

2006-07

Notes

21/11/06

Statistics + Registration
Service Bill
1st Reading

Annual Report 2006-07

Independently advising on official statistics



Statistics Commission

2006-07

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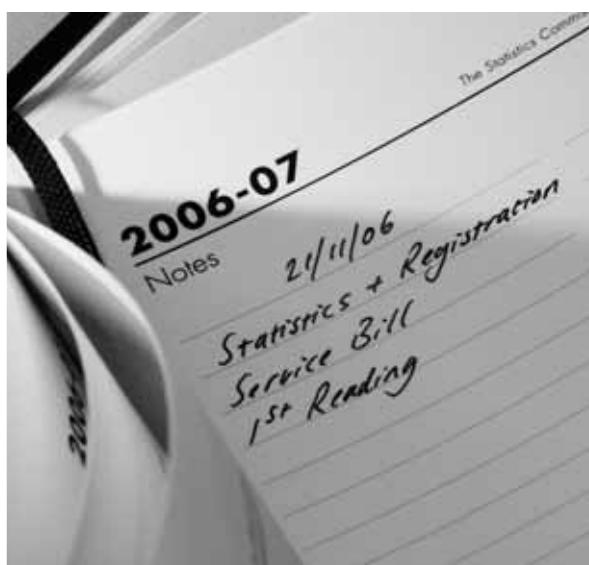
2006-07



Statistics Commission
Annual Report
2006-07

Presented to Parliament by the Financial
Secretary to the Treasury by Command
of Her Majesty

July 2007



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Chapter 1: Chairman's report



The year to March 2007 witnessed the most intense period of debate about the organisation and management of UK official statistics since Winston Churchill set up a central statistical office in 1941. That wartime office was expected to manage the collection of coherent statistics from government departments in such a way that "the figures so collected should form an agreed corpus which will be accepted and used without question"¹ - a challenge that is no less relevant today.

The last year has seen the development and introduction of the Statistics and Registration Service Bill which provides for the establishment of a new Statistics Board and an important change in the status of the Office for National Statistics which, along with the Board, will become a non-ministerial department. The Bill also provides for the winding up of the Statistics Commission and we expect that to happen towards the end of 2007-08. Until then we will be doing all we can to help to get the new arrangements off to a good start.

Despite intense debate in Parliament and among experts, the intricacies of the legislation are unlikely to have registered much, if at all, in the public consciousness. However, many people will have been aware of ongoing debate about the adequacy, reliability and credibility of official statistics on matters such as crime, health, education and migration.

The link between statistical legislation and the quality and utility of the statistical

product is complex but the Commission believes that it is real and important. The new Board will be well placed to consider whether the statistical outputs – not just figures but explanation and advice as well – are meeting the needs of people inside and outside government who depend on them. The Board will also be able to investigate and consult publicly on priorities for development. It will, moreover, have the authority to define and promote a revised code of practice for all government bodies that produce official statistics. Over time, we expect the influence of these various powers to be substantial and beneficial.

As to the Commission itself, 2007 will be our last full calendar year of existence. After that our functions will be assumed by the new Statistics Board which, as a statutory body, will have greater formal authority. Nonetheless, we still have work to do and our aims for the coming year are set out elsewhere in this report. Chief amongst them is to ensure that the Board has a robust body of advice on which to draw.

¹www.ndad.nationalarchives.gov.uk/AH/5/detail.html

Based on the experience of its seven-year lifetime, the Commission will be drawing together its views on a wide range of issues into a report in the autumn of 2007.

The evidence is that the Commission has a good track record of advising government on statistical matters. Indeed, in the context of statistical governance, the new legislation builds on many of the arguments in the Commission's 2004 report *Legislation to Build Trust in Statistics*, which recommended a statutory code of practice, to be enforced by a new statutory body, as well as the clarification of the powers of ONS in relation to accessing administrative records for statistical purposes.

We have welcomed the intent of the Statistics and Registration Service Bill. In particular, we welcome the fact that the new Statistics Board will have a non-executive majority and that the new Board including ONS will have non-ministerial status. We also welcome the Board's authority to approve a code of practice; the breadth of its responsibility for statistical governance; and the steps being taken to improve access to administrative data.

However, there are some features of the Bill which we have not supported. In my report last year I said that we wanted to see an end to arrangements under which ministers decide which statistics should be regarded as 'National Statistics' and under which ministers and their officials have earlier access to statistical publications than other

interested parties. We believe that both these issues could have been, and should have been, within the authority of the Statistics Board. At the time of writing this report it is not yet clear how these issues will be finally resolved though we welcome the Government's amendments to the Bill introduced in mid-June 2007.

The stated purpose in introducing the legislation was to enhance confidence in official statistics. This is an important aim. Public confidence matters because statistics which are not trusted will be less used and so will offer less public value. However, we believe confidence should be seen as serving the bigger goal of getting maximum good from the statistical product, rather than simply being the end in itself. The Commission wants to see substantive improvement in the statistical service, where improvement is judged in terms of enhanced public value, not simply in confidence in that service.

In this context, we see public value as accruing where official figures are used to inform decisions, taken by any organisation or person, where those decisions offer public benefits. So they might be decisions about public services or even decisions taken by private sector bodies or individuals if, on balance, supporting such decisions serves the public good. It follows also that the relevance of official statistics to users beyond government departments is something that matters; that the existence of relevant statistics must be clearly signposted; and that

statistics must be sufficiently well explained to encourage widespread and safe use.

The Commission has concluded that in order to establish what is going to be relevant and helpful to a wide range of users, the statistical service needs a more effective and coherent planning system. It is not enough for each department to address its own internal requirements as it perceives them. Designing an effective planning system will be a major challenge for the new Statistics Board. It would be unrealistic to suppose that one could be devised that would meet all user needs. However, it should be possible to develop arrangements that allow for wide consultation to capture the most important of those needs and to assess satisfaction with present outputs – and to do all this in a transparent way that is open to comment and challenge. Transparency and challenge often prove to be levers for performance improvement.

We know also that users of official statistics vary widely in their statistical expertise and experience. With this in mind, we recommended during the year that the Code of Practice should require producers of statistics to provide more interpretation of what the data mean, how they might be used safely and what their limitations are. Making this a reality will be another important challenge for the new Board.

Elsewhere in this report we refer to the risks facing the statistical service, and the Office for National Statistics in particular, as it

wrestles with ever-expanding demand for statistical products whilst implementing new governance arrangements, relocating large numbers of jobs and facing the hurdles of technical modernisation. During the year, I set out the Commission's concerns about these risks, and their potential to compound and confound one another, in correspondence with ministers and the National Statistician. The situation is not eased by the fact that many of the risks are a consequence of government targets for efficiencies and relocation rather than management decisions. The Commission continues to be impressed with the resilience and determination of the National Statistician and her managers faced with so many issues simultaneously, but we remain concerned that the combination of risks they face is a formidable one.

Finally, and bearing in mind that the Statistics Commission is now in its last year, I would like to offer a word of thanks to the very many people in the statistical user community, in Parliament, in the Royal Statistical Society, in academic bodies, in the media and in the Government Statistical Service who have advised us and engaged with us in our work. In addition I express my heartfelt thanks to the Commission members for their insights, challenges and teamworking and to Richard Alldritt, the Commission's chief executive, and his staff, for their dedication and achievements. Many of the kind words said about the Commission in recent months are a tribute to their work and commitment.



"I congratulate the Statistics Commission on its excellent work since it was founded in 2000 and I give credit to the government for setting it up. It has been a fearless defender of statistical integrity and a fearless critic of ministerial activities in a number of instances."
Theresa Villiers MP, opposition front bench Treasury spokeswoman

"I join in paying special tribute to the Statistics Commission and to its work. Over the seven years of its existence, they have consistently produced high-quality, wide-ranging research and reports, which have greatly added to our understanding of how the system has worked, and have given us ideas about how to fashion it in the future."
Financial Secretary to the Treasury, John Healey MP



"In passing, the Board also replaces the Statistics Commission, which has done an increasingly powerful and influential job, although, of course, without the legal teeth now envisaged for the new Board."
Lord Moser

The new Statistics Board will take on much the same challenge as the Central Statistical Office of 1941, and indeed of the current ONS and Statistics Commission; namely to ensure that official statistics from across government are coherent and accepted and used without question.

David Rhind

David Rhind, Chairman

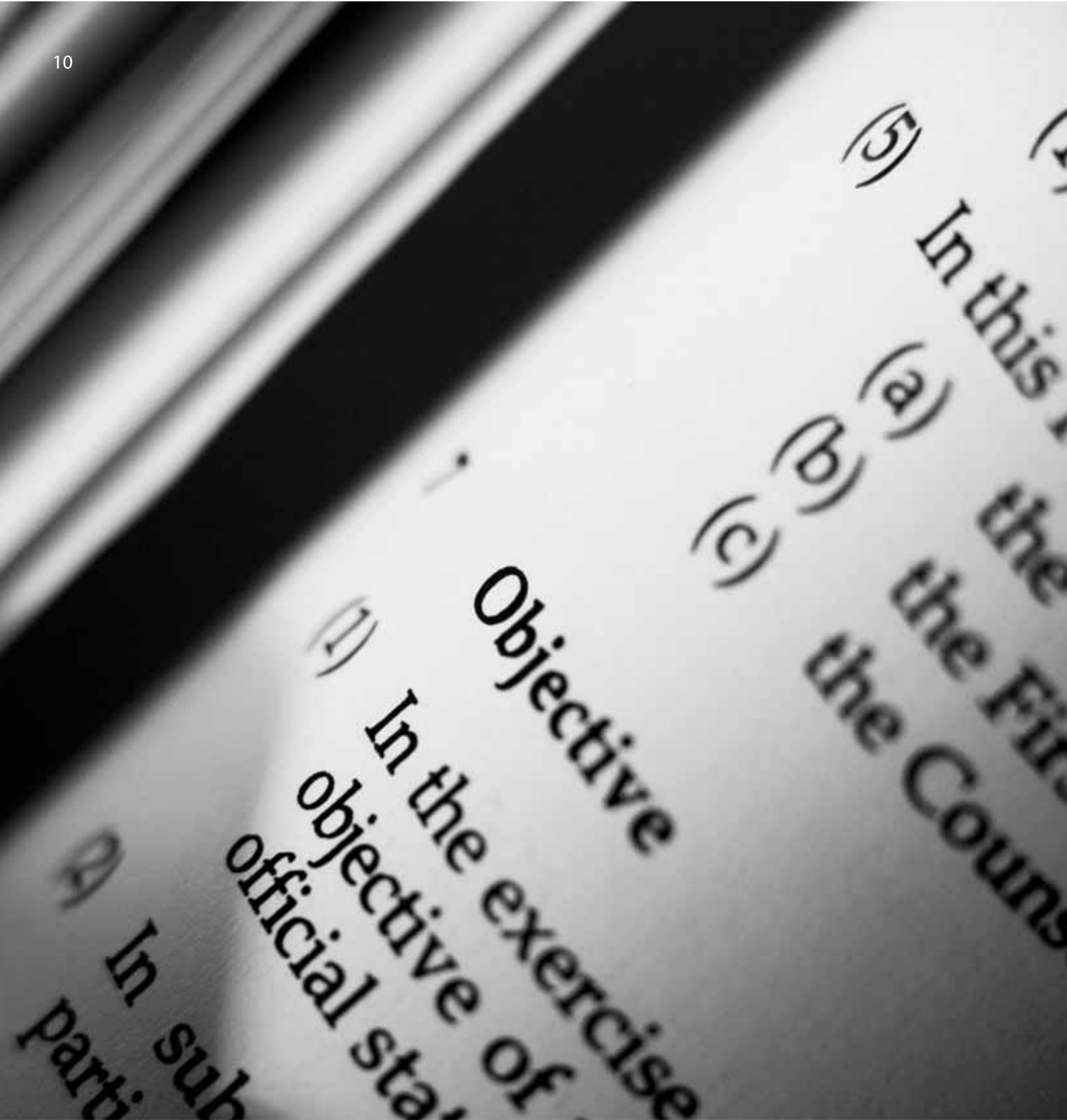




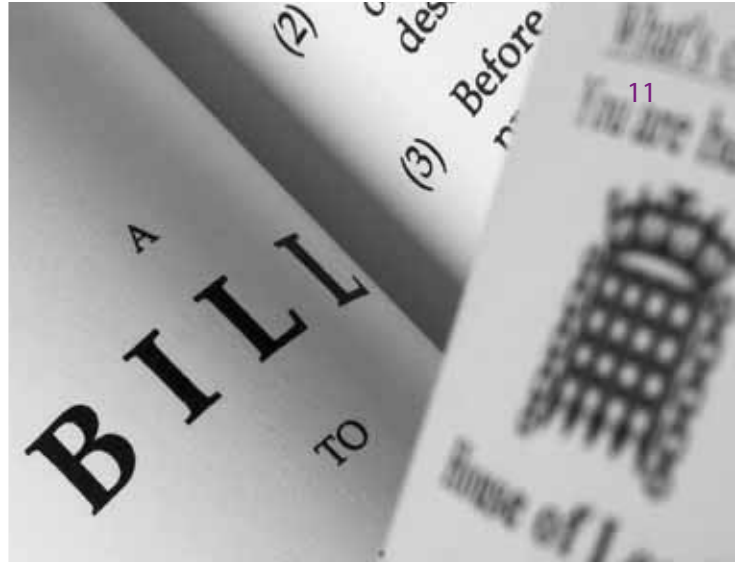
A high level seminar for 150 experts was held in May 2006 to stimulate public debate and inform our own thinking on statistical legislation.

The photographs on these pages are of some of the participants in this seminar.





Chapter 2: Issues and stakeholders



The chairman's report highlights the importance of the Statistics and Registration Service Bill for the future of official statistics in the UK. Here we look at some of the Commission's concerns in more detail and how we have addressed them with stakeholders in 2006-07. As in previous years, our research findings have pointed to the importance of good communication of statistical messages, existing weaknesses in user consultation and the need for transparent planning of statistical services across the whole of government. These are the big messages and they must not be lost against the background noise of changing structures.

Legislation

In June 2006, the chairman and colleagues gave evidence to the Treasury Sub-Committee inquiry into statistical legislation. The committee was particularly interested in pre-release access to statistics, harmonisation of UK-wide data, and the need to make the Code of Practice statutory. In July 2006 the committee reported², calling on the Government to extend the scope of the proposed legislation and to separate more clearly the roles of the National Statistician for the delivery of statistics from the Board's responsibilities for oversight and scrutiny of the statistical system as a whole. In November 2006 the Government published the response to its consultation document *Independence for statistics*³ - setting out proposals on which the Government planned to legislate - and on 21 November 2006 the Statistics and Registration Service Bill⁴ had its first reading in the House of Commons. As the Bill has

travelled through Parliament, the Commission has made its views known via public briefing documents which can be found on our website.

As noted in Chapter 1, we welcome the intent of the draft legislation but have reservations concerning some of its provisions. One is that ministers have the final say in selecting statistics for assessment as National Statistics, though the Board will undertake the assessment process and determine whether to grant the status. Our own view is that the distinction between 'National Statistics' and 'other statistics' is neither necessary nor helpful.

We believe that *all* statistical work should meet the requirements of the Code of Practice, unless an exception is explicitly justified, and that the Board should have the right to initiate an assessment wherever it considers this to be in the public interest. There must be no suspicion that ministers



might withhold statistical activities from scrutiny against the Code.

We are also concerned that, by creating a single legal entity – the Statistics Board – which subsumes the production functions of the Office for National Statistics and the scrutiny role of the Statistics Commission, the Act will create a body whose scrutiny and executive roles are not clearly separated. There is a potential conflict of interest where members of the Board are both responsible for production activities and for oversight on behalf of Parliament. We believe that there are ways to resolve this but they will require at least some of the Board members to be exclusively responsible for scrutiny and assessment functions and to take no part in approving management decisions.

Code of Practice

The Code of Practice stands at the centre of the new Board's scrutiny role, being the 'standard' against which statistical activities are to be assessed. We are pleased that the legislation will give the Board the power to decide what the Code will say.

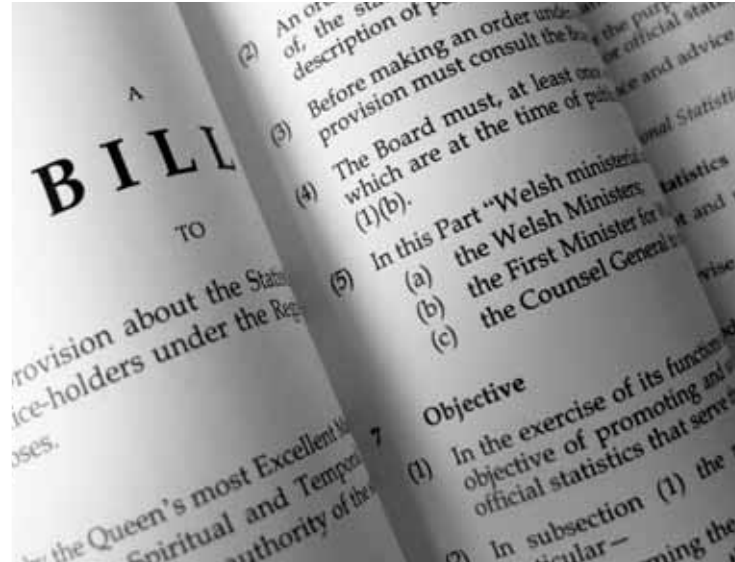
In December 2006 the Commission published a consultation report on its own proposals for a revised Code. Following receipt of many valuable consultation responses⁵, work is now underway on a further report including an amended draft Code, which the Commission plans to

publish in autumn 2007. It will then be for the future Board to determine the final content of the Code, but we hope our work will lay the ground for them.

Communication and accessibility

Many official statistics are published with a statistical commentary written by professional statisticians. But this commentary often receives little attention from the media or public commentators, who instead focus on the statements issued, often simultaneously with the statistical release, by ministers and departments. In the interests of developing a distinct and audible statistical voice, we want to see statistical commentary produced in a way that secures attention without losing its balance and independence. This will require statisticians to offer fuller and more readily understood commentary on the figures – explaining in plain English the strengths and limitations of the statistics in the context of their likely use.

Communication is not just about clear statistical statements: well-explained, accurate and relevant statistics cannot do much good for society if potential users do not know how and where to find them. We also need improved design of reports and websites to make the plethora of official statistics more accessible to those who wish to use them. Users must also be able to exploit the rapidly developing web tools for data combination, testing, analysis and



display. In response to concerns about the utility of statistical sources, the Commission used a 'mystery shopper' approach to examine accessibility of web-based official statistics. Our report was published in June 2007 under the title *Data on Demand – Access to Official Statistics*.

User consultation and statistical planning

The Commission's report *The Use Made of Official Statistics*, published in March 2007, looked at the use of official statistics by public and private organisations and considered the extent to which official figures influence decision-making. It also examined the public value derived from these uses, and the implications for statistical planning and governance. The report pointed to the need to improve accessibility, consultation, communication and planning. These messages were not new but the report added fresh impetus to them. The National Statistician has written to the Commission, welcoming the report's recommendations.

In February 2007, the Commission was invited to give evidence to the Treasury Sub-Committee (TSC) inquiry into preparations for the 2011 Census, following publication of the Commission's interim report *Preparing for the 2011 Census* earlier that month. The committee mainly focused on the success measures for, and potential risks to, the Census as discussed in the Commission's report. At the TSC hearing, the Commission

stressed the importance of sufficient funding and good migration estimates ahead of 2011. We also noted that there needs to be effective engagement with many organisations inside and outside government to help mitigate risks, and agreement on how success should be assessed and planned for.

A theme that appeared in the Commission's work throughout the year is that statistical planning across government is somewhat piecemeal. Individual departments take decisions on future statistical activities largely autonomously and with little systematic engagement with those, outside the department, who will use the statistical data to inform decisions. We have stressed the case for a more structured and co-ordinated approach across government, informed by better user consultation. We hope that, under a statutory framework, a way can be found to bring high level statistical planning together under the leadership of the National Statistician. She currently has little direct authority over the statistical work of departments or the devolved administrations.

Risk and resources

In November 2004 the Commission wrote to the then Financial Secretary to the Treasury noting some of the risks facing the Office for National Statistics and the wider Government Statistical Service and suggesting that these risks would tend to



compound one another. We were, and remain, concerned that the risks associated with central targets for relocation and efficiency gains are likely to interact with those relating to the Census, technical modernisation within ONS and the weakness in the statistical planning system across government. In 2006-07 we had further correspondence on this theme - both with the Financial Secretary and ONS - about the risks to the statistical service (in the sense of its products and services). The Commission believes that the confluence of the various risks - including the published goal of cutting 700 jobs and relocating a further 850 - threatens the delivery of statistical products and services now and in the future. Part of the answer to this has to be adequate funding and sufficient managerial discretion to allow an effective response when risks get too high.

While we welcomed the Financial Secretary's announcement in March 2007 of a five-year funding settlement for ONS of £1.2 billion, the Commission concluded that it was not possible, from the information that was publicly available, to make an independent judgement about the adequacy of the settlement to contain risks at an acceptable level. The Commission believes that the future Statistics Board will need to ensure that scrutiny - including Parliamentary scrutiny - of statistical priorities and of the performance of ONS is informed by the public availability of full information on forward plans, on the analysis of risk and on

associated financial and staffing provision. At present, little information of this kind is in the public domain.

The Commission has commented on the resilience and determination of ONS senior managers in dealing with many issues at once but recent announcements of cuts in sample sizes, reduced data validation and frequency of statistical outputs (most notably plans for a reduced National Accounts 'Blue Book' in 2007) are seen as worrying signs by both the Commission and users of statistics.

Open Meeting

Our annual Open Meeting on 15 November 2006 - the same day as the Queen's Speech in which the introduction of the Statistics and Registration Service Bill was announced - saw nearly 100 people join us in central London to hear speakers discuss statistical governance: John Healey MP, Financial Secretary to the Treasury; Michael Fallon MP, chair of the Treasury Sub-Committee; and Sir Kenneth Calman on behalf of the Statistics Commission all gave their views. A full report is available on the Commission's website.



Statistics User Forum

Discussions took place in the year with the Royal Statistical Society and others about the important role of the Statistics Users Forum (SUF). In the Commission's view, SUF should be supported in developing into an ever-more influential part of an improved cross-government statistical planning system.

In line with our continuing commitment to the Forum, the Commission provided financial support for the SUF Conference in November 2006 at the Royal Society. This was on the theme of new statistics from administrative and customer files.



Statistics Commission Open Meeting 2006



Devolved administrations

The Commission held a public seminar in Edinburgh in September 2006 entitled 'Do we have the data we need to understand the economy in Scotland?' following a similar event held in Cardiff in early 2006. The Scottish seminar included four presentations from experts in the field.

The Commission also responded to the Scottish consultation document *Improving Statistical Services in Scotland* which proposed to extend the 'scrutiny and standards' aspect of the Statistics and Registration Service Bill to Scotland. The Commission's submission was referred to in the evidence session of the Scottish Finance Committee hearing in January 2007. Central issues of the Commission's response were a) how the new Board would operate in relation to Scotland and b) the need for a new non-statutory agreement between the four administrations to ensure co-ordination of statistical work without infringing local autonomy.

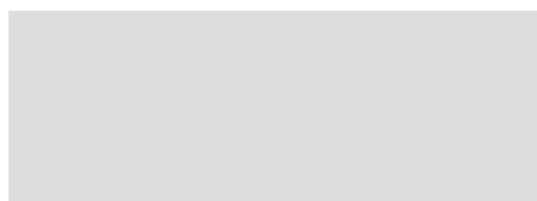
Migration statistics

The Statistics Commission has been pressing for improvements to migration statistics for some years. In July 2006 for example the Commission wrote to the Minister for Local Government, urging Whitehall departments to take a lead in finding a solution to the problem of measuring internal and international migration. In his reply, the Minister stressed the Department's support for the Inter-departmental Task Force on Migration Statistics set up by ONS and the Improving Migration and Population Statistics (IMPS) research programme. In December 2006 ONS published the report of the Inter-departmental Task Force, which recognised that major improvements were needed. The Commission welcomed this and a subsequent ONS announcement on 24 April 2007 which stated that improvements to the methodology for estimating migration flows are to be made ahead of the next release of mid-year population estimates in August 2007. However, the work in hand largely applies new methods to existing sources which have known weaknesses. Much more work is going to be needed to develop new sources of data to achieve better estimates. As part of this, access to administrative information on people moving into and around the country will need to be made available for statistical purposes. Doing this will have data protection and technical implications, but provisions in the Statistics and Registration Service Bill may ease some of the barriers to the statistical use of administrative data.



Crime statistics

Following publication of the Commission's report *Crime statistics: User Perspectives* in September 2006, the Minister for Police and Security in the Home Office wrote to the Commission to welcome the report and set out ways the Home Office would approach the recommendations. The Smith Review (written at the request of the Home Secretary and published a few weeks after the Commission's report) covered related concerns. We look forward to a full government response to the two reports.



² *Independence for Statistics*, 26 July 2006, House of Commons Paper No.1111, Treasury Committee's Tenth Report of Session 2005-06 www.publications.parliament.uk/pa/cm200506/cmselect/cmtreasy/1604/160403.htm

³ *Independence for statistics – The Government response*, November 2006, HMSO www.hm-treasury.gov.uk/media/EB1/CD/ons_government_response.pdf

⁴ *Statistics and Registration Service Bill* www.publications.parliament.uk/pa/pabills/200607/statistics_and_registration_service.htm

⁵ Respondents included the Government Statistician of New Zealand, the Chief Statistician of Canada, the Director-General of the Central Statistics Office in Ireland, the Scottish Executive, the Director-General at Eurostat, the Chief Economist of the Bank of England, the Audit Commission, the Chair of the Business Statistics User Group, the Chief Executive of the National Archives, the Director of the Office for Public Sector Information, the Royal Statistical Society, the Information Centre for Health and Social Care, the Economic and Social Research Council and the Committee on Standards in Public Life. All responses have been posted on the Commission's website www.statscom.org.uk.





Report No. 30:

Crime Statistics – User Perspectives
(September 2006)

In this report we looked at official statistics on crime, considering who uses them, for what purposes, whether the available statistics meet those purposes, and whether further statistical sources or outputs might need to be developed. The third in a series of broad statistical reviews, this report drew extensively on the Commission's interim report published in December 2005 and a more detailed *Review of Crime Statistics* conducted on the Commission's behalf by Matrix Research and Consultancy. The report made a number of recommendations, which have been pursued with the Home Office. The recommendations follow five main themes:

- structural separation between Home Office policy functions and the compilation and publication of crime statistics;
- improved communication with users through clearer statistical presentation at the time of publication;
- better, more consistent crime data for small areas, through more systematic exploitation of existing local police data sources;
- further technical research on options where the existing statistics do not fully meet demand – including the best measure of 'total crime'; and
- ways to improve comparisons of crime statistics between UK administrations.

In January 2006, the then Home Secretary set up a cross-party working group, under the chairmanship of Professor Adrian Smith, to review, and advise ministers on, how crime statistics should be compiled and published. The Commission responded to the Smith group's conclusions which were published in November 2006.

Chapter 3: Reports and research

Here we summarise the findings from the research reports published by the Commission in 2006-07.

During the year we published reports on:

- processes of compiling and publishing crime statistics
- the Commission's suggested revisions to the National Statistics Code of Practice
- the risks to, and challenges of, the 2011 Census
- the use made of official statistics

We also prepared a report *Data on Demand - Access to Official Statistics* which was published after the end of the year, in June 2007. All Statistics Commission reports are available on our website www.statscom.org.uk. The main points from the reports are set out on the following pages.



Interim Report No. 31:

A Code of Practice for National Statistics
(December 2006)

In this report the Commission set out initial proposals for a revised National Statistics Code of Practice, inviting comments from a wide range of interested parties. Consultation responses have been carefully considered and the Commission intends to publish a revised version of the Code to be put forward to the new Statistics Board when it is established. The Commission has argued that a future Code should be different from the current one in the following respects:

- it should be shorter, simpler and more imperative in style to make it more accessible;
- it should provide a structured basis for independent assessment and audit;
- it should be closer in style to the European Statistics Code of Practice and reconciled explicitly with the Civil Service Code;
- it should be drafted to apply to the whole of departments and other bodies that produce official statistics not just to statistical staff or to the statistics themselves;

- it should contain a statement indicating that the Code assumes that “within those government bodies that produce National Statistics there will be sufficient managerial separation – between those staff engaged in the production and publication of statistics and those who use the statistics for policy and management purposes – to ensure transparency of the statistical process and clear professional accountability”;
- it should not set out exceptions and exemptions to the Code in the text itself and
- it should be drafted so that its principles are applicable to all official statistics whether branded as ‘National Statistics’ or not.

Amongst the areas in which we want the Code to have a positive influence are: supporting coherent, systematic planning of statistical services across the different producer bodies; encouraging fuller, more helpful, written commentary to accompany the published statistics; informing users of the known strengths and weaknesses of the statistics in relation to the main uses to which they are likely to be put; and promoting more effective communication with users, helping them to find and understand the figures and related advice on interpretation.

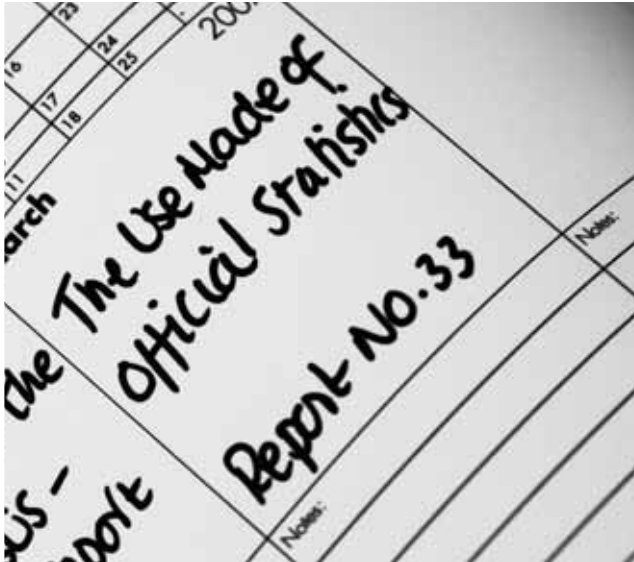


Interim Report No. 32:

Preparing for the 2011 Census
(February 2007)

In advance of the Treasury Sub-Committee inquiry about preparations for the 2011 Census, the Commission published an interim report on the Census, drawing on its own research and results from an expert seminar which it held in January 2007. In the interim report we made the following recommendations:

- Government and Parliament need to decide firmly how success will be judged for the 2011 Census, in terms that are tractable for those involved in planning;
- there needs to be wide recognition within government of the risks associated with any Census and the scope for those inside and outside government to help mitigate those risks;
- the value of the Census should be better publicised, both to public bodies and the wider public;
- consultation procedures need to capture a sufficiently wide range of users;
- more work needs to be done on which concepts of population to measure;
- firm and early decisions on the funding level for the 2011 Census are essential; apart from providing for Census operations, funding must also be targeted at communicating the results and on those statistical processes with which the Census will be expected to be consistent;
- the cumulative pressure on ONS management to deliver change across a broad spectrum of their activities, whilst in the midst of Census planning, is a cause for concern;
- political and special interest groups which might use the Census as a political football should be identified and engaged as appropriate;
- the creation of a robust national address register in England and Wales must remain a priority.



Report No. 33:

The Use Made of Official Statistics
(March 2007)

In this report the Commission looked at the use made of official statistics by public and private sector organisations, considering the extent to which those statistics influence decision-making and providing examples of specific uses. It also examined the public value derived from these uses and the implications for statistical planning and governance. The Commission concluded that official statistics are used for a wide range of decision-making and are highly valued by decision-makers. In the report we raised the following issues for consideration by the new Statistics Board:

- the need to improve statistical planning across government departments in order to maximise the public value of official statistics;
- how to improve consultation with users to help identify uses, and potential uses, that offer value;
- how to improve communication with users in a way that recognises that not everyone speaks the statistical language fluently and that there is diversity among users in terms of skills and confidence in using statistics;

- how best to enhance accessibility of data by improving statistics websites and the structure of the data on those websites.

Following the end of the financial year to which this report relates, we also published:

Report No. 34:

Data on Demand – Access to Official Statistics
(June 2007)

In this report the Commission looked at the ease with which both experienced researchers and novices could find and use UK official statistics via the Web. We presented the results from two research projects that we commissioned - 'mystery shopper' research into finding statistics on topical issues and a survey of the policies of government departments for web-publishing of statistics. Our recommendations were addressed to the future Statistics Board and are in the form of a set of principles:

- Statistics are collected to be used and as wide a use of them as is possible should be encouraged, including the re-use of raw data for research outside government.
- Since the most satisfactory forms of data provision are still evolving, UK government statisticians should adopt an



explorative and experimental approach to dissemination and access to statistical data through the Internet.

- Government departments that publish official statistics should seek the full involvement of other web professionals in the presentation of statistical data on their websites.
- Government departments that publish official statistics should recognise that web design and web culture are still developing and should set up an appropriate mechanism to keep accessibility issues under review.
- User needs, interests and capabilities should determine the design and operation of statistical dissemination over the Internet. This necessitates interactive engagement with users and active pursuit of feedback plus better search engines.
- Statistical products should be specifically designed for the Web.
- Data should be presented in a layered or hierarchical way to allow users to drill down to the level of detail they desire. Guidance on definitions, sources and methods, data quality and interpretation should be an integral part of dissemination.
- There should be one point of entry - a government statistics portal - giving access to official statistics across the UK. This portal would link to all government statistics sites, and include a search engine which operates seamlessly over all those sites.



Chapter 4: Forward look

The Statistics Commission aims to ensure that official statistics can be trusted by, and meet the needs of, decision-makers and the public. It has a number of projects planned for 2007-08. The Commission's Business Plan is updated twice a year to take account of our revised assessment of priorities and competing demands on our resources.

We have adopted the following objectives from April 2007.

Objective 1:

To develop our understanding of the **needs of users** of official statistics, including Parliament and the public, and to make proposals that will enhance the statistical service they receive.

Objective 2:

To consider and advise on the implementation of the Statistics and Registration Service Bill and other aspects of the **future governance of UK official statistics**.

Objective 3:

To carry out the Commission's functions impartially and use resources efficiently, effectively and economically.

Objective 1:

Main projects 2007-08

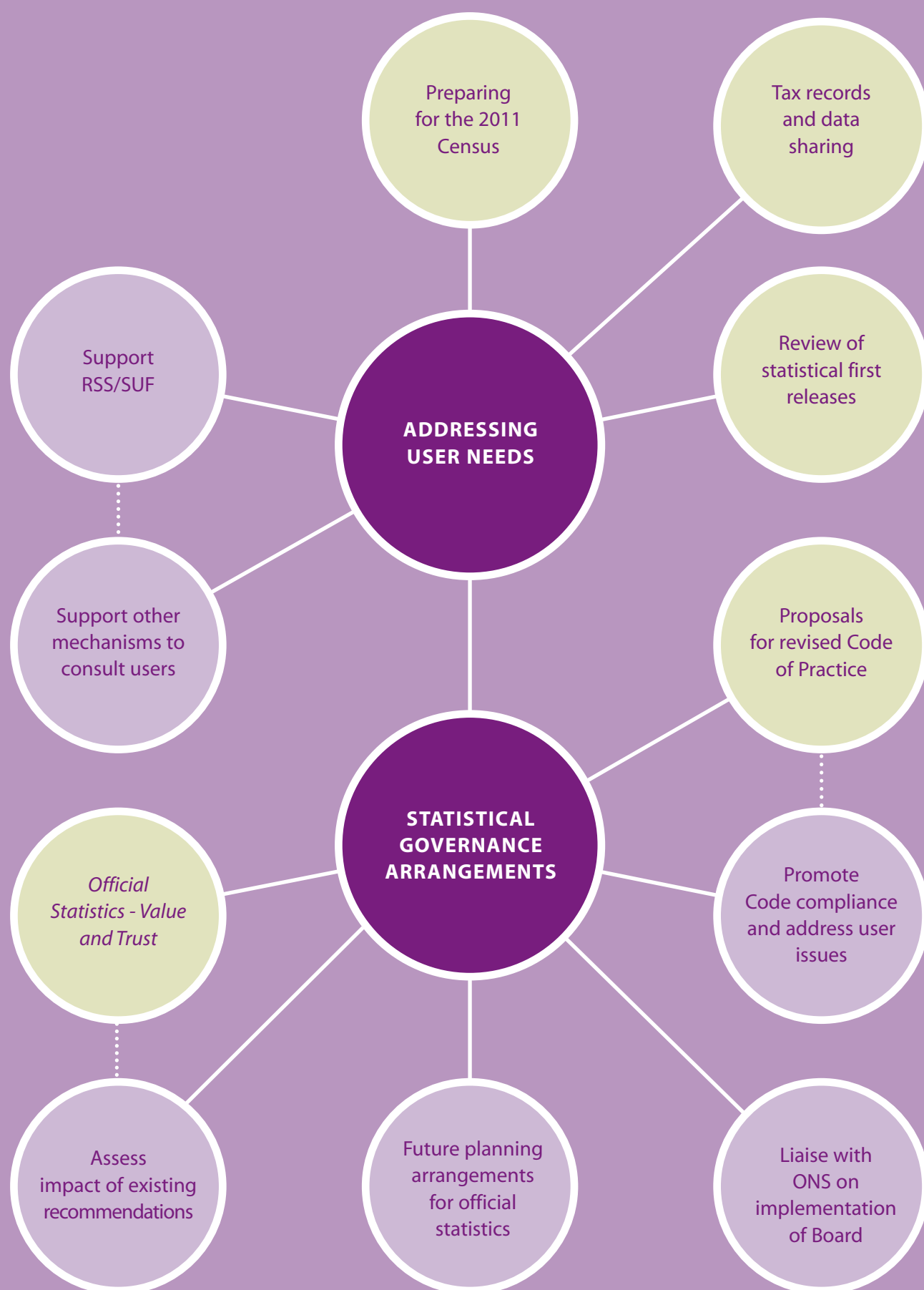
- **Preparing for the 2011 Census:** Complete the current review of the planning for the 2011 Census and look ahead to future challenges and issues. Aim to report summer 2007.
- **Review the statistical use of tax data:** Complete the current review of tax data, looking at legal and other restrictions on data sharing. Aim to report by summer 2007.
- **Statistical first releases:** Undertake a review of 'statistical first releases' issued by government departments and devolved administrations in the context of government proposals for a central 'publication hub'. Aim to report autumn 2007.

Objective 2:**Main projects 2007-08**

- **Legislation:** to advise on the Bill as it proceeds through Parliament; in particular to advise on the role, responsibilities, accountability and constitution of the proposed Statistics Board.
- **Official Statistics – Value and Trust:** a report on the work and views of the Commission. Aim to report summer/autumn 2007.
- **Planning arrangements for official statistics:** undertake a review of the planning arrangements for official statistics across the statistical system. Aim to include recommendations in the report *Official Statistics – Value and Trust*.
- **Impact assessment:** Assess the impact and future relevance of recommendations in previous Commission reports as a contribution to the report mentioned above.
- **Code of Practice:** Make recommendations in relation to the future development of the Code of Practice following consultation in February 2007. Aim to report summer/autumn 2007.

Objective 3:**Main projects 2007-08**

- **Business processes:** Maintain systematic procedures for managing the work of the Commission. This will include regular updates of the Business Plan and adherence to project management procedures.
- **Staff development:** Review and update the training and development framework for all staff to meet both the needs of the Commission and staff.
- **Business continuity:** Test disaster recovery procedures and update the Business Continuity Plan accordingly.
- **Risk register:** Review and update the risk register once a month to reflect rapidly changing circumstances.
- **Wind up plan:** Regularly update the wind up plan to ensure the Commission is wound up in an efficient manner, before the end of 2007-08.





Annex A: The role of the Commission

The role of the Commission set out in the June 2000 Framework for National Statistics (paragraph 4.2.3), is to “give independent, reliable and relevant advice on National Statistics to Ministers and, by so doing, to provide an additional safeguard on the quality and integrity of National Statistics”.

The Government introduced the Statistics and Registration Service Bill in Parliament on 21 November 2006. The Commission has strongly welcomed the intent of this Bill, to create an independent Board to enhance confidence in government statistics. The Bill will establish a new Statistics Board which will subsume the Office for National Statistics (ONS) and become a non-ministerial department. In effect the Board will replace:

- the statistical functions of the ONS
- the oversight role of Treasury Ministers in relation to ONS functions
- the independent Statistics Commission.

Any new governance arrangements will take some time to implement and bearing in mind the importance of official statistics in influencing decisions across all sectors of society, and the impact of these decisions on the lives of everyone in the United Kingdom, the Statistics Commission will continue with its work until it is wound up.

The Commission interprets its role as being: to work with all those in the UK who fund, produce or use official statistics, or who are affected by them, to review current practice and:

- identify the scope for beneficial change and make proposals; and
- support present practice where this is found effective and appropriate.

In the course of its work the Statistics Commission will also seek to learn from the experience of other countries’ statistical systems where this is relevant to the UK. The Commission’s role is advisory not regulatory. It has no statutory powers to require the supply of information by government departments or to force implementation of its recommendations.

Strategy

Bearing in mind the strategic issues discussed in the Commission’s Business Plan, the current strategy is to:

- Propose a revised Code of Practice to the National Statistician and Statistics Board after completing a public consultation exercise
- make proposals to strengthen the non-statutory arrangements for the management of UK official statistics (to the extent that these are not replaced by the statutory framework created by the Statistics and Registration Service Bill)
- pursue, through correspondence and dialogue, the proposals and recommendations that the Commission has made in recent years
- undertake, or commission, research and produce public reports in pursuit of the objectives and strategy in this plan

- support and supplement existing channels of communication between users and producers of official statistics
- facilitate a constructive dialogue, particularly in relation to future governance arrangements, with the Office for National Statistics, Chair of the Statistics Board once appointed, other government departments, the devolved administrations and other public bodies with substantial responsibility for official statistics
- explore issues of concern raised with the Commission on statistical matters, making recommendations where appropriate.

Values

In carrying out its tasks the Commission commits itself:

- to respect and promote all uses of official statistics that are of public value
- to report the results of all its investigations openly and deal systematically with criticisms of its work, seeking to learn lessons and continuously improve
- to consult interested parties before the release of Commission findings so as to understand and respond to their views – without shrinking from giving an independent view on controversial issues
- to operate in a transparent way with the minutes of its meetings, correspondence, evidence it receives, and advice it gives, normally made available on the Commission’s website
- to present its views in an impartial way.

The Commission:

1. *Chairman*
Professor David Rhind
2. *Vice Chairman*
Sir Derek Wanless

The Commissioners:

3. **Joly Dixon**
4. **Janet Trewsdale**
5. **Ian Beesley**
6. **Sir Kenneth Calman**
7. **Isabelle Low**
8. **Colette Bowe**
9. **Martin Weale**
10. *Chief Executive*
Richard Alldritt

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The Commission

Isabelle Low joined the Commission on 1 July 2006. Sir Kenneth Calman finished his term of appointment on 31 January 2007. The appointments of Derek Wanless, Colette Bowe and Janet Trewsdale were renewed until March 2008.

Chairman

Professor David Rhind

David Rhind is Vice-Chancellor and President of The City University in London. A Fellow of the Royal Society and an Honorary Fellow of the British Academy, he was until 1998 the Director General of Ordnance Survey, Britain's national mapping organisation and a government department. He is a non-executive director on the Bank of England's Court of Directors, has been a member of the Economic and Social Research Council and is a Fellow of the Royal Statistical Society. In past times, he was centrally involved in building or using major statistical databases, notably of census data. He was appointed through the normal competitive process as chairman in May 2003.

Vice Chairman

Sir Derek Wanless

Sir Derek Wanless is chairman of Northumbrian Water Group plc and a director of Northern Rock plc. He is a member of the Board for Actuarial Standards at the Financial Reporting Council. In 2002 he reported on UK health services to the Chancellor of the Exchequer and, in 2004, on Public Health to the Prime Minister, Chancellor and Secretary of State for Health. He worked for NatWest Bank for 30 years and was its Group Chief Executive for seven years. In 2006 he completed the Wanless Social Care Review for the King's Fund. He has an MA in Mathematics from Cambridge University and qualified as a Member of the Institute of Statisticians (MIS).

Commissioners

Ian Beesley

Ian Beesley is a retired senior partner at PricewaterhouseCoopers who now runs his own strategy consultancy. He is a Fellow of the Royal Statistical Society and of the British Institute of Management. He has recently been appointed to write the official history of the Cabinet Secretaries. As a consultant he worked with organisations in the media and arts, defence, UK and foreign public sector and with international agencies. Before joining PWC in 1986, he was head of the Prime Minister's Efficiency Unit. He started his career in the Central Statistical Office working in the fields of balance of payments, national accounts and monetary policy. He has an MA in politics, philosophy and economics, and a Post Graduate Diploma in statistics, both from Oxford University.

Colette Bowe

Colette Bowe is the chairman on the Ofcom Consumer Panel and a board member of Axa Framlington, Morgan Stanley Bank International and Electra private equity plc. She is the chairman of the Council of Queen Mary University of London and also a member of the Council of Management of the National Institute of Economic and Social Research. She has a PhD in Economics.

Sir Kenneth Calman

Sir Kenneth Calman is Chancellor of the University of Glasgow and was Vice-Chancellor and Warden of the University of Durham until March 2007. He was also Chief Medical Officer for the Department of Health, chaired the Executive Committee of the World Health Organisation and was the Chief Medical Officer for Scotland. He is a Member of the Nuffield Council on Bioethics. He is a surgeon by training and has a particular interest in the field of cancer treatment and research. Sir Kenneth finished his term with the Statistics Commission on 31 January 2007.

Joly Dixon

Joly Dixon spent nearly 30 years at the European Commission, holding a variety of senior posts including: principal advisor to the Director General for Economic and Financial Affairs, working mainly on EU enlargement and relations with the Balkans; Director for International Affairs and economic advisor to Jacques Delors. From 1999 to 2001 he was Deputy Special Representative of the Secretary General in the UN's Mission in Kosovo, where he was in charge of economic reconstruction. From 2003 to 2006 Joly Dixon was chairman of the Board of Governors, Indirect Tax Authority Bosnia and Herzegovina. Prior to this he was also special advisor to European Commissioner Pascal Lamy from 2003-04. His career began as a lecturer in economic statistics and econometrics at York and Exeter Universities.

Isabelle Low

Isabelle Low is the deputy chair of the Accounts Commission for Scotland since 2003 and also chairs its Performance Audit Committee. She is currently a board member of: the Scottish Consumer Council; the David Hume Institute; and until recently the Financial Director of the Year Awards. From 1997 to 2001 she held senior posts in the Scottish Executive, and prior to that she spent 20 years at the Scottish Office in a variety of policy roles. She has a PhD in statistical methodology.

Janet Trewsdale

Janet Trewsdale is a past chairman of the Northern Ireland Economic Council and senior lecturer in Economics at The Queen's University of Belfast. She is a Chartered Statistician. She is a past vice-president of the Royal Statistical Society (RSS) and member of the Statistics Advisory Committee (NI). She represented the RSS on the Statistics Users' Council for 19 years.

Martin Weale

Martin Weale is the director of the National Institute of Economic and Social Research and has written widely on economic statistics. He previously lectured in Economics at Cambridge University, where he was a Fellow of Clare College. Before that he worked in the National Statistical Office in Malawi. He is an Honorary Fellow of the Institute of Actuaries and Treasurer of the Alzheimer's Research Trust. He holds an Sc.D. in Economics from Cambridge University.

Chief Executive

Richard Alldritt

Richard Alldritt is the chief executive of the Statistics Commission. He has worked in several government departments including the Home Office, Office for National Statistics and the National Assembly for Wales where he was most recently head of Information and Knowledge Management. Before that he was head of the Statistical Directorate in the Welsh Office and Welsh Assembly.

Our committees and project boards

Audit Committee

Sir Derek Wanless (chair)
John Gant*
Linda Mister*

Devolution and Regional Sub-Committee

Janet Trewsdale (chair)
Derek Wanless
Sir Kenneth Calman
Isabelle Low

'Use Made' Project Board

Colette Bowe (chair)
Richard Laux (ONS observer)
Roger Sykes (Audit Commission)
Suzanne Hall (MORI)**
Andrew Johnson (MORI)**

Review of Crime Statistics Project Board

Martin Weale (chair)
Jon Simmons (Home Office observer)
Carolyn Sinclair*
Chris Fox (Matrix)**
Kevin Marsh (Matrix)**
Sam Mackay (Matrix)**
Professor Tim Hope (Keele University)**

Research and Review Sub-committee

Martin Weale (chair)
Colette Bowe
Sir Kenneth Calman

Legislation Working Group

David Rhind (chair)
Derek Wanless
Joly Dixon

Census 2011 Project Board

David Rhind (chair)
Martin Weale
Keith Dugmore (Demographic Solutions)**

Accessibility Project Board

Ian Beesley (chair)
Richard Cracknell (HoC Library)
Kevin McHale (ONS observer)
Oswin Baker (MORI)**
Lisa Valade-De Melo (MORI)**
Seirian Hanner (MORI)**

Official Statistics – Value and Trust

David Rhind (chair)
Derek Wanless
Colette Bowe

Annex C: Plans and performance 2006-07

Performance against the 2006-07 Forward Look included in the Annual Report 2005-06

ACTIONS PLANNED	PERFORMANCE
Devolution issues: Further examine the need for a) greater comparability of statistics across the UK and b) the need for local statistical services in the devolved administrations; and make recommendations relating to the government machinery for addressing these issues.	In September 2006 the Commission hosted a seminar in Edinburgh entitled 'Do we have the data we need to understand the Economy in Scotland?' organised with the assistance of the Scottish Executive. The Commission also responded to the Scottish consultation document <i>Improving Statistical Services in Scotland</i> which proposed to extend the 'scrutiny and standards' aspect of the Statistics and Registration Service Bill to Scotland.
Crime statistics: Complete the current review of crime statistics, examining adequacy, use made in decision making, methodological issues and needs of users. To report September 2006	Final report published September 2006.
Review the statistical use of tax data: looking inter alia at legal and other restrictions on data sharing. Aim to report autumn 2006.	Report is in an advanced drafting stage.
Accessibility of data: Undertake a review of data accessibility from a user perspective, examining the provision of adequate metadata, data quality and format. Aim to report end of 2006.	Final report published in June 2007.
'Use made' research: Undertake a study of the use of official statistics by organisations and individuals in decision-making. The study will illustrate wider needs by identification and discussion of specific examples. Aim to report in 2007.	Final report published in March 2007. The report mainly looked at the use made of official statistics by organisations, rather than individuals.
National Statistics planning: Consider and comment to ministers on the <i>National Statistics Work Programme 2006/07 – 2008/09</i> and the <i>National Statistics Annual Report</i>.	The Commission made a number of observations about the need to improve the statistical planning system and on the risks facing ONS.
2011 Census planning: Review the planning for the 2011 Census and look ahead to future challenges and issues. Aim to report early 2007.	Interim report on preparations for the 2011 Census published in February 2007. Final report to be published in autumn 2007.

ACTIONS PLANNED	PERFORMANCE
Legislation: to advise on current proposals; in particular to advise on the role, responsibilities, accountability and constitution of the proposed Governing Board.	Press release issued summarising the Commission's views on the Statistics and Registration Service Bill, including proposed amendments. Discussions held with a range of stakeholders.
Impact assessment: Assess the impact and future relevance of recommendations in previous Commission reports and prepare a consolidated overview for publication in 2007.	Overview in draft. It will be updated in 2007/8 to take account of legislation and Commission reports.
Public trust: Consider further the issues raised in our report <i>Official Statistics: Perceptions and Trust</i> published in 2005.	To be covered in the Commission's planned report 'Official Statistics – Value and Trust'.
Code of Practice: Make recommendations in relation to the future development of the Code of Practice – a report is planned for late 2006.	Consultation report published in December 2006. Final report to be published autumn 2007
Value to stakeholders: take action to address the issues identified in the February 2006 report <i>Perceptions of the Statistics Commission</i> .	To be covered in the Commission's planned report 'Official Statistics – Value and Trust'.
Business processes: Maintain systematic procedures for managing the work of the Commission. This will include regular updates of the Business Plan and individual project plans, and adherence to project management procedures.	Business plan and project plans all updated regularly.
Website usability: Building on the positive feedback from users, further improvements to the Commission's website will be implemented to enhance usability.	The Commission's new website was launched in October 2006.
Staff development: Review and update the training and development framework for all staff to meet the needs of the Commission.	Framework updated and training priorities for staff reviewed.
Business continuity: Test disaster recovery procedures and update the Business Continuity Plan accordingly.	Disaster recovery plans tested successfully July 2006 and Business Continuity Plan updated.
Risk register: Review and update the risk register twice a year in January and July.	Risk register updated July 2006 and January 2007. Changes reviewed by Internal Audit and Audit Committee.

List of publications and presentations 2006-07

Reports

Crime Statistics: User Perspectives,
Report No. 30, September 2006

*A Code of Practice for National Statistics –
Interim Report for Consultation*,
Report No. 31, December 2006

*Preparing for the 2011 Census – Interim
Report*, Report No. 32, February 2007

The Use Made of Official Statistics,
Report No. 33, March 2007

Data on Demand – Access to Official Statistics,
Report No. 34, June 2007

These are available on our website:
www.statscom.org.uk

Articles

Gordon's vital statistics, Ian Beesley,
The Guardian commentary section,
14 December 2006

Get some extra help, Ian Beesley,
The Guardian Public Magazine,
April 2007

Counting the costs of increasing
immigration, David Rhind,
Letter to the Editor,
The Times, 17 May 2007

Presentations

Trust in official statistics,
RSS Conference, Belfast,
September 2006

Crime Statistics: User Perspectives,
RSS Conference, Belfast,
September 2006 and November 2006 (RSS)

The Reform of Statistical Governance,
Statistics Commission Open Meeting,
November 2006

The Use Made of Official Statistics,
Statistics User Forum Meeting on Improving
Access to Government Datasets,
January 2007

Annex D: Code of Practice casework

The National Statistics Code of Practice sets out principles and practices that government departments and agencies should follow in producing and publishing official statistics. However, only a few parts of the present Code are of a kind that readily allow an independent judgement to be made about compliance.

Much of the Code is non-prescriptive and requires no specific evidence of compliance. Thus the evidence that does exist often relates only to the more detailed aspects, for example those dealing with the public release of statistical information. The Statistics Commission has reported on ways to strengthen and clarify the Code (see Chapter 3). Uncertainty over questions of interpretation is reflected in the nature of possible breaches that were drawn to our attention during the year.

The Commission has been notified by ONS of the following cases (not necessarily breaches of the Code) since April 2006:

- (i) Staff at the Department of Health (DH) and the NHS Confederation commented about NHS workforce data to a journalist who quoted the figures one day prior to the pre-announced date of release in an article on 23 April 2006. The Information Centre (IC) for health and social care reviewed the number of people with pre-release access and took measures to ensure compliance with protocols with regard to statistical publications. The workforce statistics are not within the scope of National Statistics but are covered by release arrangements in the DH Code compliance statement. The Commission regards the leak as inconsistent with the Code.
- (ii) The Department for Constitutional Affairs (DCA) contacted the National Statistician regarding the

postponement of a DCA statistical release initially set for 7 July 2006. The Government's Strategic Communications Unit had informally advised that there should be no government announcements on the day as a mark of respect for the victims of the London bombings. Though this advice did not apply to pre-announced National Statistics, DCA argued that publication of its release would be inappropriate. The National Statistician approved the postponement. The Commission accepts that the circumstances were exceptional.

- (iii) Newspaper articles published on 16 and 17 July 2006 referred to a rise in street crime one day prior to the publication of the quoted Home Office statistics. While it can be argued the journalists' references were too inaccurate and vague to indicate a statistical leak, the Home Office did provide an embargoed release of the crime statistics to journalists, thereby allowing the press to have access to the figures and the government's line on them one day before Parliament and the public. While the Commission accepts that this is a continuation of an established practice, it nonetheless views the practice as likely to influence the media coverage of the statistics, and does not regard this as consistent with the Code.
- (iv) The Department for Education and Skills (DfES) published the annual Key

Stage 1 and 2 results on 24 August 2006, the same day as the release of GCSE results. Journalists suggested to the Commission that the date had been chosen to divert political and media attention from the Key Stage 1 and 2 results, pointing out that in previous years, the KS data had been released two days prior to publication of GCSE results. The Commission accepted that the choice of dates had been a coincidence and the Code of Practice had not been breached. However, internal DfES correspondence, made available to the Commission in order to explain the Department's decision-making process, suggested that senior officials and special advisers believed that their own views on the appropriate release date for the figures were a relevant consideration. The Statistics Commission urged DfES to ensure that officials and advisers should not get involved or comment on specific release dates for statistics. The Commission also suggested moving away from a policy of 'earliest possible' release to an arrangement more analogous to that adopted for GCSE results (which are regularly published on the third Thursday in August). Responding to the Commission's concerns, the Permanent Secretary at DfES set out steps to address these issues.

- (v) There was extensive media interest in, and comment about, the breach of the Code of Practice associated with remarks by the Prime Minister at the TUC conference on 12 September 2006. In response to a question, he had outlined the latest unemployment figures prior to the statistical release set for 13 September. The Commission responded to press inquiries and concluded that this appeared to be a breach of the Code of Practice. The National Statistician wrote to the

Cabinet Secretary who acknowledged the breach and said steps would be taken to prevent a recurrence. The Commission issued a short press notice, welcoming the swift conclusion. It is a fundamental principle that all political interests should have an equal opportunity to comment when figures are released. That is why the Code of Practice does not permit even very general comments to be made about statistics before they are published.

- (vi) Policy officials at the General Register Office for Scotland responsible for briefing Ministers also briefed an external body regarding Scottish drug death statistics to allow that body to respond speedily and authoritatively. The external body briefed a newspaper in advance of publication drawing largely on its own data, and issued its own statement not mentioning embargoed information. However, the newspaper included information in an article which gave the direction of change of one of the embargoed statistics. The article appeared on the day of statistical release, so no corrective actions were taken. The Commission regards the apparent leak of information to the newspaper as inconsistent with the Code of Practice.
- (vii) Officials of the Chief Adviser on School Standards released restricted GCSE 2006 results in a presentation note to Children Service Advisers and others, prior to the official release date on 19 October 2006. The Commission accepts that there was no deliberate intent to breach the Code and noted appropriate steps were taken to recall the released information as soon as the Department for Education and Skills (DfES) was alerted.
- (viii) Instead of publishing the Prodcom Quality Report for Industry 28750 on

2 October 2006, the Office for National Statistics (ONS) accidentally published an internal document on its website. Most of the comments for individual survey contributors referred to them only by a reference number, but in one case a firm was mentioned by name and a figure relating to it was revealed. The document was replaced by the right one eight days later and the National Statistician has apologised to the named firm, explaining how the incident occurred. A meeting between the team responsible for the statistics and the web support team took place in order to clarify responsibilities and lines of communication. The National Statistician wrote to managers within ONS reminding them of their responsibilities for data disclosure and asking them to check their procedures.

- (ix) The statistical report *Final PSA3 baselines from the 2005/2006 survey* produced by the Department for Culture, Media and Sport (DCMS) was accidentally released on the Internet 45 minutes prior to the announced release time of 9.30am on 14 December 2006 due to an internal IT system error. The Statistics Commission understands that steps have been taken to prevent a recurrence.
- (x) A copy recipient at the Department of Communities and Local Government forwarded an advance copy of the ONS Public Sector Employment Statistics release and covering briefing document to a colleague for advice one day prior to the official publication date on 14 March 2007. The mistake was spotted within one hour and the email deleted by the recipient who hadn't opened it.
- (xi) The Association of Regional Observatories (ARO) wrote to the Statistics Commission and ONS

expressing concerns about the effects of changes to the UK National Accounts (Blue Book) announced on 23 February 2007 and the lack of user consultation in the run-up to the ONS announcement. While HM Treasury and the Bank of England had been consulted, regional and other sub-national users were not. In her response to the ARO of 15 May 2007, the National Statistician accepted that ONS did not consult all users as the decision about this year's Blue Book had been made relatively late. The Statistics Commission notes that the changes made are, in effect, delays to statistical outputs driven by resource constraints rather than changes to the planned outputs which will be published in full eventually. However, the Protocol on Customer Service and User Consultation states that producers should consider the potential impact of statistical changes on sub-national users and consult accordingly. Given the fact that there was no intention to reduce the scope of statistics that will eventually be published, we do not, on balance, regard it as a breach of the Code (though further consultation about the delay would have been in the spirit of the Code). We would note however that this view is influenced by the question of timing: if the delay proves to be one year or less, we would simply see it as an operational matter; if the delay is longer then we would see this as a substantive change in the output and thus covered by the Code.



Statistics Commission Financial Statements
For the year ended 31 March 2007

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Management Commentary

History

The Statistics Commission was established in June 2000 as part of the new arrangements for National Statistics. It is an advisory non-departmental public body, funded by grant in aid from HM Treasury's Request for Resources 1, and is independent of both Ministers and the producers of National Statistics. It has its own budget and is able to commission its own activities.

The Commission was set up on a non-statutory basis, but its role and responsibilities are set out in the Framework for National Statistics, published in June 2000.¹

¹ *Framework for National Statistics*, ISBN 1 85774 382 2, published June 2000

Going concern

The Government introduced The Statistics and Registration Service Bill in Parliament on 21 November 2006 and it is following the usual legislative process through both Houses before being enacted. The Commission has welcomed the intent of this Bill, to create an independent Board to enhance confidence in government statistics and has given advice based on its experience, about how the new arrangements might best be set up. The Bill will establish a new Statistics Board which will subsume the Office for National Statistics (ONS) and become a non-ministerial department. In effect the Board will replace:

- the statistical functions of the ONS
- the oversight role of Treasury Ministers in relation to ONS functions
- the independent Statistics Commission.

The Bill (clause 52) proposes the abolition of the Commission and a date for this is expected to be announced in a commencement order following Royal Assent. Grant in aid for 2007-08 of £1.35 million has already been approved. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Management Commentary

Aims and objectives

The Commission aims to ensure that decision-makers and the public can trust official statistics and that they meet the needs of users. These aims were pursued through the following objectives:

Objective 1:

To develop our understanding of the **needs of users** of official statistics, including Parliament and the public, and to make proposals that will enhance the statistical service to all users.

Objective 2:

To consider and advise on the Government's current proposals in relation to the **future governance of official statistics**.

Objective 3:

To carry out the Commission's functions impartially and use resources efficiently, effectively and economically.

Further information on the strategy for 2006-07 is provided in Annex A of the Annual Report and in the Commission's Business Plan 2006-07 which is available on the website at www.statscom.org.uk.

Performance

The Commission's Business Plan for 2006-07 outlined the major projects planned for the year. The Commission made significant progress on all these projects which resulted in the publication of four major research reports as well as a range of other outputs. A summary of the research undertaken by, or on behalf of, the Commission during the year is detailed in Chapter 3 of the Annual Report. Details of performance against the individual projects planned for 2006-07 are in Annex C of the Annual Report together with a list of publications. Details of our work with stakeholders during the year is outlined in Chapter 2 of the Annual Report.

Funding and results for the year

The Statistics Commission is funded by grant in aid from HM Treasury's Request for Resources 1. Grant in aid available for 2006-07 was £1.35 million. Total cash grant in aid provided for the year was £1.35 million.

Management Commentary

Future work

Chapter 4 of the Annual Report outlines the Commission's objectives and the main projects planned for 2007-08. The Commission plans to publish research in a number of areas including a review of taxation data, the accessibility of official statistics and a final report on preparation for the 2011 census. The Commission will also report on its work over the seven years of its existence. We hope this will assist the new Statistics Board in their deliberations on a number of central issues relating to official statistics. The Commission will also continue to pursue concerns raised by others. Further information is available in the Commission's Business Plan 2007-08 which is available on the website www.statscom.org.uk

The Commissioners

The Commissioners during the period ended 31 March 2007 were:

David Rhind (Chairman)
 Sir Derek Wanless (Vice chairman)
 Ian Beesley
 Colette Bowe
 Sir Kenneth Calman (until 31 January 2007)
 Joly Dixon
 Isabelle Low (from 1 July 2006)
 Janet Trewsdale
 Martin Weale

Details of remuneration and appointment are contained in the Remuneration Report. Further information about individual Commissioners is contained in Annex B of the Annual Report.

A register of Commissioners' interests is maintained by the Commission and is available for inspection on the Commission's website at www.statscom.org.uk

Chief Executive and Accounting Officer

Richard Alldritt is Chief Executive of the Commission. Further information is contained in Annex B of the Annual Report and the Remuneration Report. HM Treasury's principal Accounting Officer, the Permanent Secretary, has designated the Chief Executive as Accounting Officer of the Commission. His responsibilities as the Accounting Officer and for the Statistics Commission's system of internal control are set out on pages 54-57.

Audit committee

The audit committee is chaired by a Commission member, Sir Derek Wanless. There are two other members, both external: John Gant CB, ex – Finance Director of Inland Revenue; and Linda Mister, Financial Controller, Finance & Resource Management, Department of Trade and Industry.

Annual accounts

These accounts have been prepared in a form directed by HM Treasury as set out in the accounts direction.

External audit

The Comptroller and Auditor General has agreed to be appointed as the auditor to the Statistics Commission. The audit fee for 2006-07 was £7,637.

Management Commentary

The Accounting Officer confirms that:

- there is no relevant audit information of which the auditors are unaware;
- he has taken all the steps considered necessary to ensure the auditors are aware of relevant audit information; and
- he has taken all the steps considered necessary to establish that the auditors are aware of the information.

Payment of suppliers

The Statistics Commission aims to pay all invoices not in dispute within 30 days or less of acceptance of the relevant goods and services, or the receipt of a legitimate invoice if that is later. For 2006-07 the Commission achieved a performance of 100%.

Post balance sheet events

There are no post balance sheet events to report for the period ending 31 March 2007.

Staff issues

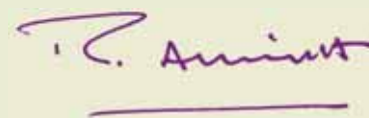
The Statistics Commission has no directly employed staff. At 31 March 2007 there were 10 secondees from other government departments and public bodies. Given these circumstances, consultation and communication between staff and management take place directly and on an informal basis. Secondees remain subject to their parent organisation's terms and conditions of employment.

Pensions

Staff pensions remain the responsibility of their parent organisations. The Statistics Commission is, therefore, exempt from any pension related liability. Further information is given in Note 1i of the annual accounts and the Remuneration Report.

Equality and diversity

The Statistics Commission is committed to the principle of equality of opportunity and values diversity. The Commission opposes all forms of discrimination and promotes equality and fairness in its recruitment and retention of staff.



Richard Alldritt
Chief Executive
2 July 2007

Remuneration Report

Remuneration policy and appointment

1. The Statistics Commission is a non-departmental public body sponsored by HM Treasury and was established on a non-statutory basis.

Commissioners

2. The chair and other Commissioners are appointed by Treasury Ministers. The level of remuneration is subject to review in the context of decisions taken by Ministers from time to time in relation to salaries of this kind.
3. Appointments to the Commission are made in open competition and in accordance with the Code of Practice of the Commissioner for Public Appointments.

Staff

4. HM Treasury directed that the staff of the Statistics Commission will be on secondment from Civil Service Departments, and will be subject to levels of remuneration and terms and conditions of service applying in their parent Departments. The Statistics Commission has no delegated power to amend these terms and conditions.
5. Staff appointments are made through HM Treasury in accordance with the Civil Service Commissioners Recruitment Code which requires appointment to be on merit on the basis of fair and open competition but also includes the

circumstances when appointments may otherwise be made. Staff appointed from outside the Civil Service are loaned to, or placed on fixed term contract by HM Treasury. Staff are then seconded to the Commission for periods of one year or more.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk

Salary and pension entitlements

6. The following sections provide details of the Commissioners and Chief Executive of the Commission which are subject to audit.

Commissioners remuneration

7. The chairman is paid an annual fee of £28,000 (2005-06: £28,000) for 60 (2005-06: 60) days work; and each of the Commissioners is paid an annual fee of £5,500 (2005-06: £5,500) for 20 (2005-06: 20) days work. Sir Derek Wanless was appointed vice chairman in July 2004 and is paid an annual fee of £8,250 for 30 days work each year.

Remuneration Report

	2007	2006
	£	£
David Rhind (chairman)	28,000	30,333
Ian Beesley	5,500	5,958
Colette Bowe	5,500	5,958
Sir Kenneth Calman (until 31 Jan 2007)	4,583	5,500
Joly Dixon (from 1 February 2006)	5,500	918
Dame Patricia Hodgson (until 31 Dec 2005)	-	4,583
Isabelle Low (from 1 July 2006)	4,125	-
Janet Trewsdale	5,500	5,958
Sir Derek Wanless (vice chairman)	8,250	8,938
Martin Weale	5,500	5,500

8. Remuneration is non-pensionable and the Commissioners received no benefits in kind during the year.

Chief Executive's remuneration and pension

9. The Chief Executive's remuneration is as follows:

	2006-07		2005-06	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Richard Alldritt	85-90	37,400	70-75	38,500

Remuneration Report

Salary

‘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 allowance to the extent that it is subject to UK taxation.
This report is based on payments made by the Commission and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. The Chief Executive received benefits in kind consisting of lodging allowance, travel costs and settlement of the related tax liability.

Pension Benefits

Chief Executive						
	Accrued pension at age 60 as at 31/3/07 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/07	CETV at 31/3/06	Real increase in CETV	Employee contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Richard Alldritt	35 - 40	1.5 - 2.0	617	574	22	4,700

Remuneration Report

Civil Service pensions

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). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic 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. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice-pensions.gov.uk/>

Remuneration Report

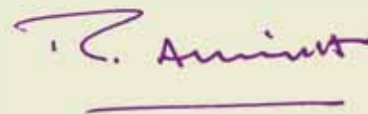
Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Please note that the factors used to calculate the CETV were revised on 1 April 2006 on the advice of the Scheme Actuary. The CETV figure for 31 March 2006 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2007.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Richard Alldritt
Chief Executive
2 July 2007

Statement of the Commission's and the Accounting Officer's Responsibilities

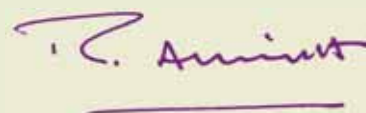
Under paragraphs 31-35 of the Cabinet Office's Guidance on Codes of Practice for Board Members of Public Bodies, the Commission is responsible for ensuring propriety in its use of public funds and for the proper accounting for their use. On the authority of the Chancellor of the Exchequer, in his capacity as Minister for National Statistics, HM Treasury has directed the Statistics Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of state of affairs of the Statistics Commission at the year-end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Statistics Commission is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

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

- prepare the accounts on a going concern basis.

The Accounting Officer of HM Treasury has designated the Chief Executive as Accounting Officer of the Statistics Commission. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Commission's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Government Accounting.



Richard Alldritt
Chief Executive
2 July 2007

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. The chairman of the Statistics Commission is appointed by the Minister for National Statistics and is personally responsible for probity in the conduct of the Commission's affairs. The chairman also has responsibility for providing effective strategic leadership on the formulation of the Commission's strategy for discharging its duties, including for encouraging high standards of regularity and propriety and promoting the efficient and effective use of resources. The Minister for National Statistics also appoints ordinary members of the Commission. The Commissioners including the chairman have corporate responsibility for ensuring that the Commission complies with statutory or administrative requirements for the use of public funds. Commissioners are also responsible for:

- ensuring that high standards of corporate governance are observed at all times
- establishing the overall strategic direction of the Commission within the policy and resources framework agreed with the Minister for National Statistics
- ensuring that the Commission operates

within the Framework for National Statistics and the terms of the Management Statement and Financial Memorandum, and in accordance with any other conditions relating to use of public funds.

To help Commissioners fulfil their responsibilities the Commission has produced a statement of all matters which should be reported to Commissioners.

The purpose of the system of internal control

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. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commission's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Commission for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Statement on Internal Control

Capacity to handle risk

The Commissioners have ultimate responsibility for deciding how much risk can be tolerated and for managing the Commission's risks, in particular for

- conveying their attitude towards risk management to the Chief Executive;
- making decisions which affect the Commission's risk profile or exposure; and
- reviewing at least annually the Commission's risk strategy and the risk register.

The Commissioners have delegated to the Chief Executive the day-to-day responsibility for managing risk within the Commission. The Chief Executive, as informed by senior managers, is responsible for assessing and reporting risk to the Commissioners and the Audit Committee. Commissioners and staff are committed to delivering a robust corporate governance and risk management framework appropriate to the size and type of the organisation. Key staff have received risk awareness and risk management training.

The risk and control framework

The Commission has a risk management strategy which follows the principles of the guidance issued by HM Treasury, National Audit Office and the Office of Government Commerce. The approach developed is appropriate to the particular size and

circumstances of the Commission.

The identification and evaluation of risks is undertaken by holding a risk management workshop twice a year, attended by key staff, at which all the operations and activities of the Commission in relation to its objectives are considered and associated risks identified and reviewed. Risks are evaluated by assessing the likelihood and impact of the risk occurring and the risks then categorised according to whether they are high, medium or low. Risk appetites are assessed on a risk by risk basis on the degree to which the Commission should accept inherent risk; should attempt to reduce risk through mitigation and control measures; or maximise opportunity through risk taking. This judgement is reached taking into account the Commission's general approach to risk and the attitude of the Commissioners to risk management. The Commission considers its risk priorities to be building links with stakeholders, research and strategy and internal management processes.

Each risk is assessed for the most appropriate way to manage it and responsibility for action assigned to individuals. Risks identified are recorded in a risk register together with the Commission's evaluation and planned action. This helps senior staff in reviewing and updating the business plan to ensure resources are directed to areas of greatest risk. At the lower level staff have included action for addressing risks in their work objectives and include risk assessment in project proposals. With the introduction of the Statistics and

Statement on Internal Control

Registration Service Bill in November 2006, which announced the abolition of the Commission once the new Statistics Board is established, the Commission has produced a wind up plan. From January 2007, to reflect the pace of events and the uncertainties arising from the proposed wind up both the risk register and the wind up plan are updated monthly.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Commission 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 the result of my review of effectiveness of the system of internal control by the Commissioners and the audit committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The main processes which have been applied in maintaining and reviewing the effectiveness of the system of internal control were:

- Commissioners approved the Business Plan and monitored progress at their meetings held six times per annum. The

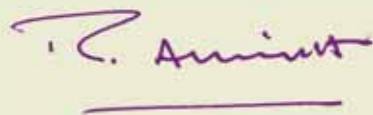
Chief Executive submitted a progress report to each Commission meeting. The Commissioners received periodic reports from the chairman of the audit committee.

- The audit committee met three times during the year and examined all internal and external audit reports and reviewed the risk management strategy and progress on maintaining the risk register and addressing the risks identified.
- Two risk management workshops were held during the year attended by key members of staff, during which staff re-evaluated the risks likely to threaten the achievement of the Commission's objectives and reviewed progress on the control strategies. Progress on, and changes to the risk register were reviewed by the audit committee. From January 2007 the risk register was updated monthly and submitted to Audit Committee members for review.
- A wind up plan was prepared in November 2006 and from January 2007 the plan was updated monthly and submitted to audit committee members for review
- Regular reports from staff to the Chief Executive on the steps they took to manage risks in their areas of responsibility including progress reports on key projects.
- The Commission's internal audit service operates to Government Internal Audit

Statement on Internal Control

Standards. The Head of Internal Audit submitted regular reports to the Chief Executive, and the audit committee, including an independent opinion on the adequacy and effectiveness of the Commission's system of internal control, together with recommendations for improvements.

- A report from the National Audit Office to the Chief Executive on the outcome of its annual audit of the accounts.



Richard Alldritt
Chief Executive
2 July 2007

Independent Auditor's Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements of the Statistics Commission for the year ended 31 March 2007. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Commission, Accounting Officer and Auditor

The Commission and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with Treasury directions and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Commission's and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view

and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Treasury directions. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Management Commentary and the un-audited part of the Remuneration Report, is consistent with the financial statements. I also report 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.

In addition, I report to you if the Statistics Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Statistics Commission's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Statistics Commission's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial

Independent Auditor's Report of the Comptroller and Auditor General to the Houses of Parliament

statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Statistics Commission and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Statistics Commission'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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, 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 also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

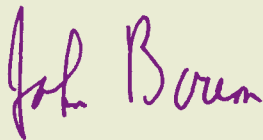
In my opinion:

- the financial statements give a true and fair view, in accordance with the Treasury directions, of the state of the Statistics Commission's affairs as at 31 March 2007 and of its net expenditure for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Treasury direction; and
- information given within the Annual Report, which comprises the Management commentary and the unaudited part of the the Remuneration Report, is consistent with the financial statements.

Independent Auditor's Report of the Comptroller and Auditor General to the Houses of Parliament

Audit Opinion on Regularity

In my opinion, 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.



John Bourn
Comptroller and Auditor General

4 July 2007
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Income and Expenditure Account for the Year Ended 31 March 2007

		2007	2006 (Restated)
	Note	£	£
Expenditure			
Staff costs	4	695,718	626,498
Commissioners' fees	5	72,452	73,646
Other administration costs	6	591,471	491,581
Depreciation	7	57,866	57,656
Net Expenditure		1,417,507	1,249,381
Interest receivable	3	(2,385)	(1,149)
Notional cost of capital	1g	(1,339)	1,366
Net Expenditure on ordinary activities		1,413,783	1,249,598
Reversal of notional cost of capital		1,339	(1,366)
Net Expenditure for the financial year		1,415,122	1,248,232
The notes on pages 65 to 76 form part of these accounts			

Statement of Recognised Gains and Losses

For the Year Ended 31 March 2007

		2007	2006 (Restated)
	Note	£	£
Unrealised surplus on the revaluation of tangible fixed assets	12	1,968	1,854
Total recognised gains/(losses) for the year		1,968	1,854
<i>The notes on pages 65 to 76 form part of these accounts</i>			

Balance Sheet as at 31 March 2007

		2007	2006 (Restated)
	Note	£	£
Fixed assets			
Tangible assets	7	97,904	151,561
Current assets			
Debtors	8	60,669	56,878
Cash at bank and in hand	9	5,268	20,165
		65,937	77,043
Creditors: amounts falling due within one year	10	(229,609)	(231,218)
Net current (liabilities)		(163,672)	(154,175)
Total assets less current liabilities		(65,768)	(2,614)
Creditors: amounts falling due after more than one year	11	(4,062)	(4,062)
Net liabilities		(69,830)	(6,676)
Reserves			
General reserve	12	(73,652)	(8,530)
Revaluation reserve	12	3,822	1,854
		(69,830)	(6,676)
Richard Alldritt Chief Executive 2 July 2007			
The notes on pages 65 to 76 form part of these accounts			

Cash Flow Statement

For the Year Ended 31 March 2007

		2007	2006 (Restated)
	Note	£	£
Net cash (outflow) from operating activities	13	(1,362,432)	(1,131,126)
Capital expenditure			
Payments to acquire tangible fixed assets		(2,465)	(3,677)
Net cash (outflow) before financing		(1,364,897)	(1,134,803)
Financing			
Grant in aid	2	1,350,000	1,152,799
(Decrease) / increase in cash and cash equivalents	9	(14,897)	17,996

1. Accounting policies

a. Basis of preparation

These financial statements have been prepared in accordance with the HM Treasury Accounts Direction and HM Treasury's guidance Government Financial Reporting Manual. The particular accounting policies adopted by the Statistics Commission are described below. They have been applied consistently in dealing with items considered material in relation to these financial statements.

Grant in aid for 2007-08 of £1.35 million has already been approved. The Statistics and Registration Service Bill currently going through Parliament proposes the abolition of the Commission. However, no date has yet been set. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

b. Accounting convention

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

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies Acts and the accounting standards issued by the

Accounting Standards Board so far as those requirements are appropriate.

c. Grant in aid

The Statistics Commission is financed by grant in aid from the Treasury's Request for Resources 1.

An amendment to the Government Financial Reporting Manual for 2006-07 requires NDPBs in receipt of grant in aid to regard this as a financing flow and no longer as income. Grant in aid is thus credited to the General Reserve. Figures for 2005-06 have been restated in these accounts to reflect this change in accounting policy. The Government Grant Reserve has been transferred to the General Fund as this is the amount of grant in aid used in prior years to purchase fixed assets. A revaluation reserve has been created.

The impact on reserves is shown on the following page.

A further impact of this change to accounting for grant in aid is that the Balance Sheet for 2005-06 now shows a position of Net Liabilities of £6,676 compared to Net Assets of £183,021 under the old policy. This has arisen due to the Commission no longer being able to account for grant in aid on an accruals basis which in 2005-06 gave rise to accrued income of £189,697 which was included in debtors.

Notes to the Accounts

Reserves			
	General Fund	Government Grant Reserve	Revaluation Reserve
	£	£	£
At 1 April 2005	(119,202)	206,105	-
Transfer of balance from Government Grant Reserve to General Fund	206,105	(206,105)	-
Total at 1 April 2005 (restated)	86,903	-	-
Net Expenditure	(1,248,232)	-	-
Grant in aid received towards resource expenditure	1,149,122	-	-
Grant in aid received towards purchase of fixed assets	3,677	-	-
Surplus on revaluation of fixed assets	-	-	1,854
As at 31 March 2006	(8,530)	-	1,854

d. Tangible fixed assets

Individual tangible fixed assets with a purchase cost in excess of £500 are capitalised and are revalued each year using appropriate indices to their net current replacement cost. All assets acquired on an individual or grouped basis (for similar items or those used together) for ongoing use falling above this threshold will be shown as tangible fixed assets.

Notes to the Accounts

e. Depreciation

Depreciation is provided on a straight-line basis, calculated on the revalued amounts to write off assets, less any estimated residual balance, over their estimated useful lives. The useful lives of tangible fixed assets have been estimated as follows:

IT equipment	3 years
Office equipment	5 years
Furniture and fittings	5 years
Leasehold improvements	Over lease term

A full year's charge for depreciation is provided in the year of acquisition and none is provided in the year of disposal.

f. Operating leases

Rental payable under operating leases is charged to the income and expenditure account on a straight-line basis over the term of the lease. The Statistics Commission's commitments are disclosed in note 14.

g. Notional charges

A notional cost of capital is calculated at 3.5% (2005-06 – 3.5%) on average net assets, excluding the Paymaster General bank balance. Where there are net liabilities (excluding the Paymaster General bank balance) a cost of capital credit arises. Notional costs are charged to the income and expenditure account.

h. Value added tax

Value added tax (VAT) on purchases is not recoverable, hence is charged to the income and expenditure account and included under the heading relevant to the type of expenditure.

i. Pension arrangements

The Commission is a non-statutory organisation and cannot directly employ staff. So everyone other than temporary staff is seconded to the Commission. The parent organisations of staff seconded to the Commission invoice the Commission for the pension and social security costs of the individual secondees. Most past and present Commission staff are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme. The Scheme Actuary (Hewitt Bacon Woodrow) valued the scheme as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation at www.civilservice-pensions.gov.uk.

Notes to the Accounts

2. Grant in aid

	31-Mar-07	31-Mar-06 (Restated)
	£	£
Grant in aid cash received from Request for Resources 1	1,350,000	1,152,799

3. Income

	31-Mar-07	31-Mar-06
	£	£
Bank interest on current account	2,385	1,149

4. Staff costs

	31-Mar-07	31-Mar-06
	£	£
a. Staff costs for the year comprised:		
Wages and salaries (staff on secondment)	534,417	483,018
Wages and salaries (temporary staff)	2,966	4,956
Social security costs	49,453	45,062
Other pension costs	108,882	93,462
	695,718	626,498

Salaries include gross salaries, performance bonuses payable, reserved rights to London Weighting or London allowances, recruitment and retention allowances, private office allowances and the monetary value of benefits in kind.

Notes to the Accounts

b. Average number of staff

The average number of persons contracted to work for the Commission during the year was as follows:

	31-Mar-07	31-Mar-06
	Number	Number
Senior staff on secondment	1	1
Other staff on secondment	10	10
Temporary staff	-	-
Total	11	11

5. Commissioners' fees

For details of fees paid to individual Commissioners please see the Remuneration Report. Total fees for the year were as follows:

	31-Mar-07	31-Mar-06
	£	£
Total Commissioner fees	72,452	73,646

In addition, expenses amounting to £6,175 (2005-06: £7,793) were reimbursed to the Commissioners.

Notes to the Accounts

6. Other administration costs		
	31-Mar-07	31-Mar-06
	£	£
Rent, rates and service charges	181,596	136,371
Research costs	240,017	192,407
IT current	58,691	41,813
Consultants and professionals	-	10,239
Training	14,352	9,036
Printing and stationery	13,510	13,497
Internal audit	5,633	7,873
Recruitment	-	7,776
External auditors' fees	7,637	7,344
Commissioners' expenses	10,829	17,603
Cleaning	6,072	5,298
Relocation expenses	-	423
Telephones	11,880	5,879
Photocopying	2,826	3,003
Postage	3,477	4,574
Publicity	12,826	6,215
Travel	13,347	9,781
Other costs (eg bank charges, electricity, health and safety, etc)	8,778	12,449
	591,471	491,581
Other costs include £224 (2005-06: £2,421) for the downward revaluation of tangible fixed assets.		

Notes to the Accounts

7. Tangible fixed assets

	IT Equipment	Office Equipment	Furniture & Fittings	Leasehold & Improvements	Total
	£	£	£	£	£
Valuation					
At 1 April 2006	43,476	3,579	66,496	189,172	302,723
Additions	822	-	1,643	-	2,465
Disposals	-	-	-	-	-
Revaluation	(1,999)	-	836	4,142	2,979
At 31 March 2007	42,299	3,579	68,975	193,314	308,167
Depreciation					
At 1 April 2006	30,179	3,579	41,175	76,229	151,162
Charge for year	10,239	-	8,964	38,663	57,866
Withdrawn	-	-	-	-	-
Revaluation	(1,775)	-	494	2,516	1,235
At 31 March 2007	38,643	3,579	50,633	117,408	210,263
Net book value					
At 31 March 2007	3,656	-	18,342	75,906	97,904
At 31 March 2006	13,297	-	25,321	112,943	151,561

8. Debtors

	31-Mar-07	31-Mar-06 (Restated)
	£	£
Prepayments	58,809	55,018
Other debtors	1,860	1,860
	60,669	56,878

Notes to the Accounts

9. Cash at bank and in hand		
	31-Mar-07	31-Mar-06
	£	£
At 1 April	20,165	2,169
Increase/(decrease) in cash in the year	(14,897)	17,996
At 31 March	5,268	20,165
Commercial bank account	5,268	20,165

10. Creditors: Amounts falling due within one year		
	31-Mar-07	31-Mar-06
	£	£
Amount payable to HM Treasury	65,665	93,852
Trade creditors	28,516	44,615
Other creditors	10,666	10,666
Accruals	124,762	82,085
	229,609	231,218

11. Creditors: Amounts falling due after more than one year		
	31-Mar-07	31-Mar-06
	£	£
Other creditors	4,062	4,062

Other creditors relate to the operating lease incentive for a rent-free period.
This amount will be released to the Income and Expenditure account as follows:

	31-Mar- 07	31-Mar-06
	£	£
Within 1 to 2 years	4,062	4,062

Notes to the Accounts

12. Reserves		
	General Fund	Revaluation Reserve
	£	£
At 1 April 2006	(8,530)	1,854
Net Expenditure	(1,415,122)	-
Grant in aid received towards resource expenditure	1,347,535	-
Grant in aid received towards purchase of fixed assets	2,465	-
Surplus on revaluation of fixed assets	-	1,968
As at 31 March 2007	(73,652)	3,822

13. Reconciliation of net expenditure for the year to net cash outflow from operating activities		
	31-Mar-07	31-Mar-06 (Restated)
	£	£
Net expenditure for the year	(1,415,122)	(1,248,232)
Adjustment for non-cash transactions:		
Depreciation	57,866	57,656
Deficit on disposal of fixed assets	-	-
Notional support costs	-	-
Deficit on revaluation of fixed assets	224	2,421
Adjustment for movements in working capital other than cash:		
(Decrease) in creditors	(1,609)	(622,532)
(Increase)/decrease in debtors	(3,791)	679,561
Net cash (outflow) from operating activities	(1,362,432)	(1,131,126)

Notes to the Accounts

14. Commitments under operating leases

The annual commitment under operating leases were as follows:	31-Mar- 07	31-Mar-06
	£	£
Land and buildings		
Lease expiring within one year	-	-
Lease expiring after one year but not more than 5 years	106,661	106,661
	106,661	106,661

15. Contingent liabilities

The Statistics Commission had no contingent liabilities at 31 March 2007.
(2006: None)

16. Capital and other commitments

The Statistics Commission had no capital commitments at 31 March 2007.

Notes to the Accounts

17. Related party transactions

During the year, HM Treasury provided total cash grant in aid of £1,350,000 (2005-06: £1,152,799).

During the year, other than the receipt of fees and expenses and salaries as disclosed in Notes 4 and 5, none of the Commission members, senior managers or other related parties has undertaken any material transactions with the Statistics Commission.

18. Financial instruments

Financial Reporting Standard (FRS) 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an 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 it is financed, the Commission 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 FRS 13 mainly applies. The Commission has limited powers to borrow or invest funds, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Commission in undertaking its activities.

Liquidity risk

The Commission's net revenue resource requirements are largely funded by grant in aid from its sponsor department. The capital expenditure is also financed through grant in aid. The Commission is therefore not exposed to significant liquidity risks.

Interest rate risk

The Commission is not exposed to any interest rate risk.

Foreign currency risk

The Commission's exposure to foreign currency risk is not currently significant.

Notes to the Accounts

19. Intra-government balances			
	Debtors: amounts falling due within one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£	£	£
Balances with HM Treasury	-	82,513	-
Balances with other government departments	-	99,194	-
Balances with bodies external to government	60,669	47,902	4,062
At 31 March 2007	60,669	229,609	4,062
Balances with HM Treasury	-	93,852	-
Balances with other government departments	-	102,256	-
Balances with bodies external to government	56,878	35,110	4,062
At 31 March 2006	56,878	231,218	4,062

20. Date of authorisation of the accounts

The accounts were authorised to be issued on 9 July 2007.



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