commissioners can be found at: [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk).

## Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Executive and Non-Executive Directors of the UK Statistics Authority. The Authority does not make payments-in-kind. The following section and disclosures on pages 67 to 75 have been subject to audit.

### Remuneration of Executive Directors for the UK Statistics Authority and the Office for National Statistics, 2018/19 and 2017/18

Senior Directors	2018/19	2017/18	2018/19 Pension Benefits	2017/18 Pension Benefits	2018/19 Total	2017/18 Total
Name and Title	Salary £'000	Salary £'000	(to nearest £1,000)	(to nearest £1,000)	£'000	£'000
John Pullinger CB Stat National Statistician Statistics Authority Fixed- term contract 1 July 2014 to 30 June 2019	155-160 + bonus 0-5	150-155	25	22	180-185	175-180
Heather Savory Deputy National Statistician for Data Capability	125-130 + bonus 0-5	125-130 + bonus 10-15	50	50	175-180	185-190
Jonathan Athow Deputy National Statistician for Economic Statistics	120-125	115-120	57	31	175-180	145-150

Senior Directors	2018/19	2017/18	2018/19 Pension Benefits	2017/18 Pension Benefits	2018/19 Total	2017/18 Total
Name and Title	Salary £'000	Salary £'000	(to nearest £1,000)	(to nearest £1,000)	£'000	£'000
<b>Iain Bell</b> Deputy National statistician for Population and Public Policy	120-125 + bonus 0-5	100-105 (fte 120-125)	68	179	185-190	270-275
<b>Simon Sandford- Taylor</b> Director of Digital Services, Technology and Methodology From 1 Aug 2018	60-65 (fte 90-95)	N/A	64	N/A	125-130	N/A
<b>Ed Humpherson</b> Director General for Regulation	145-150	145-150 + bonus 10-15	63	37	210-215	195-200
<b>Nicholas Vaughan</b> Chief Economist and Director of National Accounts and Economic Statistics Left ONS 31 Oct 2018	50-55 (fte 90-95) Taxable expenses 5-10 (fte 10-15)	90-95 Taxable expense 0-5	24	24	75-80	115-120
<b>Peter Benton</b> Director of Population and Public Policy Operations	90-95	85-90	23	19	110-115	105-110
<b>Francesca Kay</b> Director Population and Public Policy Transformation	95-100 Taxable expenses 5-10	85-90	39	37	130-135	125-130
<b>Tom Smith</b> Director of the Data Science Campus	130-135 + bonus 10-15 Taxable expenses 5-10	130-135	52	51	180-185	180-185
<b>Sarah Henry</b> Director Methods, Data and Research	95-100 Taxable expenses 10-15	85-90 (fte 95-100)	37	35	130-135	120-125
<b>Emma Rourke*</b> Director Public Policy Analysis	75-80 (fte 95-100)	95-100	28	37	100-105	130-135

Senior Directors	2018/19	2017/18	2018/19 Pension Benefits (to nearest £1,000)	2017/18 Pension Benefits (to nearest £1,000)	2018/19 Total	2017/18 Total
Name and Title	Salary £'000	Salary £'000			£'000	£'000
<b>Owen Brace</b> Director Policy and Communications	90-95	5-10 (fte 90-95)	37	10	130-135	15-20
<b>Nick Bateson</b> Director Finance, Planning and Performance	115-120 + bonus 0-5 Taxable expenses 10-15	45-50 (fte 115-120) Taxable expense 0-5 (fte 10-15)	46	20	160-165	70-75
<b>Elizabeth McKeown</b> Director of Public Policy Analysis From 18 June 2018	70-75 (fte 90-95)	N/A	59	N/A	130-135	N/A
<b>Philippa Bonay</b> Director for People and Business Services From 20 Aug 2018	60-75 (fte 100-105) Taxable expenses 0-5 (fte 5-10)	N/A	25	N/A	85-100	N/A
<b>Grant Fitzner</b> Chief Economist From 26 Nov 2018	35-40 (fte 100-105)	N/A	16	N/A	50-55	N/A

**Note** Emma Rourke was on maternity leave during this reporting period.

As a direct result of Ian Cope's secondment, he was not an active board member during 2018/19, the prior year remuneration was disclosed in the Authority's 2017/18 accounts and not in the above note. David Best left ONS 28 February 2018, Paul Layland left ONS 14 September 2017 and Neil Wooding left ONS 18 February 2018, prior year remuneration was disclosed in the Authority's 2017/18 accounts and not in the above note.

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

	2018/19 Salary £'000	2017/18 Salary £'000
Band of highest paid director's total remuneration £'000	160-165	160-165*
Median total remuneration	£29,017	£28,450*
Ratio	5.60	5.71*

**Note** \*Previously published 2017/18 figures have been restated to reflect full time equivalent salaries.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The lowest staff remuneration in 2018/19 was £17,032 (2017/18 £16,409).

No employees received remuneration in excess of the highest-paid director in either 2018/19 or 2017/18. The mid-point of the banded remuneration of the highest paid director was £162,500 during 2018/19 (2017/18 £162,500).

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

## Remuneration of Non-Executive Directors of the UK Statistics Authority 2018/19 and 2017/18

Senior Directors Name and Title	2018/19 Salary £'000	2017/18 Salary £'000
<b>Sir David Norgrove</b> Chair of UK Statistics Authority Fixed contract From 1 April 2017 to 31 March 2022	55-60	55-60
<b>Ms Sian Jones</b> Fixed Contract Deputy Chair 12 December 2018 to 1 July 2024 Non-Executive Director From 1 July 2016 to 11 December 2018	10-15 (fte 30-35) and 5-10 (fte 15-20)	15-20
<b>Professor Sir Adrian Smith FRS</b> Fixed contract Non-Executive Director 12 December 2018 to 31 March 2020 Deputy Chair From 1 September 2015 to 11 December 2018	5-10 (fte 15-20) and 20-25 (fte 30-35)	30-35
<b>Dame Colette Bowe DBE</b> Non-Executive Director Fixed contract From 1 February 2016 to 31 March 2018	N/A	15-20
<b>Dame Moira Gibb DBE</b> Non-Executive Director Fixed contract From 1 February 2016 to 31 January 2018	N/A	10-15 (fte 15-20)
<b>Dr David Levy</b> Non-Executive Director Fixed contract From 1 August 2014 to 31 May 2019	15-20	15-20
<b>Professor David Hand OBE FBA</b> Non-Executive Director Fixed contract From 1 April 2013 to 1 April 2021	15-20	15-20

Senior Directors Name and Title	2018/19 Salary £'000	2017/18 Salary £'000
<b>Professor Jonathan Haskel</b> Non-Executive Director Fixed contract From 1 February 2016 to 31 January 2023	5-10 (fte 15-20)	15-20
<b>Ms Nora Nanayakkara</b> Non-Executive Director Fixed contract From 1 July 2016 to 1 July 2024	15-20	15-20
<b>Professor Sir Ian Diamond FBA FRSE FAcSS*</b> Non-Executive Director Fixed Contract From 7 June 2018 to 6 July 2022	0	N/A
<b>Professor Anne Trefethen FBCS FEng</b> Non-Executive Director Fixed Contract From 7 June 2018 to 6 July 2022	10-15 (fte 15-20)	N/A

#### Note

\*Professor Sir Ian Diamond provides his services free of charge.

In addition to the Non-Executive Directors of the UK Statistics Authority, Tim Watkinson and Julia Mundy have been appointed as Independent Non-Executive Directors in advisory roles to the Audit and Risk Assurance Committee.

## Salary

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

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

The Remuneration Committee concluded the pay arrangements for the UK Statistics Authority's Senior Civil Servants. The committee's membership is set out in the Governance Statement.

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

The remuneration for the National Statistician is not agreed by the Authority's Remuneration Committee but is determined independently.

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

## Benefits in Kind

None of the above received benefits in kind.

## Bonus Payments

These are determined by an individual's performance in the previous appraisal year and are evaluated as part of the appraisal process, i.e. payments made in 2018/19 relate to performance outcomes in 2017/18 and the comparative bonuses reported for 2017/18 relate to performance in 2016/17.

## Pension Benefits

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

Senior Directors	Real increase in pension and related lump sum at pension age	Accrued pension at pension age as at 31 March 2019 and related lump sum	Cash Equivalent Transfer Value at 31 March 2018	Cash Equivalent Transfer Value at 31 March 2019	Real Increase in Cash Equivalent Transfer Value
	£'000	£'000	£'000	£'000	£'000
<b>John Pullinger CB Stat</b> National Statistician Statistics Authority Fixed-term contract 1 July 2014 to 30 June 2019	0-2.5 + lump sum of 2.5-5	75-80 + lump sum of 225-230	1,630	1,808	26
<b>Heather Savory</b> Deputy National Statistician for Data Capability	2.5-5	10-15	112	163	31
<b>Jonathan Athow</b> Deputy National Statistician for Economic Statistics	2.5-5	45-50	522	642	28
<b>Iain Bell</b> Deputy National Statistician for Population and Public Policy	2.5-5 + lump sum of 2.5-5	40-45 + lump sum of 95-100	578	705	39

<b>Senior Directors</b>	<b>Real increase in pension and related lump sum at pension age</b>	<b>Accrued pension at pension age as at 31 March 2019 and related lump sum</b>	<b>Cash Equivalent Transfer Value at 31 March 2018</b>	<b>Cash Equivalent Transfer Value at 31 March 2019</b>	<b>Real Increase in Cash Equivalent Transfer Value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Simon Sanford-Taylor</b> Director of Digital Services, Technology and Methodology From 1 Aug 2018	2.5-5	20-25	219	297	40
<b>Ed Humpherson</b> Director General for Regulation	2.5-5 + lump sum of 0-2.5	60-65 + lump sum of 50-55	842	1,002	33
<b>Nicholas Vaughan</b> Chief Economist and Director of National Accounts and Economic Statistics Left ONS 31 Oct 2018	0-2.5	30-35	477	553	14
<b>Peter Benton</b> Director of Population and Public Policy Operations	0-2.5 + lump sum of 0	30-35 + lump sum of 75-80	490	569	7
<b>Francesca Kay</b> Director Population and Public Policy Transformation	0-2.5	40-45	477	565	22
<b>Tom Smith</b> Director of the Data Science Campus	2.5-5	5-10	35	75	24
<b>Sarah Henry</b> Director Methods, Data and Research	0-2.5	0-5	23	53	20
<b>Emma Rourke</b> Director Public Policy Analysis	0-2.5	0-5	30	53	13
<b>Owen Brace</b> Director Policy and Communications	0-2.5	10-15	107	149	15
<b>Nick Bateson</b> Director Finance, Planning and Performance	2.5-5 + lump sum of 0-2.5	25-30 + lump sum of 55-60	308	386	17

Senior Directors	Real increase in pension and related lump sum at pension age	Accrued pension at pension age as at 31 March 2019 and related lump sum	Cash Equivalent Transfer Value at 31 March 2018	Cash Equivalent Transfer Value at 31 March 2019	Real Increase in Cash Equivalent Transfer Value
	£'000	£'000	£'000	£'000	£'000
Elizabeth McKeown Director of Public Policy Analysis From 18 June 2018	2.5-5 + lump sum of 2.5-5	20-25 + lump sum of 40-45	228	304	30
Philippa Bonay Director for People and Business Services From the 20 Aug 2018	0-2.5	10-15	108	138	12
Grant Fitzner Chief Economist From 26 Nov 2018	0-2.5	0-5	42	55	10

#### Note

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

## 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 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.

## Board Member and Senior Official Off-payroll engagements

The following table identifies off-payroll engagements of board members, and/or, Senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019.

	2018/19 Number of engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Total number of individuals off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year.	-

## Other Information

### Compensation for loss of office

No Director received compensation for loss of office during 2018/19

### Payments to past directors

No payments were made to past directors other than in respect of employment or other contractual service for the company other than as a director.

# Staff Report

## Staffing structure

### Staff Numbers

	2018/19 Total FTE	Permanently employed FTE	Others FTE	2017/18 Total FTE
Objective statistical services	3,887	3,824	63	3,685

**Note** The Statistical Services staff numbers are calculated using the average number of staff on the payroll each month rather than at year end.

This section and following notes on pages 76 to 83 are subject to audit.

### Staff Costs

	2018/19 Total £'000	Permanently employed Staff £'000	Others £'000	2017/18 Total £'000
Statistical services staff costs	132,515	124,778	7,737	117,317
Social security costs	11,719	11,719	-	11,157
Other pension costs	24,482	24,482	-	22,774
Tax and levies	597	597	-	554
<b>Total</b>	<b>169,313</b>	<b>161,576</b>	<b>7,737</b>	<b>151,802</b>
<b>Less recoveries in respect of outward secondments</b>	<b>(266)</b>	<b>(266)</b>	<b>-</b>	<b>(1,377)</b>
<b>Total net costs</b>	<b>169,047</b>	<b>161,310</b>	<b>7,737</b>	<b>150,425</b>

**Note**

Statistical Services and staff costs include £2,002,000 of research and development costs which are analysed as capital expenditure in the Statement of Parliamentary Supply, SOPS1 and SOPS2.

### Staff Numbers as at 31 March 2019

Contract Type	2018/19 Headcount	FTE	2017/18 Headcount	FTE
Permanent employment contract	4,387	3,777	4,059	3,442
Fixed term employment contract	176	174	281	278
Paid secondment or loan in	2	2	3	3
<b>Total</b>	<b>4,565</b>	<b>3,953</b>	<b>4,343</b>	<b>3,723</b>

## Contingent Workers as at 31 March 2019

Contingent Worker Type	2018/19 Headcount	2017/18 Headcount
Agency worker	78	42
Contractor	69	66
Consultant	55	32
Service worker	160	203
<b>Total</b>	<b>362</b>	<b>343</b>

## Staff Composition as at 31 March 2019

	Headcount Female	Male	FTE Female	Male
AA/AO	907	707	637.7	499.5
EO	398	227	362.7	224.5
HEO	524	398	487.9	389.3
SEO	372	297	347.7	292.2
Grade 7	265	263	249.0	259.7
Grade 6	53	90	50.5	89.5
SCS Pay Band 1 (Deputy Director)	16	31	15.8	30.0
SCS Pay Band 2 (Director)	5	7	5.0	7.0
SCS Pay Band 3 (Director General)	1	3	1.0	3.0
Permanent Secretary	-	1	-	1.0
<b>Total</b>	<b>2,541</b>	<b>2,024</b>	<b>2,157.3</b>	<b>1,795.7</b>

## Number of Senior Civil Service Staff by SCS Pay Band (average for the year)

SCS Pay Band	2018/19 Headcount	FTE	2017/18 Headcount	FTE
SCS Pay Band 1 (Deputy Director)	46	45	45	44
SCS Pay Band 2 (Director)	12	12	10	10
SCS Pay Band 3 (Director General)	4	4	4	4
Permanent Secretary	1	1	1	1
<b>Total</b>	<b>63</b>	<b>62</b>	<b>60</b>	<b>59</b>

## Off Payroll Engagements

The following table identifies all off-payroll engagements as at 31 March 2019 for more than £245 per day for a period longer than six months.

	Number of existing engagements as at 31st March 2019
Number of existing engagements as of 31 March 2019	167
<i>Of which:</i>	
Number that have existed for less than one year at the time of reporting	46
Number that have existed between one – two years at the time of reporting	91
Number that have existed between two – three years at the time of reporting	23
Number that have existed between three – four years at the time of reporting	2
Number that have existed for four years or more at the time of reporting	5
Number of off-payroll engagements of board members with significant financial responsibility during the financial year.	-

The following table details the total number of off-payroll engagements in excess of £245 per day for a period longer than six months (between the 1 April 2018 and 31 March 2019).

	Number 2018/19
Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	160
<i>Of which:</i>	
Number assessed as inside the scope of IR35	-
Number assessed as outside the scope of IR35	160
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	-
Number of engagements reassessed for consistency/assurance purposes during the year.	-
Number of engagements that saw a change to IR35 status following the consistency review	-

## Capitalised Staff Costs

	2018/19 Cost £'000	FTE	2017/18 Cost £'000	FTE
Data Collection Transformation Programme	-	-	766	8
Survey Data Collection (SDC)	703	27	-	-
Data Access Platform (DAP)	990	30	-	-
Life Events	-	-	220	5
<b>Total</b>	<b>1,693</b>	<b>57</b>	<b>986</b>	<b>13</b>

### Notes

The 2018/19 salary figures reflect a net yearly movement of £1,559,000 accrued holiday and flexi pay, and PRP of £1,420,000.

In addition to the £169,313,000 reported total net costs £1,693,000 (2017/18 £986,000) of salary costs are categorised as capital expenditure and are not included in the Operating Cost Statement. An analysis by capital project is provided in Capitalised Staff Costs.

## Sickness Absence

Average working days lost during 2018/19 is 7.0 (2017/18 was 7.6).

## Reporting Compensations for Employee Departures

Exit package cost band	Total number of compulsory redundancies agreed within the year		Total number of other departures agreed within the year		Total value of exit packages agreed within the year by cost band £'000	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
< £10,000	-	-	10	2	74	18
£10,000 – £25,000	-	-	36	25	580	413
£25,000 – £50,000	-	-	50	14	1,776	494
£50,000 – £100,000	-	-	43	6	2,829	426
£100,000 – £150,000	-	-	-	-	-	-
£150,000 – £200,000	-	-	-	-	-	-
> £200,000	-	-	-	-	-	-
<b>Total number of exit packages by type (total cost)</b>	<b>-</b>	<b>-</b>	<b>139</b>	<b>47</b>	<b>5,259</b>	<b>1,351</b>

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

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

## **Employee Matters**

### **Equality, Diversity and Inclusion Overview**

The Authority measures some of the biggest issues that affect the public. It is important to reinvigorate our commitment to equality, diversity and inclusion in our business planning, focussing on outcomes and make the most of the talents of all our people to serve the public effectively.

This year we are undertaking a review and refresh of the Authority's Diversity and Inclusion Strategy which links with the Civil Service Strategy, and the Authority's other business and people strategies and plans to form a common approach across the organisation to address the skills, knowledge and behaviours required of all civil servants, whether they are members of teams, leaders or professional experts. We will ensure we make the most of our diversity through this integrated approach.

Our Equality and Diversity Steering Group identified four priority areas to focus our strategy activities. These are sex, gender identity and sexual orientation, ethnicity, and disability.

The focus for embedding our diversity priorities are:

- employees at all levels to have a personal goal to raise levels of inclusion
- embed equality, diversity, and inclusion in work area business plans
- work to create an inclusive working environment where staff respect and value each other's diversity
- work to create a diverse, representative workforce

In addition, our recruitment team has worked hard to increase the representation of the organisation to diverse groups. For example, advertising in disability magazines, attending Student PRIDE, and ensuring job adverts are using inclusive language.

## Equality, Diversity and Inclusion Infrastructure

### Governance

The governance for equality, diversity and inclusion is through our Equality and Diversity Steering Group, and the National Statisticians Executive Group. Business areas drive the activity and have accountability for achieving equality, diversity and inclusion goals in the organisation.

### Networks

The Authority recognises the immense value that staff support networks can bring to improving our workplace and our policies. The Authority recognises and supports our formal staff support networks.

To demonstrate our commitment to our networks we have Director General diversity champions for the organisation, and Director sponsors for each of our diversity network groups.

### Benchmarking and Collaborating

We participate in benchmarking exercises with Stonewall, the Business Disability Forum, the Disability Confident scheme, Working Families and MIND. We are committed to maintaining and improving our position in these benchmarks, and we work closely with other Government Departments and Cabinet Office to identify areas for collaboration and shared initiatives.

### Measuring Progress

We have an interactive Diversity Dashboard so that business areas can look at their data as well as data about the whole organisation. The dashboard allows us the flexibility to monitor both organisational and non-disclosive business area level data. In addition, we monitor declaration rates and actively encourage colleagues to complete this data. Last year we also set incremental targets for our priority areas to help us focus on making progress against our priorities.

### Action Plans

We have bolstered our strategic goals with action plans in our focus areas. These plans mean that we have key performance indicators and accountability for our diversity commitments.

Our champions, sponsors and network groups are active across the organisation, and have undertaken initiatives such as presentations, learning workshops, Disability Audits, Leadership courses for women and BAME staff, ensuring Disability passports are promoted, SMART working protocols, linking with other organisations and departments to identify best practice, guides for managing Mental Health, promoting job sharing, guidance on job design, and reviewing performance management outcomes.

## Progress against Senior Civil Service and Senior Management Grade Targets

The table shows our current targets as well as the actual figures achieved by March 2017–2019.

## Progress against Equality Targets as at 31 March 2018/19

SCS Measures	% Target	% Actual 2017	% Actual 2018	% Actual 2019
Females in Top Management (TMP) pay band 2 and above	40	21	25	35
Females in SCS	40	26	31	34
Ethnic minority in SCS	2	-	-	2
Employees with disabilities in SCS	2	6	9	9

Feeder Grade Measures	% Target	% Actual 2017	% Actual 2018	% Actual 2019
<b>Grade 6</b>				
Females	45	34	38	37
Ethnic Minority	5	-	1	1
Employees with disabilities	5	5	5	8
<b>Grade 7</b>				
Females	44	45	46	50
Ethnic Minority	4	2	5	5
Employees with disabilities	3	6	6	8

## Diversity and Inclusion Goals 2018-2022

Goals for UKSA							
	Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21	Mar-22
Ethnicity	5.9%	6.1%	6.4%	6.1%	5.5%	6.0%	6.5%
Disability	11.0%	11.5%	11.9%	13.4%	10.5%	11.5%	12.5%
Sexual Orientation	3.6%	4.1%	4.2%	4.5%	3.8%	4.2%	4.6%



SCS	Goals for UKSA						
	Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21	Mar-22
Females in SCS 2+	29.4%	35.3%	35.3%	35.3%	27.5%	30.0%	33.0%
Females in SCS	30.6%	33.9%	33.9%	34.4%	34.0%	37.5%	41.0%
Ethnic Minorities	0.0%	2.0%	2.0%	1.9%	2.0%	2.5%	3.0%
Disabled	3.2%	3.4%	3.6%	8.6%	10.0%	11.0%	12.0%

SCS Feeder Grades		Goals for UKSA						
		Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21	Mar-22
Grade 6								
	Females	39.3%	39.1%	38.6%	37.1%	41.0%	45.0%	49.0%
	Ethnic Minorities	1.0%	0.9%	0.9%	0.8%	1.5%	2.0%	2.5%
	Disabled	5.9%	6.7%	7.7%	7.9%	5.5%	6.0%	6.5%
Grade 7								
	Females	46.9%	48.0%	48.6%	50.0%	50.0%	50.0%	50.0%
	Ethnic Minorities	5.2%	6.1%	6.4%	5.2%	5.5%	6.0%	6.5%
	Disabled	7.1%	6.5%	6.0%	7.7%	6.5%	7.0%	7.5%

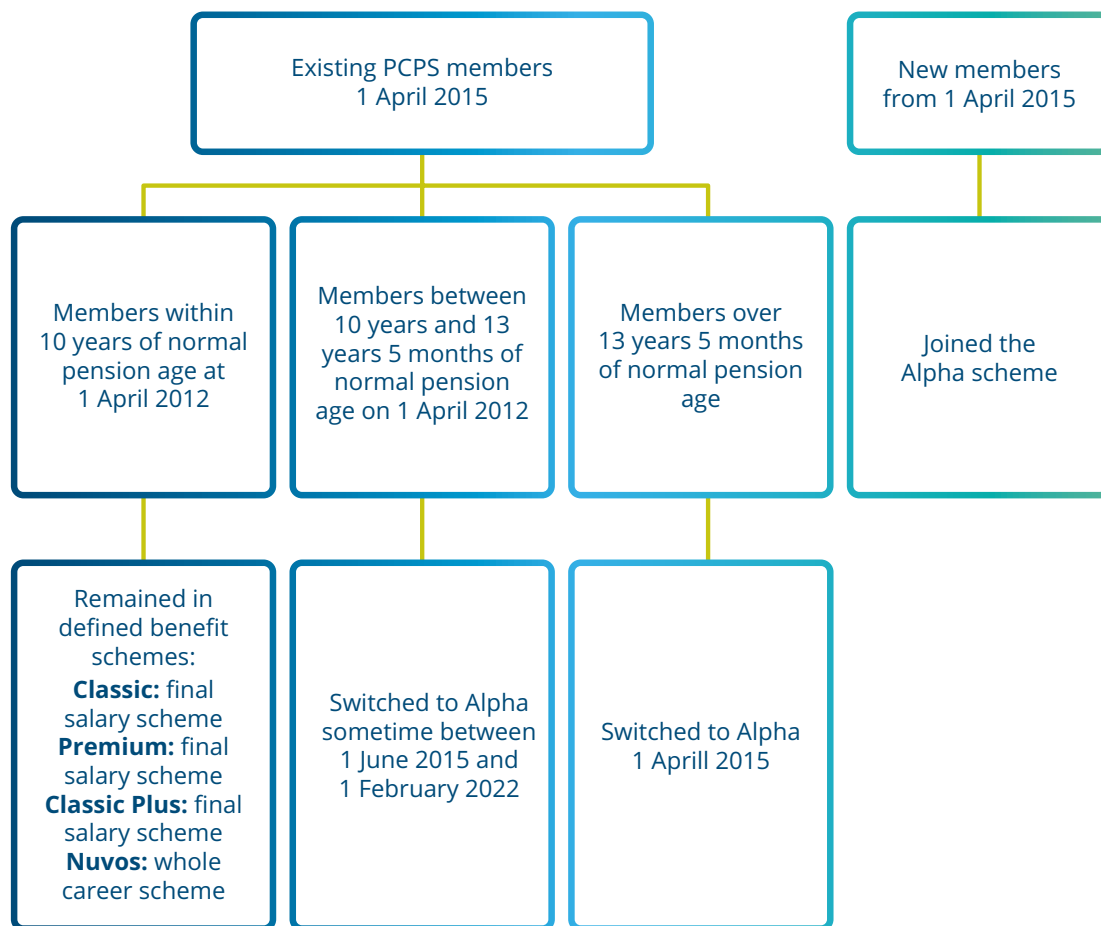
#### Note

Whilst all staff in UK Statistics Authority are encouraged to make a positive declaration within each of these diversity measures there is no obligation to do so. This data is from those who have made a declaration.

# Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements.

From 1 April 2015 a new pension scheme for civil servants was introduced, replacing Principal Civil Service Pension Scheme (PCSPS). The Civil Servants and Other Pension Scheme (CSOPS) known as alpha provides benefits on a career average basis. From this date members moved on the basis shown in the diagram below. PCSPS benefits are preserved for those with earlier benefits in final salary schemes.



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).

## Defined Benefit Schemes

These statutory arrangements are unfunded multi-employer defined benefit schemes with the cost of benefits paid for by funding that is voted by Parliament each year. The UK Statistics Authority is unable to identify its share of the underlying assets and liabilities.

The Scheme Actuary usually reviews contributions every four years following a full scheme valuation. The scheme was last valued as at 31 March 2012, a valuation is still in progress based on March 2016 data.

**i** You can find details in the resource accounts of the Cabinet Office: Civil Superannuation. Full information about the Civil Service pension arrangements can be found at [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with pensions increase legislation. Details of each pension scheme and the differences between them are shown in the table below.

Pension Scheme	Pension Age	Employee contributions (% of pensionable earnings)	Benefits accrual rate (for each year of service)	Lump sum (payable on retirement)
Classic	60	4.6 – 8.05	1/80th pensionable earnings.	3 years initial pension.
Classic +	60	4.6 – 8.05	To 30 September 2002, 1/80th final pensionable earnings. Thereafter, 1/60th.	To 30 September 2002, 3/80th final pensionable earnings. Thereafter, optional.
Premium	60	4.6 – 8.05	2.3% of pensionable earnings each scheme year.	Optional
Nuvos	65	4.6 – 8.05	2.32% of pensionable earnings each scheme year.	Optional
Alpha	The higher of 65 or state pension age.	4.6 – 8.05	2.32% of pensionable earnings each scheme year.	Optional
Now Alpha (previously classic)	The higher of 65 or state pension age.	4.6 – 8.05	2.32% of pensionable earnings each scheme year	Optional

Additionally, members of nuvos and alpha have their accrued pension 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.

For 2018/19, employers' contributions of £24.4 million were payable to the PCSPS and CSOPS (2017/18 £22.7 million) at one of four rates on the range of 20 to 24.5 per cent (2017/18 20 to 24.5 per cent) of pensionable pay, based on salary bands.

**i** More detail about the Remuneration Report, providing detail on the pension benefits for the members of the Executive Committee can be found on pages 72 to 74.

### Partnership Pension

The partnership pension account is a defined contribution, stakeholder pension arrangement. The employer makes a basic contribution of between eight per cent and 14.75 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will also match these up to a limit of three per cent of pensionable salary. Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Employers' contributions of £342,000 (2017/18 £356,000) were paid to one or more of a panel of three approved stakeholder pension providers.

Contributions due to the partnership pension providers at the balance sheet date were £32,000 (2017/18 £36,000). Contributions prepaid for both 2018/19 and 2017/18 were nil.

Employers' contributions of £12,000 representing 0.5 per cent of pensionable pay (2017/18 £12,000) was payable to the PCSPS over the course of the year to cover the cost of centrally-provided risk benefit cover for employees.

4 members of staff (2017/18 four members of staff) retired early on ill-health grounds.

# Statement of Parliamentary Supply

## Summary of Resource and Capital Outturn 2018/19

	2018/19 Estimate			2018/19 Outturn			2018/19 Voted outturn compared with Estimate: saving/ (excess)	2017/18 Outturn Total
	Voted	Non-Voted	Estimate Total	Voted	Non-Voted	Outturn Total		
	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Departmental Expenditure Limit								
Resource	282,698	-	282,698	280,124	-	280,124	2,574	249,775
Capital	19,052	-	19,052	17,556	-	17,556	1,496	17,118
Annually Managed Expenditure								
Resource	3,345	-	3,345	2,450	-	2,450	895	(5,382)
<b>Total</b>	<b>305,095</b>	<b>-</b>	<b>305,095</b>	<b>300,130</b>	<b>-</b>	<b>300,130</b>	<b>4,965</b>	<b>261,511</b>
Total Resource	286,043	-	286,043	282,574	-	282,574	3,469	244,393
Total Capital	19,052	-	19,052	17,556	-	17,556	1,496	17,118
<b>Total</b>	<b>305,095</b>	<b>-</b>	<b>305,095</b>	<b>300,130</b>	<b>-</b>	<b>300,130</b>	<b>4,965</b>	<b>261,511</b>

### Note

This section and following notes pages 87 to 90 are subject to audit.

## Net Cash Requirement 2018/19

2018/19			2018/19 Outturn compared with estimate: saving/ (excess)	2017/18 Outturn
Estimate	Note	Outturn		
£'000		£'000	£'000	£'000
<b>280,151</b>	<b>SOPS 3</b>	<b>265,453</b>	<b>14,698</b>	<b>245,242</b>

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

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

Explanations of variances between estimates and outturn are given in the Management Commentary on pages 60 to 61.

The notes on pages 87 to 90 form part of these accounts.

## SOPS 1 – Net Resource and Capital Outturn

For the period ending 31 March 2019

### SOPS 1.1 Analysis of net resource outturn

	Gross Resource	Income	Outturn Net Total	Estimate Net Total	2018/19 Net total outturn compared with Estimate	2017/18 Prior-year Outturn
	£'000	£'000	£'000	£'000	£'000	£'000
Spending in Departmental Expenditure Limit						
Voted						
A. Programme Expenditure	305,616	(25,492)	280,124	282,698	2,574	249,775
Annually Managed Expenditure						
Voted						
B. Provisions	3,215	-	3,215	4,185	970	(4,663)
C. Utilised Provisions	(765)	-	(765)	(840)	(75)	(719)
<b>Resource Outturn</b>	<b>308,066</b>	<b>(25,492)</b>	<b>282,574</b>	<b>286,043</b>	<b>3,469</b>	<b>244,393</b>

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

### SOPS 1.2 Analysis of net capital outturn by section

	Gross Capital Expenditure	Income	Programme Outturn Net Total	Estimate Net Total	2018/19 Net total outturn compared with Estimate	2017/18 Prior-year outturn
	£'000	£'000	£'000	£'000	£'000	£'000
Spending in Departmental Expenditure Limit						
Voted						
A. Programme Expenditure	17,556	-	17,556	19,052	1,496	17,118
<b>Capital Outturn</b>	<b>17,556</b>	<b>-</b>	<b>17,556</b>	<b>19,052</b>	<b>1,496</b>	<b>17,118</b>

## SOPS 2 – Reconciliation of Net Operating Costs to Statement of Parliamentary Supply

	2018/19 £'000	2017/18 £'000
<b>Total resource outturn in Statement of Parliamentary Supply Budge (SOPS 1.1)</b>	<b>282,574</b>	<b>244,393</b>
Expenditure which meets the European Statement of Accounts 2015 definition of research and development		
Staff costs (other)	-	-
Staff Costs (permanent)	2,002	265
Information technology expenditure	-	-
<b>Net operating costs for 31 March 2019</b>	<b>284,576</b>	<b>244,658</b>

## SOPS 3 – Reconciliation of Net Resource Outturn to Net Cash Requirement

For the period ending 31 March 2019

		2018/19 Estimate	2018/19 Outturn	2018/19 Net total Outturn compared with Estimate: saving/(excess)	2017/18 Outturn
	Note	£'000	£'000	£'000	£'000
<b>Resource outturn</b>		286,043	282,574	3,469	244,393
Capital outturn		19,052	17,556	1,496	17,118
<b>Accruals to cash adjustments</b>					
Depreciation and amortisation	4	(23,100)	(19,144)	(3,956)	(16,581)
Impairment	4	-	(2,570)	2,570	(4,762)
Adjustments to provisions	4	(4,185)	(3,215)	(970)	4,663
Other non-cash items	4	-	(111)	111	(151)
<b>Adjustments to reflect movements in working balances</b>					
Increase in receivables	10	-	518	(518)	1,651
Increase in trade and other payables	12	1,501	(10,785)	12,286	(2,009)
Other movements in working capital not reflected in operating costs		-	(135)	135	201
Utilisation of provisions	13	840	765	75	719
<b>Net cash requirement</b>		<b>280,151</b>	<b>265,453</b>	<b>14,698</b>	<b>245,242</b>

**Note** SOPS 1.1 against resource outturn and SOPS 1.2 against capital outturn.

## Parliamentary Accountability Disclosure

### Special Payment and Losses (Subject to Audit)

For the period ending 31 March 2019

	2018/19		2017/18	
	Number	£'000	Number	£'000
Ex-gratia claims	19	3	19	2

### Fees and Charges (Subject to Audit)


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

### Remote Contingent Liabilities (Subject to Audit)

None identified.

### Disclosure of Information to the Auditors

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



**John Pullinger** CB CStat  
UK Statistics Authority  
24 June 2019



# The Certificate and Report of the Comptroller and Auditor General to the House of Commons

## Opinion on financial statements

I certify that I have audited the financial statements of the Statistics Board (referred to as the UK Statistics Authority or the Department) for the year ended 31 March 2019 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity, and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2019 and of the Department's 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 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 2019 and shows that those totals have not been exceeded; and
- the income and expenditure 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

## **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Statistics Board in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Statistics Board's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## **Responsibilities of the Accounting Officer for the financial statements**

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.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Statistics Board (referred to as the UK Statistics Authority's) internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

## **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

### Gareth Davies

Comptroller and Auditor General  
27 June 2019

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





# Statement of Comprehensive Net Expenditure

For the Year to 31 March 2019

	Note	2018/19 £'000	2017/18 £'000
<b>Programme Expenditure</b>			
Staff	3	169,313	151,802
Other	4	140,756	122,421
Operating Income	5	(25,493)	(29,565)
<b>Net Operating Costs for the period</b>		<b>284,576</b>	<b>244,658</b>
<b>Other Comprehensive Net Expenditure</b>			
Net (gain)/loss on:			
Revaluation of property, plant and equipment		(907)	(2,150)
Revaluation of intangibles		(252)	(472)
<b>Total Comprehensive Expenditure</b>		<b>283,417</b>	<b>242,036</b>

## Note

The notes on pages 102 to 137 form part of these accounts.



# Statement of Financial Position

as at 31 March 2019

	Note	2018/19 £'000	2017/18 £'000
<b>Non-current assets</b>			
Property, plant and equipment	6	52,811	51,565
Intangible assets	7	14,936	21,199
Financial assets	10	16	68
<b>Total non-current assets</b>		<b>67,763</b>	<b>72,832</b>
<b>Current assets</b>			
Trade and other receivables	10	8,410	10,117
Other current assets	10	13,171	10,894
Cash and cash equivalents	11	297	440
<b>Total current assets</b>		<b>21,878</b>	<b>21,451</b>
<b>Total assets</b>		<b>89,641</b>	<b>94,283</b>
<b>Current liabilities</b>			
Trade and other payables	12	(43,169)	(32,384)
Current early retirement provision	13	(1,090)	(204)
Other current provisions	13	(22)	(597)
<b>Total current liabilities</b>		<b>(44,281)</b>	<b>(33,185)</b>
<b>Total assets less current liabilities</b>		<b>45,360</b>	<b>61,098</b>
<b>Non-current liabilities:</b>			
Other provisions	13	(3,959)	(1,707)
Early retirement provision	13	(189)	(302)
<b>Total non-current liabilities</b>		<b>(4,148)</b>	<b>(2,009)</b>
<b>Assets less liabilities</b>		<b>41,212</b>	<b>59,089</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		27,428	45,732
Revaluation reserve		13,784	13,357
<b>Total equity</b>		<b>41,212</b>	<b>59,089</b>

**Note** The notes on pages 102 to 137 form part of these accounts.



**John Pullinger** CB CStat  
Accounting Officer  
UK Statistics Authority  
24 June 2019

# Statement of Cash Flows

For the period ending 31 March 2019

	Note	2018/19 £'000	2017/18 £'000
<b>Cash flows from operating activities</b>			
Net operating costs		(284,576)	(244,658)
Adjustment for non-cash transactions	4	25,051	16,829
(Increase)/Decrease in trade and other receivables	10	(518)	(1,651)
<b>Less movements in receivables relating to items not passing through the SOCNE</b>			
Amounts relating to bad debt write-off	4	(11)	(60)
(Decrease)/Increase in trade payables		10,785	2,009
<b>Less movements in payables relating to items not passing through the SOCNE</b>			
Amounts due to the Consolidated Fund for Supply		143	(142)
Increase/(Decrease) in capital accruals relating to investing activities	6, 7	942	(74)
<b>Change in working capital</b>			
Use of provisions	13	(765)	(719)
Other movements in working capital		(7)	3
<b>(Net cash outflow from operating activities)</b>		<b>(248,956)</b>	<b>(228,463)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(10,835)	(12,801)
Purchase of intangible assets	7	(4,719)	(4,052)
Increase/(Decrease) in capital accruals relating to investing activities	6, 7	(942)	74
<b>Net cash flow from investing activities</b>		<b>(16,496)</b>	<b>(16,779)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		265,309	245,384
<b>Net Financing</b>		<b>265,309</b>	<b>245,384</b>
<b>Net Increase/(Decrease) in cash and cash equivalents in the period</b>		<b>(143)</b>	<b>142</b>
Cash and cash equivalents at the beginning of the period		440	298
<b>Cash and cash equivalents at the end of the period</b>		<b>297</b>	<b>440</b>

**Note** The notes on pages 102 to 137 form part of these accounts

# Statement of Changes in Taxpayers' Equity

For the period ending 31 March 2019

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Balance at 1 April 2017</b>		<b>42,930</b>	<b>12,864</b>	<b>55,794</b>
<b>Changes in taxpayers' equity for 2017/18</b>				
Net Parliamentary Funding – drawn down		245,384	-	245,384
Comprehensive expenditure for the year		(244,658)	-	(244,658)
<b>Non cash adjustments</b>				
Non cash charges – auditor's remuneration	4	89	-	89
<b>Movements in reserves</b>				
Transfers between reserves		2,129	(2,129)	-
Net loss on revaluation of property, plant and equipment	6	-	2,150	2,150
Net gain on revaluation of intangible assets	7	-	472	472
Amounts issued from the Consolidated Fund for supply but not spent at year end		(440)	-	(440)
Deemed supply	11	298	-	298
<b>Balance at 31 March 2018</b>		<b>45,732</b>	<b>13,357</b>	<b>59,089</b>
<b>Changes in taxpayers' equity for 2018/19</b>				
Net Parliamentary Funding – drawn down		265,309	-	265,309
Advances from the Contingencies Fund		-	-	-
Repayments to the Contingencies Fund		-	-	-
Comprehensive expenditure for the year		(284,576)	-	(284,576)
<b>Non cash adjustments</b>				
Non cash charges – auditor's remuneration	4	89	-	89
<b>Movements in reserves</b>				
Transfers between reserves		731	(731)	-
Net gain/(Loss) on revaluation of property, plant and equipment	6	-	907	907
Net gain/(Loss) on revaluation of intangible assets	7	-	251	251
Amounts issued from the Consolidated Fund for supply but not spent at month end	11	(297)	-	(297)
Deemed supply	11	440	-	440
<b>Balance at 31 March 2019</b>		<b>27,428</b>	<b>13,784</b>	<b>41,212</b>

**Note** 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 102 to 137 form part of these accounts.

# Notes to the Accounts

## **1. Statement of Accounting Policies and Accounting Convention**

The 2018/19 financial statements are prepared in accordance with the 2018/19 Government Financial Reporting Manual (FReM) issued by HM Treasury.

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

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

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

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

### **Going concern**

The Authority anticipates continued funding to promote and safeguard the production of official statistics that serve the public good, as evidenced by inclusion of financial provision for that service in the Core Table (page 62) and the 2019/20 UK Statistics Authority Main Estimate, a statutory instrument laid before Parliament. This is sufficient evidence that the Authority remains a going concern.

## Collaborative Agreements

The Authority is part of a collaborative agreement to create the Economic Statistics Centre of Excellence with:

- NIESR
- King's College London
- Nesta
- University of Cambridge
- Warwick Business School
- Strathclyde Business School

The lead partner is the National Institute of Economic and Social Research.

2018/19 is the final year of the collaborative Admin Data Research Centre for England (ADRC-E). This collaborative agreement involves:

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

The Economic and Social Research Council funds the arrangement via the University of Southampton who is the lead applicant to the collaborative agreement.

Both collaboration arrangements are treated as joint operations under IFRS 11 Joint Arrangements.

## Property, plant and equipment

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

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

The properties occupied at Titchfield, Christchurch and Newport were professionally valued as at 31 December 2018 by a commercial company qualified to undertake these valuations. The valuations were 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.

Expenditure on the short-term property lease, at Drummond Gate, is stated at current cost by using indices taken from the Authority's publication "Price Index Numbers for Current Cost Accounting". 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.

### Intangible assets

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

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

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

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

### Statistical records

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

## 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 methodology 2017/18	2018/19
Civil Estate Land	Not depreciated	No change
Leasehold property	Over the term of the lease	No change
Freehold property	As indicated by the District Valuation Officers annual report	No change
Computer assets	Between three and seven years	No change
Office machinery	Between four and seven years	No change
Furniture and fittings	Between four and 10 years	No change
In-house developed software	Between two and six years	No change
Software licences	Between two and six years	No change

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

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

Perpetual software licences are amortised on a straight line basis over a life of four years. Where software licences are over a specific period they are depreciated over this useful life.

Each group of assets is reviewed annually for impairment.

## Assets in the course of construction

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

## Research and development

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

As required under European System of Accounts (ESA) 10 Research and Development costs are charged to Capital within the Statement of Parliamentary Supply. The reconciliation between the Statement of Comprehensive Net Expenditure and the Statement of Parliamentary Supply is shown at SOPS Note 1.

## Operating income

Operating income which relates directly to the operating activities of the Authority comprises of the invoiced value of services supplied to the private sector, the wider public sector and other government departments. The Authority undertook a review of its income generation contracts in line with IFRS15 by applying the Public Sector interpretation where the accounting policy choice to retrospectively restate in accordance with IAS 8 has been withdrawn. In using this approach IFRS 15 was applied only to contracts that were not completed at the date of the review. The Authority applied the five-stage model for the recognition of revenue from contracts with customers replacing the previous Standards IAS 11 Construction Contracts, IAS 18 Revenue and related IFRIC and SIC Interpretations.

**Step 1** – Identify the contract(s) with a customer.

**Step 2** – Identify the performance obligations in the contract.

**Step 3** – Determine the transaction price.

**Step 4** – Allocate the transaction price to the performance obligations in the contract.

**Step 5** – Recognise revenue when the Authority satisfies a performance obligation.

The application of the model depended on the facts and circumstances presented in a contract with a customer and required the exercise of judgement. The review established that income is recognised as performance obligations are delivered in line with the principles set out in IFRS15. Prices are calculated in accordance with Managing Public Money.

## Foreign exchange

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

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



## Leases

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

In January 2018 the UK Statistics Authority entered into an agreement to lease Drummond Gate. The lease is for a period of five years with a break clause after three years. We do not consider the lease term to represent a major part of the remaining economic life of the building. In addition, the lease agreement does not include any terms which transfer substantially all the risks and rewards of ownership to the UK Statistics Authority. We have therefore classified the lease as an operating lease.

## 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 at their amortised cost less expected credit losses in accordance with IFRS 9.

## Provisions and early departure costs

The Authority provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of best estimate of the expenditure required to settle the obligation. Where the effect of time value is significant, provisions are discounted using the discount rates published by HM Treasury. These provisions are reviewed each year in accordance with IAS 37.

The Authority meets the responsibility of additional costs of employees who take voluntary early severance or who retire early by paying the amounts required over the period between early departure and normal retirement date. The Authority provides for this in full when the early retirement programme becomes binding.

The Authority recognises a liability for early departure costs where an obligation to pay employees exists.

The Authority recognises the obligation as a provision in the financial statements when:

- the scheme has been announced
- it has created a valid expectation that it will fulfil the obligations of the scheme

The Authority recognises the obligation as an accrued liability in the financial statements when:

- a formal signed agreement with the member of staff is in place
- the member of staff has agreed a specified leaving date

In the circumstances where we have not met the criteria listed above the exit costs will be recognised in the following financial years.

## Trade receivables

Trade receivables are recognised at their amortised cost less expected credit losses in accordance with IFRS 9. Expected credit losses are based on the Authority's expectation of recovery at the year end.

## Staff costs

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

## 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.

## 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.

## Programme Expenditure

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

## 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.

## Contingent liabilities

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

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

## Accounting Estimates and Judgements

The Estimates and Judgements the Authority has within its accounts provided the foundation for meeting its potential reporting requirements under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Uncertainties are inherent in business activities, and as such, some elements of financial statements cannot be measured precisely and therefore can only be estimated. Estimation involves judgements based on the latest available, reliable information.

## Definitions

### **Estimate**

A tentative evaluation and rough calculation, of value, quantity or size.

### **Judgement**

The capacity to assess situations or circumstances shrewdly and to draw sound conclusions.

## Estimates and Judgements undertake by the Authority

- Depreciation
- Revaluations
- Provisions
- Accruals
- Useful Economic Life and Impairment of In-house Software

### Depreciation

Class of Asset	Estimated Life of Asset (Depreciation)
Civil Estate Land	Not depreciated
Freehold property	
Newport	Average component life of 17 years
Titchfield	Average component life of 14 years
Christchurch	Buildings one and three, three years and building four, 16 years
Refurbishment of leasehold property at Drummond Gate	Over the remaining term of the lease
Office machinery	Between four and seven years
Computer hardware	Between three and seven years
Furniture and fittings	Between four and 10 years
In-house developed software (intangible asset)	Between two and six years
Software licences (intangible asset)	Between two and six years
Assets under construction	Not depreciated

### Depreciation

Land and buildings are re-valued on an annual basis by an independent organisation, being qualified to undertake these valuations. Given that assets have estimated useful lives, there will be occasions where some assets may require a change in depreciation rate to reflect a change in their useful economic life. The estimated life of land and buildings are based on the valuation assessment date 31 December 2018, the next assessment date is 31 December 2019.

## Revaluations

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

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

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

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

## Intangible Assets Useful Economic Life

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

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

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

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

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

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

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

## Provisions

IAS 37 defines and specifies the accounting for and disclosure of provisions, contingent liabilities, and contingent assets.

A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. A constructive obligation arises from the Authority's actions, through which it has indicated to others that it will accept certain responsibilities, and as a result has created an expectation that it will discharge those responsibilities.

The Authority recognises a provision if it is probable that an outflow of cash or other economic resources will be required to settle the provision. If an outflow is not probable, the item is treated as a contingent liability.

A provision is measured at the amount that the Authority would rationally pay to settle the obligation at the end of the reporting period. Risks and uncertainties are considered in measuring a provision which is discounted to its present value.

### Provisions related to voluntary exits

Provisions for voluntary exits and related accruals, are recognised in line with the accounting policies.

### Provision for Bad Debts

This is based on judgement of the expected credit losses. The value of the debt is maintained by invoice based on its age and efforts are made to recover the debts by contacting the customer. The judgement of expected credit losses is based on historical general recovery rates and any known information regarding specific debts. The recognition of expected credit losses will result in a bad debt being charged against the provision. This will increase the amount of expenditure to the Statement of Comprehensive Net Expenditure in year (an increased charge to provision for bad debt) and correspondingly reduce the level of Trade Receivables held within the Current Assets (within the Statement of Financial Position).

### Provision for Potential Claims

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

## Estates Dilapidations

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

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

## Discounting of long term provisions

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

	General Provisions	Inflation	Post-Employment Benefits
	Nominal Rates		Real Rate
Year 1	0.76%	2.0%	0.29%
Year 2	0.76%	2.0%	0.29%
Year 3	0.76%	2.1%	0.29%
Year 4	0.76%	2.1%	0.29%
Year 5	0.76%	2.1%	0.29%

### Note

These rates are published by HM Treasury.

## Accruals

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



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

Holiday and flexi leave pre-payments and accruals are calculated by comparing the expected year-end balance against the actual balance at 31 March. The expected balance is calculated by spreading the entitlement evenly over the year taking into consideration the leave year start date for each member of staff. This is compared to the actual balance held; the balance is valued by grade using staff planning rates.

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

## Standards Not Yet Adopted

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

The standard is due to be adopted by the FReM in 2020/21, the Authority anticipates this will have a limited impact on its financial statements. Future commitments under leases are disclosed in Note 15. We anticipate that the implementation of IFRS16 will result in a lease liability and a lease asset being recognised on the Statement of Financial Position. Both asset and liability will be of a similar value to the value of the commitment disclosed in Note 15.

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

## 2. Segmental Information of Expenditure and Income

The following information is regularly provided in order to inform the decision making by the National Statistician's Executive Group and the primary Chief Operating Decision Maker (CODM) of the Office for National Statistics to make decisions regarding planning, resource allocation and income, as well as performance monitoring.

	2018/19 Gross Expenditure £'000	2018/19 Income £'000	2018/19 Net Expenditure £'000	2017/18 Gross Expenditure £'000	2017/18 Income £'000	2017/18 Net Expenditure £'000
<b>Reportable segments</b>						
Census	53,536	(972)	52,564	41,486	(468)	41,018
Data collection	60,842	(16,390)	44,452	57,463	(16,338)	41,125
National acc and economic stats	41,196	(1,522)	39,674	36,241	(812)	35,429
Social and analysis	21,159	(4,469)	16,690	19,992	(3,014)	16,978
Digital services, technology and methodology	71,176	(121)	71,055	57,217	(168)	57,049
Corporate support	32,321	(2,001)	30,320	41,337	(8,709)	32,628
UK Statistics Authority	1,909	(18)	1,891	1,957	(56)	1,901
<b>Total</b>	<b>282,139</b>	<b>(25,493)</b>	<b>256,646</b>	<b>255,693</b>	<b>(29,565)</b>	<b>226,128</b>

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

	Note	2018/19 Gross Expenditure £'000	2018/19 Income £'000	2018/19 Net Expenditure £'000	2017/18 Gross Expenditure £'000	2017/18 Income £'000	2017/18 Net Expenditure £'000
<b>Total reported by segment</b>		<b>282,139</b>	<b>(25,493)</b>	<b>256,646</b>	<b>255,693</b>	<b>(29,565)</b>	<b>226,128</b>
<b>Reconciling items</b>							
Depreciation	4	19,144	-	19,144	16,581	-	16,581
Provisions created in year	13	3,360	-	3,360	287	-	287
Provisions not required in year	13	-	-	-	(5,162)	-	(5,162)
Bad debt write off	4	-	-	-	60	-	60
Unwinding discount on provisions	4	(145)	-	(145)	212	-	212
Downward revaluations of fixed assets	4	2,570	-	2,570	4,762	-	4,762
Performance related pay year end accrual	3	1,420	-	1,420	1,381	-	1,381
Loss on disposal of equipment	4	22	-	22	-	-	-
Movement in holiday pay	10,12	1,559	-	1,559	409	-	409
VAT recovery		-	-	-	-	-	-
<b>Statement of comprehensive net expenditure</b>		<b>310,069</b>	<b>(25,493)</b>	<b>284,576</b>	<b>274,223</b>	<b>(29,565)</b>	<b>244,658</b>

### Note

Net assets are not reported separately to the CODM.

### 3. Staff Numbers and related Costs

For the period ending 31 March 2019

#### Staff Costs

	Permanently Employed Staff £'000	Others £'000	2018/19 Total £'000	2017/18 Total £'000
Statistical services staff costs	124,778	7,737	132,515	117,317
Social security costs	11,719	-	11,719	11,157
Other pension costs	24,482	-	24,482	22,774
Tax and Levies	597	-	597	554
<b>Total</b>	<b>161,576</b>	<b>7,737</b>	<b>169,313</b>	<b>151,802</b>
Less recoveries in respect of outward secondments	(266)	-	(266)	(1,377)
<b>Total net costs</b>	<b>161,310</b>	<b>7,737</b>	<b>169,047</b>	<b>150,425</b>

**Note** Statistical Services and Staff Costs includes £2,002,000 of research and development costs which are analysed as capital expenditure in the Statement of Parliamentary Supply, SOPS 1 and SOP2.

#### Staff Numbers

	Permanently Employed Staff FTE	Others FTE	2018/19 Total FTE	2017/18 Total FTE
Objective statistical services	3,824	63	3,887	3,685

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

#### Capitalised staff costs

	Cost £'000	2018/19 FTEs	Cost £'000	2017/18 FTEs
Data Collection Transformation Programme	-	-	766	8
Survey Data Collection	703	27	-	-
Data Access Platform	990	30	-	-
Life Events	-	-	220	5
<b>Total</b>	<b>1,693</b>	<b>57</b>	<b>986</b>	<b>13</b>

**Notes** The 2018/19 salary figures reflect a net yearly cost of £1,559,000 of accrued holiday and flexi pay, and PRP of £1,420,000. In addition to the £169,313,000 reported total net costs.  
£1,693,000 of salary costs were categorised as capital expenditure (£986,000 2017/18) and not included in the operating cost statement.

## 4. Programme Costs

For the period ending 31 March 2019

	2018/19 £'000	2017/18 £'000
<b>Rentals under operating leases</b>		
Other operating leases	952	3,841
Hire of plant and machinery	236	249
	<b>1,188</b>	<b>4,090</b>
<b>Non-cash items</b>		
Depreciation	19,144	16,581
Impairment of fixed assets	2,570	4,762
Unwinding and rewinding of discount on provisions	(145)	212
Write off aged debtor and credit notes	11	60
External audit fee	89	89
Loss on disposal of equipment	22	-
Net new provisions changed in year/(net release of provisions)	3,360	(4,875)
	<b>25,051</b>	<b>16,829</b>
<b>Information technology</b>	37,484	34,115
<b>Other expenditure</b>	15,769	5,059
<b>Payments for carrying out surveys</b>	12,690	12,265
<b>Consultancy</b>	12,028	6,259
<b>Accommodation</b>	10,262	13,935
<b>Travel and subsistence</b>	7,145	6,493
<b>Contractors</b>	6,483	13,620
<b>Miscellaneous fees</b>	5,232	3,294
<b>External training</b>	3,200	2,276
<b>Telecommunications</b>	2,293	2,555
<b>Postage</b>	1,497	1,263
<b>Stationery</b>	269	256
<b>Hospitality</b>	145	129
<b>Exchange rate (gains)/losses</b>	17	(17)
<b>Ex-gratia payments</b>	3	2
<b>Recovery of VAT</b>	-	(2)
<b>Total</b>	<b>140,756</b>	<b>122,421</b>

**Note** There were no non-audit fees incurred in either 2018/19 or 2017/18.

## 5. Income

For the period ending 31 Mar 2019

	2018/19 £'000	2017/18 £'000
Operational income	4,639	9,871
Statistical services	20,169	18,764
EU income	685	930
<b>Total</b>	<b>25,493</b>	<b>29,565</b>

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

	External £'000	Public Sector £'000	2018/19 Total £'000	External £'000	Public Sector £'000	2017/18 Total £'000
Operational income	3,520	1,119	4,639	2,820	7,051	9,871
Statistical services	1,079	19,090	20,169	725	18,038	18,763
EU income	685	-	685	931	-	931
<b>Total</b>	<b>5,284</b>	<b>20,209</b>	<b>25,493</b>	<b>4,476</b>	<b>25,089</b>	<b>29,565</b>

### Note

The Authority undertook a review of income contracts in relation to the principles in IFRS15. For each contract revenue is recognised over time, the Authority recognises revenue using an input method based on overheads incurred. Revenue is calculated by reference to reliable estimates and total expected costs. Revenue and associated margin are therefore recognised progressively as costs are incurred. The Authority has determined this method faithfully depicts the Authority's performance in transferring control of the services to the customer. If the overtime criteria for revenue recognition are not met, revenue is recognised at the point in time that control is transferred to the customer, when the Authority has right to payment on delivery.

## 6. Property, plant and equipment

For the period ending 31 March 2019

	Land	Building	Computers	Office Machinery	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
At April 2017	10,155	25,064	14,808	2,129	9,629	5,425	67,210
Additions	-	20	6,717	102	1,759	4,203	12,801
Transfers	-	6,229	-	-	-	(6,229)	-
Disposals	-	(2,771)	(42)	(21)	(6,209)	-	(9,043)
Impairment	-	(3,833)	-	-	-	-	(3,833)
Revaluations	-	722	199	(76)	24	-	869
<b>At 31 March 2018</b>	<b>10,155</b>	<b>25,431</b>	<b>21,682</b>	<b>2,134</b>	<b>5,203</b>	<b>3,399</b>	<b>68,004</b>
<b>Depreciation</b>							
At April 2017	-	2,454	7,837	1,724	8,005	-	20,020
Charged in year	-	2,060	3,958	236	486	-	6,740
Disposals	-	(2,771)	(39)	(21)	(6,209)	-	(9,040)
Impairment	-	-	-	-	-	-	-
Revaluations	-	(1,320)	76	(49)	12	-	(1,281)
Transfer out of group	-	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>-</b>	<b>423</b>	<b>11,832</b>	<b>1,890</b>	<b>2,294</b>	<b>-</b>	<b>16,439</b>
<b>Cost or Valuation</b>							
At April 2018	10,155	25,431	21,682	2,134	5,203	3,399	68,004
Additions	-	-	6,578	631	845	2,781	10,835
Transfers	-	5,039	-	-	-	(5,039)	-
Disposals	-	-	(5,741)	(1,230)	(744)	-	(7,715)
Impairment	-	(2,570)	-	-	-	-	(2,570)
Reversal	-	-	-	-	-	-	-
Revaluations	2	(962)	116	(55)	46	-	(853)
<b>At March 2019</b>	<b>10,157</b>	<b>26,938</b>	<b>22,635</b>	<b>1,480</b>	<b>5,350</b>	<b>1,141</b>	<b>67,701</b>
<b>Depreciation</b>							
At April 2018	-	423	11,832	1,890	2,294	-	16,439
Charged in year	-	2,000	5,070	334	506	-	7,910
Disposals	-	-	(5,729)	(1,230)	(744)	-	(7,703)
Impairment	-	-	-	-	-	-	-
Revaluations	-	(1,783)	43	(32)	16	-	(1,756)
Transfer out of group	-	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>-</b>	<b>640</b>	<b>11,216</b>	<b>962</b>	<b>2,072</b>	<b>-</b>	<b>14,890</b>
<b>Net Book Value</b>							
At 31 March 2018	10,155	25,008	9,850	244	2,909	3,399	51,565
At 31 March 2019	10,157	26,298	11,419	518	3,278	1,141	52,811
<b>Asset Financing</b>							
Owned	10,157	26,298	11,419	518	3,278	1,141	52,811
<b>Net book value at 31 March 2019</b>	<b>10,157</b>	<b>26,298</b>	<b>11,419</b>	<b>518</b>	<b>3,278</b>	<b>1,141</b>	<b>52,811</b>

**Notes**

Included in the £10,744,000 of additions are £1,220,000 of capital creditors.

The total amount of capital creditors brought forwards from 2017/18 was £522,000.

The properties at Titchfield, Christchurch and Newport were professionally valued as at 31 December 2018 by the District Valuer Service (DVS), the commercial arm of the Valuation Office Agency who are qualified to undertake these valuations. The valuation was prepared by a qualified Chartered Surveyor and the valuations were prepared in accordance with the appropriate sections of the Practice Statements and the United Kingdom Practice Statements contained within the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

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



## 7. Intangible Fixed Assets

For the period ending 31 March 2019

	In house software £'000	Software Licences £'000	Assets under construction £'000	Total £'000
<b>Valuation</b>				
At April 2017	55,902	7,383	6,556	69,841
Additions	-	1,944	2,108	4,052
Disposals	(11,847)	(1,070)	-	(12,917)
Transfers from assets under construction	6,390	-	(6,390)	-
Impairments	(675)	-	(254)	(929)
Revaluations	1,378	-	-	1,378
<b>At 31 March 2018</b>	<b>51,148</b>	<b>8,257</b>	<b>2,020</b>	<b>61,425</b>
<b>Amortisation</b>				
At April 2017	37,533	4,863	-	42,396
Charged in year	8,174	1,667	-	9,841
Disposals	(11,847)	(1,070)	-	(12,917)
Revaluations	906	-	-	906
<b>At 31 March 2018</b>	<b>34,766</b>	<b>5,460</b>	<b>-</b>	<b>40,226</b>
<b>Valuation</b>				
At April 2018	51,148	8,257	2,020	61,425
Additions	-	1,380	3,339	4,719
Transfers from assets under construction	2,056	-	(2,056)	-
Disposals	-	(3,354)	-	(3,354)
Impairment	-	-	-	-
Revaluations	1,086	-	-	1,086
<b>At March 2019</b>	<b>54,290</b>	<b>6,283</b>	<b>3,303</b>	<b>63,876</b>
<b>Amortisation</b>				
At April 2018	34,766	5,460	-	40,226
Charged in year	9,596	1,638	-	11,234
Disposals	-	(3,354)	-	(3,354)
Revaluations	834	-	-	834
<b>At 31 March 2019</b>	<b>45,196</b>	<b>3,744</b>	<b>-</b>	<b>48,940</b>
<b>Net book value of in-house software 31 March 2018</b>	<b>16,382</b>	<b>2,797</b>	<b>2,020</b>	<b>21,199</b>
<b>Net book value of in-house software 31 March 2019</b>	<b>9,094</b>	<b>2,539</b>	<b>3,303</b>	<b>14,936</b>

**Notes** The net book value of in-house developed software would be £8,927,000 if historic cost accounting had been applied.

The Authority calculates indices to value in-house developed software assets on a quarterly basis.

The Authority does not revalue software licences. Included in the £4,719,000 of capital additions is £244,000 of capital creditors and the amount brought forward from 2017/18 is £nil.

## Intangible Fixed Assets – In-house developed software applications

For the period ending 31 March 2019

	CORD £'000	CASPA £'000	Web Data Access £'000	CPI/RPI £'000	CORA £'000	Electronic Data Collection £'000	Virtual Micro Laboratory £'000	Improving Dissemination £'000	Longitudinal Study £'000	Business Prices £'000	Life Events £'000	Data Access Platform £'000	Total In house software £'000
<b>Valuation</b>													
At April 2017	8,439	16,342	11,832	8,259	3,394	5,328	250	1,274	658	126	-	-	55,902
Disposals	-	-	(11,847)	-	-	-	-	-	-	-	-	-	(11,847)
Transfers from AUC	-	-	-	-	-	280	-	-	-	-	6,110	-	6,390
Impairment	-	-	-	-	-	-	-	-	-	-	(675)	-	(675)
Revaluations	262	503	15	255	105	166	8	40	20	4	-	-	1,378
<b>At 31 March 2018</b>	<b>8,701</b>	<b>16,845</b>	<b>-</b>	<b>8,514</b>	<b>3,499</b>	<b>5,774</b>	<b>258</b>	<b>1,314</b>	<b>678</b>	<b>130</b>	<b>5,435</b>	<b>-</b>	<b>51,148</b>
<b>Amortisation</b>													
At April 2017	6,232	12,671	11,832	2,511	1,392	2,213	109	362	187	24	-	-	37,533
Charged in year	451	1,248	-	2,925	685	1,637	48	310	159	32	679	-	8,174
Disposals	-	-	(11,847)	-	-	-	-	-	-	-	-	-	(11,847)
Revaluations	196	407	15	118	54	88	4	15	8	1	-	-	906
<b>At 31 March 2018</b>	<b>6,879</b>	<b>14,326</b>	<b>-</b>	<b>5,554</b>	<b>2,131</b>	<b>3,938</b>	<b>161</b>	<b>687</b>	<b>354</b>	<b>57</b>	<b>679</b>	<b>-</b>	<b>34,766</b>
<b>Valuation</b>													
At April 2018	8,701	16,845	-	8,514	3,499	5,774	258	1,314	678	130	5,435	-	51,148
Transfers from AUC	-	-	-	-	-	1,315	-	-	-	-	-	741	2,056
Revaluations	189	367	-	185	76	95	6	29	15	3	118	3	1,086
<b>At 31 March 2019</b>	<b>8,890</b>	<b>17,212</b>	<b>-</b>	<b>8,699</b>	<b>3,575</b>	<b>7,184</b>	<b>264</b>	<b>1,343</b>	<b>693</b>	<b>133</b>	<b>5,553</b>	<b>744</b>	<b>54,290</b>
<b>Amortisation</b>													
At April 2018	6,879	14,326	-	5,554	2,131	3,938	161	687	354	57	679	-	34,766
Charged in year	468	1,276	-	2,989	699	1,030	49	316	163	33	2,400	173	9,596
Revaluations	155	327	-	156	55	62	4	19	10	2	44	-	834
<b>At 31 March 2019</b>	<b>7,502</b>	<b>15,929</b>	<b>-</b>	<b>8,699</b>	<b>2,885</b>	<b>5,030</b>	<b>214</b>	<b>1,022</b>	<b>527</b>	<b>92</b>	<b>3,123</b>	<b>173</b>	<b>45,196</b>
<b>Net book value of in-house software 31 March 2018</b>	<b>1,822</b>	<b>2,519</b>	<b>-</b>	<b>2,960</b>	<b>1,368</b>	<b>1,836</b>	<b>97</b>	<b>627</b>	<b>324</b>	<b>73</b>	<b>4,756</b>	<b>-</b>	<b>16,382</b>
<b>Net book value of in-house software 31 March 2019</b>	<b>1,388</b>	<b>1,283</b>	<b>-</b>	<b>-</b>	<b>690</b>	<b>2,154</b>	<b>50</b>	<b>321</b>	<b>166</b>	<b>41</b>	<b>2,430</b>	<b>571</b>	<b>9,094</b>
<b>Remaining useful economic life</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	

**Note to the table on page 124**

Under the transformation programme the ONS plans to move the Price Index software to the standardised office data collection platform starting in April 2019. Therefore, the CPI/RPI will only yield one year of benefits and an impairment was recognised.

## Notes

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

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

Data migration from Web Data Access (WDA) was fully completed in 2017/18 and the software was fully written off and disposed.

The CPI/RPI Re-engineering Project and Business Prices delivers a new generation of price index systems to produce CPI and RPI statistical outputs. Under the transformation programme the ONS plans to move the Price Index software to the standardised office data collection platform starting in April 2019. Therefore, the CPI/RPI will only yield one year of benefits and the useful economic life was therefore reduced and a higher depreciation cost recognised in 2017/18.

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

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

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

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

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

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

The Life Events software replaces the legacy system for processing and quality assuring life events registrations. The data held relates to registrations of Births, Deaths, Abortions, and Birth Notifications. The software itself is an interim step towards the inclusion of Life Events on a corporate platforms in two years time. Due to the short time period until the transfer onto Corporate Platforms, the value of software has been impaired.

### **Data Access Platform (DAP)**

The ONS Strategy is to utilise new data sources and processing techniques to enable us deliver “Better Statistics, Better Decisions” this means utilising Big Data, bringing in data from other departments and companies, being able to explore that data and link it together to gain new insights. DAP is an enabler for that strategy, giving the ONS the tools and technology it needs to securely store all our data and the processing power to make use of it.

## Intangible Fixed Assets

For the period ending 31 March 2019

### In-house developed software applications – Assets Under Construction

	Electronic Data Collection	Life Events	Improving Dissemination	DAP	Business Registers	Survey Data Collection*	Total Assets under construction
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Valuation</b>							
At April 2017	280	5,547	31	-	698	-	6,556
Additions	-	563	-	-	230	1,315	2,108
Transfers from AUC	(280)	(6,110)	-	-	-	-	(6,390)
Impairment	-	-	(31)	-	(223)	-	(254)
<b>At 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>705</b>	<b>1,315</b>	<b>2,020</b>
<b>Valuation</b>							
At April 2018	-	-	-	-	705	1,315	2,020
Additions	-	-	-	1,037	-	2,302	3,339
Transfers from AUC	-	-	-	(741)	-	(1,315)	(2,056)
Impairment	-	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>296</b>	<b>705</b>	<b>2,302</b>	<b>3,303</b>

#### Notes

Assets under construction are not revalued or depreciated.

\*Survey Data Collection is a child of Electronic Data Collection.

## 8. Impairments

For the period ending 31 March 2019

	Titchfield Building Revaluation	Newport Building Assets Under Construction	Total
	£'000	£'000	£'000
Component value as at 31 March 2019	972	3,145	4,117
Depreciation relating to the component	631	916	1,547
<b>Total cost of impairment 2018/19</b>	<b>341</b>	<b>2,229</b>	<b>2,570</b>

**Note** The ONS completed capital refurbishment work in Titchfield and Newport. Following a market valuation undertaken by DVS, this work increased the life of the buildings but did not increase the overall value of the buildings. As a result the costs were impaired.

## 9. Financial Instruments

For the period ending 31 March 2019

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

### Currency risk

	2018/19 Non-interest bearing financial assets £'000	2018/19 Non-interest bearing financial liabilities £'000	2017/18 Non-interest bearing financial assets £'000	2017/18 Non-interest bearing financial liabilities £'000
Gross financial assets/ liabilities Euro	0	5	49	6

## 10. Trade Receivables and Other Assets

as at 31 March 2019

	2018/19 £'000	2017/18 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	5,078	10,117
Deposit and advances	91	-
Other receivables	3,332	-
Prepayments and accrued income	13,080	10,894
	<b>21,581</b>	<b>21,011</b>
<b>Amounts falling after more than one year:</b>		
Deposits and advances	16	68
	<b>21,597</b>	<b>21,079</b>

## Total Trade Receivables Outstanding

	2018/19 £'000	2017/18 £'000
1-30 days	5,049	10,063
31-60 days	29	24
61-90 days	-	29
91-180 days	-	1
	<b>5,078</b>	<b>10,117</b>
Greater than 181 days	-	-
	<b>5,078</b>	<b>10,117</b>
<b>Statement of Financial Position</b>		
Deposits and advances falling due after more than one year	16	68
Trade and other receivables	8,410	10,117
Other current assets	13,171	10,894
<b>Total</b>	<b>21,597</b>	<b>21,079</b>

### Note

2018/19 figures reflect a net yearly decrease of £143,000 in the value of pre-paid holiday and flexi pay. The Authority calculates the holiday and flexi accrual at the year end with the figure being reflected in the category of accruals and deferred income.

In accordance with IFRS 9 the Authority has reviewed its activities and concluded as a standalone non-ministerial body it does not hold complex financial instruments.

The only financial instruments included in the accounts are receivables and payables.

Trade receivables are recognised at their amortised cost less credit loss. The Authority primarily transacts with public sector bodies, historically outstanding debts are recovered.

The Authority's payment terms are thirty days, at 31 March 2019 £29,000 debt outstanding over thirty but less than 60 days is allocated to public sector bodies which it does not consider a credit risk.

Because of the Lyons Gershon review, Public Sector Relocation and Regional Disparities in Britain, the Authority relocated staff from its London office. At the 31 March 2019 the Authority recognises an outstanding housing loan debt of £16,000, of which payment of £13,000 is due in less than three years and £3,000 less than four years which it does not consider a debt risk. The Authority does not extend loans to other parties.

## 11. Cash and Cash Equivalents

For the period ending 31 March 2019

	2018/19 £'000	2017/18 £'000
Balance at 1 April	440	298
Net change in cash and cash equivalent balances	(143)	142
<b>Balance at 31 March 2019</b>	<b>297</b>	<b>440</b>
The following balances at 31 March were held at:		
Government Banking Service accounts	268	381
Commercial banks and cash in hand	2	3
Cash equivalents	27	56
<b>Balance at 31 March 2019</b>	<b>297</b>	<b>440</b>

## 12. Trade Payables and Other Current Liabilities

For the period ending 31 March 2019

	2018/19 £'000	2017/18 £'000
Amounts falling due within one year:		
Other taxation and social security	3,857	4,395
Trade payables	3,513	5,950
Other payables		
Accruals and deferred income	35,502	21,599
Amounts issued from Consolidated Fund for supply but not spent at year end	297	440
<b>Total</b>	<b>43,169</b>	<b>32,384</b>

### Note

2018/19 figures reflect a net yearly increase of £1,702,000 of accrued holiday and flexi pay. The Authority calculates the holiday and flexi accrual at year end with the figure being reflected in the category of accruals and deferred income.

In accordance with IFRS 9 the Authority has reviewed its activities and concluded as a standalone non-ministerial body it does not hold complex financial instruments.

The only financial instruments included in the accounts are receivables and payables.

The Authority's standard contractual payment terms are 30 days, creditors are recognised on receipt of goods or services.

The Authority is not in receipt of loans.



### 13. Provisions for Liabilities and Charges

For the period ending 31 March 2019

	Early Departure Costs £'000	Drummond Gate Dilapidations £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2017</b>	<b>893</b>	<b>6,447</b>	<b>852</b>	<b>8,192</b>
Provided in year	-	-	287	287
Provisions not required written back	(3)	(4,832)	(327)	(5,162)
Provisions utilised in the year	(360)	(144)	(215)	(719)
Unwinding of discount	(23)	-	-	(23)
Rewinding of discount	(1)	236	-	235
<b>Balance at 31 March 2018</b>	<b>506</b>	<b>1,707</b>	<b>597</b>	<b>2,810</b>
<b>Balance at 1 April 2018</b>	506	1,707	597	2,810
Provided in year	958	-	2,402	3,360
Provisions utilised in the year	(185)	-	(580)	(765)
Unwinding of discount	1	(236)	-	(235)
Rewinding of discount	(1)	91	-	90
<b>Balance at 31 March 2019</b>	<b>1,279</b>	<b>1,562</b>	<b>2,419</b>	<b>5,260</b>

	2018/19 £'000	2017/18 £'000
Current early retirement provision 2018/19	1,090	204
Early retirement provision due after more than one year	189	302
Current other provisions 2018/19	22	597
Other provisions more than one year	3,959	1,707
<b>Balance at 31 March 2019</b>	<b>5,260</b>	<b>2,810</b>

## Analysis of expected timing of discounted flows

	Early Departure Costs £'000	Drummond Gate Dilapidations £'000	Other Provisions £'000	Total £'000
up to 31 March 2020	1,090	-	22	1,112
Between 2021 and 2024	189	1,562	2,397	4,148
Between 2024 and 2029	-	-	-	-
Between 2029 and 2034	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>1,279</b>	<b>1,562</b>	<b>2,419</b>	<b>5,260</b>

### Notes

#### Early Departure Costs

The Authority meets the additional costs of benefits, beyond the normal PCSPS benefits, in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and the normal retirement date. The Authority provides for this in full when the Early Retirement programme becomes binding by establishing a provision for the estimated payments discounted by H.M.Treasury pensions discount rate of 0.10 per cent.

#### Drummond Gate Dilapidations

The Lease for the full Drummond Gate building expired in January 2018. The Authority renewed the lease for a single floor.

As part of the new lease agreement, the Authority has taken on a repairing obligation for the externals of the building and part of the dilapidation until the end of the new lease. The new lease is due to expire in January 2023 with a break clause in January 2021.

The UK Statistics Authority expects to pay a sum in respect of dilapidations under the Terms of the Lease.

The provision has been discounted by H.M. Treasury discount rate of -2.42 per cent.

#### Other Provisions

Ongoing contractual obligations.

## 14. Capital Commitments

For the period ending 31 March 2019

	2018/19 £'000	2017/18 £'000
Contracted capital commitments	466	3,201
<b>Total commitments as at 31 March 2019 not otherwise included on these financial statements</b>	<b>466</b>	<b>3,201</b>

## 15. Commitments Under Leases

For the period ending 31 March 2019

### Operating Leases

The total future minimum Lease payments under Operating Leases are detailed in the table below for each of the following periods.

	2018/19 £'000	2017/18 £'000
<b>Buildings:</b>		
Not later than one year	1,250	1,086
Later than one year and not later than five years	2,591	3,137
More than five years	-	82
	<b>3,841</b>	<b>4,305</b>
<b>Other:</b>		
Not later than one year	143	143
Later than one year and not later than five years	92	92
<b>Total</b>	<b>235</b>	<b>235</b>

The Authority had a number of sub-letting commitments and income streams which no longer applies.

	2018/19 £'000	2017/18 £'000
Not later than one year	-	1,343
Later than one year and not later than five years	-	261
<b>Total</b>	<b>-</b>	<b>1,604</b>

## 16. Other Financial Commitments

For the period ending 31 March 2019

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

	2018/19 £'000	2017/18 £'000
Not later than one year	460	50,516
Later than one year and not later than five years	121,644	52,782
More than five years	-	221
<b>Total</b>	<b>122,104</b>	<b>103,519</b>

### Note

£115,671,000 2018/19 commitments later than one year and not later than five years relate to Census contracts.

## 17. Contingent Liabilities

For the period ending 31 March 2019

None.

## 18. Related Party Transactions

For the period ending 31 March 2019

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

The table below shows all Government Department and other Central Government bodies with whom we had total transactions in excess of £1m during the year. The figures below are net of VAT.

	Income £'000	Expenditure £'000	Receivable £'000	Payable £'000
Department for Work and Pensions	8,405	10	3,114	-
Welsh Assembly Government	3,039	6	198	-
Economic and Social Research Council	1,823	-	-	-
Department for Education	1,776	8	31	-
Scottish Government	1,395	-	434	-
Cabinet Office	59	1,501	13	394
Newport City Council	-	992	1,010	4

### Note

Board Member and Director remunerations are shown in the remuneration report.

No Board Member, Key Manager, or other related parties have undertaken any further material transactions with the Authority during the financial year 2018/19.

The Authority has not identified any further related parties.

## 19. Collaborative Agreements

For the period ending 31 March 2019

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

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

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

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

The Net Reserve balance of £1,336k represents the contribution made by the ADRCe project towards the overheads of the Authority during the three years since it was set up in 2014/15. This is part of the Authority's General Fund.

The project reached completion in June 2018.

### Statement of Comprehensive Net Expenditure

	2018/19 £'000	2017/18 £'000
Staff	123	588
Other	104	243
Operating Income	(329)	(847)
<b>Net Operating Costs for the year ending 31 March 2019</b>	<b>(102)</b>	<b>(16)</b>

## Statement of Financial Position

	2018/19 £'000	2017/18 £'000
Non-current assets		
Intangible assets	92	160
Bank	1,244	1,278
<b>Total</b>	<b>1,336</b>	<b>1,438</b>

## Taxpayers' equity and other reserves

	2018/19 £'000	2017/18 £'000
Income Capital	-	160
Net Reserve Expenditure	1,336	1,278
<b>Total</b>	<b>1,336</b>	<b>1,438</b>

## 20. Machinery of Government – Transfer of Function

There have been no transfers of function under a machinery of government during 2018/19.

## 21. Events Arising after the Reporting Date

None.

## 22. Date of Authorisation of the Accounts

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

# Annex: Office for Statistics Regulation 2018/19

This year has seen the Office for Statistics Regulation mature in several key ways. I am proud of how the organisation we established in November 2016 has enhanced its profile and impact – for example through our work on education statistics – and how engaged the individuals who work in OSR are. This is reflected in our 2018 People Survey scores, which include an overall engagement rate of 77 per cent and very high scores for purpose (94 per cent), leadership and change (91 per cent) and the work we do (88 per cent).

We are really pleased to see how the new Code of Practice for Statistics has been adopted (<https://www.statisticsauthority.gov.uk/code-of-practice/>), – both by producers of official statistics, and more broadly by organisations that publish a range of data outputs. This voluntary adoption of the Code is one of the most significant impacts we have achieved in 2018/19.

And we have adopted a truly systemic perspective – through our reviews of how statistics illuminate and support users in broad policy areas, like health; social care; policing; and skills. Our review of data linkage across Government highlighted the barriers to more use of linked data (my blog described the processes as Kafkaesque) and set out the case for more use of linked data to increase the public value of statistics.

OSR is a relatively young organisation and there are a number of ways we want to enhance our impact in 2019/20. In particular, during the recent Public Administration Select Committee hearings into the work of the Authority, it struck me that we have not always explained our purpose and work as clearly as we could. In response to this, we aim to publish a regulatory vision in the summer of 2019, and to discuss it extensively with stakeholders.

This report describes OSR and how we work. And it sets out the key themes of our work, focusing on what we have seen in the Office for National Statistics and in other producers.



**Ed Humpherson**

June 2019



The Office for Statistics Regulation (OSR) was established in 2016 following the Bean Review. OSR's purpose is to ensure statistics serve the public good. Since then, we have relaunched the Code of Practice; adopted a more systemic approach that considers how well statistics serve the needs of users; and evolved how we use our regulatory tools. In 2019/20 we will publish a summary of our regulatory vision, based on our vision and the three elements of our mission.

## **Our vision**

Our vision is that statistics serve the public good. In a world of abundant data, people should have confidence in statistics produced by government.

## **Our mission**



## **Our tools**

We deliver this mission by setting standards for Government statistics, and ensure that producers (ONS and Government departments, agencies and other bodies) uphold them through:

### **Assessment of statistics**

OSR assesses statistics produced by ONS and other Government producers against the Code of Practice and publishes the Assessment Reports.

### **Designation as National Statistics**

Following these Assessment Reports, we designate statistics as National Statistics. This designation signals to public users of statistics that the statistics meet the highest standards of trustworthiness, quality and value. There are 850 National Statistics. We can also de-designate statistics where there are concerns about their compliance with the Code.

## Compliance checks

Assessment Reports consist of detailed analyses of the statistics, and we do not have the resources to look at a large number of statistics in any given year. The risk would therefore be that some producers could go several years between assessments, and not have the focused challenge to improve that assessments provide. So, we have developed a lighter touch review tool called a compliance check which takes less time but highlights issues for the producer to address.

## Systemic reviews

Users of statistics rarely use an individual statistical output in isolation. They are interested in broader topic areas. So, we conduct systemic reviews which look at how groups of statistics come together to meet user needs. These reviews take a variety of forms, ranging from detailed reports to convening events to bring users and producers together.

## Casework

We look at specific cases of how statistics are used in public debate, leading to us reaching judgements on the case in question. We publish the most significant of these judgements, which can be high profile interventions and can attract significant media attention.

## Insight

We are also developing a new stream of outputs called Insight. Insight will be a strategic communications tool, aiming to bring common themes from our work to the attention of a wider audience.

## Our governance

OSR's work is overseen by the Regulation Committee. The Regulation Committee is the Board committee which provides strategic overview of our regulatory work and approves regulatory decisions. It is completely separate from ONS and no ONS executives are members of the Committee.

The Regulation Committee reviews and approves our strategy, annual business plan, and budget, and approves all key regulatory decisions on assessment against the Code of Practice. It agrees the broad content and communication of systemic reviews and approves our annual report on casework. The main focus this year has been the regulatory judgements on trade and construction; and the systemic reviews including our flagship review on data linkage and reviews of classifications, social care, policing and public finances.

OSR's work is subject to internal audit review. There have been three main engagements with internal audit this year: a review of casework, which gave a Substantial (green) level of assurance; a review of risk management, which gave a Moderate (amber) level of assurance; and a workshop with internal audit on how best to obtain feedback on OSR work from producers and others. Action plans are in place as a result of all three engagements.

## Summary of our outputs in 2018/19

Our Plan on a Page 2018/19 summarises our ambitions for 2018/19 (appendix). It focuses on a series of impacts from our work:

- Improve the value provided by statistics, especially through reviews of statistics on skills, social care and public finances
- Enhance compliance with the highest standards of trustworthiness, quality and value, through our programme of assessments and compliance checks
- Use our voice to stand up for statistics, through the public statements we make about the use of statistics
- Adapt our regulatory model to a data rich world, through our review of data linkage and our promotion of the new Code of Practice for Statistics, which is more flexible and relevant to a wider range of data publications

## In 2018/19, we delivered:

Assessments completed	Designations confirmed	De-designations	Compliance checks completed	Systemic reviews completed and in progress	Casework completed
8	8	1 (Homelessness in England).	42	15 (9 in progress, six completed).	104 cases investigated, with 33 significant judgements published on our website.

We also published an updated version of the database of National Statistics, which lists all 850 National Statistics published in the United Kingdom.

In 2018/19, our total expenditure was £1.91 million, against an allocated budget of £2.17 million. At the year end, we employed 27.9 Full Time Equivalent staff.

## Themes from OSR work: Office for National Statistics

Our regulation of ONS supports the quality and value of ONS's statistics and indicates areas where ONS needs to improve. Highlights for 2018/19 include:

A series of improvements in economic statistics following the Bean Review. Our assessments of Regional Gross Value Added statistics focused on technical improvements and greater timeliness, and our redesignation reviews of both construction and trade demonstrated extensive work undertaken by ONS teams to improve these important statistics. We concluded that the construction statistics now meet the standards to be a National Statistic, but not yet the trade statistics. In our systemic review on statistics for city regions we concluded that ONS had extended its user engagement and provided much more useful information for city regions.

There are exceptions to this general picture of improvement of economic statistics. The main one is statistics on income and earnings. Since our review in 2015 there have been only incremental improvements, and the overall problem – multiple sources, lack of a coherent picture of living standards – has not really been fixed. In addition, across economic statistics there seems to be a series of minor errors reported on a monthly basis. And ongoing ONS work to develop the National Accounts may highlight further areas that require change (eg based on the new purchases survey, which could cast a different light on the supply chain interactions in the economy).

On population and policy we see a strong emerging strategy on migration, based on a steady process of refresh drawing on administrative data sources. Housing demonstrates ONS's greater emphasis on cross GSS leadership, using the new Head of Profession within ONS although there remains a lot to do to support the main producer, the Ministry of Housing, Communities and Local Government (MHCLG). On health, ONS has agreed to provide leadership to the Government Statistical Service (GSS) producers on this issue, but again there is more to do here.

We have reported publicly a range of quality issues in the population and public policy area, including on travel and tourism and migration statistics, and in our assessment of cancer survival statistics. While these errors do not have a single common cause, we have identified there may be a general theme around how ONS communicates with users about quality concerns and how they impact on the use of the statistics.

One final issue is ONS has not seemed as engaged with the new Code of Practice as other Government Departments. When we first launched the Code we did run a series of workshops in ONS, and the ONS Head of Profession and central teams are aware of the Code. But as a producer,

awareness of the new Code within ONS seems to us to be variable across different teams. Other producers have set up events to communicate the Code's principles more widely than official statistics. We are not aware of any wider adoption of the Code's principles (eg for ONS outputs that are not official statistics). We raised this issue with the National Statistician and ONS has now committed to follow the practice in several Departments and adopt the Code for its publications which are not official statistics. ONS has also not yet implemented the regulatory requirement introduced in February 2019 to update its description of the National Statistics designation. Although adoption by other producers has also been slow, there is an opportunity for ONS as the National Statistical Institute to take the lead here.

## **Themes from OSR work: Other producers**

We also have a significant impact on the producers of statistics across the UK public sector. We support innovation, statistical leadership, communication and public value.

### **Innovation**

Across our work we see a strong appetite for innovation. But producers also face barriers. In England in particular, the linkage of large datasets can be limited by Departmental reluctance to agree to linkage; and everywhere resources are an issue. As a result of these barriers, much of the innovation that we have seen in our work takes place in the presentation and dissemination of statistics, as opposed to the creation of new datasets. Our systemic review of innovation in education statistics highlighted several innovative approaches to disseminating education statistics. The restrictions of the .gov.uk website represent a general constraint to innovative dissemination raised by several producers. Outside England, our data linkage systemic review pointed out successes in Wales, Scotland and Northern Ireland.

We have also been particularly pleased to see the growing adoption of the Code on a voluntary basis for publications that are not official statistics – like management information or research outputs. DWP, Defra and MHCLG are leading examples. We list 11 examples of organisations that have adopted the Code on a voluntary basis on our website: <https://www.statisticsauthority.gov.uk/code-of-practice/voluntary-application-of-the-code/>.

### **Leadership**

We have highlighted concerns with the coherence and accessibility of statistics on housing and health. In both cases users can be left to form their own picture of what the statistics say, as opposed to being

guided by the producers. In our view, this demonstrates ambiguities as to who should provide statistical leadership (eg in health, should it be the Department of Health and Social Care, NHS Digital or the ONS?). As noted above, the ONS is stepping in to coordinate statistical activity in these areas, thereby providing leadership. But it would be better if this leadership came from within the producer bodies. There tends to be greater coherence outside England (eg in both health and housing). As a related issue we still see many outputs that do not provide insight – simply reporting a series of numbers without much added value.

## Communication issues

One of the most significant issues that we have raised over the last year concerns the communication of statistics. We highlighted concerns with the Department for Education in October about misleading uses of statistics. We have also raised concerns about the use of unpublished information by the Scottish Government and MHCLG; and about the communication of statistics by Defra (on plastic straws) and Home Office (on domestic abuse). The unifying thread to these cases is the risk that statisticians and analysts do not have sufficient voice in the internal communication process, and our interventions in all these cases aim to empower the statisticians to raise concerns in future.

## Public value

We see several areas where public value of statistics could be enhanced. We published a summary of our work on accident and emergency waiting times statistics in November, which argued that the value of the statistics was undermined because the public purpose of the statistics was unclear; in February we published a summary of social care statistics which highlighted how these statistics are not meeting all user needs in any of the four countries of the UK; and we are due to publish a review of policing statistics which highlights a failure of the statistics to inform public debate about the activities of police forces. We expect this theme of informing public debate, alongside a greater focus on coherence, to feature in our work prominently in 2019/20.

## Structure

The work of OSR is led by the Director General for Regulation, who is also the Board's lead advisor on the assessment of statistics and the statutory head of assessment. He is supported by a leadership team which includes the deputy director who leads the London site, and the heads of OSR site offices in Newport and Edinburgh (the Edinburgh site lead role is currently vacant). The offices in London, Newport and Edinburgh are broadly equal in size.

OSR is structured into 12 domains

**Senior Leadership Team:**

**Ed Humpherson** – Director General for Regulation  
**Mary Gregory** – Deputy Director for Regulation & Head of London Office  
**Vacant** – Systemic Review Programme Lead & Head of Edinburgh Office  
**Mark Pont** – Assessment Programme Lead & Head of Newport Office



**Business Support:**

Supports business planning, work programming and management of resources for the office, including support of learning & development.

**4.0 FTE support this function**

**External Relations:**

Develops, coordinates and implements the strategy for the external voice and brand of the office. Gathers key intelligence to inform regulation activities.

**2.0 FTE support this function supporting this function**

**Policy & Standards:**

Updates and maintains the Code; Develops standards and guidance; keeps up-to-date with cross-cutting and international statistical issues.

**1.0 FTE support this function**



OSR places a lot of emphasis on allowing staff members at all levels and on all sites to lead on regulatory work and to lead and input into organisational developments. Our culture is one of engagement and commitment to our purpose, supported by values of empathy and respect; trustworthiness; ambition for improvement; and being outward-looking. This culture is reflected in our results from the Civil Service wide People Survey scores, which include an overall engagement score of 77% (10 percentage points higher than the average of high performing units); organisational purpose (94%, five percentage points higher than the high performing average); my work (88%, six percentage points higher); and leadership and change (91%, which is fully 37 percentage points higher than the high performing average).

### **Office for Statistics Regulation**

June 2019



## Appendix 1: Plan on a Page

### Our Purpose

We aim to enhance public confidence in the trustworthiness, quality and value (TQV) of statistics produced by government.

Trustworthiness	Quality	Value
Confidence in people and organisations that produce statistics and data.	Data and methods that produce assured statistics.	Statistics that support society's needs for information.

### Our Strategic Drivers 2018/19

Improve the value provided by statistics. This is the key driver that underpins all aspects of our work.

Key Activities and Outputs	Performance Focus
Start reviews on statistics relating to social care, skills and public finances Continuing reviews of health, including mental health, housing and migration statistics Look at the public value of statistics to understand inequalities and on children and young people, and older people Annual Review	We will review evidence on how far these outputs meet the needs of users

Enhance compliance with the highest standards of TQV	Use our voice to stand up for statistics	Adapt our regulatory model to a data-rich world
<b>Key Activities and Outputs</b> Promote the Code among statistics producers. <b>Key assessments include</b> <ul style="list-style-type: none"><li>• Construction statistics</li><li>• Purchases Inquiry</li><li>• Measuring Tax Gaps</li></ul> Deliver programme of around 40 Compliance Checks. <b>Performance Focus</b> We will review evidence on how far these outputs meet the needs of users.	<b>Key Activities and Outputs</b> Represent users and report publicly on the dissemination and use of official statistics. Extend our communications, bringing together statisticians and users of statistics. Advocate greater statistical leadership. <b>Performance Focus</b> Satisfaction of those who have engaged with us over issues and concerns. Between 10% and 20% of our public 'casework' interventions are self-generated. Our work is respected by the media and key stakeholders. Between 20% and 30% of our work programme be in cross-cutting areas and areas of lower profile.	<b>Key Activities and Outputs</b> Promote voluntary application of the code. Data linkage Systemic Review. Build our expertise and capability in statistical domains. <b>Performance Focus</b> We respond positively to approaches on voluntary application. Engagement with the interactive Code by statistics producers. We use the most appropriate regulatory tool in all cases.





