

# Annual Report and Accounts

# 2017/18





# UK Statistics Authority Annual Report and Accounts 2017/18

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This is part of a series of departmental publications which, along with the Main Estimates 2017/18 and the document *Public Expenditure: Statistical Analyses 2013*, present the Government's outturn for 2017/18 and planned expenditure for 2017/18.



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# Chair's Foreword

When I joined the UK Statistics Authority last April, I joined an organisation that was mid-way through an ambitious plan to transform the UK's official statistics. With our priorities set, and our plans in place, this was the year those ambitions began to become reality.

It was the year that – out in the field – those responding to surveys began to say farewell to paper forms, and started to submit their information to us electronically. It was the year that the Digital Economy Act received Royal Assent, ushering in a new era for statistics and analysis. And it was also the year that the statistical community joined economists, researchers, actuaries and behavioural insights specialists, to launch an integrated Governmental Analytical Function aimed at improving the quality and impact of evidence in government.

## Transforming the Production of Official Statistics

In my first year as Chair, I have had the opportunity to meet teams across the Government Statistical Service (GSS), and have been unfailingly impressed by the exciting and important work taking place.

The Department for Education's (DfE) longitudinal education outcomes dataset is just one example of what statisticians can achieve by linking together existing data. Drawing together data from DfE, HM Revenue and Customs and the Department for Work and Pensions, this piece of work provided unique insights on the destinations of and outcomes for graduates in the UK.

Teams across the Office for National Statistics (ONS) have also taken major steps to improve the evidence available to decision-makers this year. Even ahead of the Digital Economy Act coming into force, statisticians have begun to demonstrate the immense power of administrative data – in improving the quality of our National Accounts, in replicating the results of our traditional Census, and in developing the UK's suite of migration statistics.

In September, my colleagues and I on the UK Statistics Authority Board welcomed ONS's decision to abolish pre-release access to the statistics it produces. It has been the Authority's long-standing view that pre-release access damages trust in official statistics, and in the year ahead the Authority Board will continue to press for equal access to all official statistics.

## Improving Public Confidence in Official Statistics

Since joining the Authority, I have been surprised at how rarely I have had cause to challenge public figures on their use of statistics. In spite of discussions about a 'post-truth' society, it is clear that in the ten years since the Authority's establishment, much has been done to embed standards around the use of official statistics in public debate.



Sir David Norgrove



This year we refreshed those standards, publishing an updated Code of Practice for Statistics which reflects the changing environment in which we operate – in which data are abundant, and increasingly sophisticated. Our new Code provides a framework to ensure that statistics are trustworthy, good quality and valuable. We believe this is a framework that can assist not just government statisticians, but also others who are responsible for producing and communicating data in the UK.

Of course, our work is not done. When Sir Michal Scholar launched the Authority ten years ago he defined its mission as rebuilding trust in official statistics. Ten years on, I want to understand more about what the public think of the data we produce and the way in which official data are used. As I write this foreword, interviewers are asking individuals across the UK public about their trust in official statistics, and the Authority will be looking carefully at the findings of this research.

Finally, I want to thank my colleagues on the UK Statistics Authority Board for their support and commitment. I am particularly grateful to Dame Colette Bowe and Dame Moira Gibb who, after many years spent guiding the work of the UK Statistics Authority and the ONS, have stepped down from the Board.



**David Norgrove**  
Chair, UK Statistics Authority  
June 2018

# Chief Executive's Report

This year was the third year for implementation of the Better Statistics: Better Decisions strategy. From the outset, we had envisaged multiple stages of implementation, each building on the other. The first year was primarily about leadership – building the leadership team and developing the relationships needed with partner organisations. The second 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.

This third year was about technology – building on early progress made with the website and our IT sourcing. We have made significant progress with improving the technology available to staff (especially field staff) and moved off long running, expensive and high risk legacy systems. We have also established the Data Science Campus and seen enactment of important provisions in the Digital Economy Act.

Now the focus is on our people, their skills and how we work together to maximise our collective contribution. We are on track to complete our radical change 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) in the coming years, ready for the next Spending Review period.

Over the past 12 months, I have met colleagues dedicated to providing high quality statistics and data services from ONS, across government, and around the world. I have also taken time to meet ministers and officials in government who need up to date information to improve the lives of UK citizens. I have met with business leaders, journalists and many others who rely on our statistics every day. In each of these communities I have heard strong support both for the improvements we have been making and the developments set out in our plans.

Critical to our success will be how we manage challenges and risks notably on rising demand, communications, financial management, security, data protection, workforce transformation and benefits realisation.

The top priority in our strategy is to deliver a statistical service to help with decisions about the economy. When the strategy was initiated this was a major task which has been heightened following the Bean review and preparations for Brexit. Key achievements in the last year have been:

- Incorporation of VAT data into the national accounts (important in itself and signalling a future drawing more heavily on administrative sources of data).
- Improvements in the measurement of changing prices (including reaccreditation of the CPIH measure as a National Statistic and publication of a new Household Costs Index).
- Improvements in productivity statistics with a greatly expanded range and depth of analysis.



**John Pullinger CB CStat**

- Improvements in trade statistics, including understanding of asymmetries (although we have not yet achieved reaccreditation as a National Statistic).
- Better measurement of construction (although we have not yet achieved reaccreditation as a National Statistic).
- Full operation of the Economic Statistics Centre of Excellence.

The second priority in our strategy has been to improve the contribution we make to public policy, including through the census. Key achievements in the last year have been:

- Stronger working across the Government Statistical Service on topics including migration, health and crime and justice.
- Significant innovations in use of data in important policy areas including race disparities (Cabinet Office in support of Prime Minister's initiative), housing (DCLG and Home Office, especially following the Grenfell fire), education (DfE utilising longitudinal outcomes data and developing school performance tables), justice (use of data science to deliver new insights) and tax collection (HMRC predictive analytics and use of the real time information data from the PAYE system).
- Enhancement of impact of statistics in devolved administrations, notably in Scotland in support of the Fiscal Commission and Northern Ireland to help assess trade flows.
- Richer analysis of migration, including on student migration.
- Better crime statistics, especially on violent crime, abuse and cyber crime.
- A new dashboard of sustainable development indicators.
- Meeting our target for online data collection for business surveys.
- A successful test for the 2021 census.

The third priority in our strategy is to enhance data capability. Key achievements this year have been:

- In its first year the Data Science Campus is already making a major contribution to the strategy.
- Royal Assent to the Digital Economy Act, giving the opportunity to access a much wider range of data to serve the public good.
- Significant improvements to the technology available to staff, including field staff.
- Moving off legacy systems.
- 89 people undertaking apprenticeship schemes including through our data analytics apprentice scheme.
- The highest level of staff engagement since the establishment of the Authority.

There is a lot here to celebrate in the areas we identified as priorities at the outset of the strategy. The last year has also seen the end of pre-release access to ONS statistics and the establishment of the Government Analysis Function, and meeting stretching targets on carbon reduction and waste. However, it has not all been plain sailing. Key areas of challenge and risk during the year have been:

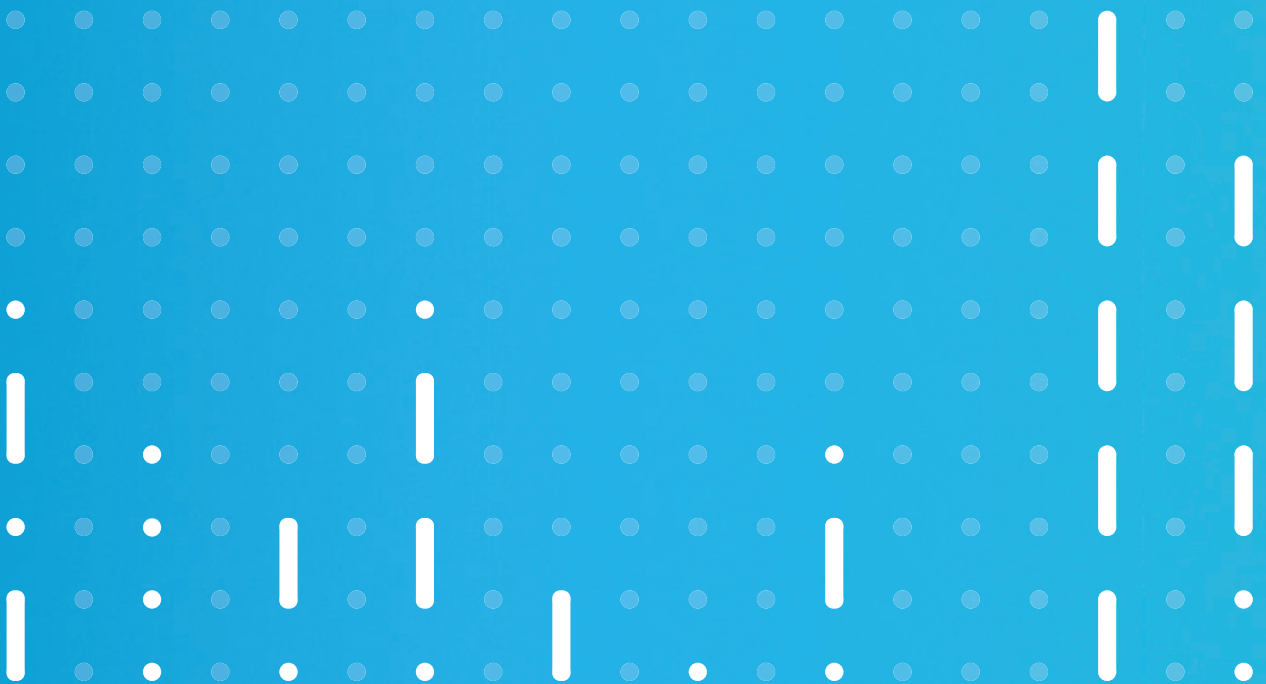
- Increase in demand arising from Brexit and other policy imperatives – this has seen even the radical requirements in the strategy for faster, more fine grained and more relevant statistics exceeded, resulting in a need to up the pace of transformation and make good choices on priorities.
- Communication of statistics – the bar here has been raised by the complexity of the external environment.
- Financial capability – we have made significant improvements over the last few years but are now setting higher aspirations in order to meet business goals.

- Security – the levels of threat have been rising and we have had to respond.
- Data protection – the Digital Economy Act powers coupled with enactment of a new regime (GDPR) have called for us to look at our policies and practices.
- Workforce transformation – our strategy requires a substantial shift in job roles across our workforce. This requires us to continue to improve management, behaviours and learning opportunities at all levels.
- Benefits realisation – our biggest programme is the Census and Data Collection Transformation Programme. We are working through changes designed to maximise our prospects for successful benefits realisation. This has created some tension in the short run.

On appointment, I set out three priorities: economic statistics, contributing to public policy and building data capability. In each of these areas 2017/18 has been a year of significant progress. The following sections of this report give more detail, comparing what happened against what we set out in our Business Plan last year. I look forward to the year ahead, and to the next stage in our mission to mobilise the power of data to help Britain make better decisions.



**John Pullinger** CB CStat  
National Statistician  
UK Statistics Authority  
25 June 2018





**7,851**

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



**722**

**Statistical releases**  
from ONS in 2017/18



**Inflation Statistics**  
**Gender Pay Gap**

**The most searched for**  
ONS statistics



**99.8%**

**Error-free releases**  
from ONS in 2017/18



**778**

**Parliamentary questions**  
and FOI requests answered



**2.4m**

**Survey responses**  
processed by ONS



**£5.1m**

**Efficiency savings**  
from ONS in 2017/18



**187,000**

**Online data collection**  
responses received



**630,000**

**VAT records**  
used in GDP estimates



**2%**

**Increase in staff engagement**  
between 2016/17 and 2017/18



**75**

**Apprentices**  
started in ONS



**191**

**New Analysts**  
recruited to ONS

# Performance Report

## Performance Analysis

This section of the Annual Report includes the key headlines from this year alongside Key Performance Indicators, a summary of the work which has been undertaken during 2017/18, challenges faced, and the key risks and issues in these areas (the latter is also covered through our Governance Statement).

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

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

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

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

## Purposes and Activity

### Statutory Framework

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

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

### Statutory Objective

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

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

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

## Better Statistics, Better Decisions

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

The Collective mission of our official statistics system is:

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

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## Functions

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

## The Government Statistical Service (GSS)

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

Through the GSS, the Authority has played a key role assisting government to exploit the power of linked data. A major example is the provision of new insight and analysis of our education system through the Longitudinal Educational Outcomes database. New analyses has ranged from a review of earnings five years after study by course and University for HE students to new understandings of educational outcomes by parental outcomes and new analysis of those not in education employment or training.

The GSS has been influential in informing the public following major national events, for example Home Office releasing analysis of fires in tower blocks for the first time in the aftermath of the tragic events in Grenfell.

The GSS has also been instrumental in informing policy makers, for example it facilitated the sharing of HMRC administrative data which then permitted earlier production of employment statistics.

## The Office for National Statistics (ONS)

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

**i** An organisation chart for the Office for National Statistics showing the main departments and senior leadership team is available at: <https://www.statisticsauthority.gov.uk/wp-content/uploads/2018/03/UK-Statistics-Authority-organisation-chart-March-2018-.pdf>



## Office for Statistics Regulation (OSR)

The Office for Statistics Regulation is independent from the production of official statistics, with autonomy over all regulatory decisions, separate governance through the Regulation Committee of the Board, and separate determination of resourcing and business planning.

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

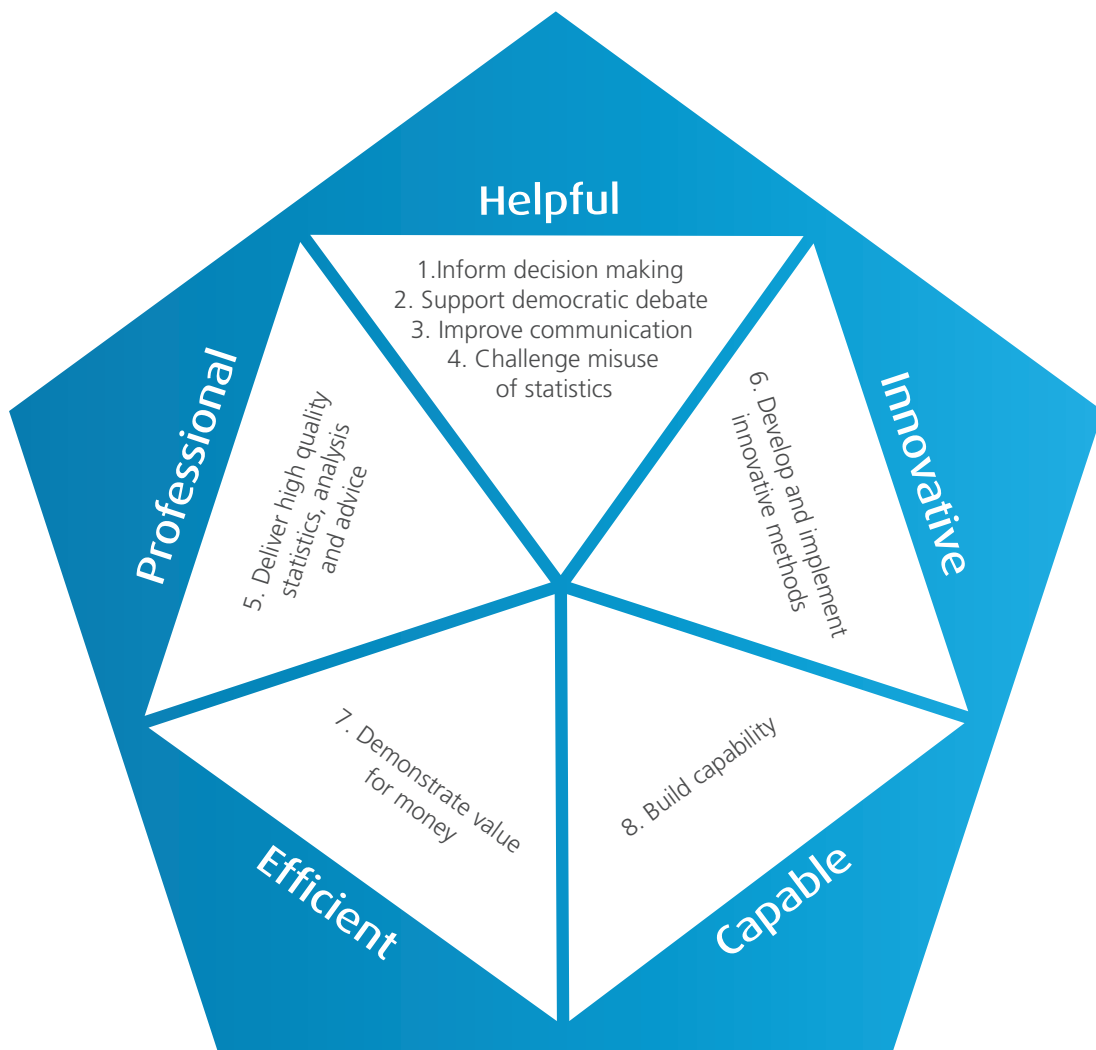
The Director General for Regulation, reporting directly to the Chair of the Authority:

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

The Office for Statistics Regulation prepares a separate annual performance report.

# Strategic Objectives

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



## Key Performance Indicators

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

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

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

**i** Further detail regarding the key risks facing the Authority are described on pages 34 to 38.

## Helpful

Indicator	Target	Performance			Comments
		2017/18	2016/17	2015/16	
Proportion of customers satisfied with ONS performance	90%	Due Autumn 2018	87%	N/A	ONS Customer Satisfaction Survey will be carried out in Autumn 2018
Public confidence in Official Statistics	>90%	N/A	90%	N/A	Public Confidence in Official Statistics is measured every other year.
Proportion of customers who feel ONS outputs are trustworthy	90%	Due Autumn 2018	88%	N/A	ONS Customer Satisfaction Survey will be carried out in Autumn 2018
ONS online end user satisfaction	60%	20% positive opinion 76% ok or above opinion	40%	65%	Survey data from 2016 and 2017 can't be compared – we asked different questions and used different methods to reach a wider audience in 2017. We will be able to compare the 2017 data with the 2018 data.

## Professional

Indicator	Target	Performance			Comments
		2017/18	2016/17	2015/16	
Proportion of statistical releases free from major errors (ONS)	100%	99.8%	99.8%	99.7%	One major error in 2017/18 - Labour Productivity in October 2017 as outlined in our Governance Statement.
Major statistical series not designated 'National Statistics'	3 major series redesignated	1	0	N/A	During this year we received re-accreditation for CPI(H). We aim for re-designation of Construction and Trade in 2018.
Releases within 09:30 deadline	100%	98%	98.6%	N/A	Performance broadly strong against a 100% target, with 70% instances resolved in less than 20 minutes.
Business surveys meeting response rate targets	90%	95%	92%	N/A	Good performance in this area.
Labour force survey response rate	56%	55.6%	55%	N/A	Improvements in the latter half of the year due to use of incentives but full year performance below target. Maintaining response rates remains a key risk to statistical quality.
Significant data breaches or losses	0	0	0	N/A	Whilst we see increasing external threat to data we have seen no notifiable breaches or losses.

Professional

## Innovative

Indicator	Target	Performance			Comments
		2017/18	2016/17	2015/16	
Deliver significant progress towards modernising ONS	Deliver all activities & milestones as outlined.	Good progress	Good progress	N/A	Whilst our transformation remains a challenge we have delivered milestones broadly in line with our plans and approved business cases.
Proportion of business surveys available online	Majority by 2020	Good progress	Progress made	N/A	As of the close of 2017/18 we have made 187,266 of our Business Survey sample online, surpassing our target of 160,880 for this stage. This is expected to ramp up significantly during 2018/19.

Innovative

## Efficient

Indicator	Target	Performance			Comments
		2017/18	2016/17	2015/16	
Deliver our business while achieving annual efficiency savings	19% real terms reduction to core funding in 2020	£5.1m efficiency savings in 2017/18	£5.4m efficiency savings in 2016/17	N/A	On target to meet our efficiency challenge by 2020.
Achieve set income target	£30m	£29.6m	£29.5m	£28.4m	A small increase in statistical income in 2017-18 was offset by a reduction in rental income as the Authority reduced the amount of London office space leased.
The number of staff days lost per person across the Authority	<8	7.6	8.1	N/A	We have made, through a focussed effort, significant improvement in this area. This reduces the risk to the organisation's productivity.
Benefits from Lean Six Sigma Projects	£1m	£683K	£614K	N/A	Whilst we have not met the stretch target there have still been significant benefits from Lean work as part of the overall efficiency challenge.

Efficient

## Capable

Indicator	Target	Performance			Comments
		2017/18	2016/17	2015/16	
Level of staff engagement (Authority)	65%	62%	60%	54%	We were pleased to see an increase in staff engagement. In order to improve further we will need to focus on pay and reward, leadership and managing change, and learning and development.
Proportion of ONS systems and processes that are resilient	90%	85.7%	85.5%	84.3%	There remain risks around our legacy technologies. The pace of transformation in 2018/19 should reduce these risks significantly. Future target will be year-on-year increase.
Share of the ONS workforce who are members of the four Government analytical professions	28% by end 2019/20	19%	18%	N/A	Currently on target based on performance to date and forward plans.

Capable

# Better Statistics, Better Decisions

The UK has important decisions to make. On EU exit and our place in the world, the macroeconomy and industrial strategy, population change and migration, health, security and many more. The system of UK official statistics plays a vital role in informing these decisions. This year we published Better Statistics, Better Decisions three years on, and set out the milestones we have hit at the mid-point of our strategy.

The data revolution has created previously unimaginable sources of information for us to work with for the public good. Over the last three years this revolution has gathered pace and is transforming our lives ever faster. A key enabler for us came through the Digital Economy Act which received royal assent in April 2017. When this comes into force it will enable much better use of data and clearer assurance for the public on how it is being used.

In line with the digital and data revolution, and our own strategy, a significant focus has been on the transformation of the Office for National Statistics to ensure it has the capacity and capability to mobilise the power of data to help Britain make better decisions. At this stage of our transformation it remains a period of complexity and high risk as we transition to our new operating model, we are introducing new products, developing new systems, investing in research and development, growing the skills of our people and broadening our reach in terms of the customers we serve and the partnerships we build. While many challenges remain, we are making good progress.

## Government Statistical Service (GSS)

UK Official Statistics are produced through a broad system across Government and public services, we have seen increasing

coordination across this system to help the country understand the complex and dynamic challenges of the day. This coordinated effort was clearly on show at the GSS Conference which took place on 22-23 November with the theme “pioneers: on the forefront of statistics and data science”. With 350 people attending and a whole range of speakers including David Spiegelhalter, Tracey Brown and Claire Melamed, the two days brought a strong call to action for statisticians to use data in more innovative ways to help the UK make better decisions.

The level of confidence in our work has been highlighted through the numerous visits to the ONS, including to the Data Science Campus, from across the globe. As we look ahead to next year we will be building on our now strong foundation to help provide an integrated and collaborative cross-departmental Government Analytical Function, bringing together statisticians, economists, social researchers, behavioural insights specialists, actuaries, scientists and operational researchers. This work has begun and will be an increasing focus in 2018/19.

## Measuring the Modern Economy

Economic statistics is our highest priority, and many of our figures have received significant attention as decision makers and commentators look for signals about the strength of the economy and, more generally about societal changes.

An important milestone for economic statistics came in December 2017 when ONS began to use value added tax (VAT) returns in the quarterly national accounts. Following a significant effort to develop the processes, systems and methods required, ONS was able to use VAT data for small and medium-sized businesses for all industries covered by the

monthly business surveys (excluding retail). The VAT data was used initially to estimate growth rates, with the overall level of output still derived from the Annual Business Survey. Using this success as a base, over time the majority of turnover will be recorded using VAT returns, with monthly surveys only used to cover the largest businesses.

A key measure of the economy is inflation and there has been discussion around the different price statistics produced by ONS. This year we were clear our headline measure of inflation was CPIH (Consumer Prices Index with Owner Occupier Housing costs). This position was bolstered by the re-badging of CPIH as a National Statistic following investment to improve the quality of the series, and the development of a new Household Costs Index to capture the impact of prices on households.

We have also made improvements in our productivity statistics which has led to further debate on the productivity puzzle, and we continue to seek to understand the asymmetries surrounding trade statistics as we look ahead to negotiations with the EU and potential future trade deals.

In addition we have focused on improvements to our measurement of construction and the service economy and we will see further tangible improvements across these areas in 2018. Our new Annual Survey of Goods and Services was launched on 21 August as planned and a response rate of 77% against a minimum target of 75% was achieved to time.

As we innovate in all areas we continue with our ambitions to provide enhanced financial accounts with the availability of full counterparty information – the ‘flow of funds’ within the economy. This work has gathered pace this year and as a result we will publish experimental research outputs in April 2018 with experimental flow of funds scheduled for inclusion in the 2019 Blue Book.

During 2017/18 we have continued to focus on implementing the recommendations

of the Bean Review of Economic Statistics, including through the establishment of an Economic Statistics Centre of Excellence, and the Data Science Campus. Both have been considering how best to measure the modern economy and provide more timely economic statistics, such as superfast GDP.

## Public Policy

This year has continued to see more spotlight on our statistics for public policy purposes. We have been developing new statistics to meet the changing requirements of UK decision makers, with particular focus on analysis to inform questions around Brexit on migration.

We have continued to deliver analysis on these kind of fast-moving issues and through a richer engagement with decision makers on the most important issues we are seeing a stronger role in public policy. This has involved innovations in the use of data and a model which is more flexible to demands, through this we have provided insight on challenging areas with an increasing focus on topics important to decision makers, and which strongly resonate with the public.

The Government Statistical Service has responded well to these challenges with significant innovations in use of data in important policy areas including race disparities (Cabinet Office in support of Prime Minister’s initiative), housing (MHCLG, especially following the Grenfell fire), education (DfE utilising longitudinal outcomes data and developing school performance tables), justice (use of data science to deliver new insights) and tax collection (HMRC predictive analytics and use of the real time information data from the PAYE system). Within ONS richer analysis of migration, including on student migration, better crime statistics, especially on violent crime, abuse and cyber crime, and our new dashboard to report progress against United Nations Sustainable Development Goals, have been highly valuable to public debate.

Improving these statistics has been a high priority, but we still have a long way to go in explaining what the statistics mean, as media coverage surrounding NHS and crime figures highlight.

## Preparing for the Census in 2021

At the start of this year we put all systems and processes in place to enable us to deliver a successful Census Test. This was a key milestone towards 2021. The test on 9 April 2017 included more than 200,000 households in England and Wales and was designed to check that systems and services are working correctly, while also trying out new questions that may be used in 2021. Included in this test is a proposed new question on sexual orientation. The test was a success and puts us in a strong position to deliver a modern, predominantly online, census in 2021.

Our census research programme has been the subject of quite intense scrutiny. Topics and research on ethnicity, religion, gender identity and sexual orientation have all been the subject of public scrutiny by media and stakeholders. This is a reminder to us that our role is to lead the debate to help reach collective agreement on these issues given the salience of identity in people's minds and the role of the census in giving it expression.

## Data Collection

Like other statistical offices across the world we face increasing difficulties maintaining response rates for voluntary surveys. Our Key Performance Indicators have shown this. The first four months of 2017/18 saw the Labour Force Survey miss its response rate target. Consequently and in order to ensure the quality of our statistics we decided to use incentives for respondents completing the survey. Since the introduction of the incentives in June ONS has surpassed the response rate target in five out of the following six months.

Maintaining response rates remains an up-hill battle and this increases the importance of moving towards greater use of administrative data and electronic data collection.

This year ONS' new Survey Data Collection platform went live using the Business Register and Employment Survey (BRES) on 15 September. This delivered a radically updated Response Management product and brand new Respondent Account Services product. The transition of business surveys online has been a goal for ONS for some time and we recognise progress has been slower than we would have hoped. However, this year around 200,000 survey responses were online and our technology base now has the potential to fully scale to meet the online survey needs of ONS and beyond and we will see an increasing transition of surveys online over the next year.

## Improving Communication of Statistics

Outstanding communication of our findings and our ethos is essential if we are to ensure that good evidence is used in the service of democracy. To this end we have, over recent years, improved the ONS website, and introduced Visual.ONS to help citizens to interact with data. This year we consolidated our approach by closing the Visual.ONS site and bring the content into the main ONS website, helping users to see all products available to them and allow us to tell a coherent story. Our 'customise my data' tool entered 'public beta' this year, the tool provides technology to allow our users to find data more easily, customise data, and browse by geography.

As well as providing an ever-improving platform we have expanded the thematic publication approach across the whole portfolio of outputs, providing a clearer narrative around UK performance.

Demand for our data and analysis has not waned and traffic to the ONS website during 2017/18 has continued to increase



month on month, seeing a peak in January, of 1.136M visits. ONS has also had a busy year supporting parliamentarians. We have answered 263 parliamentary questions and 515 Freedom of Information requests, and we have been active in our communication through social media and via print and broadcast channels to reach all groups.

## Data Capability

In 2017 we opened the doors to the Data Science Campus, based at the ONS in Newport South Wales. The Campus was established to use new data sources and technologies to provide statistics for policy makers and businesses about the fast-moving UK economy and society.

In its first year the Campus has grown to house around 70 Data Scientists delivering innovative projects under its five key themes: urban future; society; sustainability; evolving economy; and UK in a global context. This work will lead to tangible benefits in terms of better, more fine grained and real time statistics.

The Digital Economy Act has provided the legislation we have needed for a number of years to be able to access data for statistical purposes. This legislative change has injected real pace into our work to source data, develop new methods, and enable the use of data within ONS.

This year we saw a focus on technology. We have made significant progress with improving the technology available to staff. This progress has seen the roll-out of tablets and other enabling technology to our nationwide field force and platform development which has allowed us to move off expensive and high-risk legacy systems. We have focussed much of our technology development on our Survey Data Collection and Data Access Platform developments. The Survey Data Collection platform improves our capability to collect survey data electronically and to manage the engagement with our respondents. The Data Access Platform will allow us to make the most of provisions in

the Digital Economy Act and ingest, process and use administrative and commercial data sources to produce statistics and analysis. Progress in this area has been challenging but as a result of the work throughout 2017-18 we were able to deliver the proof of concept for this internal data service in April 2018.

## Staff Skills and Engagement

Our transformation is not just a technical one; we must also focus on our people to ensure we have the capability to bring maximum value to our users and deliver our strategy.

Building on the establishment of the ONS Learning Academy we developed a learning programme and career pathways to ensure we have the capability we need to be fit for the future.

One important area for us is analysis. By March 2018 members of the Government analytical professions in ONS make up 19% of our workforce, this is an increase from 18% at the end of March 2017. Our target set out in the Business Plan is to increase to 28% by March 2020 so we have a significant challenge ahead to grow the capability we need.

The increased use of apprentices has also been a great opportunity for us and we have recruited apprentices across many areas, with 75 new apprentices joining the organisation in 2017/18 and a total of 89 'live' apprenticeships in April 2018. Whilst we have not been able to meet the target of 44 apprentices in England we have significantly increased the number of apprentices in our Newport site, including through our own Data Analytics Apprenticeship Scheme.

In ONS we have developed our performance management and recognition schemes, looking to innovate in order to allow us to increase the engagement of our staff, improve overall performance and give another incentive for people to join ONS. A prototype for a new performance management approach was been designed following a year of extensive staff research, internal testing and benchmarking against industry

best practice. In conjunction with this we also trialled a recognition scheme pilot with a focus on rolling-rewards and peer-to-peer rewards rather than end-year, this scheme generated 2500 nominations for specific activities, 800 of which were raised in the first two months.

It was very pleasing to see our staff engagement score hit 62%, as measured by the Civil Service People Survey, the highest since the creation of the Authority over a decade ago.

## **It's Not All Been Plain Sailing**

While there have been some important successes this year, there is still much to do as we focus on the end of our current strategy and seek to realise the benefits from our recent efforts and investment. We need to challenge and support our teams under pressure to reform, transform and deliver.

We have seen an increasing demand for our outputs arising from key policy challenges, not least the UK's exit from the European Union, this demand means our focus on delivery of change at pace has been heightened. There are also challenges for us to improve the communication of our statistics given the complexity of the external environment and to review our policies and procedures around data access, security, handling, and protection in light of legislative changes (the Digital Economy Act and General Data Protection Regulation) and our desire to make more use of administrative data in statistical production.

Some difficulties we have faced are highlighted through the report against our key performance indicators. Our Governance Statement also highlights some areas of internal control where we need to improve to ensure our organisation has the highest levels of resilience. The transformation we are undertaking is significant and difficult, we would never expect everything to go to plan, and if it did we would question our ambition.

We have seen a continued challenge to ensure all parts of ONS work as one in the delivery of change, we need to see products, systems, processes and methods come together (underpinned by the right capabilities) if we are to increase the pace of change and deliver our ambitions. We remain confident that, overall, we are on track.

## **Looking Ahead**

The coming year will see us moving into the decisive stage of our strategy where we enrol and mobilise staff and partners within ONS, across the GSS and with the wider analytical community to help the UK make better decisions. The milestones in our business plan alongside the strategy for the Government Analysis Function will be instrumental in guiding us through this period. 2018 will also see us celebrating the 10th anniversary of the commencement of the Statistics and Registration Service Act and the 50th anniversary of the GSS.

# Resources and Organisation

## Planning and Financial Management

The Authority's delegated budget for 2017/18 was set as part of the 2015 Spending Review and is detailed in our Annual Accounts.

The Authority must be able to demonstrate the value of its role, add sufficient value proportionate to its costs and have the resources and capability to be able to safeguard the comprehensiveness and coherence of official statistics across government. To manage our financial risks, we have continued to improve our budgetary planning and critical business processes to demonstrate the best use of resources and compliance with key financial controls. We have developed a suite of financial training materials which we are delivering to our senior budget holders and more general financial awareness training which is available to all staff across the organisation. We have continued to improve our financial management, business planning and governance, in particular through implementing further enhancements to our Enterprise Resource Planning system which was adopted last year. 2018/19 will see further progress made in this area including a review and refresh of our internal governance framework and continued improvements in the quality of the operational management information we provide.

We are on course to deliver a real terms reduction of 19 per cent by 2019/20 through increasing the productivity of our core business and focussing on the 'digital dividend' through initiatives such as online data collection and the use of administrative

data. Whilst we have had challenges in these areas we expect to see progress accelerate during the remainder of the Spending Review period. Our settlement allows us to deliver transformation of our data collection operations and economic statistics, as well as ensuring outputs meet the needs of users, and supporting our work towards an online census in 2021 with a parallel administrative data census.

Technological change is at the heart of this. We will continue to transform, at pace, to meet digital and technology challenges and complete the process of modernising the ONS technology and data estate moving away from old and, in some cases, high risk applications and systems. In order to link our strategy to execution, we have in place medium term business plans for each part of the organisation. We also have a new and refreshed Finance Strategy setting out the strategic direction for managing the Authority's finances to deliver the objectives and outcomes as set out in the Better Statistics Better Decisions Strategy.

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

## People Capability

In relation to our people we continue to transform our workforce in line with our Better Decisions – Better Statistics Strategy. In 2017, we saw the creation of our Data Science Campus, Economic Centre of Excellence and Learning Academy, which has increased our Analytical, Digital and Data Science capability.

We established the Learning Academy to meet our development needs and build the skills of our workforce. Our ambition is to provide the learning and development that helps to drive the transformation of our services. We are strengthening professional development, within the analytical professions and beyond. We have developed career pathways, and broadened access to those pathways through the introduction of apprentices, and strengthened our links with universities and our local communities.

Our programme of workforce transformation continues to build a workforce of the right size, shape and skills needed for the future. We have seen the fundamental transformation of our Digital and Technology services; are currently undergoing an ambitious change programme within our Economic Statistics area; have further change programmes about to start in Population and Public Policy and Methods, Data and Research; and our Census 2021 programme is beginning to gain momentum and build its workforce.

To support the change in skills and capability, we have run two voluntary exit schemes in the last year which has allowed the organisation to refresh the skills that it requires for the future. We have strengthened our workforce planning capability and continue to refresh our strategic resourcing strategy in line with organisational needs. Much of our work this year has been underpinned by evidence and insights drawn from analysis of people data. Our work on People Analytics has matured considerably and acts as an enabler to business and people decisions. The transformation of our workforce will continue to be a key priority over the coming months.

We are an inclusive employer and launched our new Diversity and Inclusion Strategy, which supports our goal of being an organisation where people with all sorts of different backgrounds, identities, and experiences build successful careers and achieve their potential. Our diversity and inclusion programme aims to embed inclusion practices in business area plans, and use evidence led interventions to ensure activities are focused in areas that will have the biggest impact.

Work continues to ensure our culture and behaviours underpin our workforce transformation and describes how we need to work to deliver our Better Statistics - Better Decisions strategy.

We have established good employment relations with our staff and recognised Trade Union colleagues, working in partnership to create a better work experience for all employees. We saw an encouraging increase in our employee engagement index score, as measured by the Civil Service People Survey at 62%. This is the highest it has been over the last 10 years and has been achieved despite periods of significant transformation across ONS. In comparison to other government departments of a similar size, ONS ranked 8th out of 20 on employee engagement index score.

One of the factors affecting engagement is pay and in 2017 we continued to operate within the Civil Service 1% pay cap. Our staff satisfaction with pay and benefits dropped six points to 29%, which is in line with other Civil Service Departments. Pay continues to be a challenge for us when attracting talent from within the Digital, Commercial, Programme and Project Management and Data Science skill areas and where we are competing with market facing pay.









In summary, 2017/18 has seen significant progress in our workforce transformation programme. We continue to horizon scan for emerging labour market trends and develop innovative people solutions to support the organisation's needs.

# Corporate Responsibility

## Sustainability

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

### Summary

Area	Baseline 2009/10	Target 2019/20	Reduction	Actual 2015/16	2016/17	2017/18
 Carbon (tonnes carbon dioxide)	9,952	4,976	50%	5,350	5,262	4,905
 Domestic business flights (km flown ,000)	573	390	32%	414	504	443
 Waste (tones)	506	438	13%	375	384	365
 Waste going to landfill sites (%)	19%	10%	53%	19%	20%	2.9%
 Paper a4 reams equivalent	48,701	24,350	50%	38,435	30,715	26,592
 Water consumption (cubic metres)	18,526	12,923	30%	13,485	19,786	15,192
 Energy expenditure (£'000)	-	-	-	796	1,043	897
 Water expenditure (£'000)	-	-	-	60.5	88.4	77.6

## Reduce Our Emissions

The Authority has been tasked with reducing the total Carbon production by 50 per cent from the 2009/10 baseline position. Overall the Authority has reduced Carbon emissions by 50 per cent by 2017/18 and is on track to achieve the overall target.

We previously reported that in autumn 2015, photovoltaic (solar) panels were installed on the roof of the Data block in Newport. In July 2017 additional photovoltaic panels were installed on the Office Block and together these generated 140,000 kW of renewable energy for our Newport site, up to year end 2018.

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

## Improve Our Waste Management

All ICT equipment is disposed of via an established contract which helps ensure that all redundant ICT equipment is re-used or recycled responsibly. The Authority has successfully reduced waste by 46 per cent from the 2009/10 levels.

The Authority has reduced paper use by 43 per cent since 2009/10.

The Authority is also tasked with reducing the amount of waste going to landfill to less than 10 per cent. The level of waste going to landfill sites during 2017/18 stands at 2.9%.

## Water

The Authority has a target to reduce water consumption by 19% by 2019/20, and we are currently on track to deliver this reduction.

## Sustainable Procurement

The ONS's Commercial Intelligence lead has previously received extensive training on the Sustainable Procurement international standard, ISO20400, and its three pillars of Sustainability: Environmental; Social and Economic. Key messages from this training was explained to Procurement and Contract Management staff and new guidance is disseminated as part of our weekly Commercial update to ensure that understanding of best practice is shared across the team.

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

The ONS aspires to the target of awarding 25 per cent of contracts to SMEs.

Spend Analysis from April 2017 – present reveals that the ONS averaged expenditure of 27 per cent on SMEs. The ONS extensively uses framework contracts through the Crown Commercial Service (CCS) and Government Digital Services' (GDS) offering, "G:Cloud" as examples which help maintain working with this number of SMEs.

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

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

We currently have two members of staff on an apprenticeship scheme working towards MCIPS and another member of staff working towards this. This is important for the ONS, as CIPS encourages sustainable purchasing. Throughout the training programme, Corporate Social Responsibility is promoted as a core value. This cohort-style training and the subsequent at-desk conversations can also help to refresh the awareness of existing team members regarding sustainable purchasing principles.

## Food and Catering

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

## Sustainable Construction

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

## Biodiversity

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

## Climate Change Adaptation

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

## Sustainable Governance and Decision Making

Our Sustainable Development Policy and Action Plan are embedded within our overall governance and decision making. During 2017/18 a Sustainable Development and Environmental Champions Group was initiated, where improvement projects are identified, elevated and presented to senior management for review and approval. This group takes forward approved projects within the business.

Some examples of this are:

- A pilot removing all single use plastics within The Authority (in line with DEFRA advice),
- Partnering with WRAP UK to deliver a 'Love Food Hate Waste' project,
- Partnering with other Government Department, with whom The Authority shares the site, to develop Electric Vehicle Charging points,
- Installing a clothing Recycling Bank in conjunction with a local Charity,
- Achieving ISO14001 Environmental Management System as an organisation,
- Installing a green roof to a new build project.
- Initiating an office wide energy efficiency programme, in conjunction with WRAP UK.

## Responding to Members of the Public

The Authority received three complaints about its services during 2017/18, none of which were upheld.

## Other Information in the Public Interest

### Whistleblowing Arrangements

Making sure the department's staff feel able to come forward with concerns is important in ensuring effective governance and management across the organisation. The department's staff survey results in 2017 showed that 47% of staff believed 'it is safe to challenge the way things are done in the UK Statistics Authority. This is a three percentage point improvement from the prior survey and compares to the civil service average of 46%.

### Respect For Human Rights

The Authority fully complies with the Human Rights Act 1998. The realisation of human rights correlates with the availability of sound official statistics. Statisticians play a critical role in supporting evidence-based policy and measuring civil, economic, political and social rights. In accordance with internationally accepted standards, starting with the Universal Declaration of Human Rights, the dissemination of relevant information is essential to meet peoples' right to information and delivering on related entitlements to trustworthy statistics. Upholding rights, such as the rights to privacy and to be registered as well as the rights of statisticians themselves is vital to ensure robustness and independence in official statistical systems.

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

- exercise our statutory responsibilities in a fair, proportionate and accountable way, with due regard for principles of privacy and appropriate degrees of internal and external scrutiny;

- work in a collaborative, transparent and fair manner with data suppliers, civil society and the general public, responding to any concerns or opportunities as they arise; and,
- reinforce our full accountability to the UK Parliament and the devolved legislatures in exercising our statutory responsibilities.

### Rural Proofing

The main geographies directly associated with the Census are Output Areas (OA) and Super Output Areas (SOA). Following the 2011 Census, the ONS released a 2011 rural-urban classification that provides an assessment of rural/urban view of datasets at output area (OA), super output area (SOA) and ward level. This classification will be updated as part of the 2021 Census analyses.

Geography is key to virtually all National Statistics. It provides the structure for collecting, processing, storing and aggregating the data. The framework provided by geography is often the only factor different datasets have in common.

There are many different geographic unit types (administrative, health, electoral, postcode etc) and their boundaries frequently do not align. A range of geographies are liable to frequent revisions.

The UK's inconsistent geography has made it extremely challenging to produce and compare meaningful statistics over time, including analysing and producing statistics differing between rural and urban areas.

However, the ONS has developed various initiatives, policies and products designed to address this issue. These resources promote a harmonised, cross-departmental approach to the geographic aspect of statistics. Our survey sample selection process gives assurance that we have appropriate coverage across both rural and urban areas. Furthermore, the ONS is in the process of developing the Customise My Data website tool that will allow policy makers to browse statistics by geography.

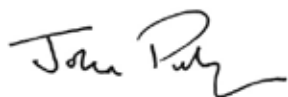


## Workplace Health, Safety and Welfare

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

The Authority is especially aware that it needs to ensure that it protect our Field Force against the Health and Safety risks they encounter outside the office environment and often working alone. During the year the Authority provided face to face training presentations and sent monthly alerts to interviewers and managers. In April 2017 we rolled out online driver awareness training for field managers and interviewers was rolled out with focus on raising awareness whilst driving at work.

In terms of staff well-being, 68% of staff gave a positive response to the question "How satisfied are you with your life nowadays?". This is higher than the overall response rate for the Civil Service as a whole (66%).



**John Pullinger** CB CStat  
National Statistician  
UK Statistics Authority  
25 June 2018





# Statement of Accounting Officer's Responsibilities

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

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

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

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

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

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

## Governance Statement

As Accounting Officer, I have responsibility for maintaining effective governance and a sound system of internal control to support the achievement of the Authority's policies, aims and objectives. As part of this role I safeguard the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

This Statement supports the description of our performance provided in the Annual Report (Chapter Two) which sets out our strategy and the progress we have made towards delivery. As the report outlines, there is a lot here to celebrate in the areas we identified as priorities at the outset of the strategy. However, there are also areas of significant challenge.

We are at the peak of our transformation programme and the external environment we operate in is changing fast. There are increasing demands on the Authority arising from Brexit and other policy imperatives, and these changes affect both our ability to gather and control data, and the digital environment. This means we needed to increase the pace of our transformation, make effective choices on priorities and improve our ability to communicate effectively with our external stakeholders.

Internally, we are in the process of delivering an ambitious programme for the 2021 Census; transforming economic statistics; and changing our approach to technology and data governance. We have also added new areas of business, which have increased their impact during the year. These include the Data Science Campus; the Economic Statistics Centre of Excellence; and our Data as a Service function, which aims to bring administrative data into the organisation and make it available for analysis and research purposes. Our technical transformation

and the Digital Economy Act mean we are now able to drive increased automation in the production of statistics and use new data sources. Together, these changes have increased the scope of the organisation during 2017/18 and added risks to our reputation, delivery, information security and data management processes.

Our ability to manage these risks is critical to our success and will ensure our framework for corporate governance and control fully supports us. We have recognised we need to improve our oversight functions in finance, security, data protection and governance, risk management, quality assurance and oversight of our portfolio of business, to ensure our overall system of control is robust. This statement highlights our overall approach to governance; and our approach to addressing the main challenges we are facing across our transformation.

## Membership and Functions of the Authority Board during 2017/18

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

The post of Chair of the UK Statistics Authority is a Crown appointment, made with the approval of Parliament following a pre-appointment hearing before the House of Commons Public Administration and Constitutional Affairs Select Committee and a formal motion debated on the floor of the House of Commons. The Chair of the Authority during 2017/18 was Sir David Norgrove. Sir David took up post on 1 April 2017 for a five-year term and chaired all of the Authority Board meetings during the year.

The table below shows the non-executive members of the Authority Board during 2017/18 and attendance at the number of meetings attended.

Meetings attended	Authority Board	Audit and Risk Assurance committee	Regulation Committee	Remuneration Committee
<b>Non-executive members</b>				
Sir David Norgrove Chair	10/10	-	-	2/2
Professor Sir Adrian Smith FRS Deputy Chair	8/10	-	6/6	2/2
Dame Colette Bowe (to 31 March 2018)	7/10	4/4	5/6	-
Dame Moira Gibb (to 31 January 2018)	6/8	-	-	2/2
Professor David Hand	7/10	-	6/6	-
Professor Jonathan Haskel	7/10	-	6/6	-
Ms Sian Jones	9/10	5/6	-	-
Dr David Levy	9/10	-	-	-
Ms Nora Nanayakkara	7/10	5/6	-	-
<b>Executive members</b>				
Mr John Pullinger Chief Executive and National Statistician	10/10	6/6	-	2/2
Mr Ed Humpherson Director General for Regulation	10/10	-	6/6	-
Ms Heather Savory Deputy National Statistician for Data Capability	9/10	6/6	-	-

**Notes** The Non-Executive members were all appointed through open competition:

The National Statistician is a Crown appointment and is a member of the Authority under the provisions of the 2007 Act.

Mr Humpherson and Ms Savory were appointed a member of the Authority by the non-executive members. Ms Savory's period of appointment to the Authority Board ended on 31 March 2018.

Meetings of the Authority Board were also attended by Mr Jonathan Athow, Deputy National Statistician for Economic Statistics and Mr Iain Bell, Deputy National Statistician for Population and Public Policy. Mr Bell was appointed a member of the Authority by the non-executive members for a period of one year on 1 April 2018 in succession to Ms Savory.

The Authority Board met on ten occasions during 2017/18. In accordance with best practice, The Authority Board assessed its effectiveness during the latter part of 2017/18. This exercise concluded that the Board was generally content with the quality of information it is provided with and the way in which the Board addresses its remit. Board papers comply with a defined template and the Secretariat provide support on their context and coverage. Regular performance reports provide an integrated view of the Authority that is aligned with the agreed business plan. The content of the performance reports is being updated in 2018/19. There is further discussion of Information Governance on page 38.

Board minutes and papers are published on the UK Statistics Authority website at: <https://www.statisticsauthority.gov.uk/about-the-authority/board-and-comittees>

No Board Member held any significant interests which would have conflicted with their responsibilities during the financial year 2017/18.

## Committees of the Board During 2017/18

During 2017/18 sub-committees, which supported the Authority Board in its work and reported to it, met as follows.

Committee	Chaired by	Purpose	Meetings
Audit and Risk Assurance	Ms Nora Nanayakkara (Dame Colette Bowe to 30 November 2017)	To support the Authority Board and the Authority's Accounting Officer in their responsibilities for risk management, control and governance.	Met on six occasions
Regulation Committee	Professor Sir Adrian Smith	To help shape the regulation strategy and to oversee the programme of Assessment of sets of official statistics against the Code of Practice plus other work related to Assessment and regulation.	Met on six occasions
Remuneration Committee	Sir David Norgrove	To determine 2016/17 performance bonuses for the members of the Senior Civil Service (SCS) employed by the Authority and to consider other staff pay issues.	Met on two occasions

## Topics Covered by Each Committee

<b>Authority Board</b>	The Code of Practice for Statistics, risk appetite, the business plan, the People Survey, 'Better Statistics, Better Decisions' strategy and delivery, the 2021 Census, improving migration statistics, the Data Science Campus, publishing official statistics on polling days, devolution and official statistics, the data collection transformation programme, principles for intervention, economic statistics transformation, understanding the productivity puzzle, pre-release access, ONS website, Brexit, building capability through research, plans to use new legislation to increase the use of administrative data, using ESCoE (Economic Statistics Centre of Excellence) to support economic statistics transformation.
<b>Audit and Risk Assurance Committee</b>	The Authority's Finances, accounting policies, ONS culture change, internal audits, external audit, corporate governance assurance, efficiency plans, the 2021 Census, security enhancement, digital services and technology transformation.
<b>Regulation Committee</b>	The refreshed Code of Practice for Statistics, business planning and regulatory work programme, assessment reports on crime and justice survey, house prices index, CPIH (Consumer Prices Index including owner occupiers' housing costs) and regional GVA (Gross Value Added). Systemic Reviews on: health and social care, crime, income and earnings, housing, international migration and data linkage. Compliance checks on: quarterly accounts, Labour Force Survey and international student migration.
<b>Remuneration Committee</b>	Senior Civil Service (SCS) performance moderation with proposals for base pay and non-consolidated performance related award being made.

## Executive Committees During 2017/18

I chair the National Statistics Executive Group (NSEG). The role of NSEG is to support me in the exercise of my functions as the Head of the Government Statistical Service (GSS) and Chief Executive of the UK Statistics Authority and ONS, so as to achieve the collective mission and strategic objectives of the official statistics system. This Group met on 11 occasions during 2017/18.

## Risk Management Approach

During 2017/18 the pace of ONS transformation continued to increase. There are positive signs, as set out through the tangible evidence in the rest of the Annual Report, that the necessary significant changes to our organisation are taking hold and we are improving our ability to deliver better statistics. At this stage in our transformation we also acknowledge the challenges which require us to balance the achievement of

longer term gains with control of current risks. The significance of this is increased as pre-existing weaknesses in legacy systems are revealed by the process of transformation.

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



A summary of the strategic risks faced by the Authority is provided at Figure 1 below. These risks are agreed by the Board. Across the organisation, through the senior leadership team, transformation programmes and core operations, specific risks are identified and assessed. Each threat or opportunity identified through this process is aligned with one of these strategic risks and managed accordingly.

**Figure 1: UK Statistics Authority Strategic Risks at March 2018**

<b>Helpful</b>	<p>By deciding to respond quickly to key customers and engage with decision makers through provision of agile/relevant statistics and analysis, there is an opportunity to keep official statistics relevant to users and to enhance value.</p> <p>If we do not respond and adapt to the changing environment there is a risk we fail in our endeavours to focus on what our users care about and help people make better informed decisions.</p>
<b>Professional: Statistical Quality</b>	<p>By deciding to use data and methods which produce assured statistics there is an opportunity to deliver high quality outputs which do not frequently contain errors, for statistics to be trustworthy and for ONS to be trusted.</p> <p>Any significant reduction in statistical quality risks diminishing trust and confidence in ONS as a producer of statistics.</p>
<b>Professional: Data Security</b>	<p>As a result of increasing external threat to data security and the inherent risk in handling significant amounts of administrative and commercial data there is a risk of data exposure, cyber attack, compromise to data or breach of confidentiality.</p> <p>If this happens it will result in a DPA breach, ICO fines, damage to reputation, decline in response to future surveys and loss of trust.</p>
<b>Professional: Data Access</b>	<p>By deciding to drive the utilisation of large commercial and administrative data sources there is an opportunity to provide access to data and to encourage linking and exploitation of data to produce new insight into important questions facing the country.</p> <p>If we do not progress this agenda there is a risk of failure to exploit data to its potential if access is not available.</p>
<b>Innovative</b>	<p>By deciding to drive innovation in current processes and systems for data collection, production and dissemination, there is an opportunity to modernise the organisation at a pace which matches global change, exploits expertise and talent, and delivers cash benefits.</p> <p>To be truly innovative means the acceptance of failure and the associated threat to reputation, to seek change there will be risk.</p>
<b>Efficient: Financial Management</b>	<p>As a result of limited capability across the organisation in financial management and the challenge of delivering integrated business, financial and workforce plans, there is a risk of volatility, budget overspend/ under spend, failure to deliver priorities and efficiencies, and to financial stability beyond the 2015 spending review period.</p>
<b>Efficient: Reform</b>	<p>By deciding to transform the organisation to meet budget pressures and a significant modernisation agenda, there is an opportunity for the organisation to adopt radical reform plans, drive efficiency savings with unprecedented pace and deliver an alternative operating model.</p>
<b>Capable: Systems</b>	<p>By deciding to embrace the development of new systems and utilise cutting edge technology solutions, there is a risk the organisation struggles to cope with the pace of change, fails to develop new system capability to underpin sound statistical production, and, in the short term, runs legacy systems with little investment and therefore which are at risk of failure.</p>
<b>Capable: People</b>	<p>By deciding to respond to changing demands, expectations and resources within the organisation affecting the ability to recruit retain and develop staff, there is an opportunity to ensure sufficient expertise, improve morale and exploit the potential of existing workforce.</p> <p>If the organisation fails to deliver the increase in skills, particularly in analytical professions, there is a risk to our ability to transform and deliver high value, high impact services.</p>

During this year, we made progress in maturing our risk management approach including:

- Re-assessment of the organisation's risk appetite. The Board assessed their risk appetite in early 2018, revising our appetite for risk across several strategic dimensions and articulating this as the behaviours they expect to see within the organisation.
- Developing the risk management approach around the 2021 Census,
- Reviewing all risks on the corporate risk database to consolidate them, focus effort and to align mitigation plans with the Board's agreed appetite, and;
- Rolling-out bespoke risk management training across the organisation to encourage a culture of risk based decision making in line with appetite.

We have also recognised the need to deal with significant weaknesses with oversight and reporting of risks to ensure the most significant corporate risks are considered at the right levels within the organisation and are supported by appropriate information and processes. The integration of risk reporting and timely oversight will be the key focus for our risk management approach in 2018/19 and will give us the clear line of sight we need to ensure we are managing all of the key risks, including those posed by the 2021 Census and our overall transformation.

These key risks to our reputation, programme of delivery and information security and data management are set out below.

## Risks to our Reputation

As we seek to develop more innovative approaches and outputs to meet the needs of a dynamic policy environment, we must also ensure we deliver our programme of high quality UK official statistics, compliant with the Code of Practice for Statistics. This is a vital element of our control framework. Last year the Office for Statistics Regulation conducted three assessments and 26

compliance checks across the Government Statistical Service. There have been occasions where the National Statistics designation was removed as a result of assessment, OSR publish a register of all de-designations and re-designations at <https://www.statisticsauthority.gov.uk/osr/assessment/register-of-de-designations/>. This shows the Office for Statistics Regulation will act when necessary to ensure the quality of statistics.

This year one significant error in ONS statistics occurred – a correction to the Labour Productivity release in October 2017. Incorrect data was being used due to human error, the mistake was quickly corrected and key stakeholders informed. Analysis of both significant and minor errors over time shows a reduction of both, providing assurance that our systems and processes for statistical production and publication are improving.

Over the course of this year ONS published 98% per cent of its releases by the 9.30am deadline as set out in the Code of Practice. In the small number of instances where this was not the case the causes were investigated and subsequently resolved.

ONS has been making quality improvements to re-gain National Statistics status for those outputs, under its direct control, which have previously been de-designated. This work has focussed on statistics on Consumer Price Index including owner/occupier housing costs (CPIH), trade statistics, construction outputs (including price and cost indices) and crime.

CPIH was re-designated as a National Statistic in July 2017. This was an important step in our plans to improve the UK's inflation statistics and allowed us to cement the position of CPIH as our lead measure of inflation as it offers the most comprehensive picture of how prices are changing in the economy.

Progress towards re-designation of trade and construction statistics has taken longer than we had hoped. However, we have made improvements to address the areas of concern and are working towards re-designation

during 2018. Improving crime statistics continues to be a focus for the Authority and will be through 2018/19 along with migration statistics as priority areas.

ONS has an internal quality management framework as part of its system of assurance. This framework is based around a series of Quality Reviews. During this year we have started to re-focus the purpose of these reviews to ensure they add sufficient value. National Statistics Quality Reviews will focus on cross-cutting issues in official statistics. Regular Quality Reviews have not been having the impact we need and the process will be reviewed to improve their utility and impact. As we move towards the greater use of administrative data in the production of statistics, and the methodological challenges associated with these new data sources, we will continue to review our approach to quality management during 2018/19.

## Risks to Delivery

As set out in this Annual Report, ONS has continued to deliver its large portfolio of high quality statistics and analyses to inform debate and aid decision making about the UK economy and society. This is in parallel with the delivery of the 2021 Census programme, addressing legacy issues and continuing to invest in a significant programme of change to improve the ONS's outputs, processes and systems. In accordance with our strategy, improvements to economic statistics, preparing for a modern census in 2021, the use of new analytical and data science skills and techniques, and the transformation of the data estate will continue to be priorities for 2018/19.

While we delivered a successful Census Test, our learning showed the need for a re-focussed approach to the delivery of the 2021 Census. To deliver this we brought together the Census Transformation and Data Collection Transformation Programmes under a single Senior Responsible Owner. This reflected the need to align our approach to improving our methods of collecting,

storing, processing and disseminating data across the ONS; and to ensure we use the 2021 Census investment to deliver the widest possible transformation. Our revised approach will enable us to deliver the full benefits for Census users, integrated with our wider technology and methodology transformation. Any change such as this causes disruption to working practices and culture and we need to ensure the impact of the change is fully embedded in 2018/19. The restructuring of the programme highlighted the need to improve the service integration for the delivery of the Census and enhance the capacity and capability within the combined team to integrate the various elements of the Census programme, including the technology which will deliver it. Work during the year has strengthened our position significantly in these key areas. These areas, together with ensuring we procure the required services in support of the Census delivery model, will be the major areas for attention within the Census programme as we prepare for the full Census rehearsal in Autumn 2019.

As we continue the drive to innovate we established the Data Science Campus at the ONS site in Newport; the Economic Statistics Centre of Excellence; and developed our Data as a Service capability. These areas of innovation have started to deliver valuable outputs; provide access to new data sources; and mitigate risks around our capacity to innovate, the timeliness of our outputs, and how helpful our products are for decision makers across the UK. However, these initiatives have increased the complexity of our operations and demonstrated the need to increase the pace of our workforce transformation. This requires us to improve our leadership, management behaviours and learning opportunities at all levels, and will be a key focus to address this year.

## Risks to Information Security and Data Management

During the course of 2017/18, we identified an increasing level of risk around information security, data handling and data protection. Our own transformation and the opportunities presented by the Digital Economy Act, mean we continue to need appropriate levels of security and data control, particularly in areas where people, process and systems interface with the external environment. We have invested increasing effort and resource into data security and established a new Data Access strategic risk to ensure we both manage security but allow our people and the broader research community to fully exploit data for statistical purposes and the public good. In 2018/19 we will continue to focus work across these areas in order to mitigate a changing level and type of risk.

Data security is of fundamental importance to us. We have a range of policies and controls in place to ensure access to information is well managed. In accordance with Cabinet Office requirements we complete an annual Departmental Security Health Check report. This report did not identify any issues in 2017/18. My responsibilities as Accounting Officer in this area are supported by the Chief Security Officer, the IT Security Officer and a network of Information Asset Owners who cover all the information assets held by the organisation. In addition, we have a network of Information Asset Liaison Officers who help ensure assets are handled correctly. As with all government departments, we are required to report any incidents relating to classified personal data to the Information Commissioner's Office – there have been no incidents notified to the Information Commissioner during 2017/18.

Following an external review of our physical, personal and information security in early 2017, and other factors such as the introduction of the General Data Protection Regulation, we increased the level of commitment and resource in order to strengthen our capability and capacity in this area and ensure our staff and data are secure. Our newly appointed Chief Security Officer is conducting a wholesale review of our security policies, procedures and systems, particularly in the context of the development of new data sources and technologies and GDPR. We recognise the need to continue to develop and refine our physical security and the controls around data management and access to reflect the complexity of the data environment we will operate as the Digital Economy Act comes into force. Improving these areas will be priorities in 2018/19.

It has always been the position of the Authority that the practice of pre-release access – giving limited access to Ministers and their officials to market sensitive data – should be ended. We had previously carried out a review of pre-release access which further limited the distribution and, in March 2017, introduced a number of changes to the protocol for pre-release access to ONS statistics. However, it became increasingly clear the changes were not successfully dealing with the risks to public trust which the review sought to mitigate. Based on all the information available it was clear that the public benefit likely to result from pre-release access to ONS statistics was outweighed by the detriment to public trust in those statistics likely to result from such access. I therefore decided that pre-release access to ONS statistics would stop with effect from 1 July 2017.

## Improving our Overall Control Environment

The increased risk profile set out above, together with the pace and scale of change has exposed the need to increase the sophistication of some of our core supporting processes along with those highlighted above, including finance, and oversight of our overall portfolio of business. The need for improvements in these areas has been highlighted by our Audit Committee and internal testing, which have examined the resilience of these oversight functions. We have plans in place to ensure these areas are addressed through 2018/19. In particular, we have identified a need to continue to improve our financial capability to match the increased complexity of the business and to meet increasing demand.

Our transformation programmes are governed by a system of portfolio management, led by the NSEG, which is compliant with central Government processes and assurance gateways. Our portfolio management approach is in place to help ensure we use public money effectively and sequence work to give us the best possible chance to deliver our plans for change. During 2018/19 we will enhance our governance of change and delivery through reform of our portfolio management approach to ensure we have a consolidated view of the assurance activities which support the organisation and a clear view of the priorities for our resources. The radical requirements in our Better Statistics, Better Decisions strategy for faster, more fine grained and more relevant statistics are tough and stretching, and will only grow more pressing; resulting in a need to increase the pace of our transformation and change projects and make effective choices on priorities across our portfolio. This enhanced structure will help us to ensure we can meet this challenge over the coming year and as we head towards the end of the current Spending Review period.

## Opinion of the Head of Internal Audit

The Head of Internal Audit has provided an annual opinion of 'Limited' assurance for the 12 months ended 31 March 2018. HM Treasury's definition of 'Limited' is as follows: 'there are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective'. A total of 30 audit reviews have been undertaken in the 2017/18 financial year. Of these reviews, two were assessed as substantial, ten as moderate and nine as limited assurance. In addition, five follow up reviews were undertaken. Four reports concluded that good progress had been made and one assessed as reasonable progress. Four advisory reviews were also undertaken which did not provide an audit opinion.

During 2017/18, much of the organisation's transformational work was on-going and our programme of internal audit work took place at a point in time, where the final solutions were still being developed and a number of the policy and supporting control frameworks were still work in progress. This position reflects the shift in the organisation's operating model inherent in the Better Statistic: Better Decisions Strategy, and the rapidly changing external environment. Consequently, some of the issues highlighted by our work, were known by management and in some instances mitigations were being planned to address these.

Whilst there have been considerable improvements from the previous year in the follow up of prior year audit findings and the timely implementation of recommendations, which is an important element of the annual opinion, there have been several significant weaknesses identified within key operations, including risk management, security, data handling and aspects of financial control. The control design for existing processes was found to be broadly adequate and the issues primarily relate to weaknesses in the way that

the current control framework was being applied, which was being compounded by a relatively weak second line of defence. This, in addition to the number of limited assurance audit opinions this year, are key contributors to this year's Limited assurance audit opinion.

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

Based upon the work of the Committee during the year and the assurance work carried out, it is my opinion that the Authority's framework for risk management, control and governance has proved to be generally effective. Nevertheless, the Office for National Statistics has been through a further year of rapid and successfully implemented transformation in all respects and at all levels. This radical transformation and modernisation has inevitably revealed some significant legacy weaknesses in its system of internal controls, particularly "second line" or management assurance functions, which are of concern to the Committee. The Committee recognises the need for investment in these areas and takes assurance that these deficiencies are being addressed promptly and adequately as part of the ongoing transformation programme. The Committee will remain engaged with progress in this area. Additionally, the Committee has emphasised during the year the importance for the Authority of a successful Census in 2021. The risk management, control and governance arrangements for the Census programme will need to be kept under review during 2018/19 in order to ensure its delivery.


## Overall Conclusion

I have assessed the Authority's compliance with the Corporate Governance in the Central Government Departments' Code of Good Practice 2011. The code focuses on governance arrangements for ministerial departments and there are elements which are not directly relevant to the Authority due

to our statutory framework and status as a non-ministerial department, for example Commissioners make arrangements for the conduct of their proceedings and the delegation of functions (Section 12 and Section 14, CRCA 2005) and ministers attending the Board. However, we comply with the spirit and principles of the code.

This statement outlines both our areas of success and areas of challenge. It is clear we need to continue to improve our system of internal control to give us the best possible chance of success and become an organisation where robust assurance is a core mark of our success. We have recognised the need to improve the maturity of how we engage with internal controls and how we take positive action towards audit and assurance findings. It is only through fully realising the value from these processes that we will be able to deliver our overall transformation and increase our effectiveness.

The heightened risk environment we face in respect of our reputation, delivery and information security and data management, is highlighted in this report. Maintaining public confidence in all that we do is at the forefront of our minds. The next stage of our development will include focussing on increasing our resilience and capability in finance, security, data protection and governance, risk management, quality assurance and oversight of business case benefits, to match the scope of the transforming organisation and its risk profile, so as to best serve the public good with better statistics.



**John Pullinger**  
Accounting Officer  
25 June 2018

# Summary Financial Information

## Key Financial Outturns

The key financial outturns for 2017/18 are shown below:

Resources	2017/18 Estimate £'000	2017/18 Outturn £'000	Saving £'000
Departmental Expenditure Limit – Resource	251,457	249,775	1,682

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

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

## Departmental Expenditure Limit – Capital

	2017/18 Estimate £'000	2017/18 Outturn £'000	Saving £'000
Capital	17,633	17,118	515

The Authority has been able to utilise 97 per cent of its Capital funds throughout the year using this funding to begin to transform our IT systems; to ensure our buildings assets are safe and secure; and to ensure our estate reflects our changing requirements.

## Depreciation / Impairment

	2017/18 Estimate £'000	2017/18 Outturn £'000	Saving £'000
Depreciation	18,450	16,581	1,869
Impairment	3,660	4,762	(1,102)

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

## Annually Managed Expenditure

	2017/18 Estimate £'000	2017/18 Outturn £'000	Saving £'000
Annually Managed Expenditure - Resource	4,324	(5,382)	9,706

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

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

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

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

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

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

Audit fees charged in the accounts amount to £89,000 (2016/17 £89,000). There were no non-audit fees charged in either 2017/18 or 2016/17.

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



## Core Tables

### The Statistics Board Total departmental spending, 2017/18 to 2020/21

	2017/18 Outturn £'000	2018/19 Plans £'000	2019/20 Plans £'000
<b>Resource DEL</b>			
Programme expenditure	249,775	286,450	282,180
<b>Total resource DEL Of which:</b>	<b>249,775</b>	<b>286,450</b>	<b>282,180</b>
Staff costs <sup>1</sup>	151,537	168,932	168,424
Purchase of goods and services	106,460	118,679	118,322
Income from sales of goods and services	(29,565)	(24,261)	(25,866)
Current grants aboard (net)	-	-	-
Depreciation <sup>2</sup>	21,343	23,100	21,300
Other resources	-	-	-
<b>Resource AME</b>			
Provisions	(4,663)	-	-
Utilised provisions	(719)	(840)	-
<b>Total resource AME Of which:</b>	<b>(5,382)</b>	<b>(840)</b>	<b>-</b>
Take up of provisions	499	-	-
Release of provision	(5,162)	-	-
Utilisation of Provisions	(719)	(840)	-
<b>Total resource budget Of which:</b>	<b>244,393</b>	<b>285,610</b>	<b>282,180</b>
Depreciation <sup>2</sup>	21,343	23,100	23,300
<b>Capital DEL</b>			
Programme expenditure	17,118	13,430	7,000
<b>Total capital DEL Of which:</b>	<b>17,118</b>	<b>13,430</b>	<b>7,000</b>
Capital grants to persons & non-profit bodies (net)	-	-	-
Purchase of assets	17,118	13,430	7,000
<b>Capital AME</b>			
<b>Total capital budget</b>	<b>17,118</b>	<b>13,430</b>	<b>7,000</b>
<b>Total departmental spending<sup>4</sup> Of which:</b>			
<b>Total DEL</b>	<b>261,511</b>	<b>299,040</b>	<b>289,180</b>
Total DEL	266,893	299,880	289,180
Total AME	(5,382)	(840)	0

#### Notes

- £265,000 of staff costs research and development costs have been analysed as capital expenditure in the Core Tables in accordance with ESA10 (European System of Accounts 2010) Assets and Liabilities
- Includes impairments
- Pension schemes report under IAS 19 and IAS 26 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.
- Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME and capital budget AME less depreciation in AME.

	<b>2017/18 Outturn £'000</b>	<b>2018/19 Forecast £'000</b>	<b>2019/20 Forecast £'000</b>
<b>Assets of which:</b>			
Non-current assets	68	68	68
Current assets	21,451	21,801	22,151
<b>Intangible assets:</b>			
Software licences	2,798	2,426	1,876
In-house developed software applications and applications under construction	18,401	15,956	12,339
<b>Tangible assets:</b>			
Property plant and equipment and building refurbishments under construction	51,565	44,712	34,578
	<b>94,283</b>	<b>84,963</b>	<b>71,012</b>
Current liabilities	(33,185)	(32,695)	(33,045)
Non-current liabilities	(2,009)	(2,009)	(2,009)
<b>Capital employed</b>	<b>59,089</b>	<b>50,259</b>	<b>35,958</b>

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

## Prompt Payment Target

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

Where no conditions exist, payment will be made within 30 working days of the receipt of goods or services, or the presentation of a valid invoice, whichever is the later. We made payments in accordance with this policy in 95 per cent of transactions for the year ended 31 March 2018 (94 per cent in 2016/17). The performance is measured in accordance with HM Treasury guidelines.

In addition to the 30 days target we endeavour to pay small and medium sized enterprises within five days. We achieved payment in accordance with this policy in 82 per cent of transactions for the year, (82 per cent in 2016/17) compared to a target of 80 per cent.

## Financial Reporting to Parliament

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

## Engagement and Transparency

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

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

This includes:

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

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

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

## Contractual Arrangements

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

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

# Remuneration Report

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

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

**i** Further information can be found at: [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

## Remuneration (including salary) and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Executive and Non-Executive Directors of the UK Statistics Authority. The Authority does not make payments-in-kind. The following section and disclosures on pages 46 to 59 have been subject to audit.

The figures shown in the table represent the remuneration of the Directors for their period in post as an Authority Director only. Where a Director only worked for part of the year both the paid salary and the full time equivalent (fte) salary is shown.

### Remuneration of Executive Directors for the UK Statistics Authority and the Office for National Statistics, 2017/18 and 2016/17

Senior Directors	2017/18 Salary	2016/17 Salary	2017/18 Pension benefits (to nearest £1,000)	2016/17 Pension benefits (to nearest £1,000)	2017/18 Total	2016/17 Total
Name and Title	£'000	£'000	£1,000)	£1,000)	£'000	£'000
John Pullinger CB Stat National Statistician Statistics Authority Fixed-term contract – 1 July 2014 to 30 June 2019	150-155	150-155	22	28	175-180	180-185
Heather Savory Deputy National Statistician for Data Capability	125-130 (+ bonus 10-15)	125-130	50	49	185-190	175-180
Jonathan Athow Deputy National Statistician for Economic Statistics	115-120	115-120	31	67	145-150	180-185

<b>Glen Watson</b> Deputy National Statistician for Population and Public Policy Left ONS 31 December 2016	N/A	85-90 (fte 115-120)	-	17	-	100-105
<b>Iain Bell</b> Deputy National Statistician for Population & Public Policy From 1 June 2017	100-105 (fte 120-125)	N/A	179	-	270-275	-
<b>Ed Humpherson</b> Director General for Regulation	145-150 (+ bonus 10-15)	140-145	37	46	195-200	190-195
<b>Neil Wooding</b> Director of Business Services and Development Left ONS 18 February 2018	90-95 (fte 100-105)	100-105 (+ bonus 5-10)	14	26	100-105	135-140
<b>Nicholas Vaughan</b> Chief Economist and Director of National Accounts and Economic Statistics	90-95 Taxable expense 0-5	85-90	24	36	115-120	120-125
<b>Ian Cope</b> Director on Secondment	95-100	95-100	18	87	110-115	185-190
<b>Peter Benton</b> Director of Population and Public Policy Operations	85-90	90-95	19	60	105-110	150-155
<b>David Best</b> Director of Digital Services, Technology and Methodology Left ONS 28 February 2018	100-105 (fte 110-115 + bonus 10-15 + taxable compensation 25-30)	110-115 (+ bonus 10-15)	40	43	180-185	165-170
<b>Francesca Kay</b> Director Population and Public Policy Transformation From 1 June 2016	85-90	70-75 (fte 80-85 + bonus 5-10)	37	33	125-130	125-130
<b>Tom Smith</b> Director of the Data Science Campus From 26 January 2017	130-135	20-25 (fte 130-135)	51	9	180-185	30-35
<b>Sarah Henry</b> Director Methods, Data & Research From 24 April 2017	85-90 (fte 95-100)	N/A	35	-	120-125	-
<b>Emma Rourke</b> Director Public Policy Analysis From 1 November 2016	95-100	35-40 (fte 95-100)	37	15	130-135	50-55

<b>Paul Layland</b> Director of Finance Left ONS 14 September 2017	40-45 (fte 85-90)	85-90 (+ bonus 5-10)	13	35	50-55	130-135
<b>Owen Brace</b> Director Policy and Communications From 26 February 2018	5-10 (fte 90-95)	N/A	5	-	10-15	-
<b>Nick Bateson</b> Director Finance, Planning and Performance From 6 November 2017	45-50 (fte 115-120) Taxable expense 0-5 (fte 10-15)	N/A	20	-	70-75	-
<b>Joe Grice</b> Chief Economic Adviser To 31 October 2016	N/A	65-70 (fte 110-115)	-	-		75-80
<b>Guy Goodwin</b> Director of Social and Analysis Left ONS 30 April 2016	N/A	5-10 (fte 85-90)	-	3		10-15

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

	<b>2017/18 Salary</b> <b>£'000</b>	<b>2016/17 Salary</b> <b>£'000</b>
Band of highest paid director's total remuneration £'000	160-165	150-155
Median total remuneration	£19,407	£20,396
Ratio	8.37	7.54

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The lowest staff payment in 2017-18 was £5 (2016-17 £4). The lowest full time equivalent remuneration for 2017/18 was £16,409 (£16,250 for 2016/17). No employees received remuneration in excess of the highest-paid director in either 2017/18 or 2016/17.

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

## Remuneration of Non-Executive Directors of the UK Statistics Authority 2017/18 and 2016/17

<b>Senior Directors</b>	<b>2017/18 Salary</b>	<b>2016/17 Salary</b>
<b>Name and Title</b>	<b>£'000</b>	<b>£'000</b>
<b>Sir David Norgrove</b> Chair of UK Statistics Authority Fixed contract From 1 April 2017 to 31 March 2022	55-60	N/A
<b>Sir Andrew Dilnot CBE</b> Chair of UK Statistics Authority Fixed contract From 1 April 2012 to 31 March 2017	N/A	70-75
<b>Professor Sir Adrian Smith FRS</b> Deputy Chair Fixed contract From 1 September 2015 to 31 August 2018	30-35	30-35
<b>Dame Colette Bowe DBE</b> Non-Executive Director Fixed contract From 1 February 2016 to 31 March 2018	15-20	15-20
<b>Dame Moira Gibb DBE</b> Non-Executive Director Fixed contract From 1 February 2016 to 31 January 2018	10-15 (Full time equivalent 15-20)	15-20
<b>Dr David Levy</b> Non-Executive Director Fixed contract From 1 August 2014 to 31 May 2019	15-20	15-20
<b>Professor David Hand OBE FBA</b> Non-Executive Director Fixed contract From 1 April 2013 to 1 April 2021	15-20	20-25
<b>Professor Jonathan Haskel</b> Non-Executive Director Fixed contract From 1 February 2016 to 31 January 2019	15-20	15-20
<b>Ms Sian Jones</b> Non-Executive Director Fixed contract From 1 July 2016 to 30 June 2019	15-20	10-15 (Full time equivalent 15-20)
<b>Ms Nora Nanayakkara</b> Non-Executive Director Fixed contract From 1 July 2016 to 30 June 2019	15-20	10-15 (Full time equivalent 15-20)

## Salary

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

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

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

- Chair – Sir David Norgrove CBE
- John Pullinger CB Stat
- Professor Sir Adrian Smith FRS

The UK Statistics Authority Senior Civil Service (SCS) salary arrangements follow the guidance set out by the Cabinet Office in response to the Senior Salaries Review Body. SCS pay consists of two elements: a

consolidated increase to base pay and a non-consolidated bonus payment. Both elements are performance-related and determined by an individual's performance in the previous appraisal year.

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

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

## Benefits in Kind

None of the above received benefits in kind.

## Bonus Payments

These are determined by an individual's performance in the previous appraisal year and are evaluated as part of the appraisal process, i.e. payments made in 2017/18 relate to performance outcomes in 2016/17 and the comparative bonuses reported for 2016/17 relate to performance in 2015/16.



## Pension Benefits

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

Senior Directors Name and Title	Real increase in pension and related lump sum at age 60  £'000	Accrued pension at age 60 as at 31 March 2018 and related lump sum  £'000	Cash Equivalent Transfer Value at 31 March 2017  £'000	Cash Equivalent Transfer Value at 31 March 2018  £'000	Real Increase in Cash Equivalent Transfer Value  £'000
John Pullinger CB Stat National Statistician Statistics Authority Fixed- term contract 1 July 2014 to 30 June 2019	0-2.5 plus a lump sum of 2.5-5	70-75 plus a lump sum of 215-220	1,508	1,630	21
Heather Savory Deputy National Statistician for Data Capability	2.5-5	5-10	71	112	28
Jonathan Athow Deputy National Statistician for Economic Statistics	0-2.5	40-45	480	522	8
Glen Watson Deputy National Statistician for Population and Public Policy Left ONS 31 December 2016	N/A	N/A	758	N/A	N/A
Iain Bell Deputy National Statistician for Population & Public Policy From 1 June 2017	7.5-10 plus a lump sum of 17.5-20	35-40 plus a lump sum of 90-95	433	578	116
Ed Humpherson Director General for Regulation	0-2.5 plus a lump sum of 0	55-60 plus a lump sum of 50-55	778	842	9
Neil Wooding Director of Business Services and Development Left ONS 18 February 2018	0-2.5	20-25	359	397	12
Nicholas Vaughan Chief Economist and Director of National Accounts and Economic Statistics	0-2.5	30-35	439	477	8
Ian Cope Director on Secondment	0-2.5 plus a lump sum of 2.5-5	40-45 plus a lump sum of 130-135	816	890	15

<b>Peter Benton</b> Director of Population and Public Policy Operations	0-2.5 plus a lump sum of 0	30-35 plus a lump sum of 75-80	456	490	3
<b>David Best</b> Director of Digital Services, Technology and Methodology Left ONS 28 February 2018	0-2.5	5-10	80	81	(8)
<b>Francesca Kay</b> Director Population and Public Policy Transformation From 1 June 2016	0-2.5	35-40	435	477	18
<b>Tom Smith</b> Director of the Data Science Campus From 26 January 2017	2.5-5	0-5	5	35	20
<b>Sarah Henry</b> Director Methods, Data & Research From 24 April 2017	0-2.5	0-5	0	23	17
<b>Emma Rourke</b> Director Public Policy Analysis From 1 November 2016	0-2.5	0-5	9	30	14
<b>Paul Layland</b> Director of Finance Left ONS 14 Sept 2017	0-2.5 plus a lump sum of 0	15-20 plus a lump sum of 40-45	251	260	4
<b>Owen Brace</b> Director Policy and Communications From 26 February 2018	0-2.5	10-15	102	105	2
<b>Nick Bateson</b> Director Finance, Planning and Performance From 6 November 2017	0-2.5 plus a lump sum of 0	25-30 plus a lump sum of 50-55	295	308	6
<b>Joe Grice</b> Chief Economic Adviser To 31 October 2016	N/A	N/A	N/A	N/A	N/A
<b>Guy Goodwin</b> Director of Social and Analysis Left ONS 30 April 2016	N/A	N/A	564	N/A	N/A

**Note** Joe Grice, Chief Economic Adviser had opted out of the pension scheme.  
The posts held by the non-executive Directors of the UK Statistics Authority are non-pensionable.

## Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the

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

## Real Increase in CETV

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

## Board Member and Senior Official Off-payroll Engagements

The following table identifies off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018.

	2017/18 Number of engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. *	-

**Note** \*This figure includes both on payroll and off-payroll engagements.

## Other Information

### Compensation for Loss of Office

One director received a contractually required payment on leaving the office. This is disclosed in the Remuneration of Executive Directors report on pages 46 and 47. No directors received special severance payment on leaving employment.

### Payments to Past Directors

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

# Staff Report

## Staffing Structure

### Staff Numbers

	2017/18		2016/17	
	Total FTE	Permanently employed FTE	Others FTE	Total FTE
Objective statistical services	3,685	3,639	46	3,400

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

### Staff Costs

	2017/18		2016/17	
	Total	Permanently employed Staff	Others	Total
	£'000	£'000	£'000	£'000
Statistical services staff costs	117,317	113,763	3,554	120,724
Social security costs	11,157	11,157	-	9,706
Other pension costs	22,774	22,774	-	19,892
Tax and levies	554	554	-	-
<b>Total</b>	<b>151,802</b>	<b>148,248</b>	<b>3,554</b>	<b>150,322</b>
Less recoveries in respect of outward secondments	(1,377)	(1,377)	-	(5)
<b>Total net costs</b>	<b>150,425</b>	<b>146,871</b>	<b>3,554</b>	<b>150,317</b>

**Note** Statistical Services and staff costs include £265,000 of research and development costs which are analysed as capital expenditure in the Statement of Parliamentary Supply, SOPS 1, SOPS 3 and the Core Tables. There are £1.4 million recoveries (2016/17 £5,000) in respect of outward secondments included in the operational income shown in note 5.

### Consultancy Costs

Total consultancy costs for 2017/18 were £6,259,000 (2016/17 £924,000). In March 2017 the ONS undertook a full review of all contractor contracts and realigned the terms and conditions of these contracts as part of government wide initiative and are classified as service delivery. As a result, a larger number of contractors are classified as consultants or contractors rather than as other staff. In addition the Authority has incurred consultancy costs as part of planning and development towards the Census in 2021.

## Staff Numbers

As at 31 March 2018

<b>Contract Type</b>	<b>2017/18 Headcount</b>	<b>FTE</b>	<b>2016/17 Headcount</b>	<b>FTE</b>
Permanent employment contract	4,059	3,442	3,818	3,225
Fixed term employment contract	281	278	215	213
Paid secondment or loan in	3	3	10	10
<b>Total</b>	<b>4,343</b>	<b>3,723</b>	<b>4,043</b>	<b>3,448</b>

## Contingent Workers

As at 31 March 2018

<b>Contingent Worker Type</b>	<b>2017/18 Headcount</b>	<b>2016/17 Headcount</b>
Agency worker	42	89
Contractor	66	80
Consultant	32	3
Service worker	203	127
<b>Total</b>	<b>343</b>	<b>299</b>

## Staff Composition

As at 31 March 2018

	Headcount		FTE	
	Female	Male	Female	Male
AA/AO	920	737	646	519
EO	393	209	353	206
HEO	473	379	445	371
SEO	330	259	307	256
Grade 7	211	247	198	242
Grade 6	46	75	44	74
SCS Pay Band 1 (Deputy Director)	16	32	15	31
SCS Pay Band 2 (Director)	3	8	3	8
SCS Pay Band 3 (Director General)	1	3	1	3
Permanent Secretary	-	1	-	1
<b>Total</b>	<b>2,393</b>	<b>1,950</b>	<b>2,012</b>	<b>1,711</b>

## Number of Senior Civil Service Staff by SCS Pay Band (Average for the Year)

SCS Pay Band	2017/18		2016/17	
	Headcount	FTE	Headcount	FTE
SCS Pay Band 1 (Deputy Director)	45	44	39	38
SCS Pay Band 2 (Director)	10	10	9	9
SCS Pay Band 3 (Director General)	4	4	4	4
Permanent Secretary	1	1	1	1
<b>Total</b>	<b>60</b>	<b>59</b>	<b>53</b>	<b>52</b>

## Off Payroll Engagements

The following table identifies all off-payroll engagements as at 31 March 2018 for more than £245 per day for a period longer than six months.

	<b>Number of existing engagements as at 31st March 2018</b>
Number of existing engagements as of 31 March 2018	156
<i>Of which:</i>	
Number that have existed for less than one year at the time of reporting	65
Number that have existed between one and two years at the time of reporting	73
Number that have existed between two and three years at the time of reporting	12
Number that have existed between three and four years at the time of reporting	3
Number that have existed for four years or more at the time of reporting	3
Number of off-payroll engagements of board members with significant financial responsibility during the financial year.	-

The following table details the total number of off-payroll engagements in excess of £245 per day for a period longer than six months (between the 1 April 2017 and 31 March 2018)

	<b>Number 2017/18</b>
Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	167
<i>Of which:</i>	
Number assessed as caught by IR35	0
Number assessed as not caught by IR35	157
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	10
Number of engagements reassessed for consistency / assurance purposes during the year	73
Number of engagements that saw a change to IR35 status following the consistency review	-

## Capitalised Staff Costs

	2017/18 Cost £'000	FTE	2016/17 Cost £'000	FTE
Data Collection Transformation Programme	766	8	423	9
Consumer and Retail Price Indices	-	-	-	-
Common Open Road Architecture platform (CORA)	-	-	-	-
Central ONS Repository for Data (CORD)	-	-	-	-
Longitudinal Study	-	-	-	-
ARDC	-	-	-	-
Business Registers	-	-	698	3
Life Events	220	5	827	11
<b>Total</b>	<b>986</b>	<b>13</b>	<b>1,948</b>	<b>23</b>

**Notes** The 2017/18 salary figures reflect a net yearly movement of £408,000 accrued holiday and flexi pay, and PRP of £1,381,000.

In addition to the £151,802,000 reported total net costs £986,000 (2016/17 £1,948,000) of salary costs are categorised as capital expenditure and are not included in the Operating Cost Statement. An analysis by capital project is provided in Capitalised Staff Costs in Note 3.

## Sickness Absence

Average working days lost during 2017/18 was 7.6 (2016/17 was 8.1). Staff policies applied for disabled persons were in line with required government policies.



## Reporting of Compensations for Employee Departures

Exit package cost band	Total number of compulsory redundancies agreed within the year		Total number of other departures agreed within the year		Total value of exit packages agreed within the year by cost band £'000	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
< £10,000	-	-	2	12	18	96
£10,000 - £25,000	-	-	25	56	413	867
£25,000 - £50,000	-	-	14	52	494	1,903
£50,000 - £100,000	-	-	6	28	426	1,720
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
> £200,000	-	-	-	-	-	-
<b>Total number of exit packages by type (total cost)</b>	-	-	<b>47</b>	<b>148</b>	<b>1,351</b>	<b>4,586</b>

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

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

## Employee Matters

### Equality, Diversity and Inclusion Overview

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

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

Our Equality and Diversity Steering Group identified four priority areas to focus our strategy activities they are gender, ethnicity, disability and work life balance.

Our focus for the next three years will be to embed our diversity priorities in our strategy activities:

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

## Equality, Diversity & Inclusion Infrastructure

### Governance

This year as part of the new strategy the governance for equality, diversity and inclusion has been changed to ensure that business areas drive the activity and have accountability for achieving equality, diversity and inclusion goals in the organisation. In addition, we have refreshed our equality assessment tool, and provided training to ensure colleagues are undertaking assessments appropriately.

### Networks

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

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

### Benchmarking & Collaborating

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

### Measuring Progress

This year we have developed an interactive Diversity Dashboard so that business areas can look at the data that is about them rather than just the whole organisation. In addition, we have increased our overall declaration rates from 67% to 79%. The data from the new dashboard will be used to set the priorities for the next financial year.

## Action Plans

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

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

Action plans will be further strengthened as we introduce the development of business area diversity goals to business plans, and

support colleagues to form equality, diversity and inclusion 'task and finish' groups, and the success of these activities will be measured by the new diversity dashboard.

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

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

The table shows our current targets as well as the actual figures achieved by March 2018, March 2017, and March 2016. It is worth noting that as headcount is low at both Senior Civil Service (SCS) and Grade 6 level, one person (more or less) can significantly impact the figures.

## Progress Against Equality Targets

As at 31 March

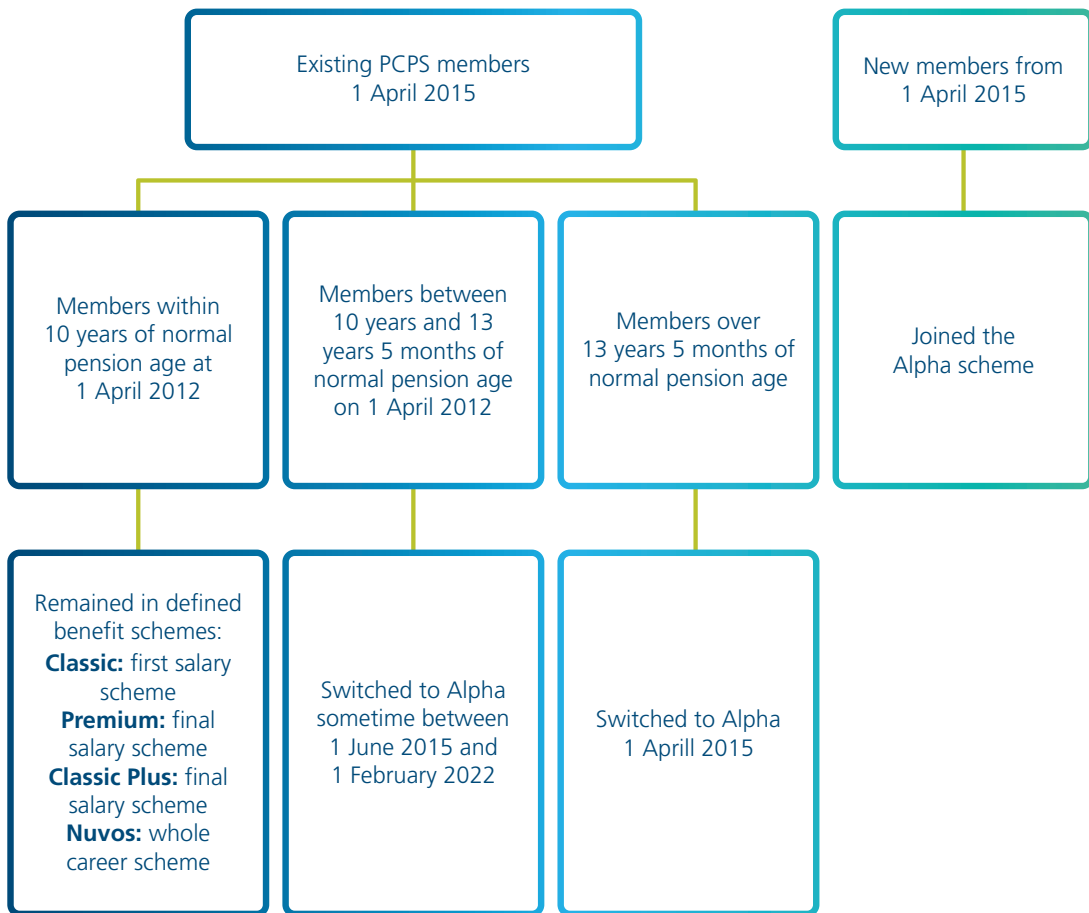
SCS Measures	% Target	% Actual 2016	% Actual 2017	% Actual 2018
Females in Top Management (TMP) pay band 2 and above	40	8	21	25
Females in SCS	40	28	26	31
Ethnic minority in SCS	2	0	0	0
Employees with disabilities in SCS	2	3	6	9

<b>Feeder Grade Measures</b>	<b>% Target</b>	<b>% Actual 2016</b>	<b>% Actual 2017</b>	<b>% Actual 2018</b>
<b>Grade 6</b>				
Females	45	37	34	38
Ethnic Minority	5	1	0	1
Employees with disabilities	5	1	5	5
<b>Grade 7</b>				
Females	44	44	45	46
Ethnic Minority	4	2	2	5
Employees with disabilities	3	4	6	6

# Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements.

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



Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

## Defined Benefit Schemes

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

The Scheme Actuary usually reviews contributions every four years following a full scheme valuation. The scheme was last valued as at 31 March 2012, a valuation is still in progress based on March 2016 data with the results due for release in 2018.

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

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

Pension Scheme	Pension Age	Employee contributions (& of pensionable earnings)	Benefits accrual rate (for each year of service)	Lump sum (payable on retirement)
Classic	60	3.8 – 8.05	1/80th pensionable earnings	3 years initial pension
Classic +	60	4.6 – 8.05	To 30 September 2002, 1/80th final pensionable earnings. Thereafter, 1/60th	To 30 September 2002, 3/80th final pensionable earnings. Thereafter, optional.
Premium	60	4.6 – 8.05	2.3% of pensionable earnings each scheme year	Optional
Nuvos	65	4.6 – 8.05	2.3% of pensionable earnings each scheme year	Optional
Alpha	The higher of 65 or state pension age	4.6 – 8.05	2.3% of pensionable earnings each scheme year	Optional
Now Alpha (previously classic)	The higher of 65 or state pension age	3.8 – 8.05	2.3% of pensionable earnings each scheme year	Optional

Additionally, members of nuvos and alpha have their accrued pension uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

For 2017/18, employers' contributions of £22.7 million were payable to the PCSPS and CSOPS (2016/17 £19.7 million) at one of four rates on the range of 20 to 24.5 per cent (2016/17 20 to 24.5 per cent) of pensionable pay, based on salary bands.

**i** More detail about the Remuneration Report, providing detail on the pension benefits for the members of the Executive Committee can be found on pages 51 to 52.

## Partnership Pension

The partnership pension account is a defined contribution, stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will also match these up to a limit of 3% of pensionable salary. Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Employers' contributions of £356,000 (2016/17 £282,000) were paid to one or more of a panel of three approved stakeholder pension providers.

Contributions due to the partnership pension providers at the balance sheet date were £36,000 (2016/17 £32,000). Contributions prepaid for both 2017/18 and 2016/17 were nil.

Employers' contributions of £12,000 representing 0.5 per cent of pensionable pay (2016/17 £8,000) was payable to the PCSPS over the course of the year to cover the cost of centrally-provided risk benefit cover for employees.

Four members of staff (2016/17 five members of staff) retired early on ill-health grounds.

# Statement of Parliamentary Supply

The information on pages 66 to 69 is subject to audit.

## Summary of Resource and Capital Outturn 2017/18

	2017/18 Estimate			2017/18 Outturn			2017/18 Voted outturn compared with Estimate: saving/(excess) £'000	2016/17 Outturn Total £'000
	Voted	Non-Voted	Estimate Total	Voted	Non-Voted	Outturn Total		
	£'000	£'000	£'000	£'000	£'000	£'000		
Departmental Expenditure Limit								
Resource	251,457	-	251,457	249,775	-	249,775	1,682	206,930
Capital	17,633	-	17,633	17,118	-	17,118	515	19,028
Annually Managed Expenditure								
Resource	4,324	-	4,324	(5,382)	-	(5,382)	9,706	(858)
<b>Total</b>	<b>273,414</b>	<b>-</b>	<b>273,414</b>	<b>261,511</b>	<b>-</b>	<b>261,511</b>	<b>11,903</b>	<b>225,100</b>
Total Resource	255,781	-	255,781	244,393	-	244,393	11,388	206,072
Total Capital	17,633	-	17,633	17,118	-	17,118	515	19,028
<b>Total</b>	<b>273,414</b>	<b>-</b>	<b>273,414</b>	<b>261,511</b>	<b>-</b>	<b>261,511</b>	<b>11,903</b>	<b>225,100</b>

## Net Cash Requirement 2017/18

2017/18 Estimate	Note	2017/18 Outturn	2017/18 Outturn compared with estimate: saving/(excess)	2016/17 Outturn
£'000		£'000	£'000	£'000
<b>246,980</b>	<b>SOPS 3</b>	<b>245,242</b>	<b>1,738</b>	<b>203,412</b>

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

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

Explanations of variances between estimates and outturn are given in the Management Commentary on pages 41 to 42.



## SOPS 1 – Net Resource and Capital Outturn

For the Period Ending 31 March 2018

### SOPS 1.1 Analysis of Net Resource Outturn

	Gross Resource	Income	Outturn Net Total	Estimate Net Total	2017/18 Net total outturn compared with Estimate	2016/17 Prior-year Outturn
	£'000	£'000	£'000	£'000	£'000	£'000
Spending in Departmental Expenditure Limit						
Voted						
A. Programme Expenditure	279,340	(29,565)	249,775	251,457	1,682	206,930
Annually Managed Expenditure						
Voted						
B. Provisions	(4,663)	-	(4,663)	5,290	9,953	(76)
C. Utilised Provisions	(719)	-	(719)	(966)	(247)	(782)
<b>Resource Outturn</b>	<b>273,958</b>	<b>(29,565)</b>	<b>244,393</b>	<b>255,781</b>	<b>11,388</b>	<b>206,072</b>

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

### SOPS 1.2 Analysis of Net Capital Outturn by Section

	Gross Capital Expenditure	Income	Programme Outturn Net Total	Estimate Net Total	2017/18 Net total outturn compared with Estimate	2016/17 Prior-year outturn
	£'000	£'000	£'000	£'000	£'000	£'000
Spending in Departmental Expenditure Limit						
Voted						
A. Programme Expenditure	17,118	-	17,118	17,633	515	19,028
<b>Capital Outturn</b>	<b>17,118</b>	<b>-</b>	<b>17,118</b>	<b>17,633</b>	<b>515</b>	<b>19,028</b>

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

For the Period Ending 31 March 2018

	Note	2017/18 £'000	2016/17 £'000
<b>Total resource outturn in Statement of Parliamentary Supply Budget</b>		<b>244,393</b>	<b>206,072</b>
Expenditure which meets the European Statement of Accounts 2015 definition of research and development			
Staff costs (other)	3	-	537
Staff Costs (permanent)	3	265	131
Information technology expenditure	4	-	273
<b>Net operating costs for the period ended</b>		<b>244,658</b>	<b>207,013</b>

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

For the Period Ending 31 March 2018

	Note	2017/18 Estimate £'000	2017/18 Outturn £'000	2017/18 Net total Outturn compared with Estimate: saving/(excess) £'000	2016/17 Outturn £'000
Resource outturn		255,781	244,393	11,388	206,072
Capital outturn		17,633	17,118	515	19,028
Accruals to cash adjustments					
Depreciation and amortisation	4	(18,450)	(16,581)	(1,869)	(17,614)
Impairment	4	(3,660)	(4,762)	1,102	(620)
Adjustments to provisions	13	(5,290)	4,663	(9,953)	(289)
Other non-cash items	4	-	(151)	151	(89)
Adjustments to reflect movements in working balances					
Increase in receivables	10	-	1,651	(1,651)	1,046
Increase in trade and other payables	12	-	(2,009)	2,009	(5,052)
Other movements in working capital not reflected in operating costs		-	201	(201)	(194)
Utilisation of provisions	13	966	719	247	1,124
<b>Net cash requirement</b>		<b>246,980</b>	<b>245,242</b>	<b>1,738</b>	<b>203,412</b>

## Parliamentary Accountability Disclosures Special Payment and Losses (Subject to Audit)

For the Period Ending 31 March 2018

		2017/18		2016/17
	Number	£'000	Number	£'000
Ex-gratia claims	19	2	23	5
Special payments	-	-	2	22
<b>Total</b>	<b>19</b>	<b>2</b>	<b>25</b>	<b>27</b>

All cases were below the individual disclosure threshold of £300,000.

### Fees and Charges (Subject to Audit)

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

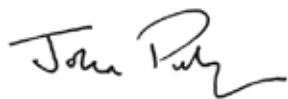
### Remote Contingent Liabilities (Subject to Audit)

None identified.

### Disclosure of Information to the Auditors

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

Signed by



**John Pullinger** CB CStat  
UK Statistics Authority  
25 June 2018

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

## Opinion on Financial Statements

I certify that I have audited the financial statements of the Statistics Board (referred to as the UK Statistics Authority or the Department) for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

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

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2018 and of the Department's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on Regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the

year ended 31 March 2018 and shows that those totals have not been exceeded; and

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

## Basis of Opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Statistics Board (referred to as the UK Statistics Authority) in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Responsibilities of the Accounting Officer for the Financial Statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the

preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Statistics Board (referred to as the UK Statistics Authority's) internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Statistics Board (referred to as the UK Statistics Authority's) ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been

exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Other Information

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

## Opinion on Other Matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;

- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on Which I Report by Exception

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

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

## Report

I have no observations to make on these financial statements.

### Sir Amyas C E Morse

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

3rd July 2018









# Statement of Comprehensive Net Expenditure

For the Year to 31 March 2018

	Note	2017/18 £'000	2016/17 £'000
<b>Programme Expenditure</b>			
Staff	3	151,802	150,322
Other	4	122,421	86,136
Operating Income	5	(29,565)	(29,445)
<b>Net Operating Costs for the period</b>		<b>244,658</b>	<b>207,013</b>
<b>Other Comprehensive Net Expenditure</b>			
Net (gain)/loss on:			
Revaluation of property, plant & equipment		(2,150)	(1,449)
Revaluation of intangibles		(472)	(226)
<b>Total Comprehensive Expenditure</b>		<b>242,036</b>	<b>205,338</b>

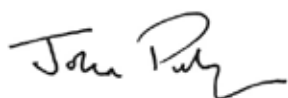
**Note** The notes on pages 80 to 108 form part of these accounts

# Statement of Financial Position

As at 31 March 2018

	Note	£'000	2017/18 £'000	£'000	2016/17 £'000
<b>Non-current assets</b>					
Property, plant and equipment	6	51,565		47,190	
Intangible assets	7	21,199		27,445	
Financial assets	10	68		63	
<b>Total non-current assets</b>			<b>72,832</b>		<b>74,698</b>
<b>Current assets</b>					
Trade and other receivables	10	10,117		7,594	
Other current assets	10	10,894		11,771	
Cash and cash equivalents	11	440		298	
<b>Total current assets</b>			<b>21,451</b>		<b>19,663</b>
<b>Total assets</b>			<b>94,283</b>		<b>94,361</b>
<b>Current liabilities</b>					
Trade and other payables	12	(32,384)		(30,375)	
Current early retirement provision	13	(204)		(366)	
Other current provisions	13	(597)		(7,299)	
<b>Total current liabilities</b>			<b>(33,185)</b>		<b>(38,040)</b>
<b>Total assets less current liabilities</b>			<b>61,098</b>		<b>56,321</b>
<b>Non-current liabilities:</b>					
Other provisions	13	(1,707)		-	
Early retirement provision	13	(302)		(527)	
<b>Total non-current liabilities</b>			<b>(2,009)</b>		<b>(527)</b>
<b>Assets less liabilities</b>			<b>59,089</b>		<b>55,794</b>
<b>Taxpayers' equity and other reserves</b>					
General fund			45,732		42,930
Revaluation reserve			13,357		12,864
<b>Total equity</b>			<b>59,089</b>		<b>55,794</b>

**Note** The notes on pages 80 to 108 form part of these accounts.



**John Pullinger** CB CStat  
Accounting Officer  
UK Statistics Authority  
25 June 2018

# Statement of Cash Flows

For the Period Ending 31 March 2018

	Note	2017/18 £'000	2016/17 £'000
<b>Cash flows from operating activities</b>			
Net operating costs		(244,658)	(207,013)
Adjustment for non-cash transactions	4	16,829	18,613
Increase in trade and other receivables	10	(1,651)	(1,046)
<b>Less movements in receivables relating to items not passing through the SOCNE</b>			
Amounts relating to bad debt write-off	4	(60)	-
Increase in trade payables	12	2,009	5,052
<b>Less movements in payables relating to items not passing through the SOCNE</b>			
Amounts due to the Consolidated Fund for Supply		(142)	201
Increase in capital accruals relating to investing activities	6, 7	(74)	320
<b>Change in working capital</b>			
Use of provisions	13	(719)	(1,124)
Other movements in working capital		(3)	-
<b>Net cash outflow from operating activities</b>		<b>(228,463)</b>	<b>(184,997)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(12,801)	(13,751)
Purchase of intangible assets	7	(4,052)	(4,664)
Increase in capital accruals relating to investing activities	6, 7	74	-
<b>Net cash flow from investing activities</b>		<b>(16,779)</b>	<b>(18,415)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		245,384	203,214
<b>Net Financing</b>		<b>245,384</b>	<b>203,214</b>
Net increase in cash and cash equivalents in the period		142	(198)
Cash and cash equivalents at the beginning of the period		298	496
<b>Cash and cash equivalents at the end of the period</b>		<b>440</b>	<b>298</b>

**Notes** The notes on pages 80 to 108 form part of these accounts.

The Statement of Cash Flows illustrates the changes in cash and cash equivalents of the Authority during the reporting period. This statement illustrates how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash arising from operating activities is a key indicator of service costs and the extent

to which these operations are funded, by way of income from receipts from services, provided by the Authority. Investing activities represent the extent to which cash inflows and outflows have been made for resources, which are intended to contribute to the Authority's future Public Service delivery. Cash flows arising from financing activities include Parliamentary Supply and other cash flows including borrowing.

# Statement of Changes in Taxpayers' Equity

For the Period Ending 31 March 2018

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Balance at 1 April 2016</b>		<b>45,211</b>	<b>12,420</b>	<b>57,631</b>
<b>Changes in taxpayers' equity for 2016/17</b>				
Net Parliamentary Funding - drawn down		203,214	-	203,214
Comprehensive expenditure for the year		(207,013)	-	(207,013)
<b>Non cash adjustments</b>				
Non cash charges - auditor's remuneration	4	89	-	89
<b>Movements in reserves</b>				
Transfers between reserves		1,231	(1,231)	-
Net loss on revaluation of property, plant and equipment	6	-	1,449	1,449
Net gain on revaluation of intangible assets	7	-	226	226
Amounts issued from the Consolidated Fund for supply but not spent at year end		(298)	-	(298)
Deemed supply	11	496	-	496
<b>Balance at 31 March 2017</b>		<b>42,930</b>	<b>12,864</b>	<b>55,794</b>
<b>Changes in taxpayers' equity for 2017/18</b>				
Net Parliamentary Funding - drawn down		245,384	-	245,384
Advances from the Contingencies Fund		-	-	-
Repayments to the Contingencies Fund		-	-	-
Comprehensive expenditure for the year		(244,658)	-	(244,658)
<b>Non cash adjustments</b>				
Non cash charges - auditor's remuneration	4	89	-	89
<b>Movements in reserves</b>				
Transfers between reserves		2,129	(2,129)	-
Net gain/loss on revaluation of property, plant and equipment	6	-	2,150	2,150
Net gain/loss on revaluation of intangible assets	7	-	472	472
Amounts issued from the Consolidated Fund for supply but not spent at month end	11	(440)	-	(440)
Deemed supply	11	298	-	298
<b>Balance at 31 March 2018</b>		<b>45,732</b>	<b>13,357</b>	<b>59,089</b>

**Notes** The General Fund is used to account for all financial resources, except for capitalised assets.  
The Revaluation Reserve records unrealised gains and losses on revaluation of assets.  
The notes on pages 80 to 108 form part of these accounts.

## 1. Statement of Accounting Policies and Accounting Convention

The 2017/18 financial statements are prepared in accordance with the 2017/18 Government Financial Reporting Manual (FReM) issued by HM Treasury.

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

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

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

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

### Collaborative Agreements

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

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

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

The Authority has entered into a collaborative agreement to create the Economic Statistics Centre of Excellence with:

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

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

Both collaboration arrangements are treated as joint operations under IFRS 11 Joint Arrangements. The Authority has disclosed the expenditure and income relating to the arrangement in line with the requirements of IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interest in other Entities.

## Property, Plant and Equipment

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

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

Any expenditure on leasehold assets is stated at current cost by using indices taken from the Authority's publication "Price Index Numbers for Current Cost Accounting". The properties occupied at Titchfield, Christchurch and Newport were professionally valued as at 31 December 2017 by a commercial company qualified to undertake these valuations.

The valuations were prepared in accordance with the appropriate sections of the Practice Statements (PS) and the United Kingdom Practice Statements (UKPS) contained within the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards.

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

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

## Intangible Assets

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

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

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

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

## Statistical Records

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

## Depreciation and Amortisation

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

Classification	Depreciation/Amortisation methodology 2016/17	2017/18
Civil Estate Land	Not depreciated	No change
Leasehold property	Over the term of the lease	No change
Freehold property	As indicated by the District Valuation Officers annual report	No change
Computer assets	Between four and seven years	No change
Office machinery	Between four and seven years	No change
Furniture and fittings	10 years	No change
In-house developed software	Between two and six years	No change
Software licences	Between two and six years	No change

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

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

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

Each group of assets is reviewed annually for impairment.

### Assets in the Course of Construction

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

### Research and Development

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

As required under European System of Accounts (ESA) 10 Research and Development costs are charged to Capital within the Statement of Parliamentary Supply.

The reconciliation between the Statement of Comprehensive Net Expenditure and the Statement of Parliamentary Supply is shown under the Statement of Comprehensive Net Expenditure.

### Operating Income

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



## Foreign Exchange

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

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

## Leases

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

In January 2018 the UK Statistics Authority entered into a new agreement to lease Drummond Gate. The lease is for a period of 5 years with a break clause after 3 years. We do not consider the lease term to represent a major part of the remaining economic life of the building. In addition the lease agreement does not include any terms which transfer substantially all the risks and rewards of ownership to the UK Statistics Authority. We have therefore classified the lease as an operating lease.

## Financial Instruments

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

## Provisions & Early Departure Costs

The Authority provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of best

estimate of the expenditure required to settle the obligation. Where the effect of time value is significant, provisions are discounted using the discount rates published by HM Treasury. These provisions are reviewed each year in accordance with IAS 37.

Where the effect of time value is significant, provisions are discounted at the general rate of -2.42 per cent for a time period up to five years, -1.85 per cent for a time period of six to ten years, and -1.56 per cent for time periods greater than ten years.

There is a new lease in place for Drummond Gate. We anticipate that the dilapidation costs within this new lease will crystallise within a period of five years.

The Authority meets the responsibility of additional costs of employees who take voluntary early severance or who retire early by paying the amounts required over the period between early departure and normal retirement date. The Authority provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments which are discounted by the HM Treasury discount rate of 0.10 per cent.

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

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

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

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

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

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

## Trade Receivables

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

## Staff Costs

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

## Cash and Cash Equivalents

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

## VAT

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

## Programme Expenditure

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

## Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes as described in notes to the accounts and in the Authority's Remuneration Report. The defined benefit elements of

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

## Contingent Liabilities

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

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

## Accounting Estimates and Judgements

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

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

## Definitions

- Estimate – A tentative evaluation and rough calculation, of value, quantity or size.
- Judgement – The capacity to assess situations or circumstances shrewdly and to draw sound conclusions.

## What Estimates and Judgements Does The Authority Undertake?

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

## Depreciation

Land and buildings are re-valued on an annual basis by an independent organisation, being qualified to undertake these valuations. Given that assets have estimated useful lives, there will be occasions where some assets may require a change in depreciation rate to reflect a change in their useful economic life. The estimated life of land and buildings are based on the valuation assessment date 31 December 2017, the next assessment date is 31 December 2018.

<b>Class of Asset</b>	<b>Estimated Life of Asset (Depreciation)</b>
Freehold land	Not depreciated
Freehold buildings	
Newport	Average component life of 19 years
Titchfield	Average component life of 14 years
Christchurch	Buildings one and three, 3 years & Building four, 17 years
Refurbishment of leasehold property at Drummond Gate	Over the remaining term of the lease
Office machinery	Between four and seven years
Computer hardware	Between four and seven years
Furniture and fittings	10 years
In-house developed software (intangible asset)	Between two and six years
Software licences (intangible asset)	Between two and six years
Assets under construction	Not depreciated

## Revaluations

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

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

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

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

## Intangible Assets Useful Economic Life

Applicable expenditure incurred in the development of internally created software is capitalised and recognised as an intangible asset if the criteria set out in the relevant accounting standards are met. The Authority has made judgments and assumptions when assessing whether a project meets these criteria and recognises an intangible asset,

whether purchased or built in-house (at cost) if, and only if:

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

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

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

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

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

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

## Provisions

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

## Provisions Related to Voluntary Exits

Provisions for voluntary exits, related accruals, are recognised in line with the accounting policy that is set out in Statement of Accounting Policies and Accounting Convention.

## Provision for Bad Debts

This is based on judgement of the debt materialising. The value of the debt is maintained by invoice based on its age and efforts are made to recover the debts by contacting the customer. Where there is sufficient evidence that suggests the amounts cannot be recovered they are initially provided for with any subsequent recognition of a bad debt being charged against the provision. This will increase the amount of expenditure

to the Statement of Comprehensive net Expenditure in year (an increased charge to provision for bad debt) and correspondingly reduce the level of Debtors held within the Current Assets (within the Statement of Financial Position).

## Provision for Potential Claims

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

## Estates Dilapidations

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

The accounting treatment for Potential Claims and Dilapidations is to charge the costs to the Statement of Net Comprehensive Expenditure in the accounting period they arise, along with increasing the creditor balances held on the Statement of Financial Position. When an actual payment is made relating to

these specific entries, the actual payment is made against the provision with no charge to the Statement of Net Comprehensive Expenditure.

## Discounting of Long Term Provisions

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

	<b>Short term 0 to 5 years</b>	<b>Medium term 5 to 10 years</b>	<b>Long term Exceeding 10 years</b>
Early departure costs	0.10%	0.10%	0.10%
All other provisions	(2.42%)	(1.85%)	(1.56%)

**Notes** These rates are published by HM Treasury.

## Accruals

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

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

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

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

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

## Standards Not Yet Adopted

The following standards have been utilised or amended and should be considered when reading the accounts.

**IFRS 9 Financial Instruments**, this review includes three phases:

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

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

**IFRS 15 Revenue for Contract Customers**

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

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

This standard is due to be adopted by the FReM in 2019/20, the Authority anticipates this will have a limited impact on the its financial statements. Future commitments under leases are disclosed in Note 15. We anticipate that the implementation of IFRS16 will result in a lease liability and a leased asset being recognised on the balance sheet. Both asset and liability will be of similar value to the value of the commitment disclosed in Note 15.

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

## 2. Segmental Information of Expenditure and Income

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

	2017/18 Gross Expenditure £'000	2017/18 Income £'000	2017/18 Net Expenditure £'000	2016/17 Gross Expenditure £'000	2016/17 Income £'000	2016/17 Net Expenditure £'000
<b>Reportable segments</b>						
Census	41,486	(468)	41,018	23,524	(254)	23,270
Data collection	57,463	(16,338)	41,125	50,972	(16,574)	34,398
National acc & economic stats	36,241	(812)	35,429	29,830	(821)	29,009
Social and analysis	19,992	(3,014)	16,978	18,914	(2,910)	16,004
Digital services, technology and methodology	57,217	(168)	57,049	52,466	(264)	52,202
Corporate support	41,337	(8,709)	32,628	43,176	(8,542)	34,634
UK Statistics Authority	1,957	(56)	1,901	1,568	(80)	1,488
<b>Total</b>	<b>255,693</b>	<b>(29,565)</b>	<b>226,128</b>	<b>220,450</b>	<b>(29,445)</b>	<b>191,005</b>

### Reconciliation Between Segment Information and Net Operating Cost in the Statement of Comprehensive Net Expenditure

	Note	2017/18 Gross Expenditure £'000	2017/18 Income £'000	2017/18 Net Expenditure £'000	2016/17 Gross Expenditure £'000	2016/17 Income £'000	2016/17 Net Expenditure £'000
<b>Total reported by segment</b>		<b>255,693</b>	<b>(29,565)</b>	<b>226,128</b>	<b>220,450</b>	<b>(29,445)</b>	<b>191,005</b>
<b>Reconciling items</b>							
Depreciation	4	16,581	-	16,581	17,614	-	17,614
Provisions created in year	13	287	-	287	365	-	365
Provisions not required in year	13	(5,162)	-	(5,162)	(23)	-	(23)
Bad debt write off	4	60	-	60	-	-	-
Unwinding discount on provisions	4	212	-	212	(76)	-	(76)
Downward revaluations of fixed assets	4	4,762	-	4,762	620	-	620
Performance related pay year end accrual	3	1,381	-	1,381	891	-	891
Loss on disposal of equipment	4	-	-	-	23	-	23
Movement in holiday pay	10,12	409	-	409	457	-	457
VAT recovery		-	-	-	(3,863)	-	(3,863)
<b>Statement of comprehensive net expenditure</b>		<b>274,223</b>	<b>(29,565)</b>	<b>244,658</b>	<b>236,458</b>	<b>(29,445)</b>	<b>207,013</b>

**Notes** Net assets are not reported separately to the CODM.



### 3. Staff Numbers and Related Costs – For the Period Ending 31 March 2018

#### Staff Costs

	Permanently Employed £'000	Others £'000	2017/18 Total £'000	2016/17 Total £'000
Statistical services staff costs	113,763	3,554	117,317	120,724
Social security costs	11,157	-	11,157	9,706
Other pension costs	22,774	-	22,774	19,892
Tax and levies	554	-	554	-
<b>Total</b>	<b>148,248</b>	<b>3,554</b>	<b>151,802</b>	<b>150,322</b>
Less recoveries in respect of outward secondments	(1,377)	-	(1,377)	(5)
<b>Total net costs</b>	<b>146,871</b>	<b>3,554</b>	<b>150,425</b>	<b>150,317</b>

**Notes** Statistical Services and Staff Costs includes £265,000 of research and development costs which are analysed as capital expenditure in the Statement of Parliamentary Supply, SOPS 1, SOPS 2, SOPS 3 and the Core Tables.

In March 2017 the ONS undertook a full review of all contractor contracts and realigned the terms and conditions of these contracts as part of government wide initiative. As a result of these changes the costs of these contractors were classified as non-staff in 2017/18. As a result, costs included under Other Staff costs have reduced from £17,316,000 in 2016/17 to £3,554,000 in 2017/18.

#### Staff Numbers

	Permanently Employed FTE	Others FTE	2017/18 Total FTE	2016/17 Total FTE
Objective statistical services	3,639	46	3,685	3,400

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

#### Capitalised Staff Costs

	Cost	2017/18 FTEs	Cost	2016/17 FTEs
Data Collection Transformation Programme	766	8	423	9
Consumer and Retail Price Indices	-	-	-	-
Common Open Road Architecture Platform (CORA)	-	-	-	-
Life events	220	5	827	11
Central ONS Repository for Data (CORD)	-	-	-	-
Longitudinal study	-	-	-	-
ARDC	-	-	-	-
Business registers	-	-	698	3
<b>Total</b>	<b>986</b>	<b>13</b>	<b>1,948</b>	<b>23</b>

**Notes** The 2017/18 salary figures reflect a net yearly cost of £408,000 of accrued holiday and flexi pay, and PRP of £1,381,000. £986,000 (2016/17 £1,948,000) of salary costs are categorised as capital expenditure and are not included in the Operating Statement.

## 4. Programme Costs – For the Period Ending 31 March 2018

	2017/18 £'000	2016/17 £'000
<b>Rentals under operating leases</b>		
Other operating leases	3,841	4,211
Hire of plant and machinery	249	264
	<b>4,090</b>	<b>4,475</b>
<b>Non-cash items</b>		
Depreciation	16,581	17,614
Impairment of fixed assets	4,762	620
Unwinding and rewinding of discount on provisions	212	(76)
Write off aged debtor and credit notes	60	1
External audit fee <sup>1</sup>	89	89
Loss on disposal of equipment	-	23
Net release of provisions	(4,875)	342
	<b>16,829</b>	<b>18,613</b>
<b>Information technology</b>	34,115	23,371
<b>Accommodation</b>	13,935	14,874
<b>Payments for carrying out surveys</b>	12,265	10,953
<b>Travel and subsistence</b>	6,493	5,882
<b>Other expenditure</b>	5,059	5,446
<b>Telecommunications</b>	2,555	1,882
<b>External training</b>	2,276	1,188
<b>Postage</b>	1,263	1,007
<b>Consultancy<sup>3</sup></b>	6,259	924
<b>Contractors<sup>3</sup></b>	13,620	-
<b>Miscellaneous fees</b>	3,294	907
<b>Stationery</b>	256	384
<b>Hospitality</b>	129	112
<b>Exchange rate (gains)/losses</b>	(17)	(46)
<b>Ex-gratia payments</b>	2	27
<b>Recovery of VAT<sup>2</sup></b>	(2)	(3,863)
<b>Total</b>	<b>122,421</b>	<b>86,136</b>

### Notes

1. There were no non-audit fees incurred in either 2017/18 or 2016/17.
2. Recovery of VAT – Improved reporting within the system facilities enabled a review highlighting under recovery of VAT over a four year period from October 2012.
3. In March 2017 the ONS undertook a full review of all contractor contracts and realigned the terms and conditions of these contracts as part of a government wide initiative. As a result of these changes the costs of these contractors were classified as non-staff in 2017/18.

## 5. Income – For the Period Ending 31 March 2018

	2017/18 £'000	2016/17 £'000
Operational income	9,871	9,062
Statistical services	18,764	19,411
EU income	930	972
<b>Total</b>	<b>29,565</b>	<b>29,445</b>

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

	External £'000	Public Sector £'000	2017/18 Total £'000	External £'000	Public Sector £'000	2016/17 Total £'000
Operational income	2,820	7,051	9,871	1,780	7,282	9,062
Statistical services	725	18,038	18,763	3,112	16,299	19,411
EU income	931	-	931	972	-	972
<b>Total</b>	<b>4,476</b>	<b>25,089</b>	<b>29,565</b>	<b>5,864</b>	<b>23,581</b>	<b>29,445</b>

## 6. Property, Plant and Equipment – For the Period Ending 31 March 2018

	Land £'000	Building £'000	Computers £'000	Office Machinery £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
<b>Cost or Valuation</b>							
At April 2016	10,042	25,275	9,944	2,213	8,443	268	56,185
Additions	-	-	5,975	65	1,053	6,414	13,507
Transfers	-	1,173	(16)	16	-	(1,173)	-
Disposals	-	-	(2,043)	(161)	-	-	(2,204)
Impairment	-	(1,338)	-	-	-	(84)	(1,422)
Revaluations	113	(46)	948	(4)	133	-	1,144
<b>At 31 March 2017</b>	<b>10,155</b>	<b>25,064</b>	<b>14,808</b>	<b>2,129</b>	<b>9,629</b>	<b>5,425</b>	<b>67,210</b>
<b>Depreciation</b>							
At April 2016	-	2,157	6,341	1,603	7,468	-	17,569
Charged in year	-	1,943	3,071	284	449	-	5,747
Disposals	-	-	(2,023)	(161)	-	-	(2,184)
Impairment	-	(802)	-	-	-	-	(802)
Revaluations	-	(844)	448	(2)	88	-	(310)
<b>At 31 March 2017</b>	<b>-</b>	<b>2,454</b>	<b>7,837</b>	<b>1,724</b>	<b>8,005</b>	<b>-</b>	<b>20,020</b>
<b>Cost or Valuation</b>							
At April 2017	10,155	25,064	14,808	2,129	9,629	5,425	67,210
Additions	-	20	6,717	102	1,759	4,203	12,801
Transfers	-	6,229	-	-	-	(6,229)	-
Disposals	-	(2,771)	(42)	(21)	(6,209)	-	(9,043)
Impairment	-	(3,833)	-	-	-	-	(3,833)
Revaluations	-	722	199	(76)	24	-	869
<b>At 31 March 2018</b>	<b>10,155</b>	<b>25,431</b>	<b>21,682</b>	<b>2,134</b>	<b>5,203</b>	<b>3,399</b>	<b>68,004</b>
<b>Depreciation</b>							
At April 2017	-	2,454	7,837	1,724	8,005	-	20,020
Charged in year	-	2,060	3,958	236	486	-	6,740
Disposals	-	(2,771)	(39)	(21)	(6,209)	-	(9,040)
Impairment	-	-	-	-	-	-	-
Revaluations	-	(1,320)	76	(49)	12	-	(1,281)
<b>At 31 March 2018</b>	<b>-</b>	<b>423</b>	<b>11,832</b>	<b>1,890</b>	<b>2,294</b>	<b>-</b>	<b>16,439</b>
<b>Net Book Value</b>							
At 31 March 2017	10,155	22,610	6,971	405	1,624	5,425	47,190
At 31 March 2018	10,155	25,008	9,850	244	2,909	3,399	51,565
<b>Asset Financing</b>							
Owned	10,155	25,008	9,850	244	2,909	3,399	51,565
<b>Net book value at 31 March 2018</b>	<b>10,155</b>	<b>25,008</b>	<b>9,850</b>	<b>244</b>	<b>2,909</b>	<b>3,399</b>	<b>51,565</b>

**Notes** Included in the £12,801,000 of additions are £522,000 of capital creditors. The total amount of capital creditors brought forwards from 2016/17 was £372,000.

The properties at Titchfield, Christchurch and Newport were professionally valued as at 31 December 2017 by the District Valuer Service (DVS), the commercial arm of the Valuation Office Agency who are qualified to undertake these valuations. The valuation was prepared by a qualified Chartered Surveyor and the valuations were prepared in accordance with the appropriate sections of the Practice Statements and the United Kingdom Practice Statements contained within the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

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

## 7. Intangible Fixed Assets – For the Period Ending 31 March 2018

	In House Software £'000	Software Licenses £'000	Assets Under Construction £'000	Total £'000
<b>Valuation</b>				
At April 2016	61,774	7,515	7,356	76,645
Additions	-	2,637	1,948	4,585
Disposals	(9,225)	(2,769)	-	(11,994)
Transfers from assets under construction	2,748	-	(2,748)	-
Revaluations	605	-	-	605
<b>At 31 March 2017</b>	<b>55,902</b>	<b>7,383</b>	<b>6,556</b>	<b>69,841</b>
<b>Amortisation</b>				
At April 2016	36,047	6,088	-	42,135
Charged in year	10,318	1,544	-	11,862
Disposals	(9,245)	(2,769)	-	(12,014)
Revaluations	413	-	-	413
<b>At 31 March 2017</b>	<b>37,533</b>	<b>4,863</b>	<b>-</b>	<b>42,396</b>
<b>Valuation</b>				
At April 2017	55,902	7,383	6,556	69,841
Additions	-	1,944	2,108	4,052
Transfers from assets under construction	6,390	-	(6,390)	-
Disposals	(11,847)	(1,070)	-	(12,917)
Impairment	(675)	-	(254)	(929)
Revaluations	1,378	-	-	1,378
<b>At 31 March 2018</b>	<b>51,148</b>	<b>8,257</b>	<b>2,020</b>	<b>61,425</b>
<b>Amortisation</b>				
At April 2017	37,533	4,863	-	42,396
Charged in year	8,174	1,667	-	9,841
Disposals	(11,847)	(1,070)	-	(12,917)
Revaluations	906	-	-	906
<b>At 31 March 2018</b>	<b>34,766</b>	<b>5,460</b>	<b>-</b>	<b>40,226</b>
<b>Net book value of in-house software 31 March 2017</b>	<b>18,369</b>	<b>2,520</b>	<b>6,556</b>	<b>27,445</b>
<b>Net book value of in-house software 31 March 2018</b>	<b>16,382</b>	<b>2,797</b>	<b>2,020</b>	<b>21,199</b>

**Notes** The net book value of in-house developed software would be £17.1 million if historic cost accounting had been applied.

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

The Authority does not revalue software licences. Included in the £4,052,000 of capital additions is £nil of capital creditors and the amount brought forward from 2016/17 is £76,000.

## In-house Developed Software Applications (In-house Software)

	CORD £'000	CASPA £'000	Web Data Access £'000	CPI/RPI £'000	CORA £'000	Electronic Data Collection £'000	Virtual Micro Laboratory £'000	Improving Dissemination £'000	Longitudinal Study £'000	Business Prices £'000	Life Events £'000	Other £'000	Total In house Software £'000
<b>Valuation</b>													
At April 2016	8,200	16,173	11,709	8,174	3,138	4,083	244	861	-	-	-	9,192	61,774
Disposals	-	-	-	-	-	-	-	-	-	-	-	(9,225)	(9,225)
Transfers from AUC	153	-	-	-	223	1,194	3	400	650	125	-	-	2,748
Revaluations	86	169	123	85	33	51	3	13	8	1	-	33	605
<b>At 31 March 2017</b>	<b>8,439</b>	<b>16,342</b>	<b>11,832</b>	<b>8,259</b>	<b>3,394</b>	<b>5,328</b>	<b>250</b>	<b>1,274</b>	<b>658</b>	<b>126</b>	<b>-</b>	<b>-</b>	<b>55,902</b>
<b>Amortisation</b>													
At April 2016	5,737	11,456	7,952	1,553	723	891	57	53	-	-	-	7,625	36,047
Charged in year	432	1,089	3,738	936	657	1,305	51	307	186	24	-	1,593	10,318
Disposals	-	-	-	-	-	-	-	-	-	-	-	(9,245)	(9,245)
Revaluations	63	126	142	22	12	17	1	2	1	-	-	27	413
<b>At 31 March 2017</b>	<b>6,232</b>	<b>12,671</b>	<b>11,832</b>	<b>2,511</b>	<b>1,392</b>	<b>2,213</b>	<b>109</b>	<b>362</b>	<b>187</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>37,533</b>
<b>Valuation</b>													
At April 2017	8,439	16,342	11,832	8,259	3,394	5,328	250	1,274	658	126	-	-	55,902
Disposals	-	-	(11,847)	-	-	-	-	-	-	-	-	-	(11,847)
Transfers from AUC	-	-	-	-	-	280	-	-	-	-	6,110	-	6,390
Impairment	-	-	-	-	-	-	-	-	-	-	(675)	-	(675)
Revaluations	262	503	15	255	105	166	8	40	20	4	-	-	1,378
<b>At March 2018</b>	<b>8,701</b>	<b>16,845</b>	<b>-</b>	<b>8,514</b>	<b>3,499</b>	<b>5,774</b>	<b>258</b>	<b>1,314</b>	<b>678</b>	<b>130</b>	<b>5,435</b>	<b>-</b>	<b>51,148</b>
<b>Amortisation</b>													
At April 2017	6,232	12,671	11,832	2,511	1,392	2,213	109	362	187	24	-	-	37,533
Charged in year	451	1,248	-	2,925	685	1,637	48	310	159	32	679	-	8,174
Disposals	-	-	(11,847)	-	-	-	-	-	-	-	-	-	(11,847)
Revaluations	196	407	15	118	54	88	4	15	8	1	-	-	906
<b>At March 2018</b>	<b>6,879</b>	<b>14,326</b>	<b>-</b>	<b>5,554</b>	<b>2,131</b>	<b>3,938</b>	<b>161</b>	<b>687</b>	<b>354</b>	<b>57</b>	<b>679</b>	<b>-</b>	<b>34,766</b>
<b>Net book value of in-house software 31 March 2017</b>	<b>2,207</b>	<b>3,671</b>	<b>-</b>	<b>5,748</b>	<b>2,002</b>	<b>3,115</b>	<b>141</b>	<b>912</b>	<b>471</b>	<b>102</b>	<b>-</b>	<b>-</b>	<b>18,369</b>
<b>Net book value of in-house software 31 March 2018</b>	<b>1,822</b>	<b>2,519</b>	<b>-</b>	<b>2,960</b>	<b>1,368</b>	<b>1,836</b>	<b>97</b>	<b>627</b>	<b>324</b>	<b>73</b>	<b>4,756</b>	<b>-</b>	<b>16,382</b>
<b>Remaining useful economic life</b>	<b>4</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>-</b>	

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

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

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

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

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

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

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

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

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

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

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

## In-house Developed Software Applications - Assets Under Construction

	Longitudinal Study Redevelop	CORD	Electronic Data Collection	Life Events	CORA Platform	ADRC-E	Improving Dissemination	Business Prices	Business Registers	Survey Data Collection	Total Assets Under construction
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Valuation</b>											
At April 2016	650	153	1,051	4,720	223	3	431	125	-	-	7,356
Additions	-	-	423	827	-	-	-	-	698	-	1,948
Transfers from AUC	(650)	(153)	(1,194)	-	(223)	(3)	(400)	(125)	-	-	(2,748)
<b>At 31 March 2017</b>	<b>-</b>	<b>-</b>	<b>280</b>	<b>5,547</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>698</b>	<b>-</b>	<b>6,556</b>
<b>Valuation</b>											
At April 2017	-	-	280	5,547	-	-	31	-	698	-	6,556
Additions	-	-	-	563	-	-	-	-	230	1,315	2,108
Transfers from AUC	-	-	(280)	(6,110)	-	-	-	-	-	-	(6,390)
Impairment	-	-	-	-	-	-	(31)	-	(223)	-	(254)
<b>At 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>705</b>	<b>1,315</b>	<b>2,020</b>

**Note** Assets under construction are not revalued or depreciated.



## 8. Impairments – For the Period Ending 31 March 2018

	<b>Titchfield Building Revaluation</b>	<b>Newport Building Assets Under Construction</b>	<b>Life Events</b>	<b>Other Software</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Component value as at 31 March 2018	624	3,338	675	254	4,891
Depreciation relating to the component	(11)	(118)	-	-	(129)
<b>Total cost of impairment 2017/18</b>	<b>613</b>	<b>3,220</b>	<b>675</b>	<b>254</b>	<b>4,762</b>

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

The ONS undertake an annual review of Life Events was completed during 2017/18 after a number of year in development. Life Events will be utilised for two years as an intermediary system before the process is transferred to the standard office data collection platform. The capitalised costs are higher than the value of the future benefits to be realised as a result, a decision was made to impair the costs.

Other software relates to Address Index and Business Index. There have been delays in the go live date due to ongoing discussions to address Data Protection and Intellectual Property protection issues.

## 9. Financial Instruments

For the Period Ending 31 March 2018

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

### Currency risk

	2017/18 Non- interest bearing financial assets £'000	2017/18 Non- interest bearing financial liabilities £'000	2016/17 Non- interest bearing financial assets £'000	2016/17 Non- interest bearing financial liabilities £'000
Gross financial assets/ liabilities Euro	49	6	-	-

## 10. Trade Receivables and Other Assets

As at 31 March 2018

	2017/18 £'000	2016/17 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	10,117	7,594
Deposit and advances	-	12
Other receivables	-	2,982
Prepayments and accrued income	10,894	8,777
	<b>21,011</b>	<b>19,365</b>
<b>Amounts falling after more than one year:</b>		
Deposits and advances	68	63
	<b>21,079</b>	<b>19,428</b>

## Total Trade Receivables Outstanding

	2017/18 £'000	2016/17 £'000
1-30 days	10,063	7,407
31-60 days	24	14
61-90 days	29	67
91-180 days	1	106
	<b>10,117</b>	<b>7,594</b>
Greater than 181 days	-	-
	<b>10,117</b>	<b>7,594</b>
<b>Statement of Financial Position</b>		
Deposits and advances falling due after more than one year	68	63
Trade and other receivables	10,117	7,594
Other current assets	10,894	11,771
<b>Total</b>	<b>21,079</b>	<b>19,428</b>

**Notes** 2017/18 figures reflect a net yearly decrease of £134,000 in the value of pre-paid holiday and flexi pay. The Authority calculates the holiday and flexi accrual at the year end with the figure being reflected in the category of accruals and deferred income.

## 11. Cash and Cash Equivalents

For the Period Ending 31 March 2018

	2017/18 £'000	2016/17 £'000
Balance at 1 April	298	496
Net change in cash and cash equivalent balances	142	(198)
<b>Balance at 31 March</b>	<b>440</b>	<b>298</b>
The following balances at 31 March were held at:		
Government Banking Service accounts	381	237
Commercial banks and cash in hand	3	5
Cash equivalents	56	56
<b>Balance at 31 March</b>	<b>440</b>	<b>298</b>

## 12. Trade Payables and Other Current Liabilities

For the Period Ending 31 March 2018

	2017/18 £'000	2016/17 £'000
<b>Amounts falling due within one year:</b>		
Other taxation and social security	4,395	2,785
Trade payables	5,950	9,823
Other payables	-	-
Accruals and deferred income	21,599	17,469
Amounts issued from Consolidated Fund for supply but not spent at year end	440	298
<b>Total</b>	<b>32,384</b>	<b>30,375</b>

**Note** 2017/18 figures reflect a net yearly increase of £275,000 of accrued holiday and flexi pay. The Authority calculates the holiday and flexi accrual at year end with the figure being reflected in the category of accruals and deferred income.

## 13. Provisions for Liabilities

For the Period Ending 31 March 2018

	Early Departure Costs £'000	Drummond Gate Dilapidations £'000	Ongoing Legal Cases £'000	TUPE £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2016</b>	<b>1,411</b>	<b>6,549</b>	-	<b>1,090</b>	-	<b>9,050</b>
Provided in year	-	-	365	-	-	365
Provisions not required written back	(23)	-	-	-	-	(23)
Provisions utilised in the year	(521)	-	-	(603)	-	(1,124)
Unwinding of discount	29	(102)	-	-	-	(73)
Rewinding of discount	(3)	-	-	-	-	(3)
<b>Balance at 31 March 2017</b>	<b>893</b>	<b>6,447</b>	<b>365</b>	<b>487</b>	-	<b>8,192</b>
<b>Balance at 1 April 2017</b>	<b>893</b>	<b>6,447</b>	<b>365</b>	<b>487</b>	-	<b>8,192</b>
Provided in year	-	-	215	-	72	287
Provisions not required written back	(3)	(4,832)	-	(327)	-	(5,162)
Provisions utilised in the year	(360)	(144)	(55)	(160)	-	(719)
Unwinding of discount	(23)	-	-	-	-	(23)
Rewinding of discount	(1)	236	-	-	-	235
<b>Balance at 31 March 2018</b>	<b>506</b>	<b>1,707</b>	<b>525</b>	-	<b>72</b>	<b>2,810</b>

	2017/18 £'000	2016/17 £'000
Current early retirement provision due after less than one year	204	366
Early retirement provision due after more than one year	302	527
Other provisions due after less than one year	597	7,299
Other provisions due after more than one year	1,707	-
<b>Balance at 31 March</b>	<b>2,810</b>	<b>8,192</b>

## Analysis of Expected Timing of Discounted Flows

	Early Departure Costs £'000	Drummond Gate Dilapidations £'000	Ongoing Legal Cases £'000	TUPE £'000	Other Provisions £'000	Total £'000
Up to 31 March 2019	204	-	525	-	72	801
Between 2020 and 2023	238	1,707	-	-	-	1,945
Between 2023 and 2028	56	-	-	-	-	56
Between 2028 and 2033	8	-	-	-	-	8
<b>Balance at 31 March 2018</b>	<b>506</b>	<b>1,707</b>	<b>525</b>	<b>-</b>	<b>72</b>	<b>2,810</b>

### Notes Early Departure Costs

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

### Ongoing Legal Cases

The Authority is currently dealing with a number of ongoing legal cases, provisions have been included in line with professional advice.

### Drummond Gate Dilapidations

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

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

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

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

### Other Provisions

The Authority has made a provision in relation to claims taken to the Employment Tribunal.

## 14. Capital Commitments

For the Period Ending 31 March 2018

	2017/18 £'000	2016/17 £'000
Contracted capital commitments	3,201	5,453
<b>Total commitments as at 31 March not otherwise included on these financial statements</b>	<b>3,201</b>	<b>5,453</b>

## 15. Commitments Under Leases

For the Period Ending 31 March 2018

### Operating Leases

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

	2017/18 £'000	2016/17 £'000
<b>Buildings:</b>		
Not later than one year	1,086	394
Later than one year and not later than five years	3,137	129
More than five years	82	43
	<b>4,305</b>	<b>566</b>
<b>Other:</b>		
Not later than one year	143	111
Later than one year and not later than five years	92	75
<b>Total</b>	<b>235</b>	<b>186</b>

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

	2017/18 £'000	2016/17 £'000
Not later than one year	1,343	6,197
Later than one year and not later than five years	261	499
<b>Total</b>	<b>1,604</b>	<b>6,696</b>

## 16. Other Financial Commitments

For the Period Ending 31 March 2018

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

	2017/18 £'000	2016/17 £'000
Not later than one year	50,516	23,664
Later than one year and not later than five years	52,782	19,715
More than five years	221	46
<b>Total</b>	<b>103,519</b>	<b>43,425</b>

## 17. Contingent Liabilities

For the Period Ending 31 March 2018

None

## 18. Related Party Transactions

For the Period Ending 31 March 2018

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

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

	Income £'000	Expenditure £'000	Receivable £'000	Payable £'000
Department For Work and Pensions	7,929	65	-	-
Crown Prosecution service	4,602	-	-	-
Welsh Government	2,803	10	-	-
Department For Education	1,793	48	-	-
Scotland Office	1,293	39	-	1
National Saving & Investments	1,754	87	-	87
Intellectual Property Office	1,125	89	-	8
City of Westminster	-	2,243	-	-

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

No Board Member, Key Manager, or other related parties have undertaken any further material transactions with the Authority during the financial year 2017/18.

The Authority has not identified any further related parties.



## 19. Collaborative Agreements

For the Period Ending 31 March 2018

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

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

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

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

The Net Reserve balance of £1,278,000 represents the contribution made by the ADRCe project towards the overheads of the Authority during the three years since it was set up in 2014/15. This is part of the Authority's General Fund.

The project is due to complete and close in June 2018.

### Statement of Comprehensive Net Expenditure

	2017/18 £'000	2016/17 £'000
Staff	588	488
Other	243	303
Operating Income	(847)	(1,175)
<b>Net Operating Costs for the year ending 31 March</b>	<b>(16)</b>	<b>(384)</b>

### Statement of Financial Position

	2017/18 £'000	2016/17 £'000
<b>Non-current assets</b>		
Intangible assets	160	260
Bank	1,278	1,194
<b>Total</b>	<b>1,438</b>	<b>1,454</b>

## Taxpayers' Equity and Other Reserves

	2017/18	2016/17
	£'000	£'000
Income Capital	160	260
Net Reserve Expenditure	1,278	1,194
<b>Total</b>	<b>1,438</b>	<b>1,454</b>

## 20. Machinery of Government - Transfer of Function

There have been no transfers of function under a machinery of government during 2017/18.

## 21. Events Arising after the Reporting Date

None.

## 22. Date of Authorisation of the Accounts

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



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