

Background Quality Report: DASA Departmental Resources Statistics

Section 1: Introduction

1.1 Overview of the statistical output

The Departmental Resources section of Chapter 1 of UK Defence Statistics sets the high level context for Chapter 1 and the UK Defence Statistics publication as a whole.

These statistics set out Defence expenditure over time and include breakdowns by expenditure group and budgetary area. Defence spending is compared to other areas of government. There are also tables estimating spending on equipment, the value of non-current assets, the external income earned by the MOD, the cost of external assistance bought by the MOD and data to monitor key Input indicators. The data is consistent with that in the MOD's resource accounts which have been audited by the National Audit Office (NAO).

History

This family of statistics have been produced for at least 30 years in various guises. Over that time the statistics have been subject to a number of changes mainly resulting from organisational or accounting developments. Prior to UK Defence Statistics, they featured in Volume 2 of the Statement on the Defence Estimates which the MOD had a statutory requirement to publish. When DASA became an agency in 1992, UK Defence Statistics (UKDS) became DASA's flagship publication and the publication of these statistics moved into UKDS.

In 2000-01, there was a change in Government accounting from cash accounting to the accruals-based Resource Accounting & Budgeting (RAB) system. RAB was introduced in two stages which is clearly flagged within the tables. Stage 2 (sometimes called full RAB) was introduced in 2003-04. These changes subsequently affected the time series comparability of the data. Further information about this change can be found [here](#).

In 2009-10, in accordance with HM Treasury's timetable for the introduction of International Financial Reporting Standards (IFRS), the Department prepared and published, for the first time, accounts based on IFRS as adapted and interpreted by HM Treasury in the [Government Financial Reporting Manual \(FRoM\)](#). A break in series follows the 2008-09 outturn to denote the implementation of IFRS. Further details of the policies applied are provided at [Note 1 to the Accounts - Statement of Accounting Policies](#) and also [here](#).

A part of UKDS 2011 included a supplement which outlined the main datasets which have been released under the Transparency Agenda. This included detailed information of the finance related input and impact indicators agreed by the Cabinet Office and published in the MOD Business Plan. It also included a table showing the MOD's spend on external assistance, broken down by category and organisation – these 2 tables have been incorporated into the Departmental Resources section of UKDS 2012 as Tables 1.9 and 1.10.

Changes for UKDS 2012

Breakdown by Top Level Budget (TLB) is no longer published: The Defence Board reviews performance and allocates resources at an aggregated level, varying their mix to meet prioritised changes in activities which, in combination, deliver defence capability. Although the Department is organised into separate budgetary areas for financial management purposes e.g. procurement and equipment support, Navy Command, Land Forces and Air Command, it is only by combining the activities undertaken by each of these budgetary areas that the Department is able to deliver its principal output of meeting UK defence commitments. The wider departmental group includes charities e.g. Service museums and the Commonwealth War Graves Commission; these are not considered material to the delivery of defence capability. Therefore, on the basis that the Department's business output is not organised on any specific geographic, economic, regulatory, product or service basis, it is deemed appropriate to treat it as a single operating segment.

Breakdown of Resource & Capital DEL and AME by Commodity Blocks: Under Clear Line of Sight (CLoS), the main MOD expenditure categories are now presented as Commodity Blocks. This provides a more meaningful description of the Department's planned and actual spend, which enables a clearer understanding of the MOD's plans and expenditure over the Spending Review period. Some Commodity Block categories now include a wider range of Resource Account Codes than have previously been included (for example in Equipment Support and Depreciation/Impairments) and this has, in some cases increased the reported numbers and make a comparison of the information over time more difficult. For more detail on the move to Commodity Blocks please click [here](#).

Changes to the Statement of Parliamentary Supply include presentation of the Summary of Resource Outturn by voted/non-voted Departmental Expenditure Limit (DEL) rather than by Request for Resources (RfR). There were previously 3 RfRs; normal MOD business (RfR1), operations (RfR2) and war pension and benefits (RfR3). The prior year comparator figures in the Statement have been restated to reflect: the inclusion of Arm's Length Bodies within the accounting boundary, the change in accounting treatment for donated assets and the transfer of Met Office to BIS.

Changes to the Accounting Boundary: From 2011/12 HM Treasury required the Department to produce its Accounts based on two regimes - 'Departmental Grouping' and the 'Core Department'. Under CLoS definitions, the Accounting Boundary now includes the Department's Arms Length Bodies (ALBs) i.e. the RAF Museum, the National Army Museum, the National Museum of the Royal Navy, the Royal Hospital Chelsea, the War Graves Commission, the Army Benevolent Fund, and the Council of Reserve Forces and Cadets Associations. This is known as the 'Departmental Grouping'. Full details of the entities within the Departmental Group Accounting Boundary are given at [Note 30](#) of the Accounts. This inclusion of ALBs will have a minor impact on the comparability of the time series data presented in **Tables 1.1, 1.3b, 1.4, 1.5, 1.6, 1.8 and 1.9**.

Donated Assets: The notional cost of a donated asset is now treated as income and not a credit to the reserves. This better reflects the receipt of an asset that is essentially free to the Department.

Statement of Comprehensive Net Expenditure: The method of analysing the Statement of Comprehensive Net Expenditure between administration and programme costs has been revised, see [Note 1.2 of the Accounts](#).

Statement of Internal Control: The Statement of Internal Control has been replaced by the Governance Statement to encourage entities to focus more specifically on key organisational concerns.

MOD Fixed Assets: Fixed Assets are now referred to as Non-Current Assets in the Accounts.

For further information relating to these and other changes, please refer to the [Notes to the Accounts](#) published on **pages 114-171** of the MOD Annual Report & Accounts 2011/12.

Strengths and Weaknesses

Strengths of these statistics include: thorough commentary including explanations of changes in accounting practices; presentation of time series to allow comparison over time; and a clear presentation of accounts data. In addition, as the tables are derived from accounts data that has been audited by the NAO, the data is of good quality.

The main weakness of these statistics is that the tables are quite heavy on footnotes.

Latest Publications

1. The [Defence Resources section of UKDS 2012](#).
2. An explanation of issues surrounding [Resource Accounting and Budgeting \(RAB\)](#)
3. The [MOD Resource Accounts 2011-12](#).
4. [HMT PESA 2012](#) – data source and notes for Table 1.
5. [National Statistics Quality Report](#)

1.2 Producer Information

These statistics are produced by the Defence Expenditure Analysis area within Defence Analytical Service and Advice (DASA) which is part of the Ministry of Defence (MOD). The Statistician responsible for these statistics is Craig Corbet who can be contacted by emailing DASADESA-DEA-HOB@mod.uk

Further details about how to contact DASA can be found [here](#).

1.3 Summary of method and processes used to compile outputs

We are supplied with financial, accounting and contracts data and associated mappings from the MOD's Financial Management Information Systems (FMIS). The accounts data is subject to international standards and is audited by the NAO.

HM Treasury (HMT) provide the underlying PESA data used in Table 1.2 (Expenditure by Departmental grouping): this is derived from the cross government COINS system. We also use the HMT website to download the GDP deflator series.

Once the tables have been compiled they are scrutinised by accountants in the Defence Resources area of the Department.

1.4: Other Documentation

[DASA Pre-Release Access lists](#)
[DASA confidentiality policy](#)
[DASA revisions policy](#)
[Statement of Administrative Data Sources](#)

Section 2: Quality Dimensions

2.1 Relevance: The degree to which the statistical product and underlying data meet user needs for both coverage and content.

The data contained in these tables sets the high level context for the rest of UKDS Chapter 1. It is designed to complement the MOD's resource accounts and although some of the data reproduces what is in the accounts, it is provided in a more accessible way with time series to provide context and commentary to provide explanation of many of the terms used.

Our secretariat contacts use the data to answer Parliamentary Questions and Freedom Of Information requests, along with briefing for ministers, the press office and senior officials. Often these statistics are used by other areas such as the Strategy Unit or Minister's outer offices to provide context in briefing documents or speeches.

We also answer questions from other parts of DASA: DASA Tri Service use the data for validation of personnel costs data; Economists in DASA DESA use this data for briefings and presentations.

The tables and underlying data are used by the public, Parliament and within the MOD and we receive considerable correspondence through PQs and FOIs. Main subjects of interest are Pay and Equipment costs, more detailed breakdown of figures by Resource Account Codes or organisational unit/function, and Defence Expenditure time series (in cash, real terms and %GDP).

Researchers, academics, politicians and journalists all use this data, often to make or support political points. Other external users include the Defence Industry, specifically we are aware of ADS group and BAE systems, and the Royal United Services Institutes (RUSI). If you use this data in another way please [contact us](#).

Unmet user needs

We have had requests to supply the following information.

- Expenditure data by Service and Environment. The MOD budget is not arranged and managed in a way that allows this question to be easily answered.
- Expenditure data broken down by regions. We no longer meet this request because the UK defence budget has never been allocated or planned on a regional basis and decisions on where contracts with industry are placed are not taken in order to benefit one local economy or industry sector over another.
- Data on the amount of spending on outsourcing. This cannot be easily defined from the data.
- Details of suppliers within a category of spend. Accounts data is used to produce outturn by expenditure group. Accounts data does not include supplier information.

2.2 Accuracy: The closeness between an estimated result and the (unknown) true value, and the accuracy of the raw data.

The accounts data underlying these tables is subject to international accounting standards and is audited by the NAO.

Table 1.4 (Estimated Equipment Expenditure) is not badged as a National Statistic as there are concerns over the quality of data used for apportioning equipment and non-equipment in the Single Use Military Equipment (SUME) category of spend.

Revisions

We follow the [DASA revisions policy](#). Where we have corrected errors we have alerted users by including 'r' markers and notes in the commentary to the table.

2.3 Timeliness and Punctuality: Timeliness refers to the lapse of time between publication and the period to which the data refer. Punctuality refers to the time lag between the actual and planned dates of publication.

There is a time lag of around six months between the end of the financial year and the publication of this data. This is to fit in with the UKDS and MOD resource accounts production and publication timetables and to allow sufficient time for validation and analysis. These statistics cannot be published until after the MOD's resource accounts have been laid before Parliament.

Publication of UKDS 2012 Chapter 1 was not published until 6 Feb 2013 due to the late publication of the MOD Annual Report & Accounts for 2011/12.

2.4 Accessibility and Clarity: Accessibility is the ease with which users are able to access the data output, also reflecting the format(s) in which the output is available and the availability of supporting information. Clarity refers to the quality and sufficiency of the metadata, illustrations and accompanying advice.

DASA publish these data through UK Defence Statistics which is freely available on the DASA website. This section of UKDS receives around 80-100 web hits per month. The data can be downloaded in several formats (e.g. Excel, PDF and HTML) and is accompanied by commentary to provide supporting information, graphs and links to related publications such as the MOD's resource accounts and HM Treasury's Public Expenditure Statistical Analysis.

These statistics are accompanied by an explanation of some key terminology and changes to government accounting on the "Resource Accounting and Budgeting" pages, a link to which is provided in every relevant table.

DASA participate in the Oak Room group which is a MOD forum to discuss issues relating to the presentation of financial data.

We have received no feedback relating to accessibility and clarity. If you have feedback please [contact us](#).

2.5 Coherence and Comparability: Coherence is the degree to which data that are derived from different sources or methods, but which refer to the same phenomenon, are similar. Comparability refers to the degree to which data can be compared over time and domain.

The accounting data used in these statistics is produced to international financial standards (IFRS) and the underlying data feeds into the MOD resource accounts and the National Accounts.

Table 1.2 provides a comparison between Defence spending and spending in other areas of government which is from the Public Expenditure Statistical Analysis (PESA) data published by HM Treasury. There are some coherence issues with PESA data. The MOD data is based on Departmental accounting frameworks whereas PESA use the Classification of Functions of Government (COFOG) definition of Defence. Treatment of pension costs also differ. Full notes detailing how the PESA definitions are applied can be found at the Treasury website using this [link](#).

Changes to accounting methods have reduced comparability over time. These are described in the footnotes to the table in various editions of UKDS.

The tables in UKDS are for historic and current outturn expenditure data. This is different to the budget (plans) data commonly quoted and used in the Defence Plan and Spending Review documentation. There are a number of reasons for these differences, particularly that the additional cost of operations are included in expenditure data but not budget data. **We have written internal briefing papers which explain the main differences. These can be provided upon request.**

The government has made a commitment to release transaction information. We foresee that there may be issues in the future when people try to compare this transactional level data to Table 1.3 (Expenditure by principal headings). This is because Table 1.3 includes all MOD spend as recorded in the accounts whereas some transactions have been redacted from the transaction data (which is at a lower level of granularity) for national security reasons. For more information on this issue please see [this document](#).

The data in Table 1.3 (Expenditure by Commodity Block) for spend on Research & Development is from accounts data which is not fully Frascati compliant. It is therefore different to the R&D figures in Table 1.7 which are the results of a survey of Frascati compliant expenditure as required by the ONS and EU. Further information about Research & Development statistics can be found in the Research & Development quality report.

2.6 Trade-offs between Output Quality Components: Output quality components are not mutually exclusive in the sense that there are relationships between the factors that contribute to them. There are cases where the factors contributing to improvements with respect to one component lead to deterioration with respect to another.

There have been changes to the structure of the MOD over time. Although major changes are reflected in the figures and footnotes, smaller changes will affect comparability over time.

Changes in accounting standards also reduce comparability over time. There is little we can do about this but we do clearly document changes in the commentary.

2.7 Assessment of User Needs and Perceptions: Users are provided with products and services that meet their needs. The articulated and non-articulated needs, demands and expectations of external and internal users should guide the department.

Users are encouraged to provide feedback on UKDS through the feedback tool on the DASA website or through the annual consultation meetings. Users are informed of the latest changes to these statistics through the DASA website. [Minutes from the Official Statistics Consultation meeting](#) and the [DASA user feedback report](#) are available on the DASA website.

More informally, we monitor the requests for information that we receive from within the MOD and from outside, and respond accordingly.

Our current assumptions about the users and uses of these statistics are contained in [Section 2.1 - Relevance](#). If you use these statistics in another way please [contact us](#).

2.8 Performance, Cost and Respondent Burden: Resources must be effectively used. The desired outcome must be produced cost effectively. Respondent burden should be proportional to the needs of users and not excessive for respondents.

In producing these statistics, our main data source is administrative data. Data is extracted from MOD administrative systems and quality assured by MOD accountants before audit by the NAO. DASA have negotiated a specific data extract to allow further disaggregation of the accounting data that support the tables in UKDS.

2.9 Confidentiality, Transparency and Security: The privacy of data providers (e.g. administrations, enterprises and others), the confidentiality of the information they provide and its use only for statistical purposes must be absolutely guaranteed. The department must produce and disseminate statistics respecting scientific independence and in an objective, professional and transparent manner in which all users are treated equitably.

In producing these statistics, we adhere to the [DASA confidentiality policy](#). We adhere to the principles and protocols laid out in the Code of Practice for Official Statistics and comply with pre-release access arrangements. The [DASA Pre-Release Access lists](#) are available on the DASA website.

We maintain good links with policy colleagues to ensure that these statistics are understood and prevent misuse. UKDS contains commentary explaining these statistics which we have recently reviewed.