

UK STATISTICS AUTHORITY

Minutes Tuesday 18 June 2019 Boardroom, London and Titchfield

Present

UK Statistics Authority

Sir David Norgrove (Chair)
Ms Sian Jones (Deputy Chair)
Mr Jonathan Athow
Professor Sir Ian Diamond
Professor David Hand
Professor Jonathan Haskel
Mr Ed Humpherson
Ms Nora Nanayakkara
Mr John Pullinger
Professor Sir Adrian Smith
Professor Anne Trefethen (via telephone)

Also in attendance

Mr Nick Bateson
Mr Iain Bell
Ms Philippa Bonay (for item 10)
Mr Owen Brace
Ms Sarah Henry (for item 8)
Ms Vanessa Holden (Secretariat)
Ms Frankie Kay (for item 11)
Ms Amy Williams (Secretariat)

Apologies

Ms Helen Boaden

1. Apologies

1.1 Apologies were received from Ms Boaden.

2. Declarations of interest

2.1 There were no new declarations of interest.

3. Minutes and matters arising from previous meetings

3.1 The minutes of the previous meeting, held on 30 April 2019, were agreed.

4. Report from the Authority Chair

4.1 The Chair reported on his recent activity since the Board last met.

4.2 In early June, Sir David and non-executive members of the Board had agreed to delegate the responsibilities of National Statistician to Mr Athow, following Mr Pullinger's departure, until the commencement of the UK's next National Statistician. The Board endorsed this decision, thanking Mr Athow for agreeing to take on National Statistician responsibilities on an interim basis.

4.3 Alongside Mr Pullinger, Sir David had met with Mr Kevin Foster MP, the interim Minister for the Constitution on 30 April, where they discussed the 2021 Census. Sir David also reported that he had approved a refreshed Census business case, ahead had gone to HM Treasury.

4.4 Sir David noted that Sir Adrian and Dr Levy had undertaken a visit to the Data Science Campus in April, and invited Sir Adrian to highlight observations from the day. The Board discussed need for the Campus to be innovative and ambitious, the recent partnership with Cardiff University, the new Data Science Campus Hub in East Kilbride, and options to monitor the work of the Campus in future.

4.5 A meeting with the Chancellor regarding the Retail Prices Index (RPI) had been due to take place on 12 June but had been postponed, leaving the letter sent on 4 March without conclusion. Board members heard that discussions with colleagues at HM Treasury and the Lord Economic Affairs Committee would continue, with a view to publishing a full response to the Committee as soon as possible.

5. Report from the Chair of the Audit and Risk Assurance Committee

5.1 Ms Nanayakkara reported on the work of the Audit and Risk Assurance Committee, which had met on 12 June 2019.

5.2 Committee members considered the Annual Report and Accounts 2018/2019, and recommended the National Statistician's approval.

5.3 Ms Nanayakkara reported that based on the work of the Committee during the year and assurance work carried out by external and internal auditors, it was her opinion that the Authority's governance and control framework is generally effective. The Committee recognised that this was the third consecutive year with an overall limited opinion but equally, that the weaknesses identified are very different in nature than those identified in previous years. She highlighted three areas in which improvement was needed:

- i. the approach to risk management in programmes;
- ii. embedding key business risks within the strategic planning and budgeting process; and
- iii. strengthening key oversight functions, such as programme management and people/human resource management.

5.4 The Committee had also discussed:

- i. improved reporting for the Census programme;
- ii. the assurance function;
- iii. the external audit process and limited assurances;

- iv. ongoing changes to senior leadership and the related transitional risks; and
- v. ensuring communications surrounding changes are handled in an appropriate way.

6. Report from the Chief Executive [SA(19)26]

- 6.1 Mr Pullinger introduced a report which provided an overview of activities during his tenure as National Statistician.
- 6.2 When appointed, Mr Pullinger had introduced a vision that, by 2020, statistics would be radically different. He reported that, as the Authority and ONS entered the final stage of the current strategy, he was encouraged by the progress made together:
 - i. during the first year of the strategy, the Authority had sought to build and strengthen its leadership team and develop the relationships needed with partner organisations;
 - ii. in thesecond year the focus turned to funding – getting clarity about the resources available, notably through the 2015 Spending Review and subsequent funding from Charlie Bean’s review of economic statistics;
 - iii. in the third year, we focused on technology which has seen the organisation make significant progress with improving the technology available to staff (especially field staff). The Authority also established the Data Science Campus and saw the implementation of the Digital Economy Act (DEA) which has the potential to transform the data landscape; and
 - iv. more recently, the focused has been on our staff, their skills and how we work together to maximise our collective contribution
- 6.3 On behalf of the Authority, Sir David gave his gratitude and congratulations to Mr Pullinger for an outstanding term as National Statistician. Mr Athow and Mr Bell echoed these thanks, on behalf of staff across the Government Statistiscal Service. Mr Humpherson acknowledged the enormous support Mr Pullinger had offered the Office for Statistics Regulation (OSR).
- 6.4 Mr Athow informed the Board members of an error in April’s Retail Prices Index (RPI), which had occurred due to an incorrect data entry. As no revisions are made to RPI, a notice was published to notify users of the error and discussions were held with the Debt Management Office. Mr Athow advised that extra processes were now in place, along with more strategic framework, to avoid such errors occurring again in future.

7. Report from the Director General for Regulation [SA(19)27]

- 7.1 Mr Humpherson provided an update on regulation activity since the last Board meeting.
- 7.2 Following discussions at the Regulation Committee in April, OSR were holding several stakeholder events to promote and clarify the role of OSR and their regulatory vision. Events would be held in Newport, Cardiff, Edinburgh and Belfast.
- 7.3 At a meeting of the Economy Energy and Fair Work Committee on 6 June, Members of the Scottish Parliament had proposed new legislation to limit pre-release access to official statistics. Mr Humpherson advised that the Committee had drawn on evidence that had been provided to them on the Authority’s work in that area.
- 7.4 Mr Humpherson had written again to the Department for Education, recommending that more comprehensive statistics school funding be produced and published, to inform public debate. Mr Humpherson planned to follow up with their Permanent Secretary on the matter.

8. Data acquisition [SA(19)28]

- 8.1 Ms Henry and Mr Pullinger introduced a paper which provided advice on how best to proceed in accessing administrative data for research and statistical purposes.
- 8.2 Board members heard that - in order to meet the objective of producing statistics in the public good - official statisticians need to be able to carry out population/whole

economy scale analysis, that can provide detail for small geographies and population sub-groups within days or weeks of the period in question, so that decisions can be taken cognisant of the most up to date information. Administrative data would be crucial in this context.

- 8.3 Following the passage of the Digital Economy Act 2017, ONS had worked with data suppliers (including HM Revenue and Customs (HMRC) and the Department for Work and Pensions(DWP)) to consider legality, regulation, public acceptability and security, ahead of data being shared.
- 8.4 On the basis of these considerations, and recent experiments which had explored different approaches to the linking of data, the National Statistician recommended that:
- i. ONS continue to improve clarity and transparency in its presentation of its secure system for linking data;
 - ii. that encrypted data be sought from HMRC and DWP, with special arrangements in place for records that were challenging to match; and
 - iii. that ONS continue work on a data architecture to enable the full statistical and research benefits to be delivered by June 2021.
- 8.5 The Board thanked Mr Pullinger, Ms Henry and their teams for their work, and agreed to seek data from suppliers.

9. Annual Report [SA(19)29]

- 9.1 Mr Bateson introduced a paper which provided an overview of the Authority's Annual Report and Accounts and the key audited financial results for the year.
- 9.2 Mr Bateson advised that the Annual Report and Accounts had been formally adopted, and would be signed by the National Statistician on 25 June.

10. People Strategy [SA(19)30]

- 10.1 Ms Bonay introduced a paper which provided first impressions of the UK Statistics Authority and outlined a proposal for priorities for People and Business Services Directorate (PBS) and the ONS People Strategy.
- 10.2 Ms Bonay reported that her first impressions of the organisation were positive overall, noting that there was depth of expertise across divisions, but there were gaps that needed addressing. Ms Bonay suggested that systems, tools and leadership would be key.
- 10.3 Board members discussed themes within the paper, including culture change and organisational design. Members suggested that – given the breadth of work identified – it might be helpful to prioritise future work. Members heard that metrics relating to the implementation of the People Strategy would be considered in detail by the Audit and Risk Assurance Committee at its upcoming meeting.
- 10.4 Board members thanked Ms Bonay for her update and endorsed the proposed strategy.

11. Census update [SA(19)31]

- 11.1 Mr Bell and Ms Kay introduced a paper which provided updates on the 2021 Census for England and Wales.
- 11.2 Since the previous meeting of the Authority:
- i. progress had been made on the programme build;
 - ii. the approach to communal housing had been confirmed;
 - iii. programme reporting metrics had been discussed at the Audit and Risk Assurance Committee, at which time a high level set of key metrics had been agreed; and
 - iv. a third reading of the Census (*Return Particulars and Removal of Penalties*) Bill at the House of Lords was scheduled for 26 June. This was the final stage of legislative scrutiny in the Lords before it continued to the Commons.

11.3 Board members also discussed the underenumeration strategy and the potential impact of purdah on Census communications, before thanking Mr Bell and Ms Kay for their update.

12. Any other business

12.1 Mr Athow noted the progress on Blue Book 2019 remains on track, with estimates due to be published this month. Additionally, a methodology article on student loans will be published on 21 June.

12.2 The Authority Board would meet next on Tuesday 30 July 2019 at 09:15 in London.

UK STATISTICS AUTHORITY

Agenda

18 June 2019, 10:05 to 15:00

Boardroom, Titchfield

Chair: Sir David Norgrove

Apologies: Ms Helen Boaden

Attendees: Ms Philippa Bonay (for item 8), Ms Sarah Henry (for item 6), Ms Frankie Kay (for item 9)

10:05 – 10:45: Non-Executive Session

| | | |
|-----------------------------|---|---|
| 1 10:45-10:50 5 mins | Minutes and matters arising from previous meetings <ul style="list-style-type: none">• Declarations of interest | Meeting of 30 April 2019 |
| 2 10:50-11:00 10 mins | Report from the Authority Chair | Oral report Sir David Norgrove |
| 3 11:00-11:05 5 mins | Report from Committee Chair <ul style="list-style-type: none">• Audit and Risk Assurance Committee | Oral report Ms Nora Nanayakkara |
| 4 11:05-11:20 15 mins | Report from the Chief Executive | SA(19)26 Mr John Pullinger |
| 5 11:20-11:35 15 mins | Report from the Director-General for Regulation | SA(19)27 Mr Ed Humpherson |
| 6 11:35-12:15 40 mins | Data acquisition | SA(19)28 Ms Sarah Henry Mr John Pullinger |
| 7 12:15-12:20 5 mins | Annual Report | SA(19)29 Mr Nick Bateson |
| 8 12:20-12:55 35 mins | People strategy | SA(19)30 Ms Philippa Bonay |
| 9 12:55-13:10 15 mins | Census update | SA(19)31 Mr Iain Bell Ms Frankie Kay |
| 10 13:10-13:15 5 mins | Any other business | |

13:15-13:40: Lunch

Next meeting: 30 July 2019, London, 09:15 to 14:00

UK STATISTICS AUTHORITY

Chief Executive's Report, June 2019

Purpose

1. This report provides the Board with an overview of activities during my tenure as National Statistician.

Summary

2. 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 great progress we have made together:
 - i. in our first year, we sought to build and strengthen our leadership team and develop the relationships needed with partner organisations;
 - ii. 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 Charlie Bean's review of economic statistics;
 - iii. 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 (DEA) which has the potential to transform the data landscape; and
 - iv. more recently, we have focused on our staff, their skills and how we work together to maximise our collective contribution.
3. 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.

Review of priorities

4. The top priority in our strategy is to deliver a statistical service to help with decisions about the economy.
 - i. **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.
 - ii. **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.

- iii. **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.
5. The second priority in our strategy has been to improve the contribution we make to public policy, including through the census.
 - i. **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 ensures 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.
 - ii. **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 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.
 - iii. **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 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.
 6. The third priority in our strategy is to enhance data capability.
 - i. **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 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.
 - ii. **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.
 - iii. **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

7. 2018 marked the tenth anniversary of the creation of the UK Statistics Authority and the 50th anniversary of the 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 keeping the show on the road with 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 challenge 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.
8. 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.
9. 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, 11 June 2019

UK STATISTICS AUTHORITY

Report from the Director General for Regulation

Purpose

1. This paper provides an update on regulation activity since the last Board meeting.

Recommendation

2. Members of the Board are invited to note the activities and proposed actions.

Discussion

3. Key activities since the last Board meeting include:
 - i. **Regulatory vision:** We will publish an exposure draft of our regulatory vision on 25 June. The background is that we judge that we do not explain the regulatory side of the Authority well. We want to raise understanding of what we do and why, and this is what the document seeks to do. We are holding stakeholder events in Edinburgh, Newport and Cardiff to obtain views, with a further event in Belfast planned for early autumn.
 - ii. **Data landscape:** Following the data landscape workshop with the Geospatial Commission, the Information Commission, the National Archives, and several others, we are organising a follow up event in July. We will focus on concepts of data ownership to establish how far there is a common understanding across different organisations.
 - iii. **Pre-Release Access in Scotland:** On 6 June, the Economy Energy and Fair Work Committee of the Scottish Parliament published a proposal for new legislation to limit pre-release access to official statistics in Scotland to one day, and to remove it entirely for economic statistics produced by the Scottish Government (principally Scottish GDP and retail sales). Although it is not clear whether the draft legislation will be tabled for debate, this is a welcome development. The Committee drew heavily on the Authority's work on this area, including my evidence to the Committee's inquiry into economic data, which we followed up with regular contact with MSPs on the Committee and Committee staff.
 - iv. **Education:** I wrote to the Permanent Secretary and Head of Profession at the end of May recommending that the Department produce more informative and comprehensive statistics on school funding (the core issue around which criticism of their use of statistics has coalesced). The Department has responded positively to this recommendation, although the Permanent Secretary's reply to me was a less definitive acceptance of the recommendation than it could have been. I am following up with him.
 - v. **Homelessness:** We remain concerned about MHCLG's use of Rough Sleeping statistics, in particular their claim that the statistics show that rough sleeping in England has fallen by 19 per cent. We do not think that the statistics support such a strong claim. I will be writing publicly to the Department later this month to set out our position.
 - vi. **OSR development:** We have appointed a new head of our Edinburgh site. The appointee, Gail Rankin, is currently in charge of performance analysis for Edinburgh City Council.
 - vii. **External engagements:** I chaired a session on trust in economic statistics, involving Dame Kate Barker, Rebecca Riley, Mairi Spowage and Tony Curzon Price, at the conference on economic measurement run by the Economic Statistics Centre of Excellence. We will be converting the conference session into a formal paper later this summer. I also chaired a session on the consumer interest at the annual

Regulatory Policy Institute Conference. On health statistics, I held a meeting with Simon Stephens, CEO of NHS England, and Baroness Harding, chair of NHS Improvement. They were aware of our work on coherence and quality of health statistics and were supportive of it.

4. The main challenge on my mind remains profile and impact. The launch of our draft regulatory vision (3.i above) is intended to start to address this concern.

Ed Humpherson, Director General for Regulation, 10 June 2019

List of Annexes

Annex A Regulatory Activities

Regulatory Activities June 2019

| Economy | Business, industry, energy and trade | Children, education and skills | Labour Market and welfare |
|---|---|--|--|
| <ul style="list-style-type: none"> Assessment: HM Treasury's Country and Regional Analysis – report published 24 May. Compliance Check: HMRC Measuring Tax Gaps Compliance Check letter sent to HMRC and published 16 May. Systemic Review: Public Value of devolved public finance statistics – youtube video of interview about the findings, two presentations of the findings and a blog published 14 May. Presented to Sub-UK PSF working group on 16 May. Casework: i) Analysing statements made by NS and I explaining the decision to change indexation of savings certificates from RPI to CPI in May 19. ii) Continuing to investigate coherence of CBER employment data for Cambridge with BRES data. iii) Prepared material for FOI regarding AR246 assessment of CPI inflation statistics. | <ul style="list-style-type: none"> UK Trade: Awaiting Service sector Asymmetry analysis from Thomas Baranga and an impact assessment for the introduction of VAT data on the quality of trade estimates, before re-presenting the case for UK Trade re-designation. Annual Purchases Survey: OSR SLT has quality assured the findings of the assessment team, the detail of which will now be discussed with the ONS. Compliance Check: Insolvency Statistics – The findings of the assessment team have been reviewed by SLT and a follow-up meeting with the Insolvency Service has been arranged. | <ul style="list-style-type: none"> Compliance checks: Started on Scottish School Leaver attainment and Initial Destinations Statistics and on Further Education and Skills in England. Casework: Published letters on need for better School Funding Statistics and on apprenticeships. Progressing casework on International GCSEs availability. Continuing to engage with stakeholders around the Teaching Excellence and Student Outcomes Framework. Systemic Review: Started work on skills review focused on Scotland, Wales and Northern Ireland. | <ul style="list-style-type: none"> Compliance checks: The Universal Credit and Benefit Cap CC letters were published in May. Assessment: started assessment of Labour Market statistics. Casework: Emailed No10 regarding Universal Credit information provided by the Prime Minister at the House of Commons. |
| Crime and Justice | Housing, planning and local services | Health and Social Care | Population |
| <ul style="list-style-type: none"> Systemic Reviews: The first draft of the media analysis for the policing review has been completed, along with a Shiny app and Flexdashboard. The report will go to July regulation committee and be published at the start of August. Compliance check: Started work on Northern Ireland Safer Communities Survey. Assessments: starting the assessment of Northern Ireland Motoring Offences statistics. | <ul style="list-style-type: none"> Casework: rough sleeping: i) We are now engaging directly with the MHCLG select committee; ii) Published MHCLG's response to our recent casework letters around rough sleeping statistics. Systemic reviews: GSS harmonisation team published a blog on a UK definition of Homelessness. ONS also published a blog on the joint consultation they have launched with the Centre for Homelessness Impact on a new set of homelessness indicators. Compliance check: Working on Welsh Govt Affordable Housing | <ul style="list-style-type: none"> Systemic Reviews: i) Social Care: Wales report due in June, Scottish roundtable due in June, England report to be discussed in July Reg Com. ii) published an update on our review of NHS Digital data sharing access and processes, work in ongoing to identify ways to support users and improve data quality. Casework: Private correspondence sent to Dept of Health (NI) re NI Emergency Care Waiting Time statistics. | <ul style="list-style-type: none"> Assessment: Working through QA process of phase 1 Census assessment. Update and assessment findings will go to Regulation Committee in July. Migration statistics: Latest quarterly MSQR published in May. HO and ONS keeping us updated with developments. ONS due to publish update on transformation programme and interim report on work being carried out on coherence of different sources 21 June. |
| Security, defence and intl relations | Travel, transport and tourism | Agriculture and environment | Culture and Identity |
| <ul style="list-style-type: none"> Compliance check: Desk research for CC on DfID's Statistics on International Development to start. Domain Activity: Talks with GPT to promote Code and role of OSR in DfID. | <ul style="list-style-type: none"> Assessment: Working on Transport Focus' National Rail Passenger Survey. Compliance checks: Continuing CC of DfT's Road Accidents and Safety statistics. | <ul style="list-style-type: none"> Assessment: Shared findings of assessment of air quality and emissions of air pollutants statistics with Defra in early May. | <ul style="list-style-type: none"> Compliance Check: Finalising CC into Industry Statistics produced by Gambling Commission. |

UK STATISTICS AUTHORITY

National Statistician's Advice to the UK Statistics Authority Board on Data Access

Background

1. As the National Statistician, I am the UK Statistics Authority Board's principal advisor on statistical issues, as set out in section 30 of the *Statistics and Registration Services Act 2007*. The use of administrative data held in government departments is central to the delivery of improvements to the production of statistics to serve the public good. Administrative data held by the Department for Work and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC), especially when linked with other data to generate research and statistics, has a particularly high public value. In considering how best to proceed on accessing these data for research and statistics, I am providing my advice to the Board.

Recommendation

2. I recommend that:
 - i. ONS provides greater clarity and transparency in its presentation of its secure system for linkage of identity information. I further recommend that ONS continues to test public acceptability as it implements its proposals. The role of the National Statistician's Data Ethics Advisory Committee will continue to be important;
 - ii. the Board agrees to seek encrypted data for most DWP Customer Information System (CIS) and HMRC Real Time Information (RTI) records with high matching probabilities, plus special arrangements for other records which are difficult to match (option 5); and
 - iii. the Board agrees that ONS should continue to work with the National Cyber Security Centre on a data architecture that will enable the full statistical and research benefits to be delivered with levels of risk below current risk tolerance (option 6) by June 2021.

Current position

3. The Authority's 'Better Statistics, Better Decisions' strategy, published in October 2014, highlighted the opportunities greater use of administrative data presented for better statistics:

"Rapid changes in society and technology mean that more data, in richer and more complex forms, is available than ever before... We must develop our capability to integrate administrative and commercial data sources, supported by appropriate methods and standards. We need to keep pace with advances in technology to achieve things that have previously been unachievable."

4. To achieve the ambitions set out in this strategy, we have sought to create the environment where we can access and use administrative and commercial data ethically, legally, at an acceptable level of security risk and in ways that maintain the confidence of the public. There are many successful examples of such data access and linkage internationally and within the UK (notably in the devolved administrations) but there remains inconsistency in the approach taken by different government departments.
5. The Independent Review of UK Economic Statistics¹ led by Professor Sir Charles Bean reported in March 2016 and recommended making the most of existing and new data sources and the technologies for dealing with them. He wrote *"Under the present*

¹ <https://www.gov.uk/government/publications/independent-review-of-uk-economic-statistics-final-report>

framework, the onus is on the holder of public administrative microdata to decide whether or not to grant access. This framework should be significantly amended. A better framework would start from the presumption that, subject to appropriate measures being in place to preserve confidentiality, data held by public authorities should be available to ONS for the purposes of producing statistics by default, unless there are very strong grounds in exceptional circumstances (e.g. national security) for that not to be so. The public may indeed already believe that this is what happens, but crucially, this would be a reversal of the burden of proof.” The recommendations were accepted by the Chancellor and lent significant further weight to the need to introduce new legislative provisions in the *Digital Economy Act 2017* designed to put beyond doubt the legality and desirability of accessing data for statistical and research purposes, such as that held by DWP and HMRC, in order to get a better understanding of the changing modern economy.² Such access is also essential to realise the Industrial Strategy³ requirement to be the best understood economy in the world

6. The plans for the Census 2021 published by the Government in December 2018 in the White Paper⁴, set out “the direction of the production of official statistics in the future, with administrative data at the heart of the system.” These plans include and are directly linked to improvements in understanding international migration⁵ and improvements in equalities monitoring, including but not limited to race disparities and disability. Full population level DWP CIS data and HMRC RTI data system are critical to achieving those aims. Notably, these plans will also directly assist HMRC itself in meeting its own obligations for equalities monitoring as highlighted in the Race Disparities Unit report.
7. The Administrative Data Research partnership has been established in order to help deliver the UK Research and Innovation (UKRI) strategy. Sir Mark Walport, Chief Executive of UKRI has identified DWP and HMRC data as central to that strategy.
8. Devolved Administrations have identified data from DWP and HMRC as essential to meeting their needs for statistics and research. This has been raised at the Inter-Administration Committee, the formal body established under the Concordat on Statistics.
9. The statistics and research provisions in the *Digital Economy Act 2017* were sought by the Government to deliver a range of benefits for UK public policy including in relation to: understanding the economy; the Census, understanding population changes and migration and monitoring of inequalities; enabling Devolved Administrations to fulfil their functions; and meeting the imperatives of the UK Research and Innovation strategy. These provisions passed through Parliament with cross party support. They have also been supported by the Information Commissioner who has welcomed the emphasis placed on good practice in data handling, including meeting the requirements of the *Data Protection Act 2018*, incorporating the General Data Protection Regulations (GDPR). It was the express will of Parliament that data access for statistical and research purposes should happen.

² The powers included in the Digital Economy Act 2017 were the clearest and strongest Parliamentary Counsel could draft given the legal status of the Crown

³ <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

⁴ <https://www.gov.uk/government/publications/the-2021-census-of-population-and-housing-in-england-and-wales>

⁵ <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/understandingdifferentmigrationdatasourcesaworkplan/february2019>

10. Since enactment of these provisions, officials have been working closely together to identify a way to meet the requirements in a way that is within the law, including data protection law, is secure and meets the test of public acceptability. In addition, the Office for Statistics Regulation, in its Joining Up Data report⁶, highlighted that *“data linkage should be a vital component of the official statistics landscape. Value is being squandered because this is not currently the case. We want analysts to feel empowered to make data linkage a core part of their efforts to innovate and improve official statistics production.”*
11. I established the National Statistician’s Data Linkage Advisory Panel to assist me in advising the Board on how to proceed. Membership of the Panel is attached at **Annex A**. I am grateful to members of the panel and those who have joined our meetings, including from DWP, HMRC and the National Cyber Security Centre for their support. I am also grateful to the Information Commissioner for her continued support and guidance.
12. A central focus of this Panel has been to review the results of experiments suggested by the National Cyber Security Centre to establish the most effective methodology for meeting the twin objectives to (i) deliver statistics and research to serve the public good and to do so (ii) within the security risk appetite of data controllers in DWP, HMRC and ONS.

Requirement

13. In order to meet the objective of producing statistics in the public good, official statisticians need to be able to carry out population/whole economy scale analysis, that can provide detail for small geographies and population sub-groups within days/weeks of the period in question, so that decisions can be taken cognisant of the most up to date information. The UK is unusual compared to international counterparts in that this not already routine and expected. There are already strong concerns that the best global research talent is choosing to work elsewhere.
14. The main benefits/use cases for which population level information is most relevant and for which data held in the CIS and RTI systems are vital are:
 - i. Improving our understanding of the modern economy, especially productivity: The review commissioned by the Chancellor and Minister for the Cabinet Office, and conducted by Sir Charles Bean, placed strong emphasis on the need to get the fine-grained analysis needed to better inform policy. These recommendations were fully supported by the Government. Added weight has been given by the industrial strategy requirement to be the best understood economy in the world and the need to respond to changes in the economy related to UK exit from the European Union.
 - ii. Delivering the benefits from the planned approach for the population census: The Government has given its support to proposals from the UK Statistics Authority to make full use of available administrative data in addition to the conventional decennial census questionnaire. This would greatly enhance the accuracy of the census itself and would facilitate the production of census style outputs more quickly and frequently. If successful it could allow the traditional census to be discontinued with substantial financial savings from the current £1bn cost of the census as well as greater value including improvements in policy making and delivery across government, including local government and public services.
 - iii. Providing a robust evidence base for migration and other policies: Linking data from Home Office, HMRC, and higher education bodies with data from DWP and ONS is a critical element of the planned approach to generate better migration statistics. Associated with these benefits is the potential for utilising administrative data in

⁶ <https://www.statisticsauthority.gov.uk/publication/joining-up-data/>

- evaluations of effective practice (What Works) and in directly informing citizen choices (for example subsequent earning of people with certain qualifications).
- iv. Getting better understanding of equalities: The Race Disparity Audit has highlighted the need for much better data across Government. Linking data for statistics and research purposes, as envisaged by the Digital Economy Act, is a key enabler for this work.
 - v. Supporting the UK Research and Innovation strategy: Linking data for research purposes is a core element of the new provisions and has been strongly supported by UKRI and the Government Chief Scientific Advisor.
 - vi. Supporting Devolved Administrations in the delivery of their functions: The requirement for devolved administrations mirrors that of the UK Government in many respects in that they too need timely, robust and detailed information about their economies and want to understand equalities of outcomes across different population groups. Lack of access to DWP and HMRC data presents a barrier to devolved administrations ability to understand the outcomes of public policy. Furthermore, the smaller population size mean that use of administrative data is even more important to enable devolved analysis which otherwise is not possible.
15. The design approach we have adopted to achieve these benefits has the following elements:
- i. secure transmission of data from data controller to ONS secure environment;
 - ii. separation of data related to identity from data related to characteristics;
 - iii. protection of identity information to assign non-identifiable code for each record;
 - iv. non-identifiable code attached to data on characteristics to enable future linking in accordance with MOUs with data controllers;
 - v. only de-identified data accessed by ONS and other authorised analysts. Datasets held separately from identifiable data used to assign non-identifiable codes; and
 - vi. each proposal to use data held within the system to be assessed using the principles of the five safes framework⁷ and in accordance with ONS data policies and standards⁸ and subject to review by the Research Accreditation Panel⁹ established under the *Digital Economy Act 2017*.

Considerations

16. I have been asked by DWP and HMRC officials to consider four aspects: legality, regulation, proportionality, public acceptability and security before data is shared with ONS for statistics and research purposes.

Legality

17. Despite the provisions of data protection legislation enacted since 1998 (including the EU General Data Protection Regulation and the *Data Protection Act 2018*) which consciously balance the rights and protections of data subjects with the need for greater access in regards to processing of data for statistics and research (alongside archiving), there is often an approach where the default position is for some organisations to decline to give access to data rather than to provide it (unless there was a strong argument against doing so). In contrast, other organisations share data using the legal gateways provided.

⁷ <https://blog.ons.gov.uk/2017/01/27/the-five-safes-data-privacy-at-ons/>

⁸ <https://www.ons.gov.uk/aboutus/transparencyandgovernance/lookingafterandusingdataforpublicbenefit/policies>

⁹ <https://www.statisticsauthority.gov.uk/about-the-authority/better-useofdata-statistics-and-research/betterdataaccess-research/better-use-of-data/>

18. Accordingly, the *Statistics and Registration Service Act 2007* made provisions (sections 47 to 49) to make clear that public authorities are authorised to disclose information for statistical purposes where that disclosure would otherwise be prohibited, or where the public authority would not otherwise have power to make the disclosure. Such authorisation was to be provided through secondary legislation (Information Sharing Orders)
19. However, experience showed that the Information Sharing Orders mechanism was extremely time consuming, cumbersome, and practically ineffective. The *Digital Economy Act 2017* therefore amended the *Statistics and Registration Services Act* to remove the Information Sharing Order mechanism, to introduce a right for ONS to access the data sources necessary to produce statistics, and therefore to change the default, and enable a permissive, approach for the sharing of data for the production of statistics and research. These provisions were supported by the Government, in public consultations, with cross-party support in both Houses of Parliament during the passage of the legislation and generally appear to be working well.
20. The latest Guide to the General Data Protection Regulation (GDPR)¹⁰, issued by the Information Commissioner's Office (ICO), states that you must be clear about what your purposes for processing are from the start. It goes on to state that the GDPR purpose limitation principle specifically says that it does not prevent further processing for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes.
21. In taking forward proposals for data access for statistical research purposes under the *Digital Economy Act*, ONS has worked closely with the ICO to create further guidance including on safeguards¹¹, notably how best to respect the principle of data minimisation. There are a range of technical and organisational measures in place to ensure that this guidance is followed including an audit regime. For each data access request, a rigorous process to assess the proportionality of the requirement against the expected public benefit is carried out at the granular variable by variable level.
22. We recognise that Departments must test whether the data that they are planning to share is proportionate to the use case for it. We are working with Departments to be clear on these use cases and ensure confidence in the judgement that it is proportionate. Within the ONS we are confident that our systems will ensure proportionality and are working with potential data providers to reassure them that the use cases are sufficiently robust to be proportionate.
23. My advice to the Board is that the proposals for access to CIS and RTI data are consistent with the provisions of the *Digital Economy Act 2017* (and the *Statistics and Registration Services Act 2007*) and the *Data Act 2018* (and the General Data Protection Regulations) in being lawful and proportionate.

Public acceptability

24. Data access has been a contentious topic in public debate in the UK for many years. Accordingly, in considering our proposals we have taken particular care to test what we are doing with the public. Before the introduction of the *Digital Economy Act* provisions ONS, along with other government departments, took part in a process of "open policymaking" involving members of the public to test acceptability. The proposals

¹⁰ <https://ico.org.uk/media/for-organisations/guide-to-the-general-data-protection-regulation-gdpr-1-0.pdf>

¹¹ <https://gss.civilservice.gov.uk/policy-store/uk-statistics-authority-guidance-on-the-general-data-protection-regulation-gdpr/>

relating to statistics and research were well supported and indeed had higher levels of support than all other proposals for data sharing that were tested.

25. The passage of the provisions through the parliamentary process also provided an opportunity for public input before enactment.
26. Since the passage of the Act various policies and practices have been developed, in conjunction with the information Commissioner, to ensure full transparency and enable the public to understand and raise an issue they may have with what we are doing. In addition, each individual set of proposals is published and generally gets good media coverage to ensure that there is good awareness. Examples include the Bean review; the Census White Paper; the migration statistics workplan; and the Race Disparities Audit.
27. In addition, a recent report on public confidence in official statistics gave high levels of public confidence in ONS.¹² The report found that 85 per cent of people who gave a view trusted the statistics produced by ONS, with nearly three in four people agreeing they were produced without any political interference.
28. It has been suggested that some people might consider that the proposals that have been made will result in the creation of a population register, which could raise concerns about public acceptability. The proposals have been designed to avoid this happening and to safeguard against the perception that this might be happening. Only de-identified data is analysed in ONS for each dataset and each dataset is held separately from others. The secure system for protection of identity information could potentially be miscommunicated as a person index and it seems to me that this could be both inaccurate and unfortunate.
29. I am aware that officials in DWP and HMRC have some reservations about the degree of specific public awareness of the plans. Whilst they recognise that there is strong support or the use of administrative data to produce better statistics and research and that there is legal authority to do so, they do not feel that the meaning of combining these population level data sets is well understood yet.
30. The purposes of this work are strictly limited to statistics and research where the identity of any individual is prohibited by law. I consider that communication of this aspect of the proposals needs further work to ensure that we can have more confidence that the proposals will command public confidence.
31. My advice to the Board is that appropriate steps have been taken to assess the public acceptability of the proposals. I recommend that ONS provides greater clarity and transparency in its presentation of its secure system for linkage of identity information; and ii) continues to test public acceptability as it implements its proposals. The role of the National Statistician's Data Ethics Advisory Committee will continue to be important.

Security

32. It is essential that security concerns are met. No system can ever claim to be 100 per cent secure and the key test therefore is whether a proposal is within the risk appetite of the data controllers, in this case the Heads of Department of DWP, HMRC and ONS. I have met my counterparts in DWP and HMRC on several occasions to discuss this and we have set two key requirements to enable us to support any proposal. Existing systems already carry inherent risks, so the consideration is whether the proposals are outside levels of existing risk tolerance.
33. The first requirement is that the security solution proposed by ONS should be broadly in line with the levels of security protection afforded by existing systems within DWP and

¹² <https://www.statisticsauthority.gov.uk/news/pcos-2019/>

HMRC. The second requirement is that the National Cyber Security Centre should advise us of their level of confidence that the proposal meets this test.

34. The ONS solution follows a secure by design approach and has the benefit that it has been designed for this purpose rather than starting from a legacy technology environment. The designed environment is complemented by a rigorous monitoring regime overseen by the ONS Chief Security Officer and subject to independent audit. ONS has also been able to benefit from learning from approaches currently in use in the UK and overseas.
35. My conversations with the National Cyber Security Centre have indicated that they are positive that a technology platform can be established, and have suggested a series of experiments and architectural studies to test alternative approaches that could deliver against the twin goals of full public benefit and security protection within the risk tolerance of DWP, HMRC and ONS.

Experiments

36. The experiments to test alternative approaches linked personal household level data from the ONS Labour Force Survey with data from the DWP Customer Information System for the year 2014. The work was carried out under secure conditions on DWP premises supervised by authorised ONS staff. The experiments were designed to test the different statistical properties of results generated when data are encrypted and then linked compared to the results generated when data are linked “in the clear”.
37. The National Statistician’s Advisory Panel on Data Linkage was encouraged by the initial results of the experiments, which achieved good aggregate levels of matching for the DWP encryption method when compared to the alternative of matching data “in the clear”. The panel were concerned, however, to ensure that the experiments:
 - i. tested whether the encryption method results in a bias against non-white ethnic groups where matching rates are lower;
 - ii. tested whether the encryption method results in a bias when results are generated for different geographical areas (including the nations of the UK); and
 - iii. noted the risk that the match rates might be higher than would be achieved for linkage of other datasets because the LFS sample might contain an unrepresentatively high proportion of people who are relatively easy to match.
38. The experiments have now been completed. The key findings, and my conclusions resulting from the them, are:
 - i. the encryption method achieves a high match rate and agreement with the data in-the-clear linkage. To the extent that it does so the statistical benefits sought can be delivered with a lower level of security risk than can otherwise be achieved;
 - ii. linkage in-the-clear produces substantially more matches for non-white ethnic groups than the encryption method. In order to achieve results that do not discriminate against non-white groups, special arrangements should be made to match personal identifiable data for members of these groups;
 - iii. linkage rates for both methods are notably lower for London than for other regions. For London, the match rate for the encryption method is substantially worse than for in-the-clear. This may be related to the finding for ethnic groups;
 - iv. it is difficult to determine from this experiment whether the method would achieve the same result for other data sources. This needs more work; and
 - v. deployment of the method into production would also require ongoing resource to assess and maintain the linkage quality. This should include assessment of the impact on statistics by age.
39. On the basis of the results of these experiments and all the other information available to me, I have considered six options for consideration by the Board.

40. **Option 1:** Accept the status quo that HMRC and DWP concerns about sharing CIS and RTI data present too great a risk given the benefits. I do not consider that this is a viable option given (a) the clear commitments that have been made to improve the statistical and research base of the UK that can only be met using these data sources and (b) that the experiments that have been conducted using the DWP encryption method have demonstrated that security risks can be mitigated. I do not recommend this option.
41. **Option 2:** Seek a sample of CIS and RTI data. This option would reduce security risk by reducing the quantity of data that is linked. It would however not be a tenable option to deliver the benefits from the use cases related to the census and international migration statistics. I do not recommend this option.
42. **Option 3:** Seek hashed CIS and RTI data. This option replicates the approach used by ONS before the *Digital Economy Act 2017* was passed. DWP and HMRC have been content to give ONS access to data using this method, which involves no use by ONS of personally identifiable information. The method has been extensively tested by ONS and its limitations were an important part of the argument for seeking a more effective approach. I do not recommend this option.
43. **Option 4:** Seek encrypted CIS and RTI data using the DWP encryption method. The DWP encryption method achieves a high match rate and agreement compared with the data in-the-clear linkage. To the extent that it does so, the statistical benefits can be delivered with a lower level of security risk than can be otherwise be achieved. I would be content to recommend this approach were it not for the concern raised by the experiment that the method introduces bias against non-white ethnic groups and therefore is unacceptable on equalities grounds. I do not recommend this option.
44. **Option 5:** Seek encrypted data for most CIS and RTI records with high matching probabilities, plus special arrangements for other records which are difficult to match. This approach delivers the statistical benefits sought. It significantly mitigates the security risk and meets the equalities test. I recommend that the Board agrees that CIS and RTI data be sought on this basis.
45. **Option 6:** Seek CIS and RTI data in-the-clear. This approach remains the ideal from the perspective of statistical quality alone. However, at present, to adopt this approach carries risks which the data controllers are unwilling to tolerate and which the National Cyber Security Centre has been unwilling to advise fall within the current risk tolerance of data controllers. I cannot, therefore, recommend this option at the current time. However, the National Cyber Security Centre is working with us to undertake architectural studies to establish a data architecture that could be used by ONS and across government to enable the full statistical and research benefits to be delivered within levels of risk below current risk tolerance levels. I recommend that the Board agree that ONS should continue to work with the National Cyber Security Centre on a new architecture so that option 6 can be safely implemented by June 2021.

Summary and Recommendations

46. Administrative data held by DWP and HMRC, especially when linked with other data to generate statistics and research, has a particularly high public value, its use for these purposes has consistently been supported by Government and Parliament, and is central to the Statistics Authority strategy and agreed business plan.
47. I have been asked by DWP and HMRC officials to consider four aspects: legality, proportionality, public acceptability and security before data is shared with ONS for statistics and research purposes.
48. Having reviewed the available evidence, I consider that the proposals for access to CIS and RTI data are consistent with the provisions of the *Digital Economy Act 2017* (and the *Statistics and Registration Services Act 2007*) and the *Data Protection Act 2018* (and the General Data Protection Regulations) in being lawful and proportionate.

49. Having reviewed the available evidence, I consider that appropriate steps have been taken to assess the public acceptability of the proposals. I recommend that ONS provides greater clarity and transparency in its presentation of its secure system for linkage of identity information. I further recommend that ONS continues to test public acceptability as it implements its proposals. The role of the National Statistician's Data Ethics Advisory Committee will continue to be important.
50. I welcome the experiments that have been conducted to find a solution that mitigates security risk. The DWP encryption method significantly mitigates security risk. When coupled with special arrangements for records which are difficult to match, the DWP encryption method should deliver well against the statistical requirements and meet equalities requirements. I recommend that the Board agrees to seek encrypted data for most CIS and RTI records with high matching probabilities, plus special arrangements for other records which are difficult to match (option 5).
51. Furthermore, I recommend that the Board agrees that ONS should continue to work with the National Cyber Security Centre on a data architecture that will enable the full statistical and research benefits to be delivered with levels of risk below current risk tolerance (option 6) by June 2021.

John Pullinger, National Statistician, 11 June 2019

UK STATISTICS AUTHORITY

Annual Report and Accounts Conclusions 2018/19

Purpose

1. To provide the Authority Board with an overview of the Authority's Annual Report and the key audited financial results for the year.

Recommendations

2. Members of the Authority Board are invited to:
 - i. note the final year end performance and position for 2018/19 and the narrative in the Annual Report; and
 - ii. provide final approval for the Annual Report and Accounts (at **Annex A**) prior to sign off by the Accounting Officer and publication thereafter.

Summary of the Final Year End performance and position for 2018/19

3. Summary outturn against our audited control totals is as follows:
 - i. in terms of Resource Departmental Expenditure Limit (DEL) our year end outturn position is £2.6 million below our budget. This figure is inclusive of depreciation;
 - ii. our capital expenditure is circa £1.5 million below our Capital DEL budget;
 - iii. our revised Annually Managed Expenditure is £900,000 within budget reflecting the unwinding of provisions in the year primarily relating to Voluntary Early Severance exercises; and
 - iv. the combined impact of these items and the high value in accruals at the year-end, arising from the Census contracts, has resulted in a significant under utilisation of Net Cash Requirement in year of circa £15 million.
4. In conclusion, total DEL expenditure, which is the focus of the Treasury's assessment of our financial performance, is within 2 per cent of our total budget.
5. In the context of the financial year, during which the cost drivers of the organisation have changed substantially due to the Census procurement processes and build-up of resources to deliver the Census and Data Collection Transformation Programme (CDCTP), we are able to conclude that we have met our financial targets and Treasury's expectation for the utilisation of our funding.

Key Year on Year Variances

6. In assessing the financial performance in the context of prior years the following paragraphs provide a summary of the key variances and their rationale compared with 2017/18.
7. Net Operating Costs grew by 16 per cent from £245 million in 2017/18 to £285 million in 2018/19. This increase relates to activity associated with preparations for Census 2021. It also reflects the continued delivery of work in support of the Bean Review recommendations and additional activities relating to EU Exit, together with the continued operations of the Authority.
8. Staff cost increases account for broadly half of the increase in expenditure. This is the result of three key factors:
 - i. an increase in FTE from 2017/18 of 230 reflecting the increase in activities set out in paragraph 7 and a change in the grade mix within the organisation;
 - ii. severance costs associated with Voluntary Early Severance schemes finalised during the year; and
 - iii. the enhanced pay award that we negotiated with the Treasury and Cabinet Office during the year.

9. In terms of non-staff costs, the primary drivers for the increase relate to technology related expenditure; costs classified as 'other expenditure' which include key Census 2021 contract deliverables, such as those relating to Questionnaire Management; and miscellaneous fees, which likewise relate to the categorisation of Census contracts and costs associated with acquiring administrative data for economic statistics.
10. The remainder of the variance between 2017/18 and 2018/19 at a net operating costs level is due to the reduction in rental income due to the termination of sub-leases at Drummond Gate.
11. In terms of Balance Sheet items - our total assets have decreased by circa £4.5 million driven in the main by the continued increase in depreciation of intangible assets. This reflects the impact of our accounting policies and our strategy to utilise cloud-based solutions over in-house technology build, which will continue to reduce the size of our asset base over time.
12. Our current liabilities have increased primarily due to a significant increase in end of year accrued amounts due to the recognition of Quarter 4 Census 2021 contract activity and the severance schemes referenced above.

The Annual Report Document

13. The Annual Report has been provided as an annex to this document. The version provided to the Authority Board is near final, the only remaining work to complete is proof reading and production of the externally published version in line with the corporate template and formats. This work will be complete by the time of the Authority Board meeting on 18 June.
14. The main change to the structure since last year is to move the narrative for the Office for Statistics Regulation (OSR) to a separate Annex – referenced within the main body of the report – to emphasise the independence of the OSR's work.

The Governance Statement

15. The Governance Statement is a key constituent element of the document and is included in section 3 of the Annual Report. In line with Treasury guidance this provides a description of the key governance processes and the role of the Authority Board and its sub-committees. The statement also sets out the risk, control and governance issues that we have managed during the year, the progress we have made and the areas we are seeking to address over the coming periods.
16. The conclusions of the Governance Statement point to progress we have made across a broad front of our strategy during the year; and the need to improve our ability to co-ordinate across the Authority and clarify accountabilities for key risks and issues that we face - with the aim of breaking down the organisational silos that can act as barriers to our success. These conclusions align with the conclusions of Internal Audit's work and the conclusions of the Chair of the Audit and Risk Assurance Committee.

Audit and Risk Assurance Committee review

17. The Audit and Risk Assurance Committee met on 12 June to review the Annual Report and Accounts; the external audit Management Report and Letter of Representation; and to consider the view it would give in respect of this year's exercise.
18. The National Audit Office recommendation, as reflected in their Management Report, is that the Annual Report and Accounts should be approved with an unqualified opinion by the Comptroller and Auditor General without modification.
19. The Audit Committee accepted this view and recommended that the Accounting Officer should sign the Annual Report and Accounts and standard Letter of Representation. Following the Authority Board's review and, if content, approval, the National Statistician will sign the documents and the Annual Report and Accounts will be published on 4 July.

Nick Bateson – Director of Finance, Planning and Performance
12 June 2019

Annex A Annual Report and Accounts 2018/19

Annex A - Annual Report and Accounts 2018/19

This document can be found on the UK Statistics Authority website at
<https://www.statisticsauthority.gov.uk/publication/annual-report-and-accounts-2018-19/>

UK STATISTICS AUTHORITY

Initial Impressions of the Authority, areas for focus for People and Business Services Directorate and the People Strategy Proposal

Purpose

1. This paper provides my first impressions of the UK Statistics Authority and outlines my proposal for priorities for People & Business Services Directorate (PBS) and the ONS People Strategy.

Recommendations

2. Members of the Authority Board are invited to discuss the areas set out for consideration in the paper and endorse the People Strategy proposal.

Background

3. The current Directorate covers the corporate enabling functions of HR; Learning and Development; Business Services¹³; Property/Infrastructure/Estates; Health and Safety; Security and Asset Information Management; and Government Statistical Service professional support and recruitment (for 24 government departments) and the Government Analysis Function¹⁴ team. The Commercial team transferred to Nick Bateson, Finance Director, on 1 April 2019.
4. I am the Authority's Head of Profession (HoP) for HR and, in addition to my Authority role, I act as the HR Director (HRD) for the Government Analysis Function across government. This role recently expanded to becoming the Authority and Analysis Function lead for managing workforce demand and supply across Government in response to the EU Exit preparations. Furthermore, as an HR Director within Civil Service HR, I have responsibilities as a cross government HR leader and professional.
5. In order for PBS to respond in a more agile manner to our organisational priorities and needs, I have realigned the Directorate across four areas. This alignment allows us to work more collaboratively, both within PBS and the wider organisation, and provides increased business facing support allowing us to develop solutions to meet local business needs.

Discussion

First Impressions of the Authority

6. I will share and develop in more detail some initial impressions for the Authority in the following areas, all are interlinked:
 - i. **Strategy, vision and values.** The *Better Statistics Better Decisions* strategy is well embedded but requires continual, strong and relatable communications supported by work on culture, capability and leadership. Creating opportunities for two-way communication is essential and, where this is already in place, it is having positive outcomes on engagement.
 - ii. **Management and embedding of change.** There has been high activity and engagement in changing operating models. There is a focus on organisational design, certain skills and arriving at a static state rather than a whole organisation

¹³ We provide the first contact point to the organisation for our external customers through our Customer Contact Centre as well as case management and reprographics.

¹⁴ We champion and lead an integrated and collaborative cross Government Analysis Function, bringing together statisticians, economists, social researchers, behavioural insights specialists, actuaries, scientists, engineers, data scientists, and operational researchers. The Function has a membership of 16,000 individuals with further reach providing standards and learning and development for non-analysts across government.

approach to future capability, work design and behaviours. Multiple change efforts can create some confusion and change fatigue.

- iii. **People and capability.** There has been a plan of work for workforce transformation and many tools, programmes and initiatives to support this. A proliferation of effort from business areas and the corporate offer needs to be reviewed and aligned with the overarching BSBD strategy. This will ensure a more future focused plan of activities which is also aligned to the proposed People Strategy.

PBS areas of focus in 2019

7. The following areas will form the focus of the people strategy activity plan for 2019/20.
 - i. **People Strategy:** The Authority has not benefitted from a defined and published People Strategy for some time. My aim will be to deliver a dynamic People Strategy, linked to the Authority strategy, which puts our people at the heart of our success. This will be supported by a people plan, based on clear commitments, activities and outcomes to attract, nurture and retain the functional skills, leadership capability and broader behaviours to deliver the strategy of the Authority. We will have a clear PBS programme plan and more developed people governance.
 - ii. **Culture:** Culture is an important part of any organisational change programme and can be a key factor in determining the activities that support a high performing organisation. As an organisation, we have prioritised our efforts on delivering the technological and operating aspects of the organisation's transformation. I have observed that the cultural and environmental aspects of change have not received the same attention. To address this, we have and will continue to strengthen our professional organisational development capability within PBS. Since September 2018, I have focused on analysing the culture as it is now against where we want it to be – a brilliant place to work. This year we will accelerate our programme of activities to prioritise our changes and develop and implement plans to improve and measure the organisation's effectiveness.
 - iii. **HR Business Partners (HRBP):** A strengthened HRBP model was introduced in April 2019 to provide greater business facing support at a local level. The HRBPs are senior HR professionals who support the development and implementation of the People Strategy across the organisation. They work with senior leadership teams to translate the People Strategy to meet operational needs and they work with both the wider HR specialist teams and business representatives to develop both corporate and local people solutions.
 - iv. **Recruitment and Workforce Planning:** The organisation's workforce planning capability remains at a low maturity level despite considerable work in this area. The PBS and Finance teams have been working collaboratively in the past year to ensure alignment of resources to our financial position and work is currently in progress to automate the planning and tracking process. Given our current and ambitious workforce transformation programme, it is important to identify what people, knowledge, skills and behaviours we have, as well as what we require in the future. This will continue to be a collaborative project between PBS and Finance. The PBS recruitment offering needs further review. There is anecdotal evidence that business areas are unhappy with the speed of recruitment. A deep dive followed by a recruitment strategy will provide a greater understanding of labour market pools and recruitment attraction data will provide insight into where our targeted attraction needs to take place and if location or pay is impacting on our ability to attract high calibre candidates, particularly in scarce skill professions. The development of key performance indicators to track each recruitment stage and workforce capacity will provide insight into where the 'hold ups' in the recruitment process occur i.e. at business level stage, live recruitment campaign stage or onboarding.
 - v. **Talent:** The ONS Talent Strategy could currently be perceived as exclusive (that is, only providing development for the development of more senior leaders at G7 and

above). We will expand the current approach so that it will be more inclusive, recognising that identifying and developing emerging talent will be vital in our ability to succession plan properly for critical future roles, as well as building our management and leadership capability and managing talent through quarterly talent boards. This will mean identifying early talent, utilising our new apprenticeship action plan to cut across the office to build strong talent pipelines and setting challenging targets to engage with BAME communities and at schools and universities. The existing support to High Potential Programmes will continue, as will our engagement with the Civil Service Future Leaders' Scheme, Senior Leaders' Scheme, High Potential Directors' Schemes and other Civil Service Talent activity.

- vi. **Learning and development:** We will continue to review the strong L&D offer to ensure it is best suited to business requirements and developing the skills of our people. We will continue to develop apprenticeships to facilitate vocational learning at all career stages, as well as to meet our Cabinet Office target. Our L&D offer will support the development of leadership, management and technical skills as well as career pathways. We are implementing a stronger focus on support to all professions through by the new formed ONS Heads of Profession steering group.
- vii. **Equality, Diversity and Inclusion (EDI):** We will strengthen our approach to EDI with the ambition of it eventually becoming so embedded it is the natural way we do things. Linked to our People Strategy and culture work, we will develop our EDI strategy towards greater inclusivity, diversity and fairness. This will be supported by a more collective and focused approach to outreach to attract the skills and people we need in the future.
- viii. **Authority/ONS Brand:** To attract a diverse workforce and promote the message that ONS is a brilliant place to work, there needs to be a greater focus on our external employer branding and messaging. Our external employer brand is weak when compared to our corporate brand and we will explore how we can improve this with our Communications colleagues.
- ix. **Collaboration:** Align all areas across PBS so that the voice of the customer is centric to decision making and is understood and shared across the professions. We will work collaboratively with all areas of the Authority but specifically with Policy, Communications and Digital Publishing Directorate and Finance, Planning and Performance Directorate to continue the improvement of corporate services. Outside of the Authority, working with the GSS Heads of Profession across government and across all professions within the Government Analysis Function as well as Civil Service HR.
- x. **Analysis Function:** The Government Analysis Function consists of seven professions and employs circa 16,000. The aim of the Analysis function is to act as the go-to-hub for best practice and research and analysis services within Government. A delivery plan has been developed for 2019-2020 and will focus on creating a Functional Standard and embedding the Standard across government as well as leading on the development of the people and broader operational elements of the Function.
- xi. **EU Exit:** As part of the cross-government approach to resourcing departmental EU Exit preparation requirements, we are leading on the management of the workforce requirements for the Authority and Analysis Function. We have created a resourcing hub and will continue to be prepared to coordinate our response at short notice.
- xii. **Business Services:** Ensure fit for purpose and effective corporate services to the business, notably through simplification and automation. We will explore the automation of a number of policies through our Oracle Fusion system. This will give us insight into how automation will allow us to free up resource to focus on more human interactions and value adding activities.
- xiii. **Estates Strategy:** To support a flexible working culture and environment we will move increasingly towards smart workplaces. This is in line with the expectation that we meet government targets but will be SR19 dependent. We will work with the

business to determine locations and an estates strategy is being developed and aligned to future business and workforce needs.

Conclusion

8. This paper is designed to provide a specific view on some initial impressions of the new PBS Director of the Authority, the proposed People Strategy and high-level priorities for PBS in 2019.
9. My assessment of the current position is that we are on the way there but are not yet fully functioning as a federated Directorate. This will take time as we move from a reactive to a more strategic, future focused Directorate delivering in partnership with the wider business.
10. The culture and behaviours of the organisation are key to moving the people strategy forward and we need to move towards a culture where everyone is responsible for the change. I will explore the degree to which ONS accepts change, the ambitions of the future strategy and its desire for innovation. The speed and success of our change all derive from our culture leadership. Through understanding how change is undertaken at ONS, we will develop a series of activities that will strengthen our organisational change and effectiveness. I have observed as an intellectual organisation we have a tendency to focus on mechanistic change. However, our organisation is predominantly made up of operational delivery employees who respond to more humanistic interventions such as symbols and stories. There will be a need to start at Senior Leadership level (SLT) where the behaviour, language and stories of senior executives can signal powerfully the need for change and appropriate behaviour relating to the management of change. My observation that that we are an organisation of lots of people with big hearts, but lead through system, process or measurement. Our challenge will be to tell the stories that will engage our existing workforce and to attract new people into ONS.
11. The Board are invited to consider and discuss the initial impressions and areas for PBS focus presented in this paper.

Philippa Bonay, People & Business Services Director, 4 June 2019

UK STATISTICS AUTHORITY

Census Rehearsal – Update

Purpose

1. As promised, this paper provides the Authority Board the latest update on
 - i. plans for the Census Collection Dress Rehearsal;
 - ii. the contingency options for the use of administrative data to support enumeration; and
 - iii. the proposed metrics and discussions for Board and Audit and Risk Assurance Committee.

Recommendations

2. Members of the Board are asked to note:
 - i. the progress towards the Census Rehearsal continues to be positive, but that the timetable to rehearsal is tight. The programme is aware that compromises may need to be made over the summer and is ready to do so;
 - ii. plans for evaluation of the rehearsal and incorporation of lessons learned into the main plan are also in train. Work has commenced on the required planning for main Census, to ensure momentum is maintained as the focus for build moves beyond the rehearsal to the main census; and
 - iii. contingency options around available administrative data to support enumeration have now been produced with particular focus on creating the address frame and the efficiency of the field operations.
 - iv. and integration along with the programme risk profile and assurance map.

Programme Status

3. Progress of the programme remains positive.
4. The scope of the rehearsal remains unchanged. The scope of the Digital Services and Technology (DST) digital build for the rehearsal has been finalised. DST continue to work on solutions for Households (HH), NISRA and Census Coverage Survey (CCS). We are finalising the approach for a low technology solution to ensure a meaningful operational rehearsal of the CEs (Communal Establishments). Plans for this approach will be finalised by 28 June. This approach still ensures testing of all relevant integrations.
5. The build and test of digital products continues with the household user journeys on track, with the simplest user journey “Hannah” now at 75 per cent and the most complex, “Fred”, at 45 per cent complete. In addition to the work on the digital products to support the delivery of the individual user journeys, there is significant technology build which is being delivered to underpin the delivery of all user journeys. This includes the integrations required to support the flow of data between ONS and the suppliers, work on the Field Work Management Tool (FWMT), build of field devices and the campaign website.
6. Although progress remains positive, the timetable to rehearsal remains tight. Over the summer there may well be compromises that need to be made in terms of work-arounds or number of test cycles. The programme is prepared for these through the governance arrangements and assurance activity.
7. Plans are currently being prepared to ensure that an effective evaluation of the preparation and running of the dress rehearsal is undertaken. This ensures that project activities are updated as quickly as possible both during the operation and once the field

operation ceases in December. This will ensure delivery momentum as we build towards the main Census.

8. Planning for the development work required once the rehearsal is complete is also underway. The first draft of the main census plan will be completed by mid-July. This will also support office wide prioritisation and planning as well as ongoing development work with suppliers.
9. The *Census (Return Particulars and Removal of Penalties) Bill*, to make the questions around sexual orientation and gender identity voluntary, is progressing through the House of Lords and successfully cleared the committee stage on 4 June. The Bill will now progress to Report Stage on 18 June.
10. The Business Case has now been signed off by the National Statistician and the Chair of the UK Statistics Authority and submitted to HMT. A Treasury Approval Point (TAP) will be held on 26 June which will, if successful, approve funding for the remainder of the programme.
11. The Sikh Federation have submitted a Pre-Action Protocol for a Judicial Review to the Cabinet Office on the lack of inclusion of an ethnicity tick-box. We are currently working with Cabinet Office to prepare our response.

Admin Data to Support Enumeration

12. The main areas in which administrative data are used in the enumeration are in creating the address frame (the set of addresses to which we send correspondence inviting a census response, either on line or on paper) and supporting the efficiency of the field follow up.
13. Creating the address frame:
 - i. Council Tax data and Valuation Office Agency (VOA) are planned to be used to make the frame as accurate as possible. The Council Tax data is more detailed but has to be requested from all Local Authorities (LAs) individually. If this is not available, we will then use the VOA data as well as using the 2020 Address Check. The address check involves desk research and field visits and will take place next summer; and
 - ii. additionally, to identify types of Communal Establishments and number of bed spaces, we will look to access a number of sources. For example, the Care Quality Commission (CQC) or Student Halls. This can also be mitigated by use of the 2020 address check.
14. Efficiency of the field follow up:
 - i. we would like to use administrative data to identify areas where digital uptake maybe low to target sending paper questionnaires. We are already using DVLA and Electoral Roll (ER) data (to identify areas where residents are less able/willing to go online to update their details or apply for a driving licence). We would like to have access to Electoral Roll data at a lower geographic level to be able to better differentiate between variation at small areas. However, if this is not possible we will continue with the DVLA and ER data we have; and
 - ii. we will be using Council Tax data to validate reports from the field about why an address has not responded. Experience from previous censuses has shown that field resource is wasted following up properties where a response is not required. Timely Council Tax data can indicate where an address is a second home or is vacant but is unlikely to be available for all LAs. Our mitigation is to prioritise those areas where response is likely to be lower so that the impact of not receiving Council Tax data is minimised.
15. DWP and HMRC data are not used to support the enumeration. However, it will be required to create estimates of income as part of our package of outputs for 2021. Work

is currently underway with DWP experimenting on the impact of encryption against working with data in the clear. This should complete over the summer when a plan for next steps will be built. Should DWP and HMRC data be unavailable, we will use the DWP data we already have to validate outputs, although this will not be at record level. Additionally we can use other sources (such as the patient register) for 'signs of activity' to support this work.

Reporting to UKSA Board and Audit and Risk Committee

16. The Authority Board will receive a common set of metrics for both the Economic Statistics Transformation Programme and Census and Data Collection Transformation Programme.
17. The Audit and Risk Assurance Committee will receive more detailed metrics along with the programme risk profile and assurance map. This will enable more detailed scrutiny of the technical aspects of the programme, governance, risk and assurance. The programme will further develop these metrics based on feedback from Risk and Audit Committee.

Audit and Risk Committee update

18. We provided an update to Audit and Risk Assurance Committee on 12 June, covering programme update and metrics as set out here. In addition, we agreed the approach to assurance on Operational Readiness for the rehearsal with a review commissioned by management followed by an Internal Audit. We received helpful suggestions for the terms of reference for the Operational Readiness Review. Finally, Risk and Audit Committee were appraised of the Governance arrangements and assured that both SRO and Accounting Officer felt these were providing the right level of assurance.

Conclusion

19. Focus remains on ensuring achieving key deliverables and milestones to ensure a successful and meaningful rehearsal. Updated reporting in conjunction with PMD will continue to provide assurance on progress. However, all teams remain committed to ensuring that the remaining required work, including on how to rehearse Communal Establishments, is completed.

Iain Bell, Deputy National Statistician for Population and Public Policy

Frankie Kay, Director of Transformation, Population and Public Policy, 7 June 2019