

Office for National Statistics

SPRING 2006 DEPARTMENTAL REPORT

Presented to Parliament
by the Chancellor of the Exchequer
and the
Chief Secretary to the Treasury
by Command of Her Majesty
May 2006

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Office for National Statistics
Spring 2006 Departmental Report

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Introduction

1. The Office for National Statistics (ONS) was established as an Executive Agency and Government Department on 1 April 1996, from the merger of the Central Statistical Office and the Office of Population Censuses and Surveys. It has around 5,500 staff (4,300 full-time equivalents) operating in London, Newport (South Wales), Southport and Titchfield (Hampshire) of whom 1,410 (750 full-time equivalents) are interviewers whose role is to collect information for social surveys.
2. The Director and Permanent Secretary of ONS is Karen Dunnell. Karen succeeded Len Cook on 1 September 2005. She is also the National Statistician (the Government's chief statistical adviser and professional head of National Statistics), the Registrar General for England and Wales and the Accounting Officer.
3. The ONS Framework Document sets the scope of the Office's activity and its relationship with Ministers. The Director of ONS is accountable to the Chancellor of the Exchequer for the Department's performance. On 28 November 2005 the Chancellor announced his intention to legislate to make the Office for National Statistics independent of government; further details are given in section 3 of this report. The Chancellor currently delegates Ministerial responsibility for ONS to the Financial Secretary to the Treasury, John Healey MP. The ONS aims and objectives are listed in the next section of this report.
4. The National Statistics Framework Document sets out the arrangements and responsibilities for National Statistics and describes the framework that regulates much of the Government's statistical work. The National Statistician is responsible for the methods and quality of National Statistics and for maintaining the standards set out in the National Statistics Code of Practice and supporting Protocols.
5. ONS works in partnership with other departments through the Government Statistical Service to provide Parliament, government and the wider community with a wide range of statistical information, analysis and advice.
6. The Statistics Commission was established by the Government to give relevant advice to Ministers on the quality, quality assurance, priority setting and on the procedures designed to deliver statistical integrity that ensure National Statistics are trustworthy and responsive to public needs. It is an independent body and this report does not cover its activities.
7. The Registrar General for England and Wales is responsible for the delivery of Civil Registration in England and Wales. In practice she ensures that ONS works in partnership with Local Authorities to administer the registration of key life events. The two distinct roles of ONS come together where statistical information can be derived from civil registration for use in policy making, allocation of resources and monitoring the health of the nation.

Aims and objectives

8. ONS Mission:
 - to provide trustworthy official statistics and an efficient registration service, which enable timely and decisive government, business and community activities. All statistics prepared by the ONS will be accessible and users will be able to make enquiries and studies of ONS surveys (in controlled situations).
9. Strategic objectives:
 - to be an authoritative and trusted publisher of statistics about the UK economy and society
 - to ensure the efficient and accurate registration of key life events
 - to drive the development of National Statistics
 - to contribute to the leadership of the statistical system of the European Union and ensure that engagement in international statistics is effective in the breadth of issues important to the UK.
10. ONS is currently undertaking a programme of modernisation as well as relocating posts out of London and the South East. The key to achieving our objectives, particularly during this period, will be the efforts and commitment shown by our staff. Our goal is to sustain the development and motivation and recruitment of staff who understand the users' needs and who have the skills to take maximum advantage of the new technological environment we are building.

ONS governance and structure

Independence

11. On 28 November 2005 the Chancellor of the Exchequer announced in a written statement to Parliament:

“Having reviewed the Framework for National Statistics, we will publish plans by early in the New Year to legislate to make the Office for National Statistics independent of Government, making the governance and publication of official statistics the responsibility of a wholly separate body at arms length from Government and fully independent of it.

We propose to legislate for:

- the creation of an independent Governing Board for the Office for National Statistics, with delegated responsibility for meeting an overall objective for the statistical system’s integrity
 - the appointment of external members to the Board, drawn from leading experts in statistics and including men and women from academia and business
 - a new accountability to Parliament through regular reporting by the Board to explain and to be questioned by the Treasury Select Committee on their performance”.
12. The Chancellor’s commitment was reaffirmed in his Budget speech on 22 March 2006 when he also announced the publication of the consultation document, *Independence for Statistics*. In summary, the proposals are:
- to remove the statistics office from Ministerial control by establishing it as a Non-Ministerial department

- for special funding arrangements outside the normal Spending Review process
- to create a new independent governing board, reporting directly to Parliament rather than through Ministers, which will oversee the statistics office and be responsible for ensuring quality and integrity across National Statistics
- to place a statutory responsibility on this board to assess and approve all National Statistics against the code of practice, also backed by statute
- to create the post of Chief Statistician (akin to the current role of National Statistician) who will combine the roles of Chief Executive of the statistics office, Government Chief Statistical Adviser, and Head of the Government Statistical Service
- the Government is considering the position of the General Register Office and the National Health Service Central Register within government, in recognition that their functions necessarily involve Ministers and are distinct from those envisaged for the new governing board
- building on the positive impact of the Statistical Commission since it was set up in June 2000, the roles and responsibilities of the Statistics Commission will be subsumed within the new board, and the Commission will therefore be wound up once the new arrangements are in place.

The consultation period runs until 14 June 2006.

ONS Executive Management Group, May 2006

Karen Dunnell	National Statistician; Director of ONS Registrar General for England and Wales	
Jil Matheson	Executive Director	Census Demographic and Regional Statistics
Stephen Penneck	Executive Director	Surveys & Administrative Sources Directorate
Colin Mowl	Executive Director	Macroeconomics and Labour Market Directorate
Dennis Roberts	Executive Director	Registration and Corporate Services Directorate
Steve Newman	Finance Director	Finance and Planning Directorate
Joe Grice	Executive Director	Social and Public Service Analysis Reporting
Cynthia Clark	Executive Director	Methodology Directorate
Dayantha Joshua	Chief Information Officer	Information Management Group
Mike Hughes	Secretary to the Board	National Statistics & Planning Group

13. During 2005–06 the following were also members of the Executive Management Group:

Len Cook, National Statistician; Director of ONS, Registrar General for England and Wales
– contract ended 31 August 2005

Hilary Douglas, Chief Operating Officer, Executive Director Corporate Development Directorate – secondment ended 31 March 2006.

14. During 2005–06 Gwen Batchelor’s term as a non-Executive Director ended.

ONS Non-Executive Directors, April 2006

Janet Finch	Non-Executive Director	Vice Chancellor Keele University
Sir Robert Culpin	Non-Executive Director	Formerly Second Permanent Secretary (HM Treasury)
Alex Jablonowski	Non-Executive Director	Formerly Divisional CEO of Barclays and CEO of a private and merchant bank.

Performance management framework

15. This section reports performance in 2005–06 against targets from the 2004 Spending Review and those from the 2002 Spending Review due for completion by March 2006. All other targets are reported on in Annexes A and B.

Spending Review 2004

To leverage the benefits of investment in statistical modernisation and organisation transformation, as reflected by the value of outputs per £ of cost increasing 20 per cent by March 2008, compared with 2003–04.

16. ONS is on track to meet this target. We have developed a methodology to measure and quantify the value of statistical outputs, which has been quality assured and signed-off by the Office for Government Commerce's Metrics and Benchmarking Team. The methodology was developed specifically to meet the need to report against this efficiency target. In the longer term, the potential for using benefits valuation as a corporate prioritisation tool will be further explored and a more detailed set of outputs developed, that would help improve understanding of the ONS cost structure and the flow of resources through its core and intermediate outputs. Using the methodology, the 2003–04 benchmark is £108m and the increase in value at the end of 2005–06 was calculated as £5.8m (5.3%). This is in line with expectations as the significant benefits from modernisation are due towards the end of the period.

To leverage the benefits of investment in statistical modernisation and organisation transformation, as reflected by the

proportion of transactions with business completed electronically reaching 25 per cent by March 2008.

17. ONS is on track to meet this target. We currently uses two methods to collect data from business electronically – automatic telephone data entry (TDE) and file transfer. ONS has chosen to extend TDE in preference to other possible electronic collection modes because its use is already well-established and successful. International research has identified it as a cost-effective method of data collection.
18. The latest figures for 2005–06 show that 15 per cent of business transactions were completed electronically, of which 6 per cent were telephone data entry returns and 9 per cent by various forms of file transfer. This figure is unchanged from the previous year.
19. ONS plans to modernise its data collection systems and this will extend the proportion of data collected electronically. The milestone targets are for 17 per cent of transactions to be by telephone data entry by the end of 2006–07 rising to 26 per cent by the end of 2007–08. An improved secure file transfer facility is targeted to increase the use of this method to 16 per cent of transactions by the end of 2007–08.

To modernise Civil Registration – subject to parliamentary approval we will implement a fully web-enabled registration system, with approved government bodies having electronic access to new registrations, by September 2005, post-1935 birth records, by June 2007 and post-1980 death records, by March 2008.

20. This target comes within the compass of the wider Civil Registration Review Project which will implement the recommendations of the Civil Registration Review. The work includes the electronic capture of new and existing registration record, including the digitisation of paper-based records which go back to 1837.
21. All work is currently on track to deliver on time. The web-based registration system, which enables Register Offices to register civil partnerships on-line was launched in March 2006. Our plan is to use this system to also register births, marriages and deaths within the next twelve months.

To implement the recommendations from the Allsopp Review of Statistics for Economic Policy Making we will begin launching new surveys during 2006 in accordance with a plan for full delivery by 2009 and we will create a Government Statistical Service presence in each region by March 2007.

22. ONS are on course to deliver a full regional statistical presence by March 2007, through working in partnership with the RDAs; and are committed to delivering output-based real regional GVA estimates by 2009, albeit on an experimental basis initially. The Allsopp review of statistics for economic policymaking examined the information needed to support the Government's key regional policy objectives and the programme to take forward its recommendations has made substantial progress within the tight budgetary constraints. The focus has been on development of the essential infrastructure (the Business Register, access to administrative data) on which surveys depend, as well as on the technical development work required for the development of new surveys. However, we will not be in a position to launch new surveys in 2006 but we plan to undertake pilot work during 2007.
23. The plan for the Allsopp Programme for 2006–08 will be to build on the early development

projects currently underway and to continue to leverage work across the Office which contributes to the recommendations, including:

- *Developing the Business Register* – The development of the register is fundamental in meeting the requirements of regional statistics as set out in the Allsopp Review. Development and quality improvements to the business register required by the Allsopp agenda will be completed by March 2007.
- *Administrative data* – Work on investigating the suitability of administrative data sources to supplement or substitute business survey data, as well as initial regional accounts development work, is being taken forward to inform the future development of business surveys.
- *Business Register Employment Survey (BRES)* – The major output for the BRES project in 2006–07 is the detailed design of the proposed new survey. Current plans for BRES are for a small-scale pilot test in 2007, a larger-scale full pilot in 2008 and the launch of the full survey in 2009.
- *Regional GVA* – Under current plans the development of regional accounts is planned to provide first experimental estimates of modelled GVA estimates in December 2009. Work in 2006–07 will focus on improvements to the current Regional Accounts approach and the early development of an enhanced Regional Accounts framework. Establishing a regional presence should also provide the opportunity to further quality assure and improve regional data inputs.
- *Service sector* – ONS will continue to address other aspects of the imbalance between manufacturing and service sectors; this will be in part through the EU who have committed to addressing these imbalances on an EU wide scale (an initiative of the UK EU Presidency last year).

24. As part of the 2005 Pre-Budget Report, the Financial Secretary made an announcement which stated that 'Regional Development Agencies have agreed to work in partnership with ONS including providing some funding, to deliver a full regional statistical presence by March 2007'. The regional statistical presence would be a source of regional expertise for ONS. Regions already hold regional intelligence, which would inform the production of the Regional Accounts, and they also work with regional institutions and others involved in data collection and assimilation to improve the comparability of regional data. Initial scoping for an appropriate IT solution to support the Regional Offices has taken place and plans have been developed which consider both the functions of the new offices and the practicalities of setting them up. Work in 2006–07 will provide the groundwork for optimal rollout of the new offices by March 2007; consultation is planned with key stakeholders and further scoping of a cost effective IT solution will take place.

To improve the quality and reliability of statistics relating to population we will complete population studies on at least five local councils and publish the findings by March 2008 and we will develop and complete the fieldwork required for a mid-decade population benchmark study, with results to be published by the end of 2008.

25. ONS is on track to meet the target to improve the quality and reliability of population statistics albeit not as originally envisaged. The population studies will examine whether there is an appreciable risk of under estimating or overestimating the population in the annual mid-year estimates of population. Using an objective and evidence-based method, ONS selected four local authorities for initial study. By summer 2006 we will have completed the studies and will publish the results by March 2007. The studies will be evaluated to assess

whether it has delivered value for money and subject to the outcome of the evaluation, further local authorities will be selected. The results of these studies will be published by March 2008.

26. ONS will not be mounting a large and costly fieldwork-based benchmark but will do work to ensure we achieve the desired outcome, as effectively as possible. To date we have completed work on the use of administrative data to create a quality assurance tool and we have researched into possible use of housing data, where we concluded that there was not a strong direct link between housing and population. By the end of 2006 we will report findings of the work on improving geographical distribution (to regions and local authority) of international immigrants. This report will outline our plans for implementation. Next we will continue other research and analysis to improve data on internal and international migration statistics and review research being carried out by other countries into alternative methods, or improvements to current methods, for producing population estimates. Our findings will be published by March 2008.

To improve the quality and reliability of statistics relating to pensions from 2005 we will produce annually a *Pension Trends* report pulling together for the first time a comprehensive set of statistics and analysis on UK pensions.

27. ONS has met this target. The first edition of *Pension Trends* was published as planned in October 2005. In November 2005 ONS established a Pensions Analysis Unit, to replace the Pension Statistics Task Force. In January and February 2006 the unit consulted users of *Pension Trends* to seek feedback on the first edition, to check users' requirements and to gather users' views on ways of releasing *Pension Trends* in future.

To improve the quality and reliability of statistics relating to government output we will implement the response to the Atkinson report on measuring Government output.

28. ONS is on track to meet this target. The Atkinson Review of Measurement of Output and Productivity for the National Accounts was commissioned by the National Statistician from Sir Tony Atkinson. The final report was delivered on 31 January 2005 and the UK Centre for the Measurement of Government Activity (UKCeMGA) was launched in July 2005 to implement the Atkinson Review recommendations and to provide information on the activities, output and productivity of government-funded public services for the whole of the UK.
29. During 2005–06 progress was made in identifying and building relationships with key stakeholders both within and beyond government, including international partners. A partnership agreement has been set up with our colleagues in National Accounts, to clarify our roles as compilers of National Accounts times series and in quality assuring expenditure time series. In addition, development action plans, to carry out the collaborative work necessary, were agreed with HM Treasury, Department of Health, Department for Education and Skills, Department for Work and Pensions, Department for Constitutional Affairs, Office for the Deputy Prime Minister (for Fire Services), Scottish Executive and the Northern Ireland Office.
30. Key deliverables and milestones for 2006–07 and 2007–08 include: improvements to both measures of spending on public services and to measures of public services output; implementation improvements; health; education; public order and safety; and social protection. Ongoing challenges will be to make further progress on: local authority expenditure data; capital consumption, capital services and

input deflators; devolved administrations; timeliness of quarterly output data for the Health Services; measures for Criminal Justice; and children's social services.

To improve the quality and reliability of statistics relating to wealth and assets we will develop and complete the fieldwork required for a comprehensive Wealth and Assets Survey, with results to be published in 2007.

31. ONS is on track to meet this target. The Wealth and Assets survey is due to go live in July 2006 following a feasibility study in 2005 and a pilot survey in early 2006. Given the complexity of the information and the multipurpose nature of the survey, the development of the survey content is a long and intensive process. The feasibility study indicated that the survey would be viable but challenging in questionnaire content, questionnaire length and achieved response rates. The results from the pilot survey were generally positive but also identified certain areas for further work (for example to achieve a reduction in the questionnaire length). After the start of the main stage wave 1 survey in July 2006, further development work is planned on the longitudinal survey design; it is expected the first results from the wave 1 survey will be published in 2007.

To respond to the challenge of Sir Peter Gershon's Efficiency Review: we will deliver efficiencies, rising to £25m per year by 2007–08.

32. ONS is on track to meet this target. We are pursuing a range of initiatives to remove obsolete tools, systems and processes and to restructure our business, both organisationally and geographically. The programmes include fundamental statistical and technology modernisation, the introduction of an Enterprise Resource Planning System (ERPS) to modernise and streamline administrative processes, a significant relocation project to

Table 1 ONS cash-releasing efficiencies, 2005/06 – 2007/08

Workstream	Mar 06	Mar 07	Mar 08
Statistical modernisation	2.9	5.2	6.4
Civil registration ¹	0.0	0.0	0.0
Corporate services	1.6	3.2	4.4
Procurement	1.9	1.5	1.5
Total cash-releasing savings	6.4	9.8	12.5

Table 2 ONS non cash-releasing efficiencies, 2005/06 – 2007/08

Workstream	Mar 06	Mar 07	Mar 08
Statistical modernisation	5.3	5.8	8.4
Civil Registration	0.3	1.0	2.5
Corporate services	0.0	0.0	0.6
Procurement	0.5	0.5	1.0
Total non cash-releasing savings	6.1	7.3	12.5

transfer posts out of London and the South East, a reduction of 700 full-time-equivalent (FTE) posts from a total workforce of 4310 (2003–04) and a major civil registration modernisation programme. Each of these are at varying stages of planning and maturity but taken together affect nearly every person, process and system in ONS and will deliver significant long-term cost and efficiency benefits to Government and our customers.

33. Full details of the measures and methodologies used to assess the achievement of efficiency savings are set out in the updated ONS Efficiency Technical Note published in December 2005.
34. The cash and non-cash releasing efficiencies to date (March 2006), are shown in Tables 1 and 2 above, together with the projected level of efficiencies ONS plans to secure from each workstream by 2007–08 and the proposed annual milestones.
35. Of the £6.4m cash savings achieved to date, some £4.8m was re-cycled from our existing business into new corporate priorities, including £2.9m from core statistical production by, for

example, restructuring teams in advance of modernisation or scaling back on development and investigative costs; and £1.6m from corporate services, largely from staff reductions due to the successful introduction of the next stage of the ERPS; the Financial and iExpenses modules were introduced on April 1 2006. The overall efficiencies achieved in 2005–06 represent 50% of the overall target. This includes £8.5m towards the overall target of £17.5m on Statistical and Civil registration modernisation. A major exercise on valuing benefits was concluded in March 2005 which identified £5.3m of improvements in statistical outputs achieved through several improvement projects. Corporate services have delivered £1.6m of their £5m target, efficiencies will be ongoing as further stages of the enterprise system are introduced.

36. Additionally, some £1.9m savings have been achieved through better procurement, calculated in line with OGC guidance for procurement measurement. The largest element of procurement savings has been reduced IM consultancy costs.

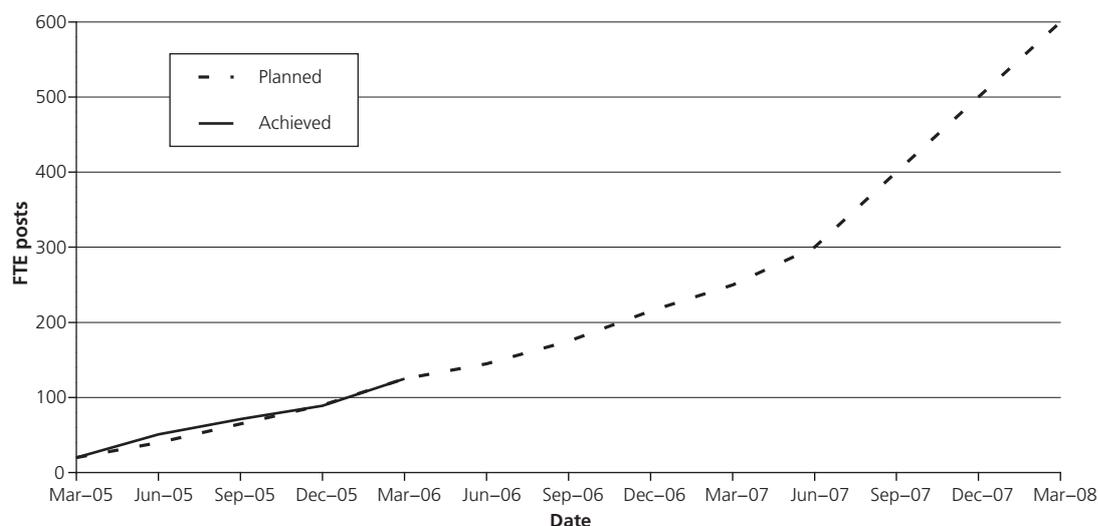
37. In total, around 50 separate initiatives have been identified as contributing to the 2005–06 cash savings total.
38. We continue to explore the scope for additional savings that could potentially enable us to exceed the targets, or provide additional contingency. During 2005–06, examples have included:
- a review of the ONS portfolio of change programmes, including rigorous challenge of programme benefits identification, calculation and reporting, and identification of additional benefits potential
 - a significant business process re-engineering initiative within our existing business, entailing end-to-end process mapping and review, leading to the development of more efficient process designs and a strategy for their implementation
 - exploring the potential for sub-letting part of the ONS estate, reflecting reduced space requirements arising from relocation and efficiency
 - conducting a review of the Senior Civil Service posts within ONS.
39. Wherever possible, we have sought to ensure efficiency reductions do not adversely affect the quality of our outputs.
40. The Office increased its staff numbers during 2004–05 to resource change programmes and to meet increased public demand in the form of

a large upsurge in requests into the General Register Office; these were mainly temporary appointments. However, as ONS has moved through its modernisation and efficiency programme, the introduction of more modern, systematised and efficient approaches to almost all aspects of business have resulted in a sustained fall in staff numbers during 2005–06. As planned, this fall has been achieved through a combination of natural wastage, recruitment restrictions, Voluntary Early Severance and effective redeployment of existing staff. Staff have been supported through the provision of Career Transition Training, individual meetings and job searching in other government departments. The Office continues to face the challenge of successfully meeting staff efficiency and relocation targets whilst developing and enhancing its key outputs. We are on target to achieve our commitment to significantly reduce staff resource by 700 full-time equivalents (FTEs) by March 2008. As planned, we have reduced our FTEs back to our March 2004 baseline figure. Forward business plans show how further efficiencies and the completion of modernisation projects will enable future workforce reductions to be achieved in line with table 3. In meeting these targets we will continue to support the redeployment of those staff who wish to remain in the Civil Service.

Achieved and planned reductions in Staff Number compared with March 2004

	Mar-05	Sep-05	Mar-06	Sep-06	Mar-07	Sep-07	Mar-08
	<i>Achieved</i>			<i>Planned</i>			
Change in total FTEs employed	-440	-220	-21	150	310	500	700

ONS relocation - number of posts moved from London to Newport



To respond to the challenge of Sir Michael Lyons's Relocation Review: we will re-locate 850 jobs from London and the South East by March 2010, with 600 to be re-located by March 2008

41. ONS on course to deliver the April 2008 target of relocating 600 posts. By 31 March 2006 ONS had relocated 125 full time equivalent posts (FTEs) to Newport from London and Titchfield, meeting our 2005/06 target. In addition we have relocated 19 posts from London to Titchfield though they do not score towards the relocation target. We have helped 27 staff to move with their posts and are on course to reduce our London estate by June 2006. The reduction of the London estate is expected to provide savings of around £1.4m in 2006-07 rising to £3.3m in 2010-11.
42. We have recently announced that the UK Centre for the Measurement of Government Activity (UKCeMGA) and Labour Market Division will relocate to Newport by April 2008, contributing over 100 posts to our relocation plans. We have, however, decided not to relocate the Titchfield telephone unit to Newport.
43. Forward planning up to April 2010 will be done during the first half of 2006 in preparation for our submission to the 2007 Comprehensive Spending Review. This planning will reflect

our future business requirement taking account of staff profiles following delivery of our efficiency targets and the needs of an independent ONS.

Spending Review 2002

To modernise ONS's statistical infrastructure and processes.

By March 2006 to deliver higher quality and noticeable business benefits through holding the major ONS statistical sources in a common statistical database and through using common processes, tools and practices.

44. ONS has not meet this target, which was to be achieved through ONS's Statistical Modernisation Programme, phase 1 of which was to develop a working Central ONS Repository for Data. However, the original scope was found to be too demanding given the timescales, and there were a significant number of conceptual and technical difficulties. As a result, in October 2004, the scope of Phase 1 was limited to producing a *prototype* of the repository and this was delivered successfully at the end of March 2005.
45. Over a similar period the modernisation programme was reviewed and reshaped to concentrate on the delivery of production quality systems to realise specific benefits, as

well as contribute to the incremental delivery of the generic infrastructure. Whilst this approach would not achieve the above target, it would begin to deliver benefits during 2006–07 as originally planned. On current plans, the programme will deliver cash savings building to over £4 million per year and statistical benefits building to a value of £8 million per year by 2009–10.

By March 2006 the National Accounts and labour market statistics will each be managed through an integrated set of standard statistical processes.

46. ONS has not met this target. As a result of the review of the modernisation programme (see above) the focus moved from all systems to the central systems for the National Accounts (for example, supply use tables, income and capital account) and from all Labour Market Statistics to the Labour Force Survey. Delivery of the bulk of the functionality for these specific systems by March 2006 provides the foundation to deliver the remaining systems for National Accounts and Labour Market Statistics at a later date.
47. Initial functionality for the National Accounts and Labour Force Survey has been delivered and demonstrated to a number of key ONS customers. Significant progress has also been made on customer acceptance testing of the first functional release of the National Accounts. The second functional software release is in construction and over the next few months will deliver the majority of functionality required for building National Accounts central systems. The gradual introduction of all the tools required for National Accounts over coming months will allow National Accounts Group to build a system based on the central repository ready for testing new methods by the summer of 2006. The aim is for the central systems to go live in 2008 with production of the 2008 Blue Book.

The additional functionality required for the rest of National Accounts will be developed during 2006–07 and 2007–08, and incrementally rolled out during 2008–09. By the summer of 2006 it is planned to have delivered the functionality needed to produce consistent Labour Force Survey outputs aligned with the latest population totals in a timely fashion. Following data migration, this new system is expected to be in live use in the first half of 2007, reducing significantly the time taken to re-weight population estimates and produce consistent microdata outputs.

By March 2006 to provide an automated UK wide population estimates and projections capability.

48. ONS has not met this target. This target was to be achieved through a project within ONS's Statistical Modernisation Programme but the review (see above) removed the population and projections project from the scope of the planned programme. See paras 25 and 26 above for the ways in which ONS is improving population estimates and projections.
By March 2006, subject to Parliamentary approval of the legislative process required to implement the changes in the White Paper *Civil Registration: Vital Change*, to have developed a system for web-enabled registration of all key life events.
49. ONS has partly met this target. The web-based registration system was launched in March 2006. Currently Register Offices can register civil partnerships online but we plan to use the system for the on-line registration of births, marriages and deaths within the next twelve months.

Key developments during 2005–06

National Statistics Centre for Demography (NSCD)

50. Following the recommendations of the Morris Review of Actuarial Services, the formal announcement of the creation of the National Statistics Centre for Demography was made by the Financial Secretary on 1 November 2005. From 31 January 2006, national population projections work transferred from the Government Actuary's Department and amalgamated with the ONS Population and Demography Division to form the NSCD. The NSCD will work closely with key partners – General Register Office for Scotland, Northern Ireland Statistics and Research Agency, and Welsh Assembly Government – to develop and deliver a UK-wide work programme on population statistics and demographic analysis. This will provide easily accessible, coherent and consistent statistics and analysis for the UK. A UK Population Committee will oversee and provide future direction on the UK-wide work programme. In addition, an Advisory Board is in process of being established and will provide advice and guidance to the Director of the NSCD.

Census 2011

51. The census is the only peacetime operation that involves all members of the public in the UK, and is the largest operation that ONS runs. The costs of the 2001 Census were £207m. It is a huge logistical operation, which requires questionnaires to be delivered to and collected from about 25 million households, as well as the employment of a large temporary fieldforce. To help determine the content of the census and to enable ONS to develop questions, a

public consultation on the possible 2011 Census content was carried out between May and August 2005. ONS published its response to this consultation on 8 March [for details see 'The 2011 Census: Assessment of initial user requirements on content for England and Wales' www.statistics.gov.uk and a 100,000 household test, in five Local Authorities (Bath & North East Somerset, Camden, Carmarthenshire, Liverpool, and Stoke) will be carried out on 13 May 2007, to test the content as well as major innovations including post-out of census questionnaires and new field procedures.

52. Outsourcing of data capture and coding for the 2001 Census worked well, but a key lesson learnt was the need to start the procurement process earlier. Our procurement strategy for 2011 Census started in September 2005 and the main procurement, which covers the needs of England and Wales, Scotland and Northern Ireland, with ONS in the lead, will provide printing, webcapture, scanning/data capture and contact centre services as well as a form-tracking system. The statement of requirements for this procurement was issued on 8 March 2006.

Statistical improvements in 2005

53. Most of the resources available to ONS for improving the quality of statistics have been allocated to the Statistical Modernisation Programme, including modernisation of the national accounts and Labour Force Survey. Nevertheless resources have also been found to deliver improvements in a range of statistics which users have identified as priorities. These improvements are summarised below.

(a) Index of services

Since December 2000, ONS has published a monthly Index of Services (IoS) as an experimental statistic. In March 2006 the development programme for the IoS took a major step forward, with a further six industries being designated National Statistics. This brought the total number of industries designated as National Statistics to 12, out of a total of 27, accounting for 60 per cent of the index. In recognition of this, ONS upgraded the release from its previous experimental status to a mainstream First Release. The programme to improve the IoS continues, and ONS will evaluate the suitability of five industries in each of the next three quarters, with the aim of the whole of the IoS becoming a National Statistic by early 2007.

(b) Business sector output

An estimate of market sector gross value added (GVA) from the production side was introduced in 2005, as an experimental series, and is now published on a regular basis alongside the Output, Income and Expenditure and the Quarterly National Accounts releases. A time series is available back to 1995 Quarter 1, with a proxy series going back to 1955 Quarter 1. A series for market sector GVA excluding oil and gas is available back to 1977 Quarter 1.

(c) Short-term earnings indicators

Average weekly earnings, previously known as 'true' average earnings or the average earnings ratio, was introduced as an experimental monthly series. Unlike the average earnings index, average weekly earnings, allows for changes in earnings due to changes in the composition of employment between industries. A quarterly Index of Labour Costs per Hour was also introduced as an experimental series.

(d) Annual Survey of Hours and Earnings

Following the introduction of the Annual Survey of Hours and Earnings in 2004 as a modernised version of the New Earnings Survey, further improvements were made for the 2005 survey. A new questionnaire was introduced which improved the consistency of the information collected on bonuses and picked up elements of pay which had been previously missed. The impact of this discontinuity was evaluated to allow the production of consistent statistics between 2004 and 2005.

(e) Public sector employment

Previously public sector employment estimates were annual only, published once a year and with a lag of a year or more. Now quarterly estimates are published on a regular basis around three months after the end of the quarter in question. There have been other improvements in quality: standardised definitions are being used across the public sector; and full time equivalents as well as headcounts are available. Moreover these improvements have indirectly improved estimates of private sector employment. Articles were published in March and October 2005 giving greater analytical detail of public sector employment.

(f) Labour Force Survey time series

Continuous Labour Force Survey time series have continued to be kept in line with the latest population estimates and projections, using the interim reweighting methodology adopted in advance of the completion of Labour Force Survey re-engineering. Following the introduction, in December 2004, of an econometric modelling technique for extending key LFS series back in time on a continuous basis, high and low points in employment,

unemployment and inactivity rates and levels may now be quoted across the full 35 year span of the LFS series. As a further part of the analysis supporting each month's release of labour market statistics, ONS now publish on the website LFS estimates for individual months of employment, unemployment and inactivity rates.

(g) Employment and Jobs Quality Review

In January 2006, ONS published the final report of the Quality Review of employment and jobs statistics. The report covered a very broad area with implications for statistical sources - ranging from the decennial Population Census to the Interdepartmental Business Register - of employment estimates. Recommendations were set out for improving the coherence of employment statistics derived from different sources and for analytical work designed to assist users to interpret the existing published series. An action plan following up the recommendations of the review is to be published by ONS during the first half of the 2006–07 year.

(h) Consumer Price Index and Retail Price Index

The use of local probability sampling for item selection within retail outlets was extended to fridge freezers and audio systems; laptop computers and prepay mobile telephone handsets were introduced to the index with the use of hedonic regression to value changes in quality.

(i) Public sector output

Further improvements were made to the measurement of public sector output in Blue Book 2005. These included improvements to health (the number of treatment categories identified was increased from 1,732 to 1,929), education (switch from pupil numbers to pupil attendance), personal social services (a range of changes), social security administration

(coverage of existing as well as new claims) and fire services. The OECD recently concluded that improvements to measurement had added cumulatively around 1 per cent to GDP.

(j) Volume Index of Capital Services (VICS) and Quality Adjusted Labour Input (QALI)

Pilot VICS estimates were published in November 2003. The series has since been improved and updated with revisions to the component data, and with data now covering a longer time period (data now covers 1950–2004). The most recent VICS estimates include a fuller treatment of computers, a lower level of industry breakdown (57-industries) and the estimates are more consistent with the National Accounts. This updated series was published in November 2005 and will be updated on a yearly basis.

Pilot results for QALI were first published in 2002. Work was continued in 2004–05 with a formalisation of the methodology and a system developed to calculate QALI on a more regular basis. The methodological paper, together with the test run results, was published in November 2005. Further improvement to the QALI estimates are currently being made and these will be published in 2006.

(k) Application of "Data Recasting Methodology"

Methods have been developed for moving data between non-overlapping area geographies to enable translation of ward-level data to super-output areas with an associated procedure for attributing confidence intervals to the data.

The methodology will be used by the Neighbourhood Statistics programme this next year to move data from geographies such as the ward base to the new super output area hierarchy in cases where disaggregated data is unavailable. This new tool allows ONS to extend its data publication opportunities either by allowing ONS to move data to the super

output area hierarchy or to provide super output area data on other geographies in response to user requests.

(l) Initiation of Quality Reports for ONS Products

Three types of quality reports have been developed and approved for use in ONS. The reports provide users with more information on the strengths and limitations of the data. These reports have recently been used for National Accounts and on business and social surveys. The reports have received positive feedback from the Bank of England and the Treasury.

(m) Criteria for Statistics to move from Experimental to National Statistics

Formal criteria for determining whether an Experimental Statistic can be released as a National Statistic has been developed, piloted, and approved by ONS for its outputs. This will ensure that consistent decision making is used for this important designation.

National accounts classification issues

54. The classification of transactions, for example to economic categories, and of organisations to sectors is a continuous and integral part of the compilation of the National Accounts. Most classification decisions are routine. Some have wider significance and are of public interest, however, primarily because they have potential implications for the fiscal aggregates. Such decisions are taken, according to a transparent and well-established process, by the ONS's National Accounts Classification Committee, and subject to authorisation by the National Statistician. Articles are published to explain the reasons for the decisions. Over the past year articles have been published on:

- the classification of the proposed International Financial Facility for Immunisation (IFFIM) as a private sector entity (August 2005)

- the reclassification of securitised bonds issued by London and Continental Railways (LCR) as public sector borrowing (August 2005)
 - the reclassification of the BBC within the public sector from the public corporations to central government sector and the reclassification of the television licence fee from payment for a charge to a tax (January 2006)
 - the reclassification of London and Continental Railways from the private to the public sector (February 2006).
55. In addition, the National Statistician wrote to the chair of the Treasury Sub-Committee on 29 November to confirm that the Railways Act 2005 did not change the classification of Network Rail as a private non-financial corporation. The classification, like all UK National Accounts decisions, follows international guidelines. What matters for this purpose is not the degree of government financial support for Network Rail, but who controls general corporate policy, and that control clearly lies with Network Rail itself through its board and the members who appoint it.
56. In evidence to the Treasury Sub-Committee on 9 November the National Statistician said that she intended further to strengthen the process for taking classification decisions by issuing a National Statistics Protocol on classification. A draft will be published for consultation in the next few months.

Web development and publishing

57. National Statistics Online is a primary channel of communication for ONS in its role as a publisher of statistics and a statistical news provider. Between April 2005 and January 2006 the site received an average of 700,000 visitors a month. This compared with an average of 533,000 a month in the same period in the previous year. On 18 October 2005 there was a record 53,000 visitors in one day.

58. Content is continually updated with over 200 'nuggets' or statistical news stories a year on the site. This year web front ends have been developed and improved for our main publications. *Social Trends 35*, twelve *Focus Ons*, *Pension Trends*, *Health of Children & Young People*, *Children's Dental Health* and *Living in Britain* are among the publications to be developed in this way, allowing visitors easier access to information.
59. A new release calendar feature was introduced on National Statistics Online in August 2005. The calendar brings together previous functionality and replaces 'Updates'. Visitors to National Statistics Online can now search past, present and future releases from the Press Office database of all releases. The new functionality also includes the ability to sort results by a variety of criteria and was developed in consultation with several users. Our aim is to further improve this functionality over the next year.

Clear communication and plain English and print publishing

60. To improve the accessibility of ONS publications and other communications we have established a learning and development programme to raise writing standards across the organisation. The strategy was approved in autumn 2005 and its implementation is under way. 162 staff have attended writing and grammar courses this year. We have revised and expanded the ONS style guide and the new edition was released to all staff in April 2006.
61. We have continued our strategy of developing the ONS print portfolio to meet changing customer needs and to ensure that publications add value to the National Statistics website. Following extensive user research we have decided to combine our two economic journals – *Economic Trends* and *Labour Market Trends* – into one new product. Development of the product will continue into 2006–07 with a launch planned for January 2007.

Statistical reporting

62. The *Focus on* series continues to grow with new full reports and online overviews on *Older People*, *People and Migration*, and *Health*. An online overview on Families was also produced. Together the reports and overviews provide a comprehensive statistical picture of each topic using the best source of data. While the full reports are primarily paper-based, electronic versions with underlying data are also available on the National Statistics website. *Focus on* reports planned for publication in 2006 include full reports on *Families*, *e-Society* and *Ethnicity and Religion*, and web-based overviews on *Children and Young People*, and *Gender*.
63. *Labour Market Review*, published in March 2006, is a new publication bringing together labour market statistics and analysis to give an overall picture of the key social and economic aspects of labour market trends in the United Kingdom in recent years. The *Review* is launched at the same time as the Online Guide to Labour Market Statistics, which provides a comprehensive reference source for these statistics. The *Review* is both paper-based and available on the National Statistics website, with links to the Online Guide.
64. *Regional Trends* provides an overview of the diversity that exists in areas of the United Kingdom and European Union through data and commentary covering a wide range of topics. A *Regional Snapshot* web page was launched in September 2005 to complement the publication and facilitate easier access to a wealth of information at regional and local levels. During 2006 the *Snapshot* will be extended and improved to allow more frequent updating, and alternative or in-depth analysis to be presented. Both products are key elements in a more integrated approach in delivering data to ONS customers.
65. In April 2005 the Neighbourhood Statistics website was relaunched offering users a number of new and improved features. Since then over

130 new datasets were added to the site and the number of visitors to the site has steadily increased, peaking at over 100,000 in November. The next phase of development of the Neighbourhood Statistics website, to improve the usability and navigation through the site, is planned for release in spring 2006.

Data access

Strengthening Data Access Arrangements

66. ONS has recently initiated a coordinated effort to strengthen its data access and confidentiality protection arrangements. ONS has extended its Business Data Laboratory to be a Virtual Microdata Laboratory now located at all four ONS sites. Researchers who come to the site may use data with identifiers if required in their research. ONS has also introduced a special licence for access to microdata files that are potentially identifiable (but without identifiers per se) for research at academic institutions. The licencees are under contract to not release outputs from their research in any identifiable form. ONS has issued a Survey Charter that explains to both interviewers and respondents how data collected or received by ONS is handled to preserve its confidentiality. ONS has developed standard procedures for applying statistical disclosure control methods to tabulations from its surveys and census, has led a review issuing guidance for disclosure control procedures for tabulations of abortion statistics, and recently issued a consultation document with guidance for disclosure control procedures for tabulations of health statistics from administrative data. ONS is meeting regularly with users to have a dialogue on arrangements that better meet their needs while protecting the confidentiality of the ONS data.

Better regulation

67. Although changes to an existing survey or development of a new survey fall below the threshold for major Regulatory Impact Assessments, ONS's approach to compliance planning fulfils the same purpose, and is designed to identify the potential impact on business of participating in our business surveys. The annual plan for compliance costs is agreed with the Financial Secretary to the Treasury. The plans include targets that recognise the balance between the need for reliable information and to minimise the burden on suppliers.
68. ONS has been publishing estimates of compliance costs for many years and has a track record of achieving its annual targets (see below). Its record of transparency in this field is recognised in the UK. More widely it is forming a model of best practice for measuring the impact on business of non-statistical regulations. The latest outturn on compliance is given in Annex A.

Year	2002 /03	2003 /04	2004 /05	2005 /06
Target (£ millions)	27.1	27.1	28.1	29.6
Actual (£ millions)	26.5	27.1	27.8	29.2
Difference (£ millions)	-0.6	0.0	-0.3	-0.4

69. ONS strongly supports the Administrative Burdens Reduction Project, and is participating fully in this Cabinet Office-led initiative. The Office has formed a monitoring group to oversee the project and to offer comments on

the outputs derived by the consultants. In addition, ONS has supported this project through the supply, where the law allows, of contact information for businesses from the business register enabling the consultants to carry out this work more effectively.

70. One of the challenges facing ONS over the next financial year is meeting the Better Regulation Executive Target. All departments are required to publish rolling plans for regulatory simplification by the time of the Pre-Budget Report in late 2006.
71. ONS have been working closely with the BRE developing a draft Simplification Plan and also by providing advice and guidance on measuring the administrative burden and on developing guidelines for good questionnaire design.
72. ONS's proposed approach for reducing the burden on business will concentrate on:
- data sharing, using existing administrative data from other government departments to replace and enrich survey data
 - working with the EU to reduce the impact of EU regulations on the business community
 - using modernised ONS systems and processes to improve flexibility to help businesses comply with survey requests, saving them time through presenting the requirements in a way most suited to their business, giving them more choice in how to respond
 - continuing to use current mechanisms to regulate the burden on business, building on the well established process of producing an annual Compliance Plan

73. During the EU Presidency, ONS secured an agreement that the Commission would produce Regulatory Impact Assessments for statistical regulations. This was in spite of the Commission's view that these Assessments did not need to be presented alongside the draft regulations because statistical Regulations, by definition, do not have major policy implications for businesses. At our request Eurostat produced regulatory impact assessments for the draft regulations on Inland Waterways Transport Statistics and the Landing of Fishery Products Statistics. They also undertook to produce an impact assessment in the draft regulation on Migration Statistics. During the presidency, ONS initiated and participated in a Eurostat-led task force exploring the scope for reprioritising the Community Statistical Programme. This will identify topics where there is scope for redirecting resources to invest in new topics that are urgently needed at EU level. This is expected to produce a report and recommendations in June 2006.

74. There were two public consultations on civil registration between April 2005 and March 2006. The first, published on 21 June 2005 with a closing date of 7 October 2005, sought views on the content of civil marriage ceremonies. There were some 130 responses from groups and individuals and the views expressed have enabled GRO to provide guidance and regulation that better reflects modern interpretation of the Marriage Act. An 'incidental' reference to a God or deity in an essentially non-religious work may now be allowed in a civil marriage ceremony. Regulations incorporating this position, and extending the provisions to civil partnership registrations as well as civil marriages, were brought into effect in December 2005. The second, published on 16 November 2005, sought views on the delivery of the local registration service in England and Wales.

Responses were due in by 20 February 2006 and are in the process of being analysed. Details of the outcome and next steps will be made available in due course. The majority of the legislation we have made this year was secondary, under provisions in the Civil Partnership Act 2004 and where necessary, have referred to the Regulatory Impact Assessment for the Act rather than draft new ones for the particular piece of legislation.

Contribution to the leadership of the statistical system of the European Union and ensuring that engagement in international statistics is effective in the breadth of issues important to the UK

UK Presidency of the EU: statistics

75. As part of the UK's Presidency of the EU in the second half of 2005 it fell to ONS to take forward the EU's statistical agenda, including chairing the Council Working Party on Statistics. The objectives set at the outset were to:
- strengthen the governance of the EU statistical system, including for the Excessive Deficit Procedure (EDP)
 - reprioritise the statistical agenda
 - reach agreement on proposed new statistical regulations.
76. Good progress was made towards all three objectives. The first two came together in a statistical package agreed at the November meeting of EU Economic and Finance Ministers (Ecofin). This package had three main elements:
- a Code of Practice for the European Statistical System
 - improvements to the Excessive Deficit Procedure
 - reprioritisation of EU statistical requirements.
77. The EU Code of Practice, similar to the UK National Statistics Code of Practice, was largely agreed under the Luxembourg Presidency. The main achievement of the UK Presidency was to secure agreement that the Code applied to Eurostat as well as to the statistical offices in the member states.
78. A new regulation strengthening the Excessive Deficit Procedure was largely agreed under the Luxembourg Presidency but final agreement was held up by differences of view over the nature of new Eurostat methodological visits to member states. An annex, setting out the nature of the visits, was added to the regulation and the regulation has now been adopted.
79. Reprioritising EU statistics was a top priority for ONS because re-prioritisation in the UK is in many areas constrained by EU regulations. The aim was two-fold:
- with resources for statistics limited in most other Member States as well as the UK, demands for new statistics, for example on services and the new economy, can only be met by cutting back on resources elsewhere, for example detailed statistics on manufacturing
 - to support the Better Regulation agenda by reducing the compliance burden of statistical surveys.
80. ONS produced two papers advocating a new approach to setting priorities which was adopted in the Ecofin Conclusions. A number of areas which might be cut back, reducing costs and making room for new outputs, were identified. Pilot studies will be undertaken and Eurostat were asked to produce concrete results by July 2006.

81. In order to achieve comparability between national estimates, and a capacity to devise EU totals on a consistent basis, the form of Member State statistics is determined by EU regulations. Under the UK Presidency agreement was reached in the Council on the following new regulations:
- inland waterways transport statistics; with water transport being promoted as environmentally friendly, the new regulation tightens up definitions and broadens the scope of existing statistics to include containers
 - statistics on the landings of fishery products; a simplification of an existing regulation reducing data frequency from monthly to annual and permitting more cost effective methods such as sampling
 - a framework for business registers
 - foreign affiliates statistics.
82. The last two offer the prospect of significant improvement to statistics on multinational enterprises, with direct benefit to international trade negotiations and better understanding of globalisation.
83. ONS was also successful in securing the agreement of the Commission to undertake Impact Assessments for all new draft regulations. This was in the face of arguments that statistical regulations, by their very nature, are not sufficiently significant to warrant a formal Impact Assessment presented alongside the draft Regulation itself.
84. All four regulations are now subject to approval by the European Parliament under the co-decision procedure. There was one major proposal where ONS only had time for an initial discussion, namely a new regulation seeking to improve harmonisation of migration and asylum statistics.

Managing ourselves

85. In order to achieve its aims and objectives and fully secure the benefits of modernisation, it is essential that the Office develops, motivates and recruits talented staff who understand our users' needs and have the right skills to take maximum advantage of the new technological environment that is being built. Any significant modernisation programme presents a challenge in itself. In addition ONS must also ensure that it achieves its relocation and headcount reduction targets from the 2004 Spending Review. ONS management has established a positive working relationship with its Departmental Trade Union Side and values the contribution DTUS makes.

Diversity

86. ONS is committed to ensuring that its workforce properly reflects the society it serves. ONS values the diversity of its staff and, through policies and practices, aims to achieve equality of opportunity in employment and fair treatment for all. The ONS People Strategy aims to "Create a working environment where the value of diversity is embedded in the organisation". Following the appointment of a Diversity Champion, at board level, there has also been a recent appointment of a full-time diversity officer, based in HR Policy, and further appointments of Diversity Site Champions at grade D4 and above. They are encouraging staff across all grades to participate in office networks, for example, for staff from ethnic minority backgrounds, disabilities and work-life balance issues. Recently they have also established a Lesbian, Gay, Bisexual, Transgender and Transsexual network too. In our recruiting we continue to target more diverse groups in the local

communities in which we operate, and we have introduced diversity objectives into our performance management system. Just under 5 per cent of our staff are from a minority ethnic group. Just under 3 per cent have declared a disability. Women make up just over 57 per cent of our workforce. ONS also offers a variety of alternative working patterns, including part-time working, term-time working and flexitime, to enable staff to achieve a good work/life balance.

87. As part of our plans to relocate posts to Newport in South Wales following the Lyons review, we have carried out a Race Equality Impact Assessment. We are working with the local Commission for Racial Equality (CRE) and with the Ethnic Minority diversity network in ONS, to minimise the impact of relocation for our staff from minority ethnic communities.

88. ONS offers a variety of alternative working patterns, including part-time working, term-time working and flexitime, to enable staff to achieve a good work/life balance.

89. We have specific diversity targets for the senior civil service as shown in the table below.

90. The table below shows that ONS has exceeded the target for women in top management posts. ONS will continue to work towards the remaining 2008 targets. It will be a challenge to sustain this over the next three years during a period of staff reductions and relocation out of London and the South East, but that will be our goal. We are considering what further steps we need to take to improve representation of ethnic minority and disabled staff in the senior civil service, including encouraging staff to

declare any disability and ethnicity, in addition to consultations with our diversity networks.

SCS diversity targets

	SR2002 Target for 2004–05 (%)	SR2004 Target for April 2008 (%)	ONS at 1 March 2006 (%)
Women	35.0	37.0	29.3
Women in top management posts	25.0	30.0	33.3
Ethnic minority	3.2	4.0	1.7
Disabled	3.0	3.2	0

Recruitment

91. ONS is committed to selection on the basis of fair and open competition. In accordance with the Commissioners' Recruitment Code there are systems in place to ensure that this is the case. The procedures in the ONS Recruitment Handbook conform to the Commissioners' Code and are reviewed regularly so that it is in line with any changes to the Code and to Equal Opportunities policy. ONS recruits overseas staff from EU and non-EU countries, in line with the Commissioners' Code. A record is kept of any contracts that are extended using the permitted exceptions. These are published on an annual basis in the ONS Annual Report. The use of exceptions is kept to a minimum. The Commissioner's Recruitment Code has been amended to ensure that surplus staff take a priority. This process has been implemented at ONS and is adhered to at all times. All staff involved in the recruitment process receive training to understand the recruitment code in more depth.
92. Recruitment activities have been centralised and there is now one Newport-based Recruitment Centre that undertakes recruitment for the Newport, Titchfield and London sites. Southport continue to support their own recruitment owing to the increase in demand for clerical recruitment for certificate services. As a result of the Gershon and Lyons reviews, Newport now requires more highly

graded and specialist staff whereas recruitment volumes have declined on the Titchfield and London sites. Our focus has been concentrated on streamlining recruitment processes and implementing more up-to-date selection methods to ensure that the right calibre of candidates are being recruited. Strong relationships have been built with universities and schools in order to increase the awareness of ONS as a local employer as well as attract statistical graduates, and local communities to help us attract a more diverse workforce.

93. Recruitment in 2005 was tightly controlled. To undertake any external recruitment, line managers were required to obtain agreement from an internal senior operations committee and as a result there has been an increased focus on internal promotional and lateral moves. Owing to the relocation of many statistical business areas to Newport, the focus for external recruitment has predominantly been on specialist statisticians, methodologists, researchers and accountancy posts. All posts were filled through open competition. The focus for ONS this year will continue to be to prudently manage head count and develop internal candidates' skills and career paths linked into the Professional Skills for Government scheme.

Developing staff

94. In addition to the ongoing development opportunities available to staff, significant progress has been made throughout ONS to improve learning planning, evaluation and delivery activities to help support our key objectives. This resulted in ONS being accredited with full Investors in People status in September 2005. Developments have included:
- delivery of leadership and change management training at Henley Management College (co-designed by ONS and Henley Business School) to 300 senior managers. Similar events are now available to lower grade managers in-house

- a review of corporate induction leading to plans for a blended approach to provide increased elements via e-learning and the intranet, reducing the classroom elements to the essentials that are best delivered via that medium
 - a review of SCS induction will produce a more structured approach for SCS members
 - staff are now able to book themselves on to training events offered by all ONS learning providers via the Enterprise Resource Planning System
 - a review of statistical development has been undertaken and work is in progress to develop and implement a corporate programme of statistical learning that links to a new ONS job family structure.
95. An overarching learning strategy has been developed and our annual corporate learning plan for 2006–07 will incorporate our skills strategy, which is currently being aligned to the Government Skills Council guidance linked to the Professional Skills in Government work.
96. Training in a new performance management system and changed processes for line managers will be the main the focus of attention from April to November 2006.

Health and Safety

97. This year has seen an excellent performance by the Health and Safety team within Property Branch. This has allowed ONS to meet many challenges including:
- Completely reviewing all Emergency and Evacuation Procedures
 - Conducting successful Emergency (Bomb) Evacuation Drills at all sites
 - Reviewing and subsequently refurbishing first aid facilities to ensure compliance with relevant health and safety legislation
- Developing and publishing Homeworking procedures
 - The Control of Substances Hazardous to Health Registers at each site were completely re-structured
 - All risk assessments for specialist working environments within ONS and Facility Management service streams were completed
 - A continuing reduction in the number of accidents for office based staff.
98. ONS continues to have a robust Health and Safety Policy which meets the needs of ONS and which is reviewed annually and endorsed by the Director and senior management.

Progress towards sustainable development

99. A great deal of work has been carried out within ONS, spearheaded by Property Services, to improve sustainable development performance and meet challenging Government targets. ONS was highlighted as the star performing Government department in the *Sustainable Development in Government Report for 2004–5* published by the Sustainable Development Commission (SDC). ONS has met 75 per cent of its Framework for Sustainable Development targets to date and performed particularly well in a number of key areas:
- development of Environmental Management Systems
 - achieving ISO 14001 accreditation (all sites now accredited)
 - waste management and recycling
 - water consumption
 - purchase of energy from renewable sources
 - encouraging bio-diversity
 - food procurement.

100. NAO auditors, compiling a report on sustainable procurement in Government Departments, praised ONS for its sustainable procurement practices, particularly innovative measures like its electronic Request to Purchase form with a link to ONS Sustainable Development Policy and OGC's 'Quick Wins' guidance.
101. A more detailed progress report can be found on the National Statistics website.

Freedom of Information (FoI)

102. The first full year of the Freedom of Information Act has reinforced two fundamental principles for ONS and official statistics:
- statistical information, and the decisions and methods relating to our outputs, should be freely available to all; and,
 - the individual statistical records used to compile those outputs are strictly confidential.
103. To date, concerns that FoI would undermine those principles have been shown to be unfounded. According to the Department for Constitutional Affairs, ONS is in the top three of all government departments in terms of its performance under the Act.
104. In 2005 ONS received a total of 357 formal requests for information, as defined by the Act and official guidance. All the requests were dealt with within the statutory timescale as prescribed by the Act except in three cases, where each applicant was given the reason for delay and a decision on the case was reached as quickly as possible.
105. In the 138 cases where ONS identified that it held the information that had been requested, the information was released in the majority (92) of cases. There were 39 occasions when withholding some or all of the information was considered the proper course of action and exemptions in the Act were used. In seven cases

it was considered that assembling and supplying the information would have exceeded the cost limits allowed under the Act.

106. A decision by the Scottish Information Commissioner relating to sparse tables of cancer diagnoses in children is being appealed in the Scottish courts. The case is important because some accepted methods and standards for statistical disclosure control in Scottish health statistics could be undermined if the decision stands.
107. During the year it became clear that, as the Registrar General was not listed separately in the schedule to the Act, it was not sufficiently clear that the Registrar General is covered by the Act. ONS legal services branch worked with the Department for Constitutional Affairs to regularise the position of the person of the Registrar General in regards to Freedom of Information and the legal process necessary to add the Registrar General expressly to the Act has begun with an Order laid before Parliament on 19 January 2006.

Main spending plans tables

Table 1: Public spending for the Office for National Statistics

£ million	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06 Estimated	2006–07	2007–08
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Consumption of resources:								
Providing Statistical and Registration Services	147	206	131	135	156	170	166	166
Total Resource Budget	147	206	131	135	156	170	166	166
<i>of which:</i>								
Resource DEL ^{1,2}	147	206	131	135	156	170	166	166
Capital spending								
Providing Statistical and Registration Services	7	5	13	17	34	28	28	28
Total Capital Budget	7	5	13	17	34	28	28	28
<i>of which:</i>								
Capital DEL ¹	7	5	13	17	34	28	28	28
Total Public Spending	148	201	136	142	178	182	174	172

The Resource Budget for ONS is only shown against a single output, with the difference between 'near cash' DEL and Resource DEL being mainly the cost of capital and depreciation.

Capital DEL is the amount that ONS are investing in the future with the biggest items this year being the Statistical Modernisation Project and CRRP.

Spending for 2001–02 is high due to the 2001 Census. Spending for 2005–06 includes £3m underspend from 2004–05 carried forward as End-Year Flexibility (EYF).

- 1) Departmental Expenditure Limits, set as part of the 2002 Spending Review.
- 2) Total public spending calculated as the total of the resource budget plus the capital budget, *less* depreciation

Table 2: Administration costs for the Office for National Statistics

£ million	2000–01 Outturn	2001–02 Outturn	2002–03 Outturn	2003–04 Outturn	2004–05 Outturn	2005–06 Estimated Outturn	2006–07 Plans	2007–08 Plans
Gross Administration costs								
Other	104	159	69	68	81	89		
Paybill	78	83	97	108	120	122		
Total gross administration costs	182	243	166	176	201	211	198	198
Related administration cost receipts	–35	–39	–35	–42	–46	–41	–37	–37
Total net administration costs	147	205	130	134	156	170	167	167
Analysis by activity								
Providing statistical and registration services								
Total net administration costs	147	205	130	134	156	170	167	167

Gross costs in 2006–07 and 2007–08 are based on initial plans for cost receipts and it is expected that receipts will be in line with earlier years and will allow an increase in gross costs without increasing net costs.

Table 3: Office for National Statistics – capital employed (to be further updated)

£ million	1999–00 Outturn	2000–01 Outturn	2001–02 Outturn	2002–03 Outturn	2003–04 Outturn	2004–05 Outturn	2005–06 Forecast	2006–07 Projected	2007–08 Projected
Fixed Assets:	52	58	54	65	71	97	126	126	126
<i>of which:</i>									
Land and buildings	37	42	44	49	49	53	69	69	69
Computers and software	11	11	7	12	18	37	50	50	50
Other plant and machinery	5	4	4	4	4	7	7	7	7
Current Assets	6	9	15	14	18	13	13	13	13
Creditors (<1 year)	–3	–14	–13	–9	–19	–16	–16	–16	–16
Creditors (>1 year)	0	0	0						
Provisions	–3	–2	–7	–2	–2	–2	–3	–3	–3
TOTAL CAPITAL EMPLOYED	52	51	49	67	68	92	120	120	120

Increases in Fixed Assets in later years result from increased spending in Capital DEL.

Notes: Totals may not appear to sum due to rounding.

Table 4: Staff in post

Full-time equivalents	2000–01 actual	2001–02 actual	2002–03 actual	01/04/2004 actual ³	31/03/05 actual ³	01/04/06 (estimate)	01/04/07 (planned)	01/04/08 (planned)
Main office staff ¹	3,419	3,314	3,495	3,590	4,047	3,610	3,300	3,000
Interviewer field force ²	697	652	655	720	722	700	700	610
Total ONS employees	4,116	3,966	4,150	4,310	4,769	4,310	4,000	3,610

1. Figures in this row are London, Newport, Titchfield and Southport staff; classified as civil servants in Cabinet Office statistics. Those for 2000–01 to 2002–03 are annual averages calculated in accordance with HM Treasury guidance on departmental reporting in force at the time. The 1 April 2004 figure is a figure for that specific date as published by Cabinet Office. The 31 March 2005 figure is a figure for that specific date as published in the Civil Service Quarterly Public Sector Employees Survey.
2. Interviewer field force staff numbers were not reported for 2000–01 to 2002–03. They have been reported since 1 April 2004 as a result of a decision to include interviewers as ONS staff following the introduction of new contracts governing their terms and conditions. Estimates for the earlier years are now included now for consistency purposes. These numbers remain subject to confirmation with H.M. Treasury.
3. Increases in staff numbers during 2003–04 and 2004–05 were due to the staffing requirements of the modernisation programmes, and an increase in demand for certificate services. Both were short term increases, and the latter also gave rise to increased income.

Other key departmental information

Senior Civil Service Staff by pay band as at 1 March 2006

Pay band	Number of senior staff
National Statistician	1
Pay band 3	1
Pay band 2	10
Pay band 1	44*
Total	56

* includes 4 staff on temporary promotion to pay band 1.

Senior Civil Service Salaries as at 1 March 2006

Salary band (£000s)	Number of senior staff	Pay band (£000s)	Number of senior staff
Below 50	0	90-95	3
50-55	2	95-100	1
55-60	7	100-115	2
60-65	8	115-120	0
65-70	9	120-125	1
70-75	9	130-135	1
75-80	5	135-140	1
80-85	5	over 140	0
85-90	2		

Annex A

SR2002

To publish all ONS statistics at the preannounced time, with revision levels consistent with agreed or published user delivery requirements.

As in previous years, the target was met for all market sensitive outputs. In addition, 99 per cent of all non-market sensitive outputs 369 were published on time, which represents an improvement over 2004–05.

To deliver all Service Level Agreement outputs to time, cost and service delivery standard.

ONS receives annual performance assessments from its key government stakeholders, including the devolved administrations and these are published in ONS's Annual Report and Accounts.

To ensure the delivery of improved services that contribute to the delivery of other departments' Public Service Agreement targets.

ONS has service level agreements in place with all its key account customers including HM Treasury, Bank of England, Department of Health, Department for Trade and Industry and the National Assembly for Wales. It has a number of other agreements with other government departments. Our long-term aim is to bring all these various arrangements under the umbrella of a single high-level SLA for each key account, and then to rationalise the underpinning agreements (their content, number etc). High-level service level agreements are underpinned by any number of operational level SLAs.

A standard scoring system has been developed, against which key accounts can provide assessments of our performance. This provides the measure of this target and is published in ONS's Annual Report and Accounts.

To improve the public perception of the integrity of National Statistics to the extent that the integrity of statistics is publicly recognised by the press, the Royal Statistical Society and the Statistics Commission.

In March 2005, ONS conducted a survey of Public Confidence in Official Statistics. This survey was designed to gauge the level of trust which people have in government statistics, government institutions and key government officials and was a follow-up to a similar survey which ONS had conducted in 2004. The results of this survey were very similar to those found in 2004 – 37 per cent respondents felt that official statistics were generally accurate but only 17 per cent of respondents felt that official figures were produced without political interference. A full report can be found on the National Statistics website www.statistics.gov.uk/about/data/public_confidence/downloads/OmnibusMarch05.pdf. Later this year ONS will consider whether to carry out a further survey of Public Confidence in 2007/08.

The results of this survey and the findings from some related work carried out by the Statistics Commission provided ONS with a benchmark level of public trust and an insight into the factors which influence public trust. In summer 2005, the National Statistician and Statistical Heads of Profession used this knowledge to develop a strategy to build public confidence. The overarching theme of this strategy is ensuring good communication at each level of the statistical value chain. A cross-government working group including representatives from the Royal Statistical Society, the Statistics Commission and representatives from the Devolved Administrations has been convened to take this strategy forward and the group met for the first time in February 2006.

As covered in the main body of this report, planning is underway to make ONS independent of government and future surveys could measure the impact of this on public confidence.

To ensure the efficient and accurate registration of key life events.

The registration of births does not fall below 99.9 per cent of all births.

Figures for 2005–06 will be published in the ONS Annual Report and Accounts; the outturn for 2004–05 was 99.99 per cent.

Ninety three per cent of Principal Registration Officers performing satisfactorily or better.

Figures for 2005–06 will be published in the ONS Annual Report and Accounts; the outturn for 2004–05 was 97 per cent.

SR 2000

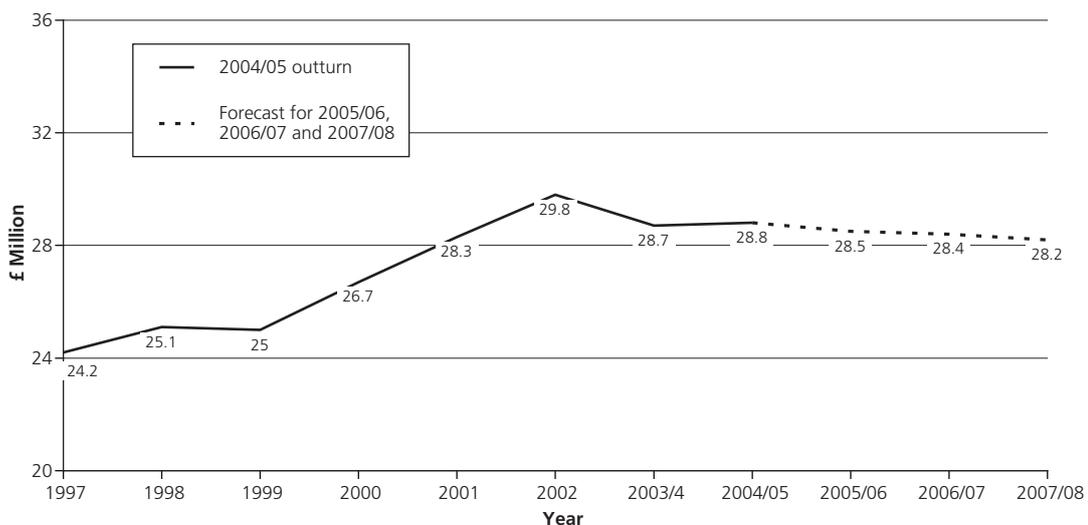
ONS will agree with the Minister annual plans for compliance costs, which will include targets that recognise the balance between the need for reliable information and the burden on suppliers.

The latest ONS compliance plan, covering 2005–06 to 2007–08 was agreed with the Financial Secretary to the Treasury and was published in October 2005. It set a compliance cost ceiling of £28.5m (at 2004 prices) for 2005–06.

The 2006–07 compliance plan covering the outturn for 2005–06 and the forecasts for 2006–07 to 2008–09 is currently being compiled. Current estimates indicate that the outturn for 2005–06 is within the approved target.

The graph below charts compliance cost trends for business surveys over time at constant 2004 prices.

ONS compliance costs 1997–2007/08 at 2004 prices



Annex B

Performance management framework – summary tables

Extant targets from previous spending reviews		
Targets	Performance	Status
ONS Casework processed:		
<i>Urgent within 5 days (Target 99 per cent)</i>	Target on course. Achieved 99 per cent to end of January 2006	
<i>Non-urgent within 20 days (Target 95 per cent)</i>	Target on course. Achieved 99 per cent to end of January 2006	
Post or have available for personal collection (at the Family Records Centre only) applications for certified copies of birth, marriage and death entries received by personal application, post, electronically or by telephone within the specified delivery target for the service (details of all the services are on the National Statistics website)	Target on course. Achieved 98 per cent to end of January 2006	
Pay all bills promptly (Target 100 per cent)	ONS aims to meet the Treasury target of paying 100 per cent of valid bills within 30 days. As at the end of March 2006, the most recent period for which figures are available shows 98.82 per cent of bills had been paid.	