

# Office for National Statistics

## Annual Report and Accounts 2004–05



# Office for National Statistics

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## Annual Report and Accounts 2004–05

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#### **Contact and further information**

For general enquiries, contact the National Statistics Customer Contact Centre:

Tel **0845 601 3034**

Minicom **01633 812399**

Email **[info@statistics.gov.uk](mailto:info@statistics.gov.uk)**

Fax **01633 652747**

Letters Office for National Statistics,  
Government Buildings  
Cardiff Road  
Newport  
NP10 8XG

You can also find National Statistics on the Internet at **[www.statistics.gov.uk](http://www.statistics.gov.uk)**

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# Message from the Permanent Secretary

This report for the Office for National Statistics for 2004–05 describes events, activities and achievements that were often planned much earlier, or were intended to improve performance far into the future.

It is difficult to assess achievement in any one year, without reflecting on the past condition of the Office, growing gaps in its performance, the very changes themselves that we see ourselves facing and our prospects for responding to them.

Expectations for the range, quality and responsiveness of official statistics are continually extended, reflecting the pace of change of the varied influences of globalisation, the Internet and its related information technology revolution, public sector reform, social change and population dynamics. These changes influence the rate of obsolescence of long-standing measures and simplifying assumptions that enable such an extensive and comprehensive range of statistics to be regularly available.

The size and economic dominance of the UK, its place in Europe, and the dynamism of its demographic and social structures have placed us at the forefront of statistical change, in almost all areas, over this whole period, and for the foreseeable future. While a distinguishing characteristic of official statistics in the 1990s was perhaps the considerable change that took place in the scope

of UK official statistics, it was not associated with any significant development of the information technology base and methodologies needed to underpin sound, responsive official statistics. That this could not continue had become quite clear by the end of that decade, in 2000. The last five years have seen a gradual shift in the nature of Britain's investment in its statistical service, to capture the benefits of scale and critical mass made possible by the creation of the Office for National Statistics. The shift accelerated in 2004–05, which was the first year of significant reinvestment in ONS-wide systems made possible by the 2002 Spending Review settlement. Neighbourhood Statistics perhaps most typified the previously untapped potential of the statistical system, and the capacity to make even fundamental change reasonably fast, when adequate investment occurred.

Emerging thinking on how official statistics need to change in the coming decade has been advanced through several high-quality assessments. The review of the measurement of public sector activity by Sir Tony Atkinson, released in January 2005, came about a year later than that by Professor Christopher Allsopp on regional and structural statistics. We have also seen the various stages of the reports of the Pensions Commission and, as National Statistician, I have commissioned several reviews that give direction to much-needed change in the population statistics of the UK. Over the



period that we change the infrastructure of the UK statistical system, its scope must continue to be extended. We cannot stand still in any way.

The current re-investment in the capital stock of the statistical system is aimed at enabling statistical processes and information storage to move from operating on a substantially obsolete information technology platform, to a secure, networked environment that is scalable and integrates all components with communications and data management technologies available now and in the foreseeable future. This is a large task, but it makes up barely a third of the ONS development. Alongside this, we are developing a common information repository, so that statistical information from all current sources, and potential sources from administrative records will be stored once, with common standards, whether as obtained or as summary statistical measures. This repository will be accessible from the Internet, where the law allows. We expect to be able to introduce common processes for similar stages of statistical production, operating in real time. As we achieve this, we will be in a position to make major changes to statistical methods, so that coherence of economic and social statistics is reinforced by statistical design and estimation methods. We have been building up a strong core of professional statisticians to lead this change in the last half of this decade.

All along, we have to continue to publish statistical measures that are fit for the tasks they are put to, and as those expectations rise faster than our capacity to develop our new capability, we will want to be selective in our developments, and more astute about identifying where our resources are less effectively placed in terms of their impact on the quality of decision-making. There is rarely a clear constituency for reducing statistical measures of any sort, compared with that which exists when there is a development need or opportunity.

Alongside the technological and statistical developments, we have uplifted our capacity to lead such a comprehensive change programme through managerial and organisational improvements. The legal basis for access to administrative records needs now to be strengthened, as does the legal authority to protect the integrity of information received in confidence.

We have put in place a coherent strategy for balancing technological, information management, statistical, managerial and professional development needs.

The longer term governance of official statistics will be assessed again this year during the planned review of the framework for National Statistics. The context of this review is different from that of 1999, when a new government was meeting its election promise to bring trust to official statistics.

This agenda is complementary to that above and the questions that continue to challenge us most are:

- i. the balance between statistical legislation, common law, the National Statistics Code of Practice and other legislation
- ii how the resources needed for official statistics adapt to changing priorities and conditions
- iii how the statistical system can be responsive to changing needs
- iv the balance between the needs of government, and the public interest
- v how to ensure that necessary, difficult statistical judgements that have political significance can be made with confidence
- vi the mix of roles of the National Statistician and the Registrar General, and head of the GSS.

The system of civil registration in England and Wales is in a similar state of change as National Statistics, driven by the potential of current technology to radically change processes that have underpinned the service since 1837. A new processing system will be in place at the end of

2005–06, while smaller changes to introduce Internet ordering have transformed access and the volume of business. Social change that has led to gender recognition, civil registration, immigration and asylum laws has necessitated new processes, all of which have been delivered well.

Official statistics and civil registration have a critical part in inspiring confidence in our system of government, and trust in democracy itself. They are the lifeblood of a timely and decisive government, and of a society in which prejudice and uncertainty are dampened by the informed wisdom of community leaders and citizens at large.

It has been a tremendous personal privilege to have been the National Statistician for the last five years, and to contribute to the preparation of the UK statistical system for a decade of extraordinary change and demand for information known to be trustworthy.



**Len Cook**

# Office for National Statistics

## Overview

- 1** The Office for National Statistics (ONS) was created on 1 April 1996 as an Executive Agency and a Department. We employ nearly 5,500 people, of whom just over 1,400 are field staff working on social surveys. Our main sites are London, Newport (South Wales) Southport and Titchfield (Hampshire)
- 2** Len Cook is the Director of the ONS and Permanent Secretary/Accounting Officer. He is also the National Statistician (the Government's chief statistical adviser and professional Head of National Statistics) and the Registrar General of England and Wales.
- 3** The Director of ONS is accountable to the Chancellor of the Exchequer for the Department's performance. The ONS Framework Document sets the scope of our activity. Under the Framework, the Director is responsible for protecting the confidentiality of statistical information about people and organisations. Data provided by or about individuals are collected, stored and used, in accordance with the Data Protection Act and other statutory requirements.
- 4** The Director's responsibilities as Accounting Officer for ONS are set out in the Accounting Officers Memorandum issued by HM Treasury.
- 5** The National Statistician has some responsibility for the quality of all National Statistics across government and for maintaining standards as set out in the National Statistics Code of Practice (published October 2002).
- 6** Ministerial responsibility for ONS lies with the Financial Secretary to the Treasury.
- 7** ONS is responsible for producing a wide range of key economic and social statistics, which are used by policy makers across government to create evidence-based policies and monitor performance against them. The department also builds and maintains statistical sources in order to do this, and these statistical sources are also used in research and in business. ONS makes statistics available so that everyone can easily assess the state of the nation, the performance of government and make comparisons of their own position and community.
- 8** The department incorporates the General Register Office for England and Wales (GRO). The GRO is responsible for ensuring the registration of all births, marriages and deaths in England and Wales, and for maintaining a central archive dating back to 1837.
- 9** Information about the targets agreed in the ONS's Performance Management Framework (PMF) resulting from the 2004 and earlier Spending Reviews and our performance towards them is at Annex A.

## Aims and objectives

- 10** Our mission is to provide trustworthy official statistics and an efficient registration service, which enable timely and decisive government, business and community activities. All statistics prepared by the ONS will be accessible and users will be able to make enquiries and studies of ONS surveys (in controlled situations).
- 11** Our strategic objectives are:
- to be an authoritative and trusted publisher of statistics about the UK economy and society
  - to ensure the efficient and accurate registration of key life events
  - to drive the development of National Statistics
  - to contribute to the leadership of the statistical system of the European Union and ensure that engagement in international statistics is effective in the breadth of issues important to the UK

Particularly during this period of transformation, the key to achieving these objectives will be the efforts and commitment shown by our staff. Our goal is to sustain throughout the whole period, the development and motivation and recruitment of staff who understand the community we serve and have the skills to take maximum advantage of the new technological environment we are building.

- 12** Across all official statistics we will:
- ensure that all official statistics, valuable to understanding of matters of public concern or interest, are produced and reported on, independently of the Government of the day
  - underpin the trustworthiness of ONS by our commitment to confidentiality protection, the impartiality of reporting and of objectivity of methods. In these areas there will be no doubts as to our standards, our statistical conformance with them, and our capacity for reassuring the public of our success in this.

## Summary of financial performance

- 13** The Summary of Resource Outturn, Schedule 1 of the Resource Account, shows that the net resource outturn for the year was £155.1 million as against an estimate of £156.8 million, an underspend of £1.7 million.
- 14** Income increased by some £3.3 million over the previous year, largely due to continuing popularity of the web based facility for ordering copy birth, marriage and death certificates.
- 15** The Balance Sheet, Schedule 3 of the Account, shows a significant increase in the value of fixed assets (£25.7 million) due largely to continuing expenditure on the construction of software applications, Neighbourhood Statistics (NeSS) and the Statistical Modernisation Programme (SMP). A detailed analysis of assets under construction can be found at Note 13.
- 16** The Balance Sheet also shows a significant decrease in the cash at bank and in hand at the end of the year, which is the result of improvements in the department's cash management techniques.
- 17** Although ONS has only one Departmental aim, Schedule 5 of the Account discloses expenditure on the two objectives of statistical and registration services, where the proportions of net expenditure on each remains at about 90:10.
- 18** The table of staff numbers at Note 3, shows an increase of 241 compared with 2003–04. This is a planned increase due to the staffing requirements of the modernisation programmes to meet agreed 2002 spending review targets and an increase in the demand for certificate services. Both are short term increases, and the latter also gives rise to increased income.
- 19** Note 4, other administrative costs, shows an increase in expenditure on consultancy. This is largely due to the specialist requirements of the modernisation programmes and also to the change in VAT guidelines during the year which

prohibited the reclaiming of the VAT on consultants and specialists.

- 20** Included in provisions in Note 17 are two new categories to allow for the repayment of some Eurostat grants and some of the estimated costs of relocation.
- 21** In addition to the provisions provided for in Note 17, ONS has identified some contingent liabilities in Note 22. We have not disclosed the estimated value of these liabilities in order to protect our negotiating position.
- 22** ONS continues to make improvements to processes for good financial management. We are recruiting qualified accountants to fill senior positions in our relocated Finance team and we continue to provide financial awareness training. We are also constantly seeking to simplify our financial procedures and we have in hand a process for identifying good practice in practical financial management issues, such as forecasting and budgeting.

### Key events in 2004–05

- 23** In each year the Office produces a wide range of statistics. Overall in 2004–05 we produced 339 major pre-announced publications, compared with 318 in 2003–04. In any year a number of our activities and outputs attract particular attention. They are generally areas where development work has been identified as required to continue to deliver relevant and timely high quality statistics on particularly challenging and important topics.

### Population estimates

- 24** Since the first 2001 Census results were published in September 2002, ONS has been reviewing the methods and evidence surrounding the population estimates we produce. Studies carried out during 2004 focused on areas where the 2001 Census estimates may have been at risk. The results showed that whilst the Census had worked

well in most areas, there was a need to revise the 2001 Census based population estimates by around 100,000 for England and Wales as a whole (a change of less than 0.2%). The report of the studies was published on 9th September 2004, together with revised 2001 and 2002 mid-year population estimates (MYEs) and the 2003 MYEs. The implications of lessons learnt about the Census are being fed into the planning and development of the 2011 Census. For the full report see:

[www.statistics.gov.uk/about/Methodology\\_by\\_theme/LAStudies.asp](http://www.statistics.gov.uk/about/Methodology_by_theme/LAStudies.asp).

### Publication series and new social trends

- 25** The continued development of impartial analyses and their effective presentation are fundamental to the achievement of the office's aim of being a world class statistical organisation. Using new information from the 2001 Census and a range of sources, ONS has developed a new series of reports called 'Focus on...'. The first on-line overview reports in the series - on Ethnicity and Identity, Gender and Wales: Its People (including a Welsh language version) - were launched in January 2004. Since then, we have added The Labour Market in 2002, Older People, People and Migration, Health, and Religion. Each report contains up to a dozen web pages, each with a key headline, one or two tables/charts and commentary. They also have links to more detailed information and data.
- 26** ONS published the first of the more detailed reports - *Focus on Social Inequalities* - in December 2004. These full reports aim to provide a comprehensive description of the topic in question. Electronic versions of the reports and underlying data are available for downloading and reports are also available on paper. The *Focus on Social Inequalities* full report was accompanied by an online overview report.

## Pensions statistics

- 27** The Pension Statistics Task Force (PSTF) was set up in May 2004 following problems identified with pensions contributions statistics. It is an interdepartmental body supported by an Advisory Group, to provide advice and quality assurance of the PSTF work programme. The article, 'Private Pensions and the National Accounts' (published first in June 2004) set out revised estimates of pension contributions, drawing attention to problems with the wider National Accounts treatment of pensions and looking to the possible impact on GDP and other key economic statistics. The estimates were well received, with the Pensions Commission putting out a press release endorsing them. For full details please refer to: [www.statistics.gov.uk/CCI/article.asp?ID=910](http://www.statistics.gov.uk/CCI/article.asp?ID=910)

## Public sector employment statistics

- 28** ONS initiated a work programme designed to improve coherence of public sector employment (PSE) statistics, in particular coordinating the compilation of the statistics across government. Through consultation with Government Departments, we have made considerable progress towards gaining agreement across government for a single basis for PSE statistics.
- 29** In order to improve the quality of the PSE statistics, we have developed standard definitions for PSE across government (an article describing the work was published on 11 March 2005 - [www.statistics.gov.uk/](http://www.statistics.gov.uk/).) In carrying out the work, we used a number of new sources of information, which allowed us to introduce both quarterly series and full-time equivalent series. Where it has been necessary to revise the previously published series in order to incorporate better quality information, all revisions have been carried backwards on an estimated basis so that consistent time series can be published covering the period from 1991 to date.

## Earnings statistics

- 30** Considerable improvements have been made to ONS's earnings statistics over the past year and further major enhancements are in hand. In order to provide more information about the underlying pattern of earnings growth across the economy as a whole and in particular industry sectors, a new series of the Average Earnings Index (excluding bonuses, seasonally adjusted) was introduced and were included in the Integrated Labour Market release.
- 31** The Annual Survey of Hours and Earnings (ASHE) was introduced in 2004, replacing the New Earnings Survey (NES). This benefits both from a wider coverage of earnings, particularly at the low pay end of the distribution and also from a much improved estimation methodology that introduced weighting based on additional information sources. It improves the whole range of outputs and allows a consistent time series to be published for the most recent years. This enabled ONS to improve significantly the quality of the low pay statistics needed by the Low Pay Commission and others for analysis in connection with the National Minimum Wage policy.
- 32** The Average Earnings Ratio (AER) and the Labour Cost Index (LCI) which were recommended in the Distribution of Earnings National Statistics Quality Review will be published as experimental statistics. The LCI, which was developed as part of a collaborative programme of work across the European Union, extends the scope to include other labour costs as well as wages and salaries and is calculated as an hourly index on a quarterly basis.

## Looking forward

- 33** The population statistics work programme will concentrate on looking at ways to improve the quality and reliability of the mid-year population estimates (MYEs) between Censuses, to ensure fitness for key purposes, such as

resource allocation, monitoring the labour market and to minimise the risk of differences between the MYEs and the 2011 Census estimates. Migration is acknowledged as the most difficult component of population change to measure reliably and ONS is progressing work to implement the recommendations of the National Statistics Quality Review of International Migration Statistics.

- 34** Reports in the *Focus on...* series currently planned for publication in 2005 include overviews on Children and Young People, and Families, and full reports on People and Migration, Health, Older People, Families, and Ethnicity and Religion.
- 35** *Social Trends* has been the flagship report of the UK statistical system since its launch in 1970 and its format is to be developed from 2005 onwards. The 2005 edition will include links to continually updated versions of key stories and an overview article co-authored by the National Statistician on social change over the past thirty five years.
- 36** Over the coming year, the main priorities of the Pensions Statistics Task Force will be to produce a range of new products making use of current data. These include a new publication, *Pension Trends*, to illustrate the economic and social issues surrounding pensions for a wider audience, more detailed analytical articles and a web-based guide to pension statistics.
- 37** During 2005, ONS will begin to use the data from our new quarterly survey of employment in central and local government, complemented by information for particular groups of staff assembled from departmental and other sources, to introduce a new system for publishing better quality public sector employment statistics every quarter rather than every year. The aim will be to integrate this with existing statistical procedures for employment and jobs across the UK economy as a whole.

## Compliance costs

- 38** ONS implemented the recommendations of the independent study Statistical Surveys 'Easing the Burden on Business' led by Sir Edward Osmotherly in 1996. We extended our guarantees to enterprises with employment of between 10 and 19 and in 2003, at the request of the Chancellor of the Exchequer, we set up a Small Business Forum to enable representatives of small businesses to work with ONS business survey managers in considering further initiatives to limit the survey load. It was recognised that ONS is the main source of economic statistics for government, businesses and others. The Forum therefore has an important role in helping to balance the user needs for these economic statistics within the compliance load this places on businesses. It is envisaged that over time, the Forum will assist Government Departments in critically evaluating any compliance reducing initiatives in terms of reducing the load on small businesses. ONS continues to have strong links with the Department of Trade and Industry's Small Business Service to ensure that the smaller businesses receive a clear and coherent response to their concerns, whether they raise these concerns with the ONS or the Small Business Service.
- 39** ONS achieved the target of keeping the compliance cost of business surveys in 2004–05 below £29.6 million (at 2003 prices), with the outturn for 2004–05 estimated to be £29.2 million (at 2003 prices). This was a good performance at a time of intensifying interest on costs imposed on business. During 2004–05, we conducted 68 surveys of business and local authorities on our own behalf, issuing 1.7 million survey questionnaires to some 297,610 businesses. We received 761 complaints from businesses about ONS surveys which required a written response (1 complaint for every 2,234 forms and 80 complaints fewer than during the previous year). In addition,

approximately 1,900 businesses verbally expressed some degree of dissatisfaction about receiving business surveys from the ONS; last year the figure was 2,400. We also responded to 43 Ministerial cases that included some form of complaint about business surveys, compared with 32 Ministerial cases last year.

**40** ONS received positive reports during the year:

- The Better Regulation Task Force (BRTF) is an independent body established in 1997 to advise Government on actions to ensure that enforcement and regulation are in accord with the five principles of good regulation: proportionality; accountability; consistency; transparency; targeting. All ONS business surveys are carried out under existing regulations (Statistics of Trade Act 1947). ONS has nevertheless been working with the Better Regulation Task Force Team to adhere to these principles by good questionnaire design, training staff to be competent in dealing with respondents, answering complaints within agreed deadlines and exploring new ways of communicating with ONS respondents. The BRTF report 'Less is More' highlights ONS control of surveys as an example of good practice across government.
- The Hampton Review was commissioned by the Chancellor of the Exchequer in 2004 to examine the scope for reducing administrative load on business by promoting more efficient approaches to regulatory inspection and enforcement without reducing regulatory outcomes. An interim report was issued at the end of 2004 and ONS contributed to the ensuing consultation. The final report was published in March 2005. Although ONS does not have a classic regulatory function, the review demonstrated the extent to which ONS already considers and calculates the cost to business of participating in our surveys (which are mandatory).

## Statistical Revisions - progress on revisions action plan

**41** In early 2004, the Statistics Commission conducted a review of revisions to economic statistics. It made a number of recommendations, focusing on ways to improve the analysis and the communications of revisions. ONS developed an action plan and has reported on progress in September and December 2004. This was also the subject of an article in the January 2005 edition of *Economic Trends*. Good progress has been made in reviewing forecasting models used in early estimates of GDP. A number of research papers were produced, which have identified further areas of research. These are currently under investigation and ONS will report as results emerge. First releases now contain revisions analysis as standard and revisions triangles supporting this analysis are being made available on the National Statistics website. A webpage dedicated to revisions pulls together this information and other more in depth articles. ONS has also arranged and participated in high level workshops and presentations on revisions, in order to communicate better to users the reasons behind revisions. On 30th September 2004, ONS held an Economic Statistics Forum at the Bank of England which was attended by journalists and city analysts. For more information about ONS revisions please refer to: [www.statistics.gov.uk/aboutns/economic\\_revisions.asp](http://www.statistics.gov.uk/aboutns/economic_revisions.asp)

## Public confidence in official statistics

**42** Early in 2004, ONS and the Statistics Commission agreed to jointly fund a project to build an understanding of, and measure, public confidence in British official statistics. The project had four underlying studies:

- Desk research to identify the issues underlying public confidence in official statistics in other countries

- Qualitative analysis of the general public's views of official statistics and how they formulate these views, principally using focus groups
- Quantitative analysis of the general public's views of official statistics using the National Statistics Omnibus Survey
- Qualitative analysis of 'opinion-formers' views of official statistics using unstructured interviews

**43** The first three studies were undertaken by ONS and the last by MORI on behalf of the Statistics Commission. Reports on the project, including an overarching report highlighting the key findings, were released on 28 February 2005.

The research found that:

- public confidence in official statistics is a complex issue and confidence levels vary between statistical series and between members of the public
- there was more confidence in the production process than in the use, dissemination and presentation of statistics
- there was considerable confidence in the methodologies used to produce official statistics and the accuracy of outputs, and
- the independence of statistical services was one of the most important factors for ensuring confidence in statistics

However there was a perception among research participants that:

- there was interference at certain stages of the statistical process
- the statistical service's communication mechanisms were poor in a number of areas
- the Government influenced official statistics, and
- the media misrepresented official statistics and selectively reported on statistics

ONS actively works to counter these perceptions, enhancing its web capabilities, rebutting errors in the press where appropriate and by increasing the transparency of its operations to demonstrate the openness and integrity of National Statistics.

**44** ONS has conducted a follow-up survey on public confidence in official statistics in the March 2005 ONS Omnibus Survey. This information will be assessed in the light of the information already gathered and the key messages determined. ONS will then convene a cross-government working group to address the issue of public

### **Audit by the European Court of Auditors**

**45** In February 2005 the European Court of Auditors (ECA) undertook an audit of ONS processes for the production of annual Gross National Income estimates which the European Commission use in calculating member countries contributions to the European budget. ONS have been advised that our 'organisation and supervisory controls and procedures are implemented, checked, reviewed and audited, and are operational and functioning effectively'. The ECA confirmed that they have no audit observations, no recommendations and thanked ONS for our assistance and cooperation during the audit.

### **Modernising and improving the quality and reliability of outputs**

**46** In addition to producing and making improvements to a large range of statistical outputs, ONS also has a number of major development programmes in train. These are designed to develop and expand the infrastructure of the Office thereby sustaining the Office's capacity to respond to new demands and to reduce risks in the production of our key outputs. The Office has been provided with additional funding in the

2002 and 2004 spending reviews to contribute towards the cost of this work and the following section outlines progress made during 2004–05.

## Statistical Modernisation Programme

**47** The aim of the Statistical Modernisation Programme (SMP) is to:

- improve the quality and timeliness of, and access to, the key statistical systems managed by ONS, through the creation of a robust common information management capability and common statistical processes which is better fitted to the needs of government and better able to inform public policy development and decision making, and
- increase the efficiency with which the statistics are produced

This will be achieved by replacing existing operational systems particularly core systems, such as the National Accounts and the Labour Force Survey in a robust technical environment supported by an agreed set of common statistical tools and methods. In doing this, we will reduce risk and will allow a wider range of data analyses, reduce the cost of current outputs as well of new developments and effectively deploy resources to improve analysis and reporting.

**48** The first phase of SMP is now complete. It has successfully created an early version of a central ONS repository for data (CORD), which is fully supported by metadata,<sup>1</sup> and has incorporated within this a set of standard statistical tools covering time-series, estimation, disclosure and tabulation. Using CORD, the statistical tools and website components, we have demonstrated through use of a prototype system that the

vision of a common technological environment is feasible: the architectural design has been proved and a number of conceptual and technical issues have been resolved. In the next stage of SMP the focus will move on from this ‘proof of concept’ phase to one aimed at delivering production quality business systems that will deliver visible benefits. During 2005–06, the first elements of the modernised systems for the delivery of National Accounts and the Labour Force Survey will be developed and tested. These systems will not only deliver benefits in terms of reduced risk and improved data quality, but will also provide the basis for delivering cash savings and put in place the foundations for further modernised systems in the future.

**49** We are also working on the closer integration of some of our other key programmes with SMP. These programmes have many interdependencies, which together contribute to the delivery of cash and non-financial benefits, as well as to efficiency savings. We are using proven methodology, Benefits Realisation Management, to

- map the activities and changes, which enable the benefits to be realised and use this information to set priorities for investment
- identify and manage the interdependencies between programmes
- identify overlaps, duplications and gaps between programmes and take appropriate action

**50** We are also exploring the extent to which we can build on investments made and outputs and capabilities already developed in other programmes such as Neighbourhood Statistics.

<sup>1</sup> Metadata is ‘data about data - explanations, qualifications, notes and other materials attached to statistical information that help provide context and perspective, particularly in relation to the quality, relevance and appropriate use of statistics’.

## Our development path: 2005 to 2008

**51** The first phase of SMP focused on one major infrastructure change. This ambitious approach proved more challenging to implement than we had originally forecast. To complete the programme we will need continuing investment through to 2008. In addition, building on the lessons learned, we are now taking an incremental approach to further development, which will allow us to move existing processes into the new environment as the relevant standard components become available. Taken together this means that ONS will have a significant period of expenditure on the legacy systems and investment in new infrastructures. This presents challenges in terms of maintaining the relevance of outdated systems, some of which involve continuing high risks as well as resulting in delaying the benefits of the modernisation beyond the original assumption.

**52** Our next phase of developments is the application of our technology and methodology achievements, replacing our current processes, and exploiting the power from new tools and ways of working with statistical sources, from their design, gathering information, validating, analysing and presenting, reporting and delivering. In particular:

- The quality of metadata management in all legacy systems of ONS has been so fragmented and insufficiently controlled that we will focus on metadata which drives statistical systems and processes. We have underestimated in the past the limitations of this and will change our development path so as not to prolong the time when we can leave existing fragile legacy tools and systems in place
- We can achieve our goal over the next three years, of creating a robust and enduring common technological environment supported by an agreed set of common

statistical tools and methods, if we simplify our expectations of what we will achieve with metadata, and identify the elements of statistical sources that gain most from the new environment

- We are unlikely to build up metadata for past statistical information, unless it is fundamental to processing current results, except for time-series and geographic arrays of statistical aggregates
- Our statistical sources require varying degrees of complexity in information structures and linkages. We can make good progress on bringing simpler statistical sources into the common information management environment if we separate out our statistical sources by degrees of complexity, and identify components of the system associated with each statistical source where legacy processes might continue for a longer period alongside transformed processes

## Neighbourhood Statistics (NeSS)

**53** The Neighbourhood Statistics Service was established in 2000 to improve the evidence base underpinning the Government's approach to social exclusion and neighbourhood renewal. At the heart of the National Strategy for Neighbourhood Renewal is the need for good quality statistics that are freely available and describe neighbourhood characteristics consistently over time and space and at the lowest possible levels of geography. The core customers include everyone involved in the development, delivery and evaluation of policies and programmes aimed at tackling deprivation and improving life in local communities. Amongst the key deliverables of the five year development programme are a comprehensive and freely accessible, web-based statistical information service, based upon a sub-local authority level geography termed 'Super Output Areas' and the tools to enable

data owners in Government Departments to provide data in the appropriate form.

- 54** The first version of the Neighbourhood Statistics website was launched by ONS in February 2001 and has been substantially developed and enhanced through subsequent releases. The website currently attracts over 1,000 visitors per day on average and has 9,000 registered users. Highlights during 2004–05 include:
- the development, agreement and release of the new standard statistical geography termed ‘Super Output Areas’, which represents the foundation upon which consistent, neighbourhood level statistics will be provided. Census 2001 outputs, DWP benefits statistics and the ODPM commissioned 2004 Indices of Deprivation are all now available in this form
  - the development and distribution of the NeSS data suppliers toolkit. This comprehensive toolkit enables data suppliers to provide data in the appropriate format by providing them with address matching and cleaning, geographic referencing, disclosure control, aggregation, metadata and formatting tools. So far 70 copies have been distributed to data suppliers across central government
  - significant improvements to the statistical content. The website contains approximately 150 datasets and this continues to grow, although there is still much to do in some areas, especially the crime and health domains
  - the development of methods for estimating small area statistics where the surveys and administrative systems cannot provide the detail. Small area income estimates and small area population estimates are amongst the first applications of these methods
- 55** The development programme component of Neighbourhood Statistics is in its final financial year. Amongst the key deliverables are:
- the release of the new Neighbourhood Statistics web site in April 2005. As well as offering considerable enhancements to the service, this latest version migrates Neighbourhood Statistics into the Oracle / Java technology which ONS has selected as its strategic platform for IT development
  - the range and timeliness of statistics, based upon the Super Output Area geography strengthened as further datasets are added and time series data accumulates
  - improved on-line applications which will enable users to more easily analyse, contrast and compare summary statistics at neighbourhood level
  - training for users, with a focus on Regeneration and Renewal practitioners, who will use the service to identify, monitor and evaluate initiatives
  - transition from the development programme to a fully operational live service that will remain responsive to new requirements
- 56** Research highlights that the benefits of the Neighbourhood Statistics Service are already being felt amongst key users within the Regeneration and Renewal community and within Local and National Government. Over 70% of potential core users say they have used NeSS in the past 12 months and over 90% of those have found it a useful tool for doing their job, with half saying it saves their organisation money. Overall, 83% say they’re happy with the service and for those who are not, the most common wish is for better navigation and more up to date and comprehensive content. ONS will be addressing these issues.

## Census 2011

- 57** The population census is the largest statistical project in government and the largest peacetime operation involving the general public. It provides information on population units, for example estimates of the number of usual residents and demographic information, population structures, for example family relationships and population characteristics and other topic information, such as education, housing, health, etc. The census is unique in enabling multivariate analyses for small geographic areas and for small population subgroups so, for example, the interaction of ethnicity, education and employment can be explored at small area level. Analysis provides an understanding of social and regional inequality and census outputs are a key component of Neighbourhood Statistics.
- 58** Planning for the 2011 Census has started earlier than for the 2001 Census in order to improve the outcome and to mitigate many of the risks compared with 2001. This is in accordance with the advice given in both the Treasury Select Committee review and the ONS evaluation reports for the 2001 Census.
- 59** To date work has concentrated on establishing the case for a census (including the benefits), the design of the 2011 Census, establishment of a governance structure and planning the rest of the project. We have an initial design which includes a number of innovative features which are aimed at improving the overall response rate and the accuracy of the data.
- 60** Work in 2005-06 will be aimed at preparation for the 2007 test, including procurement of external suppliers and finalisation of the design and development of an evaluation strategy.

## Statistical reviews

- 61** The review of statistics for economic policy making, commissioned by the Chancellor of the Exchequer and led by Christopher Allsopp

(ex member of the UK Monetary Policy Committee), completed its final report in March 2004. The review considered firstly the information requirements to support UK regional economic policy and secondly the extent to which official statistics had kept pace with the changing structure of the UK economy.

- 62** The Review put forward a number of recommendations to improve the quality and provision of statistics for economic policy, many of which fall to ONS for implementation. A paper explaining in general terms how we plan to take forward the implementation of the recommendations was published in November 2004. For further details please refer to: [www.statistics.gov.uk/about/data/development/downloads/implementing\\_allsopp.pdf](http://www.statistics.gov.uk/about/data/development/downloads/implementing_allsopp.pdf)
- 63** ONS has been working with other departments to take forward the Allsopp recommendations and outlined a programme of work. The aim of this work will ultimately be to enable better informed social and economic policy making by central government and by regional bodies. To achieve this the programme of work will concentrate on current outputs, to produce economic statistics that meet current requirements and are in balance with the current structure of the UK economy, but also to produce a systematised approach that ensures economic statistics keep pace with future requirements and reflect the changing structure of the UK economy.
- 64** This work will cut across and affect many parts of ONS as well as statistical work in other government departments. Senior advisory groups (with external membership) have been set up to ensure there is a coordinated and coherent approach to the way the recommendations are tackled across this spectrum.
- 65** The first Allsopp report is available at [www.hm-treasury.gov.uk/consultations\\_and\\_legislation/allsopp\\_review/consult\\_allsopp\\_back.cfm](http://www.hm-treasury.gov.uk/consultations_and_legislation/allsopp_review/consult_allsopp_back.cfm) and the final report is

available at [www.hm-treasury.gov.uk/consultations\\_and\\_legislation/allsopp\\_review/consult\\_allsopp\\_index.cfm](http://www.hm-treasury.gov.uk/consultations_and_legislation/allsopp_review/consult_allsopp_index.cfm).

- 66** In December 2003 the National Statistician, Len Cook commissioned Sir Tony Atkinson to ‘advance methodologies for the measurement of government output, productivity and associated price indices in the context of the National Accounts’. Sir Tony Atkinson produced his interim report in July 2004 and the National Accounts ‘Blue Book’ 2004 carried revisions based on the greater range of health data available to the Office. The final report was published on 31st January 2005 and provided a number of recommendations about ways in which the measurement of public sector productivity could be improved.
- 67** ONS welcomed the conclusions of the review and we have set up the UK Centre for Measurement of Government Activity to take forward the work in this area. The UK Centre starts operating in July 2005 and aims to publish independent, credible and coherent measures of the output and productivity of government provided services. To achieve this, the Centre will:
- improve measurement of government services in the UK National Accounts
  - develop methodologies to support regular publication of Education and Social Services Satellite Accounts and expand Health Expenditure accounts to full Health Satellite Accounts
  - develop procedures so that data for both public sector inputs and outputs are inserted into ONS systems and published statistics with maximum efficiency and with a substantially higher degree of quality control than currently exists. The same development work will establish greater transparency so that the ONS, spending departments and outside users are in a better position to detect and correct suspect data by means of mutual challenge.
- 68** These developments will achieve the overall objectives set out in the Atkinson Review. In addition however the UK Centre will develop the measurement of the output and productivity of public services in the UK countries other than England and at a regional level. This work will provide powerful help to the economic policy agenda within the Allsopp Review, as well as giving reality to the fact that the National Accounts relate to the UK and not just to England.
- 69** The above objectives all follow directly from the analysis and diagnosis set out by the Atkinson Review. The Review’s Final Report makes clear the limitations and problems of current measures of key public services such as Health, Education, Personal Social Services, Administration of Social Security and Public Order and Safety. Incremental improvements to the methodology in respect of Health were made in the 2004 Blue Book, with sizeable quantitative impact. Further incremental improvements will be made across the range of public services in the 2005 Blue Book. However a continuing development workload continues to lie ahead.
- 70** Reflecting the partnership approach which is essential to the success in the area, this is being tackled by agreed joint agendas defined by action plans with Department of Health, the Department for Education and Skills, the Home Office, the Office of the Deputy Prime Minister, HM Treasury, the Department of Work and Pensions, other UK countries and other relevant areas within ONS. These action plans are specific and concrete, timetabled and phased. They also reflect the fact that some inputs into what is needed can mainly only be provided by the departments concerned, whereas others are principally for ONS and the UK Centre in particular.

## Technology Modernisation Programme

- 71** This programme is contributing to ONS modernisation through various technologies, to optimise the ‘Total Cost of Ownership’ (to balance the true total cost of providing modern IT facilities to a desk against the value added by its use) to provide a consistent, modern and secure IT infrastructure.
- 72** This will be achieved by relocating systems into a robust and enduring, shared technical environment supported by an agreed set of common statistical tools and methods. Where necessary, this process will involve the redesign of the statistical systems to ensure that the quality, accessibility and efficiency benefits are optimised. The additional capacity created by the programme will be used to add value to the body of evidence, through increasing the range and quality of material available and focusing more on analysing the outputs. The programme supports the Prime Minister’s four principles of public service reform and contributes to the realisation of the aims of the Office of the e-Envoy’s initiatives (e-Communications, e-Delivery, e-Economy and e-Government Strategy). Euro-compatibility is also intrinsic to the programme.
- 73** ONS will undertake a number of key developments, including:
- Out-hosting of appropriate processing capacity to fully managed serviced partners
  - Rationalization of hardware and application software on desktops and laptops and the ensuing high cost of ownership and implementation of a new local shared printer capability across ONS locations
  - Web/internet infrastructure enhancements
  - Local Area Network major upgrade and Wide Area Network re-design and upgrade
  - Voice services major upgrade (Voice over IP)
  - Network and computer hall management and monitoring enhancements
  - GSI2 implementation to comply with new government security standards
- 74** These initiatives will generate a number of key benefits for the Office including more effective asset control, lower costs, improved delivery of new services, better management of obsolescence, increased leverage of our technology capability and support a higher skilled organisation.

# National Statistics

- 75** The term ‘National Statistics’ covers a designated set of official statistics under the managerial control of statisticians working in either the Government Statistical Service (GSS) or in the Northern Ireland Statistics and Research Agency (NISRA), which is not formally part of the GSS. National Statistics are produced in accordance with the Framework for National Statistics and are expected to meet the high professional standards set out in the National Statistics Code of Practice and its supporting Protocols, as well as being subject to regular quality assurance reviews. One of the long-term aims behind the launch of the concept in June 2000 was to expand the total set of official statistics which can be called ‘National Statistics.’
- 76** The National Statistics Strategy is based around building trust in official statistics. Success is measured across two sets of criteria:
- the extent to which National Statistics products and services are commonly perceived to embody the values set out in the Code of Practice, and
  - the extent to which decision makers can engage in a timely and decisive way on a range of political and professional issues.
- 77** ONS has driven forward the National Statistics agenda on a number of fronts, both on our own account and as the central coordinating agency for the Government Statistical Service (GSS) as a whole.
- Improving public confidence and trust in official statistics - ONS has completed a UK-wide programme of ‘communication and engagement’ seminars covering all government departments with the aim of achieving full UK compliance with the *National Statistics Code of Practice* and its twelve supporting *Protocols* by the end of 2004–05
  - Accountability - ONS has reviewed and re-engineered the National Statistics business planning and reporting process in order to make the *National Statistics Work Programme* and the *National Statistics Annual Report* more useable and accessible. Integrating them more closely with the equivalent ONS reporting arrangements and with wider government driven public service reporting and accountability arrangements
  - Enhancing the quality and relevance of official statistics - ONS has re-scoped and re-engineered the rolling five-year *National Statistics Quality Review Programme* in order to expedite delivery, and encompass the full range of quality assurance work undertaken across the Government Statistical Service (GSS)
  - Professional competence - ONS has absorbed the GSS recruitment and development functions into the National Statistics Policy and Operations function in order to push forward a programme of continuing professional development and integrate

this with the wider Integrating Analysis and Professional Skills for Government initiatives

- Accessibility versus Confidentiality - ONS has established a Legal Services Unit in order to harmonise National Statistics policies, principles and procedures with the wider *Data Protection* and *Freedom of Information* initiatives
- International Best Practice - ONS has adopted international best practice and contributed to international efforts to enhance the quality, integrity, accessibility, efficiency and comparability of UK statistics
- National Statistics Online - we have expanded the coverage and content of National Statistics material on the National Statistics website. Work continues to create a virtual 'one stop shop' for all official statistics to ensure all official releases are covered by National Statistics Online. To introduce a list of all National Statistics releases, to implement a new FAST search engine to improve accessibility and to introduce better metrics software to help monitor the usage of the website so that it remains effective and relevant

Further details on National Statistics are available at: <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1051> (the 2004/05 National Statistics Annual Report was published on 13 July 2005).

## International engagement

**78** Eurostat, with the power to initiate legislation that is directly applicable in UK law, has a significant impact on the activity of ONS. The National Statistician plays an active role in the Eurostat Statistical Programme Committee (SPC). Comprising Directors General of National Statistical Institutes (NSIs) and the Eurostat Director General, SPC agrees statistical policy at a European level and gives its opinion at an early stage on proposed legislation and

related developments. ONS is also active in Eurostat Task Forces, influencing legislative proposals at the earliest stage and has, for example, played a leading role in the preparation of a draft Code of Conduct to strengthen governance of the European Statistical System.

## UK Presidency of the Council of the European Union

- 79** ONS will manage the responsibilities falling to the National Statistics Office during the UK Presidency of the Council of the European Union, from 1 July to 31 December 2005. The key requirements of ONS are to facilitate the passage of statistics legislation, progress and launch policy initiatives, and play a leadership role among Member States in response to emerging issues.
- 80** ONS will chair the Council Working Group on Statistics, which negotiates legislation and presents its opinion on EU initiatives with statistical implications. ONS is strengthening links with statistics offices of EU partners to ensure a thorough understanding of the issues and the position of other Member States. The UK will hold the Presidency during a period of intense reflection on the nature of the European Statistical System and the governance of Community statistics. At the same time ever-increasing demands are being placed on National Statistical Institutes and it is increasingly clear that the capacity of NSIs to meet high statistical standards depends crucially on the ability to prioritise EU statistical requirements. As such the policy priorities for statistics under the UK Presidency will be
- To contribute to the adoption and implementation of the European Statistics Code of Practice
  - To work towards the rebalancing of priorities with a view to reducing administrative burdens, simplifying legislation and freeing up resources for new statistical developments

**81** ONS will also work to complete the legislative dossiers which have been advanced by the Luxembourg Presidency and achieve progress on newly emerging dossiers.

**82** With other government departments likely to have policy responsibility for statistics legislation being introduced, ONS is also strengthening links across the GSS to ensure a consistent response to crosscutting issues.

## Wider international engagement

**83** The UK is actively engaged with international organisations in the development of standards and classifications, as well as providing leadership across a wide range of statistical issues. For example:

- ONS participated in the development of statistics at the OECD, including the National Statistician being a member of the OECD Committee on Statistics that agrees statistical policy
- ONS participated in the annual United Nations Statistical Commission meeting, that brings together Directors General of National Statistics Offices from around the world, and is contributing to a review of the decision making process
- ONS continues to participate in a range of UN 'City Groups', informal gatherings of experts from National Statistical Institutes and International Agencies to exchange best practice and develop thinking. In 2004 ONS hosted a meeting of the Canberra Group on Measurement of Non-financial Assets, and is also on the Bureau of the Paris Group on Labour and Compensation. Through this latter fora has provided expertise for re-drafting the ILO resolution on Working Time Statistics
- ONS participates in the annual UNECE Conference of European Statistics, organising a full-day session at the 2004 Conference, on Measurement of Prices and Volume in the Service Sector. ONS also

organised and hosted a UNECE Work Session on Statistical Dissemination and Communication

## Capacity building

**84** ONS has been involved in a range of statistical capacity building activities, including:

- Hosting study visits for statisticians from a number of countries to learn UK methods, for example, organisation of National Accounts training for statisticians from Nigeria and a study of ONS statistical dissemination practices by statisticians from the Kyrgyz Republic
- ONS has continued its partnership with the State Statistics Committee of Ukraine, providing assistance in the areas of management development, methodology and social statistics, funded by the Department for International Development (DFID)
- The National Statistician is a member of the Board managing the global International Comparison Programme (ICP) overseeing preparation of purchasing power parities for the majority of countries to permit more robust comparisons of poverty, in support of monitoring the Millennium Development Goals. ONS will support Anglophone African countries on ICP development, with financial assistance from DFID

## Strengthening ONS/GSS international participation

**85** A number of initiatives have been launched to strengthen GSS international participation, and facilitate coherent policy development, including:

- ONS launched a GSS International Committee, bringing together statisticians from across departments with an interest in international issues
- A regular bulletin has been introduced reporting to the GSS on international developments

# General Register Office and the National Health Service Central Register

## Overview

**86** The General Register Office (GRO), which is part of the ONS, is responsible for the Registration Service in England and Wales. The Registration Service consists of Registration Officers in locations around England and Wales. It administers the marriage laws and secures the provision of an efficient and accurate system for the registration of key life events i.e. births, stillbirths, adoptions, marriages and deaths.

**87** The purpose of the General Register Office is to:

- provide advice and guidance on registration matters to the public, registrars, local authorities, ministers, MPs and government officials
- keep an archive of all births, marriages and deaths in England and Wales since 1837 and certain births, marriages and deaths abroad
- keep certified copies (certificates) of vital events
- are authorities for the late registration and re-registration of births and for death-bed marriages
- maintain the Adopted Children's Register and Adoptions Contact Register
- provide the service of the Family Records Centre (providing a search facility for indexes of vital events)

**88** The ONS also maintains and administers the National Health Service Central Register (NHSCR) at the GRO; The NHSCR records patients for primary care and other events required by Health Authorities, Service Medical

Units and those involved in approved medical and demographic research. The purpose of the NHSCR is to:

- maintain the database of all patients registered with a General Practitioner in England and Wales
- provide information from the database for use in primary healthcare
- preserve historic indexes and registers
- provide services to meet customer's needs

**89** Since its inception in early 2004, the Citizen Information Project has been managed within the GRO.

## Key events in 2004–05

**90** There has been unprecedented interest in birth, marriage and death certificates following the BBC series of programmes on family history. This led to a 210% increase in the number of requests for certificates over the last two years with average monthly requests increasing from 80,000 (March 2003) to 170,000 (March 2005). Staff at the GRO have responded tremendously and have adapted systems and processes to deal with the ever increasing workload. Although turnaround times did increase initially, by March 2005 the GRO was processing nearly 90% of all certificate requests within published service levels.

**91** As the GRO modernises we find our customers are increasingly happy to use our e-business web services. In May 2005 over 60% of certificate requests were received via ROLO (Registration On-Line Ordering).

- 92** The General Registration Office official website was launched in May 2004 and won the corporate sector category in the annual public sector web awards. With further high exposure from the BBC Family History series the number of visitors to the website remains very high rising from about 60,000 a month at inception to over 120,000 by the end of March 2005.
- 93** The Gender Recognition Act 2004 came into force on 4 April 2005. This Act applies throughout the UK and enables transsexual people to apply to a Gender Recognition Panel for a Gender Recognition Certificate. The acquired gender of applicants will be recognised in law from the date on which they are granted a full Gender Recognition Certificate by the panel. The panel are part of the Tribunals group of the Department for Constitutional Affairs. The holder of a Gender Recognition Certificate can enjoy all the rights appropriate to a person of his or her acquired gender.
- 94** The Civil Partnership Act 2004 which will give same-sex couples the right to enter into a civil partnership acquiring similar rights and responsibilities to married couples became law on 18 November 2004. The Civil Partnership Act will allow same-sex couples to make a formal, legal commitment to each other by entering into a civil partnership through a statutory civil registration procedure. Previously, same-sex couples had no way of gaining formal legal recognition for their relationship and as a result suffered a range of unnecessary problems in their everyday lives.
- 95** The Office has been contributing to the debate on marriage and immigration during the year. The Home Secretary announced in April 2005 that he would be introducing a series of measures to prevent abuse of immigration routes. These measures include proposals to

make changes to marriage law. The proposals for consultation on marriages are:

- allowing only designated register offices to authorise marriages involving foreign nationals, working closely with the immigration service. This will enable a targeted, major new enforcement effort against sham marriages
- changes to marriage laws to empower registrars to refuse to conduct a marriage suspected to be carried out for the purposes of illegal immigration while it is investigated

These proposals will have significant implications for Registrations Services. GRO staff will be working closely with the Home Office to implement the proposals.

## NHSCR activity

- 96** Throughout 2004–05 NHSCR delivered its regular business, achieving all objectives and targets as laid out in the NHS Information Authority (NHSIA) service level agreement (e.g. against a target of 8 million the Health Authority teams within NHSCR processed 8.67 million transactions during 2004–05).
- 97** However, in addition to business as usual, the highest priority during the year was the work undertaken with NHS Connecting for Health (CfH), part of the Dept of Health, on the National Programme for IT (NPfIT). The NPfIT programme is specifically aimed at the long term vision of a unified NHS, a key component of which is the NHS Care Records Service (NCRS), which will enable patient record details to be accessed anywhere in England via the patient's unique NHS number. Ensuring the highest level of data quality is therefore crucial for the success of the programme. NCRS involves the development of many systems but plans are in hand to replace current in-house NHSCR system (CHRIS) with a national Person Demographic System (PDS)

which will eventually be accessed by authorised personnel throughout the NHS, including GP surgeries, hospitals, Primary Care Trusts (PCTs) and Walk-in Centres. In order to support the maintenance of data integrity on the PDS, a National PDS Back Office (PNBO) will be established, sited in the Southport office, replacing the work which NHSCR currently conducts in support of the PCTs. The PNBO will deal with PDS data anomalies relating to any NHS user.

## Modernising Civil Registration

- 98** The Civil Registration Programme will implement the recommendations of the Civil Registration Review. The model for a future service is based around providing greater choice to the public when registering births or deaths and when getting married. It will give Local Authorities the opportunity to tailor registration services to meet their communities as well as creating a framework to meet changing demands for family registration (e.g. same sex partnerships, transsexuals, citizenship ceremonies). Finally it will also provide better access to information by government departments.
- 99** Several changes to civil registration legislation are required to enable the Government and the general public to take advantage of developments in web-based technology and electronic communications. Initial plans to use a set of Registration Review Orders were unsuccessful so ONS is examining the potential of alternative legislative options. We are continuing with the investment in technology, as there are still considerable benefits that can be gained from the modernisation of back office systems in GRO. This includes the procurement for digitisation of existing registration records, which will give rise to cost efficiencies and a modern Contact Centre, which opened in April 2005, to support

telephone requests and to provide an effective and efficient service.

## Citizens Information Programme

- 100** The vision of the Citizen Information Project (CIP) is to provide a shared national infrastructure of basic personal data, such as name, address and date of birth, so as to facilitate major economies, efficiencies and service improvements across the UK public sector. The CIP team, based in ONS, undertook the project definition stage of exploratory work. The project is a cross-government initiative. As well as seeking improved policy analysis, research and National Statistics, the work is supporting the Efficiency Review agenda, will provide further improvements to public services, including more personalised services, and the roll-out of e-government. The lead option emerging from an earlier feasibility study centred on establishing a UK population register. Work in project definition stage confirmed that a population register has the potential to generate efficiency benefits and service improvements across government. The CIP team investigated the costs and benefits of a range of potential options for delivering a population register. The team recommended that proposals for a National Identity Register (NIR), part of the Government's proposals for ID cards, mean that if ID cards were to become compulsory then it would be more cost-effective to deliver the population register benefits through the NIR, rather than develop a separate register. The Chief Secretary announced to the House on 28th October 2004 that the Government accepted this recommendation.
- 101** The second stage of project definition reported to Ministers in June 2005. The work included examining in more detail how the NIR could function as a population register and exploring options for adding value to existing database

developments, including in local government, that could be cost-effective ahead of the NIR reaching maturity. The options include investigating the better use of personal reference numbers to improve the quality and effectiveness of existing registers. ONS is also exploring how efficiency and analytical requirements that cover the whole population, rather than just adults, can be met, for example by understanding the issues around use of indexes that are being developed in England to implement the Children Bill. Further information on the CIP can be found at [www.gro.gov.uk/cip](http://www.gro.gov.uk/cip)

# ONS and Parliament

**102** Len Cook and Dennis Roberts, Director of Registration Services, appeared before the Home Affairs Committee on 27 April to answer questions on the Citizens Information Project (CIP) and the interface with the Government's proposals on identity cards. In Summary, the actions which have or will have been acted upon, and are discussed in the report, are:

- the benefits of having a National Address Register, which the CIP feasibility study looked at in great detail, and the National Identity Register which will be created as a result of ID Cards being introduced
  - the need to improve the quality of existing registers to improve the efficiency of and access to public services
  - the protection against fraud that will result from having a population register
  - the ensured coherence of both project boards so that any development of the two possible registers would be done in harmony
- [www.publications.parliament.uk/pa/cm200304/cmselect/cmtreasy/1324/132401.htm](http://www.publications.parliament.uk/pa/cm200304/cmselect/cmtreasy/1324/132401.htm)

**103** Len Cook and Senior ONS Managers appeared before the Sub-committee of the Treasury Committee on 27 October 2004 to answer questions on the ONS Annual Report. ONS were asked a number of questions regarding the report, including questions on:

- Revisions to key statistics
- The productivity of the NHS
- The proposed classification decision in the National Accounts following changes in the structure of Network Rail

- The need for Statistical legislation
- Public confidence in statistics
- Breaches of the National Statistics Code of Practice
- Statistics being fit for purpose
- Reliability of statistics
- The role of the Statistics Commission
- Ensuring that the issues with population estimates from the 2001 Census would not be repeated in future censuses
- The measurement of Government Department's performance targets
- Sham Marriages
- Targets for delivering certified copies of certificates
- Efficiency targets and staff reductions from the Gershon and Lyon's review

A Transcript of the session can be found here:  
[www.publications.parliament.uk/pa/cm200304/cmselect/cmtreasy/1203/4102701.htm](http://www.publications.parliament.uk/pa/cm200304/cmselect/cmtreasy/1203/4102701.htm)

**104** Dennis Roberts and Senior GRO staff appeared before the House of Commons Regulatory Reform Committee and the House of Lords Select Committee on Delegated Powers and Regulatory Reform with the Financial Secretary to the Treasury on 2 and 10 November 2004, to answer questions on the Regulatory Reform Order on modernisation of the registration service. The Committees concluded that the order making powers under the Regulatory Reform Act 2001 should not be used for these civil registration proposals; the Government in considering its next steps for modernising civil registration.

Topics the Committees questioned them on included:

- Why the Regulatory Reform Order system was chosen and not primary legislation
- Any potentially controversial aspects of the proposal
- The implications any proposals would have on the identity card debate
- The burden on the public and registrars and the removal of that burden by modernising the processes

- IT security and ensuring that modernisation did not result in a loss of protection
- Process of authentication
- Setting minimum standards to ensure equality of service across local authorities
- Impact of devolved arrangements for Registration
- Benefits and employment rights of registration officers
- When marriage registration might be included

## Governance

**105** During 2004–05, the Office reviewed its corporate governance arrangements, in line with the Code of Good Practice for Corporate Governance in Central Government Departments, to streamline and improve the overall effectiveness of its committee structure and office governance. Following this review the revised structure which now operates in ONS is as set out below.

**106** The ONS Board is the senior committee of the office - the non-Executive Directors will sit on this committee. It meets quarterly, and its role is to:

- oversee ONS's strategic direction
- monitor performance
- oversee ONS's reputation
- own the register of risks to ONS business
- plan to influence the long term resource position of ONS

**107** An Executive Management Group, responsible for overall senior management of the office, meets once a month. It replaces the Office Management Board but has the same membership - it is chaired by the Director of ONS.

**108** A series of cross-cutting committees support these boards:

- Finance and Planning
- Operations (eg Human Resources)
- Information Management Strategy and Delivery
- Statistical Policy
- Communication/Reporting/Stakeholder management

**109** External assurance is delivered through the National Audit Office, whose reports are presented to Parliament by statute for scrutiny by the Public Accounts Committee.

# Human Resources

**110** In order to achieve our aims and objectives and to fully secure the benefits of modernisation, it is essential that ONS recruits, retains, motivates and develops talented staff, who understand the community we serve and who have the right skills to take maximum advantage of the new technological environment we are building.

**111** During 2004–05, ONS recruited new staff for the key development programmes, some on short-term contracts. We have also recruited significant numbers of new clerical staff into the General Register Office to deal with the large upsurge in requests for copies of birth, marriage and death certificates - the cost of these staff is met by income from certificate sales. As a consequence, ONS staff numbers are up on the previous year but we have a commitment to achieve significant reductions by March 2008. In addition, as the modernisation and efficiency programme proceeds, the overall types and levels of jobs in ONS will be different from now, with fewer labour-intensive jobs and more jobs which add value and require higher skills. We are building relationships with universities, as part of a more targeted approach to recruitment and to recruit top quality graduates.

**112** ONS values the diversity of our staff and, through policies and practices, aim to achieve equality of opportunity in employment and fair treatment for all. We have appointed Colin Mowl, one of our Executive Directors, as our Diversity Champion. He is encouraging staff to participate in office networks e.g. for staff from ethnic minority backgrounds and for staff with disabilities and we have introduced diversity

objectives into our performance management system. We offer a variety of alternative working patterns, including part-time working, term-time working and flexitime, to enable staff to achieve a good work/life balance. Almost 7% of our staff are from a minority ethnic group, (with 20% of our London staff from such groups), just over 5% have a disability and women make up just over 60% of our workforce.

**113** We have carried out a Race Equality Impact Assessment as part of our work to relocate posts to Newport in South Wales and we are working with the local Commission for Racial Equality (CRE) to minimise the impact of relocation for our staff from minority ethnic communities

**114** We have the following diversity targets for the senior civil service:

	SR2002 Target for 2004–05 (%) and [outturn]	SR2004 Target for April 2008 (%)
Women	35.0 (30)	37.0
Women in top management posts	25.0 (37.5)	30.0
Ethnic minority	3.2 (3.3)	4.0
Disabled	3.0 (1.7)	3.2

**115** These targets will be challenging to sustain and improve on during a period of staff reductions and relocation out of London and the South East. We shall continue with measures to develop our internal talent and to target a diverse field of applicants for our vacancies. We are also considering what further steps we need to take to improve representation of disabled staff in the SCS, including encouraging staff to declare any disability.

**116** As well as the ongoing development opportunities open to staff, key development activity during the year, and in support of our modernisation programme included:

- introducing a modular programme of management development for new and established managers, offering both refresher and new development in a range of management and leadership areas, to equip senior managers to provide effective leadership through a period of significant change. In particular, ONS has formed a partnership with the Henley Business School to deliver leadership and change management development. In 2004–05 55 per cent of D-band staff (212 out of 382

middle managers) attended Henley Business School, the programme runs into 2005–06

- centralising ONS wide training administration and self-service of bookings via the training administration module of the new Enterprise Resource Planning System (see para 132) and a learning enquiries database
- attendance by a selection of key staff on high profile European statistical training courses
- continuing an ongoing (since 1997) programme of in-house (externally RSS accredited) statistical development with an average of 60-80 staff per annum participating

## Relocation

**117** It was announced in September 2004 that ONS plans to relocate the full-time equivalent of 600 posts to Newport, South Wales by March 2008. A small number of posts moved in 2004–05 and we plan to relocate a further 130 during 2005-06. Most of these posts will move from the London site but a small number will transfer from the Titchfield site to Newport and (to provide a more logical co-location of statistical functions) from London to Titchfield.

**118** During 2004–05, we:

- developed plans for each site to be a 'National Centre' - Newport (sources, methodology, reporting and corporate services), Titchfield (population, demography, geography, regional/local sources and reporting and the population census), London (macroeconomic, labour market and wider social and economic reporting) and Southport (registration)
- established the initial views of staff via a preference exercise
- examined transfer terms and conditions for staff
- developed proposals for handling recruitment and selection during the relocation period and to set out key principles for handling the relocation of posts
- provided information for staff on the Newport and Titchfield areas and run familiarisation tours of each area
- started to put in place support arrangements for staff, both for those who are relocating and those looking for alternatives - this support will include career counselling and outplacement services
- prepared the Newport Centre to accommodate relocating staff

## Modernising back office systems

**119** In choosing the Oracle Enterprise Resource Planning System (ERPS), ONS will have an integrated system at the heart of its activities. ATLAS is the ONS brand name for our ERPS and Atlas Human Resources (HR) is the first module to go live. Over time, we plan to introduce additional HR modules such as Career Management and i-Recruitment. We are also currently developing further ERPS modules for Financials and Procurement.

**120** In August 2004 we rolled out HR self-service to around 150 staff. The subsequent roll-out to the rest of ONS was phased, by business area, with all staff having access to self-service by 1 April 2005. The aim of self-service is to

provide information to employees and managers at their desks that is up-to-date and accurate. At the start, the range of information will be limited but we will extend this over time and through consultation with managers and DTUS, as appropriate.

**121** Self-service offers many advantages: improved accuracy as data owners can check and update their information online instead of emailing changes to Human Resources Department. It also cuts down on paperwork, eg the self certificate for sick absence. The central financial overhead for providing these core services is reducing as we automate.

## Sustainable Development Environment Policy

**122** ONS is making good progress against targets set out in the Framework for Sustainable Development. A detailed progress report can be found under 'sustainable development' on the National Statistics website. Key achievements include:

- ISO 14001 achieved at 4 main sites covering 95% of the organisation. The two remaining sites should be accredited by 31 March 2006
- Water consumption has been reduced to below the Framework target of 7.7m<sup>3</sup> per head
- Energy consumption has been reduced over 1999–00 levels
- Recycling rates are up to 38% with initiatives being put in place for further improvement
- 8% of the estate's energy needs are provided from renewable sources

# Health & Safety

- 123** The Director of ONS is ultimately responsible for Health and Safety and will ensure that the policy is implemented. In doing this he has appointed the Director of Corporate Development Directorate as Health and Safety champion, who keeps the Executive Management Group informed of Health and Safety performance.
- 124** The ONS has a Health and Safety Audit at least once a year by the Property Management Unit in consultation with the Departmental Trades Union Side and other stakeholders to ensure that the department is complying with the Health and Safety legislation. Property Management Unit also produces monthly reports to monitor compliance of the Health and Safety policy.
- 125** The ONS communicates its Health and Safety Policy to all staff and to others who may be affected, including contractors and others working on the ONS's premises. This information is provided through health and safety instructions, guidance, information notes and training courses. All staff have access to the Health and Safety policy through an electronic database.
- 126** All staff who work with display screen equipment or in specialist areas (i.e. other than the normal office environment) have been risk assessed during the year. Regular H&S inspections and awareness raising ensures the health and safety message is continuously reinforced. This has contributed to a growing H&S culture which is indicated by a continuously decreasing small number of minor reported accidents over previous years. ONS continues to have a robust H&S Policy which is reviewed annually to ensure it accurately reflects the way ONS conducts its business, remains up-to-date with relevant legislation and reflects best practice. Compliance with the Policy is monitored and an internal H&S Audit has been conducted.

annexes

# Annex A

## Targets from the Spending Review 2004

All targets commenced in April 2005. Work has started in all areas but at present it is too early to assess delivery against the targets agreed as part of the spending review. The targets are:

Targets
<p><b>To leverage the benefits of investment in statistical modernisation and organisation transformation, as reflected by –</b></p> <ul style="list-style-type: none"> <li>The value of outputs per £ of cost increasing 20% by March 2008, compared with 2003–04.</li> <li>The proportion of transactions with business completed electronically reaching 25% by March 2008.</li> </ul>
<p><b>To modernise Civil Registration –</b></p> <p>Subject to parliamentary approval we will implement a fully web-enabled registration system, with approved government bodies having electronic access to –</p> <ul style="list-style-type: none"> <li>New registrations, by September 2005</li> <li>Post 1935 birth records, by June 2007</li> <li>Post 1980 death records, by March 2008.</li> </ul>
<p><b>To implement the recommendations from the Allsopp Review of Statistics for Economic Policy Making –</b></p> <ul style="list-style-type: none"> <li>We will begin launching new surveys during 2006 in accordance with a plan for full delivery by 2009.</li> <li>We will create a Government Statistical Service presence in each region by March 2007.</li> </ul>
<p><b>To improve the quality and reliability of statistics relating to population, pensions, government output, and wealth and assets –</b></p> <ul style="list-style-type: none"> <li>We will complete population studies on at least five local councils and publish the findings by March 2008.</li> <li>We will develop and complete the fieldwork required for a mid-decade population benchmark study, with results to be published by the end of 2008.</li> <li>From 2005 we will produce annually a Pensions Trends report pulling together for the first time a comprehensive set of statistics and analysis on UK pensions.</li> <li>We will implement the response to the Atkinson report on measuring Government output.</li> <li>We will develop and complete the fieldwork required for a comprehensive Wealth and Assets Survey, with results to be published in 2007.</li> </ul>
<p><b>To respond to the challenge of Sir Peter Gershon's Efficiency Review –</b></p> <ul style="list-style-type: none"> <li>We will deliver efficiencies, rising to £25m per year by 2007/08.</li> </ul>
<p><b>To respond to the challenge of Sir Michael Lyons's Relocation Review –</b></p> <ul style="list-style-type: none"> <li>We will re-locate 850 jobs from London and the South East by March 2010, with 600 to be re-located by March 2008.</li> </ul>

## Extant targets from previous spending reviews

Key Result	Delivery/Performance Indicator
<b>To provide a trusted and authoritative statistical service</b>	
<b>To publish all ONS statistics at the preannounced time, with revision levels consistent with agreed or published user delivery requirements.</b>	<p><b>Target almost fully met</b></p> <p>All market sensitive outputs were delivered at the pre-announced time.</p> <p>For non-market sensitive outputs ONS also has a target that 100% of pre-announced publications meet their publication date. The indicator (covering the financial year 2004–05) was slightly under target with 99% published at the pre-announced time. This is a slight improvement on last year (97%).</p>
	<p><b>Bank of England</b></p> <p>Reflecting the views of the Monetary Policy Committee, the Bank of England concluded that the ONS' performance in 2004 had been 'satisfactory'.</p> <p><b>HM Treasury</b></p> <p>On balance the ONS maintained a good overall level of performance in 2004–05.</p> <p><b>Department of Health</b></p> <p>Overall, service delivery is good or satisfactory for all of the SLAs.</p> <p><b>Department of Trade and Industry</b></p> <p>In most areas the DTI has received a good service from ONS and the level of service provided last year has been maintained.</p> <p><b>National Assembly for Wales</b></p> <p>Overall, NAW consider the ONS performance for 2004–05 to be good.</p> <p><b>Scottish Administration</b></p> <p>ONS performance in terms of working on specific statistics topics is good in most areas. There are a few problem areas. However there are also some areas where performance has been excellent.</p> <p><b>Department for Work and Pensions</b></p> <p>Overall, the majority of the service received by DWP from ONS was rated good or better, with several areas considered excellent.</p>
<b>To deliver all Service Level Agreement outputs to time, cost and service delivery standard</b>	

Key Result	Delivery/Performance Indicator
<b>To provide a trusted and authoritative statistical service (continued)</b>	
<p>To ensure the delivery of improved services that contribute to the delivery of other departments' Public Service Agreement targets.</p>	<p><b>Target on course</b></p> <p>ONS statistics contribute to a wide range of government Public Service Agreement targets and overall performance in delivery of these is covered within the key account management framework (see Service Level Agreements above).</p> <p>In addition to the general modernisation work of ONS processes to improve analysis quality and product delivery (see the first target listed in the 2004 table above) ONS is developing regional statistics to support the governments neighbourhood renewal initiatives. The key targets are:</p> <ol style="list-style-type: none"> <li>1) the scope of the Neighbourhood Statistical (NeSS) data. The proportion of deprivation-related PSA targets that can be monitored at sub-Local Authority level using NeSS data is one of the key performance indicators. The baseline for this indicator has still to be determined, but around 45% of the priority information needs do now have some statistical outputs to use.</li> <li>2) the satisfaction of renewal practitioners with the quality of the NeSS service, functionality and data quality is another key performance indicator. The overall satisfaction rating has been measured at 83% in a telephone survey of 1,000 core users and potential users.</li> </ol>
<p>To improve the public perception of the integrity of National Statistics to the extent that the integrity of statistics is publicly recognised by the press, the Royal Statistical Society and the Statistics Commission.</p>	<p><b>Target on course</b></p> <p>All pre-release targets were met and web access to all NS websites continues to rise with visitor numbers increasing from around 500,000 in April 2004 to over 700,000 in April 2005.</p> <p>ONS continues to document its statistical procedures and processes in ways that demonstrate the openness and integrity of National Statistics – for example by identifying clearly when Ministers have pre-release access to statistics. At the same time we continue to write to the Press when the integrity of our statistics is challenged. The key risk is that the achievement of this target, as written, does not lie solely in ONS' hands. ONS can produce high quality, high integrity statistics, but that doesn't mean the press' perception will necessarily be positive – the press are not necessarily fully informed, neither is the press necessarily objective.</p>

Key Result	Delivery/Performance Indicator
<b>To provide a trusted and authoritative statistical service (continued)</b>	
	<p>Survey work by ONS in 2004 into the degree of public confidence in official statistics has demonstrated a variety of relevant indicators, in particular relating to the distinction between the perceived quality and the perceived integrity of statistics. As far as we can tell we are the first country in the world to do so and this survey work is set to continue. The March 2005 Omnibus survey contained updated questions on public confidence in official statistics. Results are scheduled for release in September 2005.</p> <p>Close ties with the Statistics Commission have been developed and our communications suggest they consider that in terms of quality and innovation ONS is comparable with the best in other countries, and to lead in some respects. They do however criticise the planning arrangements to take account of user needs (or absence thereof); the frankness and helpfulness of written commentary and the communication of messages to those who need them.</p>
<b>To modernise ONS's statistical infrastructure and processes</b>	
<p><b>By March 2006 to deliver higher quality and noticeable business benefits through holding the major ONS statistical sources in a common statistical database and through using common processes, tools and practices.</b></p>	<p><b>Target will be partially achieved</b></p> <p>The first phase of the modernisation programme has led to a more incremental approach to the delivery of production quality systems. This will deliver specific benefits for two of ONS major statistical sources by March 2006. Other sources are being analysed and the benefits of inclusion within the new framework assessed. Those that have identified sufficient business benefits will be scheduled for inclusion. We will also apply new tools and practices for parts of the existing statistical process where the benefits of doing so are high.</p>
<p><b>By March 2006 the national accounts and labour market statistics will each be managed through an integrated set of standard statistical processes.</b></p>	<p><b>Target on course</b></p> <p>By March 2006 the National Accounts Central Systems and Labour Force critical re-weighting &amp; microdata outputs processes will be addressed through an integrated set of standard statistical processes. These processes will form the foundation to deliver the national accounts and labour market statistics.</p>

Key Result	Delivery/Performance Indicator
<b>To modernise ONS's statistical infrastructure and processes (continued)</b>	
<p>By March 2006 to provide an automated UK wide population estimates and projections capability.</p>	<p><b>Target not on course</b></p> <p>As noted above, ONS has developed an incremental approach to delivering benefits. At present the re-engineering of population surveys is not scheduled for completion by March 2006 because it is now judged that proceeding after the National Accounts project will enable a simpler, lower cost solution.</p>
<p>Deliver through Neighbourhood Statistics the agreed statistical requirements for Neighbourhood renewal.</p>	<p><b>Target on course</b></p> <p>The first version of the Neighbourhood Statistics website was launched in February 2001 and has been substantially developed and enhanced through subsequent releases.</p> <p>The website currently attracts over 1,000 visitors per day on average and has 9,000 registered users.</p> <p>A number of key user benefits have been delivered:</p> <ul style="list-style-type: none"> <li>• creation of an authoritative source of small area statistics</li> <li>• easier access to small area statistical information</li> <li>• better quality small area statistics</li> <li>• better tools for planning neighbourhood renewal and other deprivation related policy goals, and for monitoring outcomes and policy evaluation</li> <li>• more use can be made of small area statistics by core customers</li> <li>• more use can be made of small area statistics by other customers</li> <li>• an enhanced small area analytical capability</li> <li>• increased efficiency across the public sector</li> <li>• increased customer focus within ONS</li> </ul>
<b>To maximise the use of electronic communications</b>	
<p>By March 2005 to provide direct access, links to or direction to all official statistics of the UK via the National Statistics (NS) website.</p>	<p><b>Target not met</b></p> <p>In order for ONS to provide an effective 'one stop shop' for official statistics the following needs to be implemented:</p> <ul style="list-style-type: none"> <li>• ensure all NS releases are covered by National Statistics Online</li> </ul>

Key Result	Delivery/Performance Indicator
<b>To maximise the use of electronic communications (continued)</b>	
	<ul style="list-style-type: none"> <li>introduce a list of all NS releases</li> <li>the new corporate FAST search engine. This will index all of NS Online, specifically Statbase, including departmental government metadata and revised Press Release system that integrates 'Updates'</li> <li>web metrics software tagging for measuring usage and surveys and survey of effectiveness</li> </ul> <p>All data releases have been identified and providers contacted to identify links and data for loading into NS Online. A major effort has been undertaken to upload all links and all identified National Statistics data sets that have been provided by ONS or other government departments will be available in NS Online as soon as issues relating to the search engine software can be resolved.</p>
<b>Value for money</b>	
By March 2006 for the same relative baseline investment to have produced a 25 per cent increase in statistical outputs compared with 2002–03.	This is related now to the SR2004 targets (relating to SMP statistical benefits and the Efficiency targets).
<b>Burden on suppliers</b>	
ONS will agree with the Minister annual plans for compliance costs, which will include targets that recognise the balance between the need for reliable information and the burden on suppliers.	<b>Target met</b> – compliance costs agreed with the Minister at a maximum of £29.6 million (at 2003 prices), with the outturn for 2004–05 estimated to be £29.2 million (at 2003 prices).
<b>To ensure the efficient and accurate registration of key life events</b>	
By March 2006, subject to Parliamentary approval of the legislative process required to implement the changes in the White Paper "Civil Registration: Vital Change" to have developed a system for web enabled registration of all key life events.	Despite failure to progress legislation via Registration Review Order the web based system is on track for delivery in late 2005 (there are significant efficiency savings) however legislation is still required to allow citizens to use electronic means to register key life events and the Office continues to review alternatives.
The registration of births does not fall below 99.9% of all births.	<b>Target met</b> – 99.99% of births registered.
Ninety three per cent of Principal Registration Officers performing satisfactorily or better.	<b>Target met</b> – 97% of Principal Registration Officers performed satisfactorily or higher during 2004–05.

Key Result	Delivery/Performance Indicator
<b>Extant targets remaining from earlier spending reviews</b>	
<p><b>Births and deaths are registered within the timescales set down in legislation:</b></p> <p>Percentage of births registered within the prescribed time for first registration (Prescribed time – 42 days of event – target of 99 %)</p> <p>Percentage of deaths registered within the prescribed time (Prescribed time – 5 days of event, except where the death is referred to a coroner – target of 95 %)</p>	<p>This target is now obsolete as this figure is no longer representative of efficient processes (there are many factors outside the control of the Registration Office) – the key performance measure is the percentage of all births registered being registered in England and Wales (see above).</p> <p>This target is now obsolete as this figure is no longer representative of efficient processes (there are many factors outside the control of the Registration Office) – GRO have no control over the number of inquests, which invariably result in delays in death registration, and these numbers cause an imbalance in the reported metrics.</p>
<b>To meet targets to improve the provision of statistics to the European Commission as set out in the UK action plan</b>	<b>Target on course</b> – The UK has continually shifting targets for the quality and timeliness of data provided to Eurostat. Of the set of Principal European Economic Indicators, regarded as most important by key users of economic statistics, the UK currently meets agreed timeliness targets for 12 of the 19 indicators. Work is underway to meet the remaining targets.
<b>Other Departmental operational targets</b>	
<p><b>ONS Registration Casework processed:</b></p> <p>Urgent within 5 days (Target 99%)</p> <p>Non-urgent within 20 days (Target 95%)</p>	<p><b>Target met</b> – achieved 99.4% for 2004–05 with 12,090 urgent cases actioned.</p> <p><b>Target met</b>– achieved 99.7% for 2004–05 with 43,114 non-urgent cases actioned.</p>
<b>Post or have available for personal collection (at the Family Records Centre only) applications for certified copies of birth, marriage and death entries received by personal application, post, electronically or by telephone within the specified delivery target for the service (details of all the services are on the ONS website)</b>	<b>Target not met</b> – achieved 66.2% for 2004–05 despite continuing record levels of requests (1,631,535 certificate requests received).
<b>To answer public enquiries about statistical activities within 10 days (Target 99%)</b>	<b>Target met</b> 100%.
<b>Pay all bills promptly (Target 100%)</b>	<b>Target just missed</b> – Achieved 99.3% of valid bills paid on time.
<b>Achieve levels of ill health retirement consistent with or better than 3.72 retirements per 1000 employees (By 2005)</b>	<b>Target met</b> – ONS had 8 ill health retirements in 2004–05. This means ONS had 1.77 ill health retirements per 1000 employees.

# Annex B

## ONS Publishing Plan 2004–05

ONS is responsible for a wide range of publications covering economic and other social statistics.

This publishing plan gives details of all the high profile and other regular outputs issued during 2004–05, as well as the major ad hoc and occasional publications.

\* indicates publications which are available in electronic format only via the National Statistics website.

Subject and frequency	High profile regular outputs – First Releases	Other regular and major ad hoc outputs – Reports
<b>Compendia and reference</b>		
Monthly	--	- Monthly Digest of Statistics
Six monthly	--	- Region in Figures summer and winter 2004 (9 volumes)*
Annual	--	- Annual Abstract of Statistics 2005 - Official Yearbook of the United Kingdom of Great Britain and Northern Ireland 2005
<b>Commerce, energy and industry</b>		
Monthly	- Motor vehicle production	- Aerospace and electronic cost indices (MM19)* - Digest of engineering turnover and orders* - Engineering turnover and orders* - Metalworking machine tools* - Motor vehicle production and new registrations (PM34.10)* - Producer Prices Indices (MM22)* - Price index numbers for current cost accounting (MM17)*
Quarterly	- Distributive and service trades - Investment by insurance companies, pension funds and trusts - Mergers and acquisitions	- Assets and liabilities of finance houses and other credit companies (SDQ7)* - Insurance companies, pension funds and trusts investments (MQ5)* - Prodcom sales and trade reports (PRQ series) (48 volumes)* - Stockbuilding (SQ1)*
Annual	- Capital expenditure items purchased by businesses - Gross domestic expenditure on research and development - Overseas direct investment	- Business enterprise research and development* - International service transactions of the film and TV industries* - Mineral extraction in Great Britain 2003 (PA1007)* - Prodcom sales and trade reports (PRA series) (202 volumes)* - Research and development in UK business 2003 (MA14)* - Size analysis of UK businesses 2003 (PA1003)*

Subject and frequency	High profile regular outputs – First Releases	Other regular and major ad hoc outputs – Reports
<b>The economy</b>		
Monthly	<ul style="list-style-type: none"> <li>- Consumer Price Indices</li> <li>- Index of Distribution</li> <li>- Index of Production</li> <li>- Internet connectivity</li> <li>- Producer prices</li> <li>- Public sector finances</li> <li>- Retail sales</li> <li>- UK trade</li> </ul>	<ul style="list-style-type: none"> <li>- Economic Trends</li> <li>- Financial Statistics</li> <li>- Focus on Consumer Price Indices*</li> <li>- Monthly review of external trade statistics (MM24)*</li> <li>- Retail sales (SDM28)*</li> </ul>
Quarterly	<ul style="list-style-type: none"> <li>- Business investment - provisional and final</li> <li>- GDP preliminary estimate</li> <li>- Productivity</li> <li>- Profitability of UK companies</li> <li>- Public sector accounts</li> <li>- United Kingdom Balance of Payments</li> <li>- United Kingdom National Accounts</li> <li>- United Kingdom output, income and expenditure</li> </ul>	<ul style="list-style-type: none"> <li>- Consumer Trends*</li> <li>- Environmental Accounts*</li> <li>- Internet access*</li> <li>- United Kingdom Economic Accounts</li> <li>- United Kingdom trade in goods analysed in terms of industries (MQ10)*</li> </ul>
Six monthly	<ul style="list-style-type: none"> <li>- Government deficit and debt under the Maastricht Treaty</li> </ul>	
Annual	<ul style="list-style-type: none"> <li>- Annual Business Inquiry - provisional, revised and regional results</li> <li>- Business enterprise research and development</li> <li>- Business spending on capital items</li> <li>- E-commerce</li> <li>- Foreign direct investment</li> <li>- GDP on research and development</li> <li>- Taxes and benefits</li> </ul>	<ul style="list-style-type: none"> <li>- Capital stocks and capital consumption from financial balance sheet*</li> <li>- Economic Trends Annual Supplement 2004</li> <li>- Experimental UK health accounts*</li> <li>- Financial Statistics Explanatory Handbook 2005</li> <li>- Overseas direct investment 2003 (MA4)*</li> <li>- Share Ownership 2003*</li> <li>- United Kingdom Balance of Payments (Pink Book) 2004</li> <li>- United Kingdom Input-Output Analyses 2004*</li> <li>- United Kingdom National Accounts (Blue Book) 2004</li> <li>- United Kingdom Trade in Services 2005 (UKA1)*</li> </ul>
Ad hoc	<ul style="list-style-type: none"> <li>- 2003 E-commerce survey of business: ICT usage</li> <li>- Regional gross value added</li> </ul>	

Subject and frequency	High profile regular outputs – First Releases	Other regular and major ad hoc outputs – Reports
<b>Health and care</b>		
Monthly	--	- Weekly Deaths in England and Wales*
Quarterly	--	- Health Statistics Quarterly
Annual	--	- Abortion Statistics 2003 (AB)*
		- Cancer Statistics Registrations 2001 (MB1)*
		- Congenital Anomaly Statistics 2003 (MB3)*
		- Mortality Statistics – cause 2003 (DH2)*
		- Mortality Statistics – childhood, infant and perinatal 2003 (DH3)*
		- Mortality Statistics – general 2002 (DH1)*
		- Mortality Statistics – injury and poisoning 2002 (DH4)*
Ad hoc	--	- Childrens’ dental health in the UK 2003: seven topic reports, summary report, technical report and England, Wales and Northern Ireland county reports*
		- Contraception and sexual health 2003
		- Deaths in 2003: excess winter mortality*
		- Drinking: adults’ behaviour and knowledge 2003
		- Mental health of young people looked after by local authorities in Scotland
		- Mental health of young people looked after by local authorities in Wales
		- National Diet and Nutrition Survey Volume 5: summary report
		- Smoking-related behaviour and attitudes 2003
<b>Labour market</b>		
Monthly	- Integrated Labour Market Statistics	- Labour Market Trends
	- Regional Labour Market Statistics (11 releases)	
Quarterly	--	- Labour Force Survey Quarterly Supplement*
Six monthly	--	- Work & worklessness among households*
Annual	- Annual Survey of Hours and Earnings	- Annual Survey of Hours and Earnings 2004*+
	- Jobs in the public sector*	- Jobs in the public sector*

Subject and frequency	High profile regular outputs – First Releases	Other regular and major ad hoc outputs – Reports
<b>Population and migration</b>		
Quarterly	--	- Population Trends
Annual	<ul style="list-style-type: none"> <li>- Births and Deaths in England and Wales</li> <li>- Divorces</li> <li>- First names</li> <li>- International migration</li> <li>- Marital status estimates*</li> <li>- National population projections</li> <li>- Population estimates for England and Wales</li> <li>- 2003-based subnational population projections</li> </ul>	<ul style="list-style-type: none"> <li>- Birth Statistics 2003 (FM1)*</li> <li>- Conception Statistics 2001*</li> <li>- Electoral statistics 2004*</li> <li>- Internal migration estimates*</li> <li>- International migration 2002 (MN)*</li> <li>- Inter-regional migration movements within the UK*</li> <li>- Key Population and Vital Statistics 2002 (PP1/VS)</li> <li>- Marriage, Divorce and Adoption Statistics 2002 (FM2)*</li> <li>- National population projections 2003-based*</li> <li>- 2002-based subnational population projections*</li> </ul>
Two yearly	--	- National population projections 2002-based (PP2)
Ad hoc	<ul style="list-style-type: none"> <li>- Estimates of private household population for 2003</li> <li>- Mid 2001 to 2002 population estimates for UK, England and Wales local authorities and GORs in England</li> <li>- Mid 2001 to 2003 population estimates; primary care trusts in England</li> <li>- Mid 2003 population estimates; regional and local authorities in England and Wales</li> <li>- Mid 2003 population estimates; UK England and Wales local authorities and GORs in England</li> </ul>	<ul style="list-style-type: none"> <li>- 2001 Census: definitions</li> <li>- 2001 Census: key statistics for urban areas; North, Midlands, South East and South West &amp; Wales</li> <li>- 2001 Census: local authority population studies progress review*</li> <li>- 2001 Census: Manchester and Westminster matching studies summary report*</li> <li>- Mid 1991 to 2000 marital status historical back series for England and Wales*</li> <li>- Mid 1992 to 2000 population estimates historical back series for UK England and Wales local authorities and GORs*</li> <li>- Mid 2001 to mid 2002 marital status estimates for England and Wales*</li> </ul>

Subject and frequency	High profile regular outputs – First Releases	Other regular and major ad hoc outputs – Reports
<b>Social and welfare</b>		
Monthly	- Internet access – households and individuals	
Annual	- Expenditure and food survey	- Effects of taxes and benefits on household income 2002–03* - Family Spending 2002–03 - General Household Survey 2003–04*++ - Social Trends 2005
Ad hoc	--	- Focus on families (overview)* - Focus on health and disability (overview)* - Focus on older people (overview)* - Focus on religion (overview)* - Focus on social inequalities (overview and full report) - Sport and leisure: results from the 2002 General Household Survey
<b>Transport, travel and tourism</b>		
Monthly	- Overseas travel and tourism	--
Quarterly	--	- Overseas travel and tourism (MQ6)*
Annual	--	- Travelpac 2003 CD-ROM - Travel Trends 2003
<b>Other</b>		
		- National Statistics Methodology Series reports (various) - National Statistics Quality Review series (various) - Survey Methodology Bulletin (six-monthly)

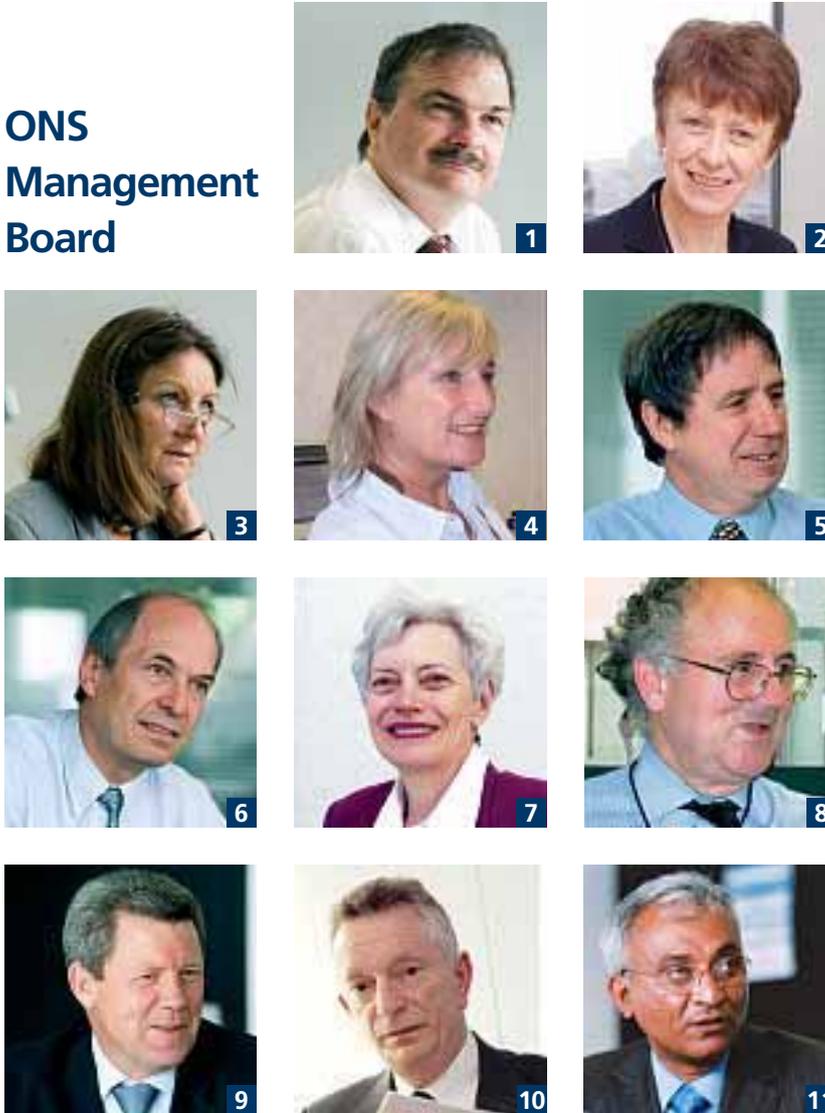
+ Replaces New Earnings Survey

++ Full General Household Survey results now published online only. Former Living in Britain print publication content incorporated into Social Trends. Regional Trends has been delayed until 2006.

# Annex C

## Corporate Governance Structure

### ONS Management Board



- 1. Len Cook**  
Director of ONS  
National Statistician  
Registrar General for  
England and Wales
- 2. Hilary Douglas**  
Executive Director  
Chief Operating  
Officer  
*Corporate Development  
Directorate*
- 3. Karen Dunnell**  
Executive Director  
*Surveys & Administrative  
Sources Directorate*
- 4. Jil Matheson**  
Executive Director  
*Economic and Social  
Reporting Directorate*
- 5. Colin Mowl**  
Executive Director  
*Macro-economics and  
Labour Market  
Directorate*
- 6. Dennis Roberts**  
Executive Director  
*Registration Services*
- 7. Cynthia Clark**  
Executive Director  
*Methodology  
Directorate*
- 8. Joe Grice**  
Executive Director  
*Centre for Measurement  
of Government Activity*
- 9. Mike Hughes**  
Corporate Director  
*National Statistics &  
Planning Group*
- 10. Alf Oldman**  
Corporate Director  
Interim Finance  
Director
- 11. Dayantha Joshua**  
Corporate Director  
*Information  
Management Group*

1. The top strategic committee is the ONS Policy Board. This comprises Len Cook (chair) and the three non-Executive Directors of ONS (Gwen Batchelor of Abbey National Treasury Services plc, Professor Janet Finch of the University of Keele, and Sir Robert Culpin, formerly Second Permanent Secretary, HM Treasury). The Executive Directors attend Policy Board meetings. The non-Executive Directors were appointed with the agreement of the Chancellor of the Exchequer. They are independent of management and have the knowledge, experience and authority to enable them to influence the Board's decisions. They bring valuable insights and broaden the experience available to the Director at a time of significant change. One non-Executive Director chairs the ONS Audit Committee.

2. The Policy Board has agreed new terms of reference for all top-level committees, with the new Management Board replacing the Executive Committee; this Board will remain the main governance committee. The role of the Investment Board has been expanded to cover not only the allocation of funds to strategic programmes and business areas, but also to hold OMB members to account for the delivery of their objectives.

# resource accounts

# Resource Accounts

## Year ended 31 March 2005

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# Foreword to the Accounts

## Accounting boundary

The Office for National Statistics was formed on 1st April 1996 by the merger of the Central Statistical Office (CSO) and the Office of Population Censuses and Surveys (OPCS). It is one of the Chancellor of the Exchequer's Departments and is also an Agency in its own right. It is the only entity within the accounting boundary.

## Aims and objectives

ONS's aim is to provide trustworthy official statistics and an efficient registration service, which enable timely and decisive government, business and community activities.

Its strategic objectives are:

- to be an authoritative and trusted publisher of statistics about the UK economy and society
- to ensure the efficient and accurate registration of key life events
- to drive the development of National Statistics
- to contribute to the leadership of the statistical system of the European Union and ensure that engagement in international statistics is effective in the breadth of issues important to the UK.

## Principal activities

ONS's principal activities are the collection, analysis and dissemination of business, economic, socio-economic, health and population statistics, the production of social surveys, the census of population for England and Wales, maintenance of the National Health Service Central Register and the registration of births, deaths and marriages.

## Annual report

The Annual Report covers the main developments during the year and those in prospect for the following year.

## Highlights of the year include:

Since the first 2001 Census results were published in September 2002, ONS has continued to review the methods and evidence surrounding the population estimates it produces.

Using new information from the 2001 Census and a range of sources, ONS has developed a new series of reports called '*Focus on...*'

ONS has produced revised estimates of pension contributions, drawing attention to problems with the wider National Accounts treatment of pensions and looking to the possible impact on GDP and other key economic statistics.

ONS initiated a work programme designed to improve coherence of public sector employment statistics, in particular co-ordinating the compilation of the statistics across government.

Considerable improvements have been made to ONS's earnings statistics over the past year and further major enhancements are in hand.

ONS received a number of positive reports during the year including:

- The Better Regulation Task Force (BRTF) report '*Less is More*' highlights ONS control of surveys as an example of good practice across government;
- The Hampton Review demonstrated the extent to which ONS already considers and calculates the cost to business of participating in our surveys;
- The European Court of Auditors reported that the "organisation and supervisory controls and procedures are implemented, checked, reviewed and audited and are operational and functioning effectively".

ONS has driven forward the National Statistics agenda on a number of fronts, both on our own account, and as the central co-ordinating agency for the Government Statistical Service (GSS) as a whole.

The UK is actively engaged with international organisations in the development of standards and classifications, as well as providing leadership across a wide range of statistical issues. In addition ONS has been involved in a range of statistical capacity building activities with other national Statistical Institutes.

The Annual Report also covers the progress made in a number of other areas, including:

The first phase of the statistical modernisation programme is now complete. It has successfully created an early version of a central ONS repository for data demonstrated through use of a prototype system that the vision of a common technological environment is feasible. A phased approach to developing our major statistical sources is being implemented to leverage benefits as early as possible.

The Neighbourhood Statistics Programme successfully delivered the latest stage of a web-based statistical system in April 2005.

The Civil Registration Review Programme has led successful procurement activities to enable the Office to develop its infrastructure and to digitise key life event data to enhance registration services for all citizens.

Planning for the 2011 Census has started earlier than for the 2001 Census in order to improve the outcome and to mitigate many of the risks.

The Review into economic policy making led by Christopher Allsopp was completed and plans for implementation commenced.

The Review into government outputs and productivity led by Sir Tony Atkinson was completed and the UK Centre for Measurement of Government Activity set up to take forward the work in this area.

## Pension liabilities

Employees of ONS are civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. For the year ended 31 March 2004, contributions were paid to the Paymaster General at rates of 12% to 18.5% (according to grade) of salaries determined by the Government Actuary and advised by HM Treasury.

## Management

During this financial year, day to day ministerial responsibility for ONS lay with the Financial Secretary to the Treasury. The Director of ONS was Len Cook. The ONS Board consists of the Director, three Non Executive Directors, seven Board Directors and three senior managers. The Executive Management Group consists of the Director, seven Board Directors and three senior managers.

Len Cook was appointed as Director of ONS and National Statistician on 25th May 2000. His appointment was on a contract basis for a period of 3 years and was made as the result of an Open Competition. Prior to this appointment he was Chief Executive of Statistics New Zealand.

In December 2002 the Financial Secretary to the Treasury approved an extension of his contract to 31st December 2005. However, Mr Cook has decided that his last day of service with ONS will be 26th August 2005.

Salaries for Executive Committee members are determined within parameters set by the Senior Salaries Review Body. Non-executive Directors are paid a flat fee plus expenses. Salary details are shown at Note 3 to the Accounts.

## Policy on disabled staff

ONS is committed to equal opportunities for disabled staff, including full implementation of the 1995 Disability Discrimination Act. ONS has received Employment Service approval for the use of the 'Two Ticks' symbol on stationery and advertisements to denote our positive approach to disability. We publish an annual 'Equal

opportunities programme for action' which includes action for staff with disabilities.

### Diversity policy

ONS values the diversity of all our staff and job applicants. We believe that we should treat them fairly in all aspects of their employment. They should have equal opportunity to progress and reach their full potential, irrespective of their gender, ethnic origin, disability, sexual orientation or religious belief and should be free from any form of harassment.

### Policy on staff consultation

ONS recognises PCS, Prospect and FDA to represent staff. Formal and informal discussions regularly take place on a number of matters of mutual interest. Staff are also represented on the Health & Safety Committee, working with managers to ensure a safe working environment.

Our published Visions and Values statement recognises the need to maintain a well-motivated workforce by development of skills, teamwork and good management. ONS is IIP accredited.

Monthly briefing sessions are held for all staff. These are based on a cascaded message from the Board ('ONS Talk'). They provide staff with an opportunity to respond to issues raised in the brief and to give feedback to the Board.

### Creditor Payment Policy

ONS is committed to the CBI prompt payment code and aims to pay all invoices within 30 days of receipt of goods or presentation of a valid invoice, whichever is later. During 2004 - 05, 99% of all valid invoices were paid within 30 days.

### Company Directorships

No Board members hold external directorships or any other significant interests, which may conflict with their management responsibilities

### Auditors

The Comptroller and Auditor General examines ONS's Resource Accounts under the Government Resources and Accounting Act 2000 and reports his findings to the House of Commons

The cost of these statutory audit services for the year ended 31 March 2005 was £46,500.

There was no other statutory audit work undertaken during the year.



L Cook  
12 July 2005

# Statement of the Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, ONS is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the department during the year.

In preparing accounts, the Agency is required 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 have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Treasury has appointed the Director of the Office for National Statistics as the Accounting Officer for the Department with responsibility for preparing the Department's Estimate.

The responsibilities of an Accounting Officer, include responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in Government Accounting.

The Accounting Officer's responsibility for the keeping of proper records includes the responsibility for the maintenance, integrity and upkeep of the resource accounts on the ONS website.

## Statement on Internal Control, 2004–05

### 1. Scope of responsibility

**1.1** As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of ONS's policies, aims and objectives, set out in the Annual Business Plan and agreed by Treasury Ministers, whilst safeguarding the public funds and departmental assets for which I am personally responsible in accordance with the responsibilities assigned to me in Government

Accounting. ONS is both an Executive Agency and a Chancellor of the Exchequer's Department and as such takes direction on resources, priorities and business compliance from its assigned Minister within the Treasury. In 2004–05 this was the Financial Secretary. I report to the Minister on major issues affecting the Office, including risks, on a regular basis. Where necessary I have meetings with the Minister on serious issues of risk or reputation.

## 2. The purpose of the system of internal control

**2.1** The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to devote appropriate resource to managing them. The system of internal control has been in place in ONS for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## 3. Capacity to handle risk

**3.1** In 2004–05, the ONS Management Board, which comprised the Executive and Corporate Directors of the Office, met fortnightly and acted as the senior internal management committee of the Office. Weekly meetings of Executive Directors provide opportunities for discussion on emerging risk. Nominated Management Board members are committed to review regularly the major risks for which they were responsible. Also in 2004–05, the ONS Investment Board, which had similar membership to the Management Board, met regularly and determined investment in ONS systems and financial allocations to projects and programmes of work.

**3.2** The ONS Policy Board comprises the Executive and non-Executive Directors and meets five times per year. It uses these meetings to discuss both high level strategic issues and current or potential aspects of specific risk or difficulty, where non-Executive Directors have the opportunity to provide advice from an external perspective. The Policy Board undertakes an annual planning and review workshop at which corporate risks form part of the agenda.

**3.3** In the last quarter of 2004, the National Statistician invited Professor Gillian Stamp of the Brunel Institute for Organisation and Social Studies at Brunel University to review ONS Management Board management processes. In the light of Professor Stamp's analysis, the ONS Policy Board decided upon a number of recommendations and these have now been implemented. The main result was that the meetings of the Management Board (now to be known as the Executive Management Group) would be less frequent and more focused, with more emphasis on the strategic direction, and a stronger review role. A number of small Committees would regularly be looking at specific business areas and reporting back. The Committees will have the authority to make decisions within their brief on behalf of the board and will report back monthly to the Executive Management Group, which will be chaired by myself. The short weekly meeting of all board members focuses on the issues of the time, and sharing information.

**3.4** Training in risk management has been incorporated into ONS training programmes ranging from induction to advanced management. In particular it is a core element of project management training. Guidance has been provided for completing risk registers, which provides direction for risk escalation. Staff in the Risk Unit have been given more specialist training on risk management ensuring they are better able to provide advice on this subject.

## 4. The risk environment

**4.1** The legacy of varying systems and practices which ONS took over when formed in 1996 means that risk management has represented a disproportionately high cost for the Office arising from the need to maintain close oversight of what should be systematised processes. The key strategic priority of the ONS over the last three years, and for at least the next two years, is to increase the

systematisation of statistical processes and to upgrade these processes so as to reduce the risk to statistical outputs. This involves some temporary risk to ongoing business, and to the delivery of outputs under existing statistical systems, which is consequently a key issue for ONS risk management. The changes to statistical processes are being carried out through a major transformation programme, using funds allocated to the Office in the 2002 Spending Review, and subject to oversight through the Office for Government Commerce's Gateway process. This reporting year 2004–05 was the first year when significant development funds came available from the SR2002 spending review for this purpose.

- 4.2** Under current systems and delivery arrangements, the main processes which ONS has in place for identifying, evaluating, and managing risk are a Risk Strategy built around four key themes:
- a) clear ownership of roles and responsibilities,
  - b) corporate systems to identify, report, and evaluate risks and their potential impact,
  - c) ensuring staff have appropriate skills to identify and assess the potential for risks to arise, and
  - d) a culture which supports well-managed risk taking where it is likely to lead to sustainable improvements in service delivery. This means having the right leadership and management to focus and motivate ONS to capitalise on emerging opportunities in the face of constantly changing circumstances.

A number of internal audit reports related to the four types of control about managing risk. The emphasis has shifted from operational to developmental activities.

The need for quality and reliability in statistical outputs requires ONS to have a relatively low tolerance of risks within its core business areas.

There are components in most current systems that require more oversight because of their outdatedness. Our medium-term approach to mitigating this risk is the modernisation strategy, but that is not sufficient for the shorter term where more traditional measures will continue to be deployed.

- 4.3** Management of risk is embedded in policymaking, planning and delivery by:
- a) a central Risk Unit to manage the corporate risk infrastructure and guidance,
  - b) a Risk Management Task Force of mainly senior officers, meeting in 2004–05, chaired by the Corporate Services Director, to oversee the Department's handling of risks,
  - c) a Risk Register which identifies risks and assesses their potential impact, and is used by the Management Board to help monitor risks at the corporate level,
  - d) a requirement to consider risk in the business planning processes, with high level risks included in the ONS plan, and others identified in lower level (usually Divisional) plans,
  - e) the introduction of project and programme management processes/techniques so that project managers can identify, report on and manage risks,
  - f) the expansion of Centre of Excellence, established during 2003–04, in accordance with guidance from the Office for Government Commerce, aimed at ensuring good governance and management of major ONS programmes, and
  - g) the Audit Committee's focus on risk, particularly as identified by internal audit and during the preparation and publication of the Resource Account.

- 4.4** Although ONS statistics have a key role to play in the formulation of public policies, ONS's delivery of statistical outputs does not have

much direct impact on the public individually. However, controls over the confidentiality of unit data records is an important issue for both the public and businesses. Maintaining such controls is a key feature of ONS's data management systems and is now embedded in the National Statistics Code of Practice (Principle 5) and the associated Data Access and Confidentiality protocol.

## 5. Review of effectiveness

**5.1** As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Risk Management Task Force and a plan to ensure continuous improvement of the system is in place.

**5.2** The ONS Audit Committee is constituted in line with Treasury guidance with a balance of executive and non-executive members and a non-executive member in the chair. I am not a member of the Committee but usually attend its meetings, as do our Internal Auditors and the NAO. The Committee's terms of reference incorporate a right of access to the Chair for the Head of Internal Audit. The effectiveness of internal audit has been strengthened by adopting an audit programme with an increased focus on higher risk areas.

**5.3** The Internal Audit programme covers the range of ONS activities, including statistics and registration, but with a strong emphasis on corporate, financial and administrative systems. Within the statistical areas a range of reviews take place outside the audit

programme, including reviews which are part of the National Statistics quality review programme, reviews initiated by the Statistics Commission and others initiated by the National Statistician. There was concern about web-site control and the control processes around how ONS put data in the public domain but corrective action has now been taken.

**5.4** Along with the board effectiveness review noted above, in mid 2004 I set in train a change in the leadership structure of the corporate processes of the ONS, in order to strengthen their reliability during the period of development, and to lead change in HR, Finance and Communications activities, which needed to develop at the same pace, if not faster, than the change in statistical activity. This led to the re-grading of the higher posts, the adoption of the proposals of the HMT finance directorate for reform of departmental finance functions, and more integration of the planning of developments with the organisation of ongoing operations.

## 6. Significant management and control issues for the Office in 2004–05

**6.1** These issues have been identified because of their potential impact on ONS financial accounts, rather than any possible threat to public confidence in the reliability of ONS judgement or the integrity of National Statistics.

**6.2** Modernisation - As part of our delivery agenda we are looking at the interfaces between four of our key Programmes, the Statistical Modernisation Programme (SMP), the Technology Modernisation Programme (TMP), Neighbourhood Statistics Programme (NeSS) and implementation of the Allsopp recommendations for regional economic statistics. These four Programmes have many interdependencies, which contribute to the delivery of cash and non-financial benefits, and

efficiency savings. Given this, we have embarked on a work programme in order to view and manage the four Programmes in an integrated way. We have adopted proven methodology for Benefits Realisation Management:

- i. to help identify options and activities which are most likely to lead to cash benefits, and
- ii. to identify any potential duplication of activity as well as those activities which can be stopped or deferred.

The modernisation programme has also highlighted the need to strengthen our financial organisation where new skills and competencies are required. We commissioned an internal audit review of the effectiveness of the financial controls and procedures in place in relation over SMP and TMP which has identified a number of important areas requiring improvement. During the year we took immediate steps to correct weaknesses which will have a beneficial impact on the rest of the rest of the programmes.

- 6.3** Efficiency - We have a target to reduce staff numbers by 700 by 2008. We are confident that our modernisation programme will produce very substantial efficiencies but the full benefits will only come on stream 2008 - 11.
- 6.4** We have initiated a number of other projects to streamline our administrative processes and

the large clerical process in Southport which deals with requests for copies of registration certificates. These will significantly reduce our cost base by 2008. However, to ensure we operate within our baseline and keep on track to meet staff number reductions, we are also evaluating the impact of cutting or reducing the frequency of some lower priority statistical outputs to achieve the necessary savings.

- 6.5** We have started a Financial Management Improvement Programme, using the Treasury's financial management framework guidelines as a benchmark. This provides stretch targets for which we have plans in place with defined timetables to achieve improvements in financial management. As part of an improvement programme we shall be focusing upon asset management, together with increased accuracy and timeliness of our financial management information - a key element here is our investment in a new ERP system. This includes plans to increase the number of professionally qualified accountants in line with the draft Gateway Standards for finance professionals.



Len Cook  
15 July 2005

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

I certify that I have audited the financial statements on pages 59 to 63 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 64 to 66.

## Respective responsibilities of the Accounting Officer and Auditor

As described on page 52 the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Department has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Accounts, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 52 reflects the Department's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Department in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with

sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In my opinion:

the financial statements give a true and fair view of the state of affairs of the Office for National Statistics at 31 March 2005 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and

in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

**John Bourn**

**National Audit Office**

Comptroller and Auditor General  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

Date: 13 July 2005

## Schedule 1

### Summary of Resource Outturn 2004–05

	Estimate			2004–05 Outturn			2003–04	
	Gross Expenditure 1 £000	A in A 2 £000	NET TOTAL 3 £000	Gross Expenditure 4 £000	A in A 5 £000	NET TOTAL 6 £000	Net total Outturn compared with Estimated saving/ (excess) 7 £000	Prior year Outturn 8 £000
Providing Statistical & Registration Services	202,061	(45,250)	156,811	200,033	(44,973)	155,060	1,751	133,373
<b>TOTAL RESOURCES</b>	<b>202,061</b>	<b>(45,250)</b>	<b>156,811</b>	<b>200,033</b>	<b>(44,973)</b>	<b>155,060</b>	<b>1,751</b>	<b>133,373</b>
NON OPERATING COST A in A			(250)			(39)	211	(51)
<b>NET CASH REQUIREMENT</b>			<b>174,192</b>			<b>172,203</b>	<b>1,989</b>	<b>131,955</b>

Summary of income payable to the Consolidated Fund. (In addition to appropriations in aid, the following income relates to department and is payable to the Consolidated Fund (cash receipts being shown in italics and figures in £000s)

	Forecast 2004–05			Outturn 2004–05	
	Note	Income	Receipts	Income	Receipts
Total	--	--	--	--	--

#### Reconciliation of resources to cash requirement

	Note	£000	£000	£000	£000
<b>Net Total Resources</b>		156,811	155,060	1,751	133,373
<b>Capital:</b>					
Acquisition of fixed assets	9	33,074	35,262	(2,188)	15,290
<b>Non Operating Cost A in A</b>					
Proceeds of fixed asset disposals		(250)	(39)	(211)	(51)
<b>Accruals adjustments:</b>					
Non-cash items	4	(15,884)	(17,575)	1,691	(13,249)
Changes in working capital other than cash	12	--	(1,123)	1,123	(4,185)
Payments from provision	17	441	618	(177)	777
<b>Excess cash receipts to be surrendered to the Consolidated Fund</b>	see above	--	--	--	--
<b>Net Cash Requirement (Schedule 4)</b>		<b>174,192</b>	<b>172,203</b>	<b>1,989</b>	<b>131,955</b>

## Schedule 2

### Operating Cost Statement for the period ended 31 March 2005

		2004-05	2003-04
	Note	£000	£000
<b>Administration Costs</b>			
Staff costs	3	119,663	107,821
Other administration costs	4	80,370	67,252
<b>Gross Administration Costs</b>		200,033	175,073
Allowable income	5	(44,973)	(41,700)
<b>Net Administration Costs</b>		155,060	133,373
<b>Programme Costs</b>			
NIL		--	--
<b>Net Operating Costs</b>	7	155,060	133,373
Add: operating income classified as CFER	16	--	--
<b>Net Resource Outturn</b>	7 & 8	155,060	133,373
<b>Statement of Recognised Gains and Losses for the period ended 31 March 2005</b>			
		2004-05	2003-04
		£000	£000
Net gain on revaluation of tangible fixed assets	19	3,086	90
		3,086	90

## Schedule 3

### Balance Sheet as at 31 March 2005

	Note	2004-05		2003-04	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible Assets	11 & 13	94,625		70,324	
Intangible Assets	10	2,467		1,097	
			97,092		71,421
<b>Current Assets</b>					
Debtors	14	10,492		9,912	
Cash at bank and in hand	15	1,989		7,603	
		12,481		17,515	
Creditors due within one year	16	(15,698)		(18,941)	
<b>Net Current Assets / (Liabilities)</b>			(3,217)		(1,426)
<b>Total Assets less Current Liabilities</b>					
Creditors (due after more than one year)		--		--	
Provisions for liabilities and charges	17	(1,827)		(1,635)	
			(1,827)		(1,635)
			92,048		68,360
<b>Taxpayers' Equity</b>					
General Fund	18 & 19		72,567		50,843
Revaluation Reserve	19		19,481		17,517
			92,048		68,360



**L. Cook**

12 July 2005

## Schedule 4

### Cash Flow Statement for the period ended 31 March 2005

	2004-05	2003-04
	£000	£000
Net outflow from operating activities ( <i>Note i</i> )	(136,980)	(115,867)
Capital expenditure and financial investment ( <i>Note ii</i> )	(35,223)	(15,239)
Payments of Extra Receipts to the Consolidated Fund ( <i>Note iii</i> )		(849)
Financing ( <i>Note iii</i> )	166,589	135,500
Increase/(Decrease) in cash in period	(5,614)	3,545

#### Notes to the cash flow statement

##### Note i: Reconciliation of operating cost to operating cash flows

Net Operating Cost	155,060	133,373
Adjustments for non-cash transactions (see Note 4)	(17,575)	(13,249)
Adjustments for movements in working capital other than cash (see Note 12)	(1,123)	(5,034)
Utilisation of provisions (see Note 17)	618	777
<b>Net cash outflow from operating activities</b>	<b>136,980</b>	<b>115,867</b>

##### Note ii: Analysis of capital expenditure and financial investment

Intangible fixed asset additions (see Note 10)	3,119	793
Tangible fixed assets additions (see Note 11)	11,067	4,776
Assets under construction additions (see Note 13)	21,076	9,721
Proceeds of disposal of fixed assets (see Note 9)	(39)	(51)
<b>Net cash flow for capital expenditure and financial investment</b>	<b>35,223</b>	<b>15,239</b>

##### Note iii: Analysis of financing and reconciliation to the net cash requirement

From the Consolidated Fund (Supply): current year (Note 1 below)	166,589	135,500
From the Consolidated Fund (Supply): prior year	--	--
<b>Net financing</b>	<b>166,589</b>	<b>135,500</b>
Decrease/(Increase) in Cash (see Note 15)	5,614	(3,545)
Net cash flows other than financing	172,203	131,955
CFERs received in a prior year and paid over	--	--
CFERs received and not paid over	--	--
<b>Net Cash Requirement for the year (Schedule 1)</b>	<b>172,203</b>	<b>131,955</b>

1. Amount of grant actually issued in support of the net cash requirement = £166,589,148.01 (see Notes 18 & 19)

## Schedule 5

### Resources By Departmental Aim for the period ended 31 March 2005

	2004-05			2003-04		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
<b>Departmental Aim</b>						
Objective 1 Statistical Services	164,689	(25,609)	139,080	146,549	(25,715)	120,834
Objective 2 Register Services	35,344	(19,364)	15,980	28,524	(15,985)	12,539
<b>Total</b>	<b>200,033</b>	<b>(44,973)</b>	<b>155,060</b>	<b>175,073</b>	<b>(41,700)</b>	<b>133,373</b>

# Notes to the Account

## 1. Statement of accounting policies

The accounts for the year ended 31 March 2005 have been prepared in accordance with an Accounts Direction issued by HM Treasury and the Treasury Resource Accounting Manual. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Accounting convention

The accounts have been prepared under the historical cost convention, modified to account for the revaluation of tangible fixed assets at their value to the business by reference to their current costs.

### 1.2 Fixed assets

Tangible assets include land and buildings, computers and associated equipment, in-house developed software and applications, vehicles, office machinery, furniture and fittings.

Intangible assets consist of proprietary software.

With the exception of PCs and office furniture, individual assets must exceed a capitalisation threshold for inclusion as fixed assets.

PCs and office furniture items falling below the threshold are capitalised as groups.

ONS owns no land but rents accommodation at Drummond Gate and Myddelton Place in London and at Lancaster Court in Titchfield.

Civil Estate property is occupied in Newport, Titchfield, Christchurch, and Southport. The land and buildings have been restated at current cost using professional valuations every 5 years and appropriate indices in intervening years. A professional valuation last took place during 2000–01 with another is scheduled during 2005–06.

Other tangible assets have been stated at current cost by using indices taken from the ONS publication “Price Index Numbers for Current Cost

Accounting”, with the exception of In-house developed software applications (see Note 2).

### 1.3 Statistical and registration records

Statistical and registration 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 which would arrive at a meaningful valuation.

The cost of storing and maintaining the data has been charged to the Operating Cost Statement as incurred.

### 1.4 Depreciation

Civil Estate land is not depreciated.

Depreciation is calculated so as to write-off the revalued cost or the valuation of assets by equal instalments over their estimated useful lives down to a residual value, as follows,

Computers	4 - 7 years
In-house developed software and applications	5 - 9 years
Office machinery/furniture & fittings	4 - 10 years
Motor vehicles	5 years
Buildings and refurbishment	Remaining life of lease

The life of each category of asset is reviewed annually.

Purchased computer software licenses are capitalised as intangible fixed assets where expenditure of £2,000 or more is incurred. Software licenses are amortised over the shorter of the term of the licence and the useful economic life.

### 1.5 Assets in course of construction

This consists of certain property related expenditure and the development of in-house bespoke software applications. It is valued at the lower of cost, including appropriate overheads and net realisable value and capitalised on completion in accordance with FRS15.

## 1.6 Research & development

ONS undertakes certain research into statistical and survey methodology. Costs are charged to the Operating Cost Statement as they arise.

## 1.7 Operating income

Operating income comprises the invoiced value of services supplied to the Private Sector, the wider Public Sector and other Government Departments. Prices are calculated in accordance with the “Treasury Guide to Fees and Charges” and aim to recover the full economic cost of their production.

## 1.8 Leases

Assets held under finance leases are included under tangible fixed assets at their capital value and depreciated over their useful economic lives. Leasing payments consist of capital and interest elements and the interest is charged to the Operating Cost Statement. Rentals due under operating leases are charged over the lease term on a straight-line basis or on the basis of actual rentals payable where this fairly reflects usage.

ONS sub-leases some property to third parties. Income from these leases is charged as income in the Operating Cost statement.

## 1.9 Administrative & programme expenditure

ONS has no programme expenditure; all expenditure falls under administration.

## 1.10 Capital charge

The financing structure of ONS does not include specific interest bearing debt, but to ensure that the Operating Cost Statement bears an appropriate charge for the use of capital in the business in the year, a notional interest charge is included. In accordance with Treasury guidance, the calculation is based on a 3.5% rate of return on average net current assets employed at closing balance sheet values. For tangible, intangible and assets under construction the capital charge is calculated on their net book value.

## 1.11 Foreign exchange

Transactions which are denominated in a foreign currency, are translated into sterling at the exchange rate ruling on the date of each transaction.

Where material, assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rate ruling at the Balance Sheet date.

## 1.12 Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes which are described at Note 3A. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependant’s benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the 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 department recognises the contributions payable for the year.

## 1.13 Early departure costs

ONS is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. ONS provides in full for these costs whenever there is commitment to early retirements. ONS may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General’s account at the Bank of England for credit to the Civil Superannuation Vote. The amount provided is shown net of any such payments.

## 1.14 VAT

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

## 2. Change to estimation technique

With effect from the 2004 - 05 accounts the following material changes in estimating techniques have been introduced in order to meet the needs of in-year expenditure control:

- 1 Valuation and Depreciation of intangible fixed assets. Due to the lack of an appropriate index for software licences, ONS's intangible assets are no longer revalued. The net book value of assets brought forward are being depreciated over their remaining life. For all new assets, the purchase price is being depreciated over the life of the asset using a straight-line method. Previously these assets were revalued using a computer hardware index.
- 2 Valuation of In-house Developed Software Applications. As the majority of the construction costs of these assets are staff related, the index used for revaluation is a business deflator produced by ONS. Previously a computer hardware index was used.

### Impact of change in estimating technique.

The above changes have had the following effects:

- Schedule 1, 2, and 5: a decrease in expenditure of £723,000”
- Schedule 3: an increase in values of fixed assets of £1,120,000”

### 3. Staff numbers and costs

#### A. Staff costs consist of:

	2004–05			2003–04
	Total	Permanently employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	87,520	84,279	3,241	78,634
Social security costs	6,404	6,339	65	5,740
Other pension costs	11,107	11,005	102	10,097
<b>Sub total</b>	<b>105,031</b>	<b>101,623</b>	<b>3,408</b>	<b>94,471</b>
Fee-paid Interviewers	14,632	14,632	--	13,350
<b>Total</b>	<b>119,663</b>	<b>116,255</b>	<b>3,408</b>	<b>107,821</b>
Less recoveries in respect of outward secondments	(177)	(177)	--	(81)
<b>Total net costs (see Notes)</b>	<b>119,486</b>	<b>116,078</b>	<b>3,408</b>	<b>107,740</b>

The Principal Civil Service Pension Schemes (PCSPS) to which most of the department's employees are members are unfunded multi-employer defined benefit schemes, but the Office for National Statistics is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2004–05, normal employer contributions of £11,966,908 were payable to the PCSPS (2003–04 £10,848,862) at one of four rates in the range 12 to 18.5 per cent (2003–04: 12 to 18.5 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews contributions every four years following a full scheme valuation. Rates will increase from 2005-06. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with employer contribution.

Employers' contributions of £166,291 (2003–04 £77,118) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. In addition, employer contributions of £15,209, (2003–04 £5,380) 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £14,393 (2003–04 £21,732).

Contributions prepaid at that date were nil.

#### B. The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

OBJECTIVE	2004–05					2003–04	
	Total	Senior Management	Officials	Staff on inward secondment	Interviewer Field Force	Agency, temporary and contract staff	Total
1 Statistical Services	3,721	6.0	2911.0	16	727	61	3,544
2 Register Services	789	1.5	784.5	--	--	3	725
<b>TOTAL (see Note)</b>	<b>4,510</b>	<b>7.5</b>	<b>3695.5</b>	<b>16</b>	<b>727</b>	<b>64</b>	<b>4,269</b>

**Notes:**

- i. In 2002-03 new contracts were introduced governing the terms and conditions of the interviewer field force. At the balance sheet date, we estimate that approximately 66% of the field force had moved over to these new contracts. As the field force are staff working to further ONS objectives, their salary and associated NI and pension costs are included at A above (and in whole-time equivalent terms, at B above). In years prior to 2002-03 these costs had been shown in Note 4, Other administration costs as were Agency staff.
- ii. £3,056,000 of salary costs have been charged to capital and not included in the Operating Cost Statement. In 2003-04 the amount charged to capital was £2,887,000.
- iii. Included in Others at A are non-executives, inward secondments or loans from other organisations, agency/temporary staff and contract staff.
- iv. The staff numbers tabulated above at B (4,510) differs only slightly from those forecast in the Spring Departmental Report where the forecast average was 4530 (i.e. the average of 1.4.04 actuals of 4310 and the 1.4.05 estimate of 4570). The previous SDR practice of converting overtime into full-time equivalents has been discontinued.
- v. The staff numbers at B were averaged out on a month by month basis in accordance with para 56(1a) of the Companies Act 1985 and relate to the number of staff on the payroll each month.
- vi. The recoveries in respect of outward secondments are included in the administrative income shown on Note 5.

**C. The salary and pension entitlements of the most senior managers of the Department were as follows****(a) Remuneration:**

Name and Title	2004-05 Salary £000	2003-04 Salary £000
Mr Len COOK * Director, Registrar General, Head of the Government Statistical Service and the National Statistician	170 - 175	160 - 165
Mr John PULLINGER Executive Director until 30 November 2004 (currently on secondment to the House of Commons)	95 - 100	90 - 95
Ms Karen DUNNELL Executive Director	100 - 105	85 - 90
Mr Peter WALTON Executive Director until 3 January 2005	70 - 75	80 - 85
Mr Dayantha JOSHUA Director	consent to disclosure withheld	
Mr Dennis ROBERTS Executive Director	95 - 100	20 - 25 (full year equivalent 95 - 100)
Mrs Hilary DOUGLAS Executive Director from 22 November 2004	35 - 40 (full year equivalent 115 - 120)	
Ms Jil MATHESON Executive Director from 22 November 2004	80 - 85	
Mr Colin MOWL Executive Director	100 - 105	95 - 100
Ms Cynthia CLARK Executive Director from 6 September 2004	60 - 65 (full year equivalent 90 - 95)	

**Non-Executive Directors**

	Remuneration £
Gwen Batchelor	2,625
Janet Finch	2,625
Sir Robert Culpin	--

\* Pensions Cap used

Non-executive Directors are paid a flat fee plus expenses and have no pension disclosures

The information given above relates to the Executive Directors and other senior Directors of the Office for National Statistics, including those who may have vacated their positions during the financial year 2004–05. None of the above received any benefits in kind.

- a. Salary includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowances to the extent that it is subject to UK taxation.
- b. Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (Classic, Premium, and Classic Plus). New entrants after 1 October 2002 may choose between membership of Premium or joining a good quality 'money purchase' stakeholder-based arrangement with a significant employer contribution (**partnership pension account**).
  - i. **Classic Scheme:** Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought onto payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.
  - ii. **Premium Scheme:** Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike the Classic scheme, there is no automatic lump sum but members may commute some of their pension to provide a lump sum up to maximum of 3/80th of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate of £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.
  - iii. **Classic Plus Scheme:** This is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic. Pensions payable under Classic, Premium and Classic Plus are increased in line with the Retail Prices Index.
  - iv. **Partnership Pension Account:** This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute, but where they do make contributions, these will be matched by the employer up to a limit of 3 per cent (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up 25 per cent of the fund as a lump sum.

**(b) Pension benefits:**

Name and Title	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31 March 2005 and related lump sum	CETV at 31 March 2004	CETV at 31 March 2005	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£000	£000	£000	£000	£000
Mr Len COOK *					
Director, Registrar General, Head of the Government Statistical Service and the National Statistician	0-2.5 plus 0-5 lump sum	5-10 plus 15-20 lump sum	76	100	19
Mr John PULLINGER					
Executive Director until 30 November 2004 (currently on secondment to the House of Commons)	0-2.5 plus 0-5 lump sum	25-30 plus 80-85 lump sum	333	376	20
Ms Karen DUNNELL					
Executive Director	2.5-5 plus 7.5-10 lump sum	35-40 plus 115-120 lump sum	595	674	46
Mr Peter WALTON					
Executive Director until 3 January 2005	0-2.5 plus 2.5-5 lump sum	30-35 plus 90-95 lump sum	439	470	21
Mr Dayantha JOSHUA Director	consent to disclosure withheld				
Mr Dennis ROBERTS					
Executive Director	2.5-5 plus 7.5-10	40-45 plus 120-125	628	715	52
Mrs Hilary DOUGLAS					
Executive Director from 22 November 2004	0-2.5 plus 2.5-5 lump sum	35-40 plus 105-110 lump sum	569	616	21
Ms Jill MATHESON					
Executive Director from 22 November 2004	0-2.5 plus 5-7.5 lump sum	30-35 plus 90-95 lump sum	422	485	35
Mr Colin MOWL					
Executive Director	0-2.5 plus 2.5-5 lump sum	40-45 plus 120-125 lump sum	695	756	28
Ms Cynthia CLARK					
Executive Director from 6 September 2004	Less than two years service in premium scheme - no pension payable				

\* Pensions Cap used

## 4. Other administration costs

	2004-05		2003-04	
	£000	£000	£000	£000
Rentals under operating leases				
Hire of plant and machines	416		636	
Other operating leases	7,818	8,234	7,574	8,210
Non cash items				
Depreciation	7,722		8,071	
Downward Revaluation	2,902		2,498	
(Profit)/Loss on disposal of fixed assets	526		(50)	
Exceptional Loss on Disposal	2,219		--	
Cost of capital charge	1,103		964	
Interest on Working Capital	2,157		1,542	
Auditor's remuneration & expenses (Note)	46		44	
Provision for early departure costs, tax and other liabilities	810		34	
Treasury funded early retirement	90	17,575	146	13,249
Travel and subsistence		7,103		6,778
Hospitality		324		266
Consultancy	27,118		11,761	
Contractual payments	825		1,242	
Ex-Gratia payments (Note 24)	5		156	
Exchange rate gains and losses	(37)		8	
Information technology	6,615		5,234	
Accommodation	10,883		11,035	
Other expenditure	1,725	47,134	9,313	38,749
		80,370		67,252

### Note:

No payments were made to the auditors in respect of non-audit services.

## 5. Operating income

	Appropriated in aid	2004–2005	Total
		Not Appropriated in aid	
	£000	£000	£000
Operating income analysed between:			
Administration income	2,589	--	2,589
Sales of Registration certificates	13,240	--	13,240
Other Register services	5,643	--	5,643
Sales of statistical data	8,016	--	8,016
Provision of social surveys	15,485	--	15,485
	44,973	--	44,973

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

	External	Public Sector	Total
	£000	£000	£000
Administration income	352	2,237	2,589
Statistical services	3,183	20,318	23,501
Register services	13,173	5,710	18,883
	16,708	28,265	44,973

### Note:

The administration income includes repayment of rent, expended under operating leases, from other departments with regard to the shared sites at Newport, Drummond Gate and Myddelton Place. This amounts to £1,966,000

### PRIOR YEAR

	Appropriated in aid	2003–2004	Total
		Not Appropriated in aid	
	£000	£000	£000
Operating income analysed between:			
Administration income	2,655	--	2,655
Sales of Registration certificates	10,250	--	10,250
Other Register services	5,371	--	5,371
Sales of statistical data	9,158	--	9,158
Provision of social surveys	14,266	--	14,266
	41,700	--	41,700

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

	External	Public Sector	Total
	£000	£000	£000
Administration income	745	1,910	2,655
Statistical services	3,927	19,497	23,424
Register services	11,431	4,190	15,621
	16,103	235,597	41,700

### Note:

The administration income which relates to rent under operating leases from other departments, with regard to the shared sites at Newport, Drummond Gate and Myddelton Place, and amounts to £1,779,000.

## 6. Administration cost limits

The outturn within the administration costs control regime shown against the administration cost limits is:

	Outturn	2004–05 Limits	Outturn	2003–04 Limits
	£000	£000	£000	£000
Statistical Services	144,254	145,966	126,796	132,454
Register Services	11,791	11,937	9,257	9,664
Total within administration cost control	<u>156,045</u>	<u>157,903</u>	<u>136,053</u>	<u>142,118</u>
Administration Expenditure excluded from administration cost limit	26,786	27,849	23,609	25,300
Administration Income Allowable within the administration cost limit	(27,152)	(28,500)	(25,512)	(25,951)
Expenditure with the administration cost limit excluded from Net administration costs (note)	(618)	(441)	(777)	(441)
Net administration costs (Schedule 2)	<u>155,061</u>	<u>156,811</u>	<u>133,373</u>	<u>141,026</u>

### Note:

This expenditure relates to payments from provisions which are included in the calculation of administration cost limits.

## 7. Reconciliation of net operating cost to control total and net resource outturn

	2004–05	2003–04
	£000	£000
<b>Net Operating Cost</b>	155,060	133,373
Less: supply and other expenditure outside resource budget	--	--
Add: expenditure financed by EU receipts	302	297
operating income not classified as A in A and not in public expenditure (Note 5)	--	--
<b>Resource Budget Outturn</b>	155,362	133,670
Less: - non supply expenditure in resource budget		
- expenditure financed by EU receipts	(302)	(297)
Add: - Supply expenditure outside resource budget		
- operating income not classified as A in A but within public expenditure	--	--
<b>Net resource outturn</b> (subject to supply procedures) Note 8	155,060	133,373

For ONS all supply expenditure is within the control total (resource budget) and no expenditure is financed other than by requests for resources.

## 8. Analysis of net resource outturn and net operating cost by function

	2004-05							2003-04	
	Admin	Other current	Current grants	Gross resource expenditure	A-in-A	NET TOTAL	Estimate	Net total compared with Estimate	Prior-year outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Request for resources 1: Providing statistical and registration services</b>									
A. Administration (gross control)	173,247	125	--	173,372	(17,821)	155,551	158,012	2,461	135,573
B. Customer funded (net control)	26,661	--	--	26,661	(26,841)	(180)	(201)	(21)	(1,428)
C. EU Receipts	--	--	--	--	(311)	(311)	(1,000)	(689)	(772)
<b>Resource Outturn</b>	<b>199,908</b>	<b>125</b>	<b>--</b>	<b>200,033</b>	<b>(44,973)</b>	<b>155,060</b>	<b>156,811</b>	<b>1,751</b>	<b>133,373</b>

## 9. Analysis of capital expenditure, financial investment and associated A in A

	Note	Capital expenditure	Loans etc	A-in-A	Net Total
		£000	£000	£000	£000
Net additions	10 & 11	12,992	--	--	12,992
Assets under construction	13	22,938	--	--	22,938
<b>Total</b>	(note below)	<b>35,930</b>	<b>--</b>	<b>--</b>	<b>35,930</b>
A-in-A income from disposal of fixed assets					(39)
					<b>35,891</b>

### Note:

Included in the Total additions are £3,718,000 worth of capital creditors. £745,000 capital creditors is in respect of tangible fixed assets, and £2,007,000 for assets under construction.

### PRIOR YEAR

	Note	Capital expenditure	Loans etc	A-in-A	Net Total
		£000	£000	£000	£000
Net additions		6,813	--	--	6,813
Assets under construction		10,422	--	--	10,422
<b>Total</b>	(Note below)	<b>17,235</b>	<b>--</b>	<b>--</b>	<b>17,235</b>
A-in-A income from disposal of fixed assets					(51)
					<b>17,184</b>

### Note:

Included in the Total additions are £2,723,000 worth of capital creditors. £1,198,000 is in respect of tangible fixed assets, £414,000 for intangible fixed assets and £1,111,000 for assets under construction.

## 10. Intangible fixed assets

<b>Software Licenses</b>	
	£000
<b>Valuation at 1 April 2004</b>	2,922
Additions (Note)	2,378
Disposals	--
Revaluation	--
<b>Valuation at 31 March 2005</b>	5,300
<b>Depreciation provision at 1 April 2003</b>	1,825
Charged in year	1,008
Disposals	--
Revaluation	--
<b>Depreciation provision at 31 March 2005</b>	2,833
<b>Net Book Value at Current Cost</b>	
<b>at 31 March 2005</b>	2,467
<b>At 1 April 2004</b>	1,097

**Note:**

There are no capital creditors included in the additions of £2,378,000. The total for capital creditors brought forward from 2003–04 amounted to £414,000.

## 11. Tangible fixed assets

	Land and Buildings	In-House Developed Software Applications	Computers	Motor Vehicles	Office Machinery	Furniture & Fittings	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Valuation at 1 April 2004</b>	62,579	0	22,999	171	3,195	7,019	95,963
Additions (note 1)	129	--	7,421	38	665	2,361	10,614
Transfers from Assets under construction	2,474	--	--	--	--	--	2,474
Reclassifications	--	4,638	(4,638)	--	--	--	0
Disposals (note 2)	--	--	(1,929)	(34)	(188)	(2,887)	(5,038)
Reversal of Revaluation treatment for 2003–04	--	555	--	--	--	--	555
Revaluation	2,560	136	(3,457)	1	113	547	(100)
<b>Valuation at 31 March 2005</b>	<b>67,742</b>	<b>5,329</b>	<b>20,396</b>	<b>176</b>	<b>3,785</b>	<b>7,040</b>	<b>104,468</b>
<b>Depreciation provision at 1 April 2004</b>	<b>14,432</b>	<b>0</b>	<b>13,958</b>	<b>75</b>	<b>2,268</b>	<b>3,852</b>	<b>34,585</b>
Reclassifications	--	779	(779)	--	--	--	0
Charged in year	2,628	1,050	4,115	33	492	357	8,675
Disposals (note 2)	--	--	(1,926)	(20)	(157)	(2,490)	(4,593)
Revaluation	259	11	(1,961)	--	(9)	10	(1,690)
<b>Depreciation provision at 31 March 2005</b>	<b>17,319</b>	<b>1,840</b>	<b>13,407</b>	<b>88</b>	<b>2,594</b>	<b>1,729</b>	<b>36,977</b>
<b>Net Book Value at Current Cost at 31 March 2005</b>	<b>50,423</b>	<b>3,489</b>	<b>6,989</b>	<b>88</b>	<b>1,191</b>	<b>5,311</b>	<b>67,491</b>
<b>At 1 April 2004</b>	<b>48,147</b>	<b>0</b>	<b>9,041</b>	<b>96</b>	<b>927</b>	<b>3,167</b>	<b>61,378</b>
<b>Asset financing:</b>							
Freehold ownership	21,203	--	--	--	--	--	21,203
Leasehold ownership (under 50 years)	29,220	--	--	--	--	--	29,220
Owned	--	3,489	6,989	88	1,191	5,311	17,068
<b>Net Book Value at 31 March 2005</b>	<b>50,423</b>	<b>3,489</b>	<b>6,989</b>	<b>88</b>	<b>1,191</b>	<b>5,311</b>	<b>67,491</b>

### Notes:

1. Included in the £10,614,000 of additions is £745,000 worth of capital creditors. The capital creditors brought forward from 2003–04 amounted to £1,198,000.
2. Assets to the value of £5,038,000, as shown in Note 11 above, were disposed of during 2004–05. The disposal of these assets realised a net loss of £445,000, which has been debited to the Operating Cost Statement. ONS received £39,000 from the sale of assets.

## 12. Movements in working capital other than cash

	2004–05	2003–04
	£000	£000
Increase/(Decrease) in debtors (Note 14)	580	(131)
(Increase)/Decrease in creditors (Note 16)	3,243	(9,544)
<b>Total movement in working capital</b>	<b>3,823</b>	<b>(9,675)</b>
Movements in amounts due to the Consolidated Fund	(5,614)	3,545
Movement in working capital related to the acquisition of fixed assets	668	1,945
<b>Movements in working capital used in the reconciliation of resources to cash requirement (Schedule 1)</b>	<b>(1,123)</b>	<b>(4,185)</b>
Movement in amounts receivable that will be due to the Consolidated Fund when received	--	(849)
<b>Movements in working capital used in the Cash flow Statement (Schedule 4)</b>	<b>(1,123)</b>	<b>(5,034)</b>

## 13. Assets under construction

	Cardiff Bay	Registration Tapes	Buildings refurbishment	SMP Projects	NeSS Projects	TOTAL
	£000	£000	£000	£000	£000	£000
<b>Opening Balance at 1 April 2004</b>	--	--	726	3,649	4,571	8,946
Reclassifications (note 1)	--	--	24	--	--	24
In Year Expenditure (note 2)	861	280	4,125	10,443	7,229	22,938
Disposals (note 3)	--	--	(81)	(2,219)	--	(2,300)
Transfers to Fixed Assets	--	--	(2,474)	--	--	(2,474)
<b>Closing Balance at 31 March 2005</b>	<b>861</b>	<b>280</b>	<b>2,320</b>	<b>11,873</b>	<b>11,800</b>	<b>27,134</b>

### Notes:

1. The reclassification relates to a refurbishment project that commenced in 2003–04 and the expenditure was included in other administrative costs.
2. Included in the in-year expenditure of £22,938,000 is £2,973,000 worth of capital creditors. The amount of capital creditors brought forward from 2003–04 was £1,111,000.
3. The disposals relate to a refurbishment project that was cancelled and to expenditure incurred in 2003–04 not now categorised as capital.

## 14. Debtors

	2004-05	2003-04
	£000	£000
Amounts falling due within one year		
Value Added Tax	208	1,061
Trade debtors	3,053	2,757
Deposits and advances	388	405
Prepayments and accrued income	6,547	5,617
	10,196	9,840
Amounts falling due after more than one year		
Deposits and advances	296	72
	10,492	9,912

## 15. Cash at bank and in hand

	2004-05	2003-04
	£000	£000
Balance at 1st April	7,603	4,058
Net cash inflow:	(5,614)	3,545
Balance at 31st March	1,989	7,603
The following balances at 31 March were held at:		
Office of HM Paymaster General	1,911	7,531
Commercial banks and cash in hand	78	72
	1,989	7,603
The balance at 31 March comprises:		
Cash due to be paid to the Consolidated Fund	--	--
Amounts issued from the Consolidated Fund for supply but not spent at year end (Note 16)	1,989	7,603
	1,989	7,603

## 16. Creditors: amounts falling due within one year

	2004–05	2003–04
	£000	£000
Other taxation and Social Security	2,532	2,976
Trade creditors	1,809	1,410
Other creditors	1	15
Accruals and deferred income	9,367	6,937
Consolidated Fund for supply but not spent at period end	1,989	7,603
	15,698	18,941

## 17. Provisions for liabilities and charges

	Early departure costs	Eurostat	Industrial tribunal liabilities	Relocation costs	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2004	1,535	0	100	0	1,635
Transfer from/(to) Operating					
Cost Statement	43	70	80	617	810
Provisions utilised in the year	(518)	--	(100)	--	(618)
Balance at 31 March 2005	1,060	70	80	617	1,827

### Early Departure costs

The department 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 normal retirement date. The department provides for this in full when the early retirement programme becomes binding on the department by establishing a provision for the estimated payments.

### Eurostat

The department has been advised by Eurostat that it will be seeking repayment of some contract payments and grants.

### Industrial Tribunal Liabilities

The department has a number of industrial cases pending and has created a provision to meet any decisions that might go against them.

### Relocation costs

As a result of the Lyons and Gershon reports, decisions were taken during 2004–05 to relocate some staff and work from the London and Titchfield sites. This provision represents an estimate of the costs expected to be incurred during the period of relocation.

## 18. Reconciliation of net operating cost to changes in general fund

	£000	2004–05 £000	£000	2003–04 £000
<b>Net operating cost for the year (Schedule 2)</b>		(155,060)		(133,373)
Reclassification of Fixed Asset		24		--
Non-operating appropriations in aid		39		51
Income not appropriated in aid paid to Consolidated Fund		--		--
		<u>(154,997)</u>		<u>(133,322)</u>
<b>Net parliamentary funding</b>				
Drawn down	166,589		135,500	
Deemed supply	<u>7,603</u>		<u>4,058</u>	
		174,192		139,558
Consolidated Fund creditor for cash unspent		(1,989)		(7,603)
Transfer to general fund in respect of realised element of revaluation reserve (Note 18)		1,112		887
<b>Non-cash charges:</b>				
cost of capital	3,260		2,506	
auditor's remuneration	46		44	
Treasury funded early retirement costs	<u>90</u>		<u>146</u>	
		3,396		2,696
<b>Net increase in general fund</b>		21,714		2,216
General fund at 1 April		50,843		48,627
<b>General fund at 31 March (Schedule 3)</b>		<u>72,557</u>		<u>50,843</u>

## 19. Reserves

Taxpayers Equity	2004-05		2003-04	
	£000	£000	£000	£000
<b>Balance at 1 April</b>		50,843		48,627
Net voted expenditure		174,192		139,558
Non cash items:				
Interest on working capital	3,260		2,506	
Audit fee	46		44	
Treasury funded early retirement	90	3,396	146	2,696
Transfer to general fund in respect of realised element of revaluation reserve		1,122		887
Reclassifications of Fixed Assets		24		--
Consolidated Fund creditor for cash unspent		(1,989)		(7,603)
Net expenditure		(155,060)		(133,373)
Non-operating appropriations in aid		39		51
<b>Balance at 31 March</b>		<b>72,567</b>		<b>50,843</b>

Revaluation Reserve	2004-05		2003-04	
	£000	£000	£000	£000
<b>Balance at 1 April</b>		17,517		18,314
Arising on revaluation during the course of the year (net)		3,086		90
Transfer to general fund in respect of realised element of revaluation reserve		(1,122)		(887)
<b>Revaluation reserve at 31 March</b>		<b>19,481</b>		<b>17,517</b>

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revalued adjustments.

## 20. Capital commitments

	2004-05	2003-04
	£000	£000
Contracted capital commitments at 31 March 2005 for which no provision has been made	2,407	5,107
	2,407	5,107

## 21. Commitments under operating leases

	2004-05		2003-04	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
At 31 March 2005 ONS was committed to making the following payments during the next year in respect of operating leases expiring within				
1 year	--	--	--	--
2-5 years	--	--	--	--
after 5 years	7,582	--	7,556	--
	7,582	--	7,556	--

## **22. Contingent Liabilities**

ONS has a number of tribunal cases outstanding involving personal injury and discrimination of which the outcome is uncertain and it is not possible to estimate the level of any award against the department.

## **23. Related Party Transactions**

ONS has had various material transactions with other Government Departments and other central Government bodies. Most of these transactions have been with HM Treasury and the Departments of Health, the Deputy Prime Minister, Trade & Industry, Education and Works & Pensions.

During the period reported on, none of the Board Members, members of the key management staff or other related parties had undertaken any material transactions with ONS.

## **24. Special payments and losses**

ONS has suffered losses amounting £36,508.12 during 2004–05 (2003–04: £67,266.67)

ONS paid out £4,903 worth of ex-gratia payments during 2004–05 (2003–04: £156,000)

## 25. Financial Instruments

### Risk management objectives and policies

*Financial Reporting Standard 13: Derivatives and Other Financial Instruments* requires disclosure of the objectives and policies of an entity in holding financial instruments, and the role financial instruments have had during the period in creating or changing the risks the entity faces in undertaking its activities. As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from these disclosures.

Because of the largely non-trading nature of its activities and the way Government departments are financed, the department is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS13 mainly applies.

### Liquidity risk

ONS's net revenue resource requirements are financed by resources voted annually by Parliament, as largely is its capital expenditure. It is not, therefore, exposed to significant liquidity risks, and the department has no need to maintain commercial borrowing facilities.

### Interest rate risk

ONS has no material financial assets or financial liabilities carrying variable rates of interest and it is not therefore exposed to significant interest rate risk.

### Currency risk

The department does not conduct any material business denominated in foreign currency. ONS holds no material financial assets or liabilities denominated in foreign currency, and therefore undertakes no significant active management of currency risk.

### Credit risk

Long term debtors are fully recoverable and therefore there is no material credit risk.

### Financial liabilities

All of ONS's financial liabilities are interest free, and mature within one year or less, or on demand, except for certain provisions as described below. The maturity profile of provisions are set out below:

	Early Departure	Eurostat & Industrial Tribunal	Relocation	Total
	£'000s	£'000s	£'000s	£'000s
a) in one year or less, or on demand;	392	150	617	1,159
b) in more than one year but not more than two years;	251	0	0	251
c) in more than two years but not more than five years; and	320	0	0	320
d) in more than five years.	97	0	0	97

All material financial liabilities are carried at their fair value, and are denominated in sterling.

### Financial assets

The department's financial assets comprise its long term debtors as set out in Note 14 and cash at bank and in hand as set out in Note 15. All financial assets are non-interest bearing. Cash at bank and in hand is available on demand. Long term debtors are expected to be realised in 2 to 10 years. All material financial assets are carried at their fair value, and are denominated in sterling.

## 26. Intra-government balances

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other central government bodies	2,360	--	6,335	--
Balances with local authorities	1,349	--	--	--
Balances with NHS Trusts	96	--	--	--
Balances with Eurostat	1,577	--	48	--
Balances with bodies external to government	4,426	234	9,314	--
Balances with staff	388	62	1	--
<b>At 31 March 2005</b>	<b>10,196</b>	<b>296</b>	<b>15,698</b>	<b>0</b>
Balances with other central government bodies	2,768	--	12,565	--
Balances with local authorities	1,385	--	(837)	--
Balances with NHS Trusts	74	--	--	--
Balances with Eurostat	1,666	--	--	--
Balances with bodies external to government	3,542	--	7,198	--
Balances with staff	405	72	15	--
<b>At 31 March 2004</b>	<b>9,840</b>	<b>72</b>	<b>18,941</b>	<b>0</b>





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