

Statistics Commission



Annual Report
2001-2002

Statistics Commission Annual Report 2001-2002

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Chairman's foreword

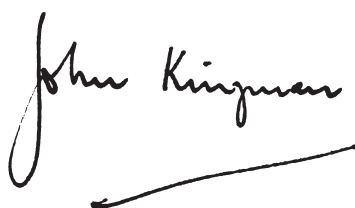
This is the second annual report of the Statistics Commission, and covers the period from April 2001 to March 2002. The Commission was set up by the Chancellor of the Exchequer in his role as Minister for National Statistics in June 2000, and the first annual report dealt largely with the creation of a completely new organisation, independent of Government, open and transparent in its proceedings, able to take an impartial view of the integrity and quality of the statistics produced by government departments. Now after nearly two years, we can report significant progress as a result of the new arrangements for National Statistics. But a great deal remains to be done, and we need to ensure that the changes are firmly embedded in the practices and culture of Government.

The Commission pressed hard, with eventual success, for the publication of a draft Code of Practice for National Statistics. This is a real advance; we congratulate the National Statistician on achieving the consent of all departments, and we welcome his assurance that there will be an operational Code in place by summer 2002. This will need to be rapidly complemented by the more detailed statements of practice by the different departments, and we shall examine these carefully as they appear.

It is vital that the statistical outputs of Government should not only be trustworthy but also timely and well adapted to the needs of users, inside and outside the public sector. We attach great importance to understanding these needs, and have developed our links with users as well as responding to direct approaches. Some of these links involve regular meetings with well-organised groups, but we are also sensitive to less structured bodies and to those who learn of public statistics through the media. An obvious area this year has been the Census, from which the nation must learn difficult lessons for the future.

In all our work, we have been grateful for the cooperation of the National Statistician, both as the Head of the Office for National Statistics and as the officer with ultimate responsibility for the whole of official statistics in the UK. He and his colleagues have a difficult task maintaining the quality of such statistics in a rapidly changing society, and it is not surprising that the Commission finds things to criticise, but we share a determination that decisions within our community should be based on accurate statistical information free from political distortion.

A new task for the Commission in the coming year is to advise Ministers on whether this needs a Statistics Act to ensure that the progress that has been achieved has the sanction of Parliament and is not in danger of being lost through future inadvertence or malice. This issue is related to others that have arisen in our work, especially that of maintaining the confidentiality of personal data.

A handwritten signature in black ink, reading "John Kingman". The signature is written in a cursive style with a long horizontal flourish underneath.

Highlights of the year

During the year we:

- commented on the National Statistics draft Code of Practice and protocols and elicited a promise from the National Statistician to have the Code operational by summer 2002
- strengthened our relationship with the user community by holding regular joint meetings and attending and addressing various user meetings
- completed agreements with all devolved administrations to have broadly the same relationship as with the UK Government and Parliament
- visited four government departments and agencies to widen links with producers of National Statistics, and made progress on a shared understanding of our respective roles
- considered 46 approaches from users and other stakeholders outside Government
- responded to contemporary issues, for example by raising questions about changes in the way targets were set for removal of asylum applicants and about plans to discontinue labour dispute statistics
- prepared six research reports:
 - National Statistics to Monitor the *NHS Cancer Plan*: report of a pre-scoping study
 - Report of a Scoping Study on Seasonal Adjustment Methods at the Office for National Statistics
 - Statistics Commission's Views on Topics to be Covered in the Office for National Statistics Review of Regional Accounts
 - Implementation of the *Review of Revisions to the Average Earnings Index Report*: Statistics Commission's consideration of the ONS progress report
 - Access to National Statistics on Transport via the Web
 - National Statistics to Monitor the *NHS Cancer Plan*: report of a scoping study
- commented on the National Statistics 2001-04 high-level programme
- commented on the National Statistics 2000-01 annual report.

The Commission's strategic approach

We continued to develop and communicate our strategic approach, taking our brief in the *Framework for National Statistics* to 'help ensure National Statistics are trustworthy and responsive to public needs' as the starting point. The UK is attempting to resolve some long-standing concerns about public trust in statistics. Cultural and constitutional change are vital if the positive changes of the last few years are to be built upon, rather than reversed or allowed to decay. There is a serious danger that momentum is being lost.

Aims

The Statistics Commission's aims are: to make sure that National Statistics are trustworthy and relevant; and to promote the cultural and constitutional change which secure this for the future.

Status

The Commission is independent of ministers and of producers of National Statistics. We operate openly and transparently, giving our advice in public for all.

Assessing our success

Success in achieving our aims would mean that National Statistics have, and are perceived to have, integrity, relevance and quality.

Integrity: includes fair dealing (for example in release practice) and continuity of key series, not just the absence of 'fiddling'. Public confidence in the integrity of National Statistics requires that the processes by which decisions are made should be transparent to all.

Relevance: to **all** users, not just those in Government. National Statistics cannot meet all conceivable needs for data but they should provide an accurate, up-to-date, comprehensive and meaningful picture of the economy and society. This will support the formulation and monitoring of economic and social policies by Government as well as inform the citizen.

Quality: accuracy is important but measurement is inherently imperfect. What matters is that users should understand how reliable the statistics are so they can judge whether they are fit for their intended purpose. Good conduct of our society requires that all have access to the information they need to make decisions so it is important to foster widespread and informed use of National Statistics. The statistics themselves must be intelligible in the way they are presented.

A second test of success is that public debate focuses on what the figures say about the substantive issues and not on how the figures are produced.

How we are getting there

To achieve these aims, we provide high-level strategic advice, both to ministers and to others, and make this advice public for the whole community. Our advice is considered and grounded in evidence but at the same time recognises and responds to contemporary issues in UK society. The implications of this for our approach are set out below.

Our work programme assembles evidence on specific points to support our policy and advice on general issues. Sometimes the areas are chosen to reflect specific concerns raised with the Commission which may illuminate general issues. Sometimes the general issue is identified first and specific examples chosen to illustrate it.

We nurture and build on our relationships with users and producers of National Statistics, with providers of raw data and with the wider community. This communication is a two way process:

- to understand their perspectives, as part of assembling evidence. Sometimes this evidence identifies issues for our attention, sometimes it relates to issues which we have already decided to examine
- to communicate our findings and conclusions to them.

We use and develop these links in a way which takes account of, and does not undermine, the National Statistician's consultation processes.

This last point applies more widely. The emphasis of much of our work is on whether the National Statistician has the right systems in place and whether they are delivering the required outcomes: for quality assurance; for consultation with users and with suppliers of raw data; and for proper planning and prioritisation. We do not, and should not, undertake these functions for him.

Framework for National Statistics

- designated as National Statistics all statistical outputs of the Office for National Statistics (ONS) and many of the key public interest statistics produced by other government departments and devolved administrations
- set out the responsibilities of the Minister for National Statistics and other ministers whose departments contribute to National Statistics
- set out the role and responsibility of the Statistics Commission to act as an independent watchdog on National Statistics
- set out the roles and responsibilities of the National Statistician and heads of profession for statistics in government departments and devolved administrations that produce National Statistics.

The Framework for National Statistics represented a major, and positive, change for official statistics. The draft National Statistics Code of Practice and its expected underpinning protocols build on this. The Code and protocols released so far are welcome at last, but these are not perfect and more needs to be done to put the new arrangements fully and securely in place. Our remit to review the need for statistics legislation after two years is part of this, but the task is wider. We will assess:

- what more needs to be done
- what needs to be changed in the light of experience and
- how to secure the gains made so far.

Legislation may be necessary but it is unlikely to be sufficient. Whether or not we recommend legislation, it is important to get the Code working. This means not just the letter of the Code, but the spirit as well; the attitude towards the production of statistics has got to be right.

Developing relationships

Strengthening our communication with the statistics and wider communities has been an important continuing aspect of our work during the year. This communication is a two way process. We need to understand the perspectives of: users of National Statistics, both within Government and more widely; producers of National Statistics in the Office for National Statistics and in government departments; suppliers of raw data; and the wider community, including Parliament. We also need to communicate our findings and conclusions to them all.

We moved forward from the foundations of our December 2000 report *Building Links with Stakeholders*. As well as the open meeting held in July to launch last year's annual report, we have had a wide range of meetings and other contacts with groups and individuals throughout the year. This is an area where we made good progress by the end of the year but where continuing development is needed. We recognise that some users and producers of National Statistics would like to see us act as an advocate for their particular points of view and we need to continue to put effort into ensuring, not only that we take a balanced view, but also that we successfully communicate our reasons for doing so to all concerned.

It is important for the Commission to be a body to which people can write when they have concerns and we spend considerable time at each Commission meeting considering approaches that we have received. Our questions could help make sure that people who deserved a reply from a government department received it.

Users

Users of National Statistics do not form an homogeneous group. An important part of the new arrangements was to make explicit that the needs of users in the wider community should be considered alongside those of Government itself. Users outside Government have a wide range of different needs. The general or citizen user, seeking to judge public services, has different needs from an expert in the subject area looking for detailed information on a particular topic. Some expert users operate in such a way that one or two groups can be regarded as representative of a wide range of interests. In other areas this is not the case. Our links with users are designed to reflect this and also the different preferences of users for different forms of consultation and communication.

During 2001 several user groups expressed a preference for a greater degree of formality and structure in their communications with the Commission. In response to this we have set up quarterly meetings between Statistics Users' Council user group chairs and a mix of commissioners and staff. These meetings also include representatives of some other user interests such as the House of Commons library research team and the Royal Statistical Society. Issues discussed at these meetings include: our research programme, disclosure and confidentiality issues for the 2001 population Census, the draft National Statistics Code of Practice and our strategic approach.

These regular meetings are complemented in a number of ways. Some users groups, such as those for crime and justice and labour market statistics, operate largely on a 'virtual' basis and so prefer to keep in touch with us by email. Other organisations, such as the CBI, prefer more focused occasional meetings.

These arrangements are supplemented by *ad hoc* contact of different kinds. Representatives of the Commission have attended user meetings of various types including addressing a meeting of the crime and justice user group and a group from the Association of Census Agencies. Our researchers have interviewed users about their needs in specific areas. We also welcome an increasing number of direct approaches from individual users. These have pointed us to some of the specific topics discussed later in this report.

We do not see it as appropriate or necessary to establish formal liaison arrangements with users of National Statistics within Government, but our chairman wrote to permanent secretaries in October 2001 to indicate his availability should they wish to discuss any general issues about the way in which National Statistics meets the needs of users within Government. None wished to take up the offer at present but replies indicated an appreciation of the National Statistics arrangements and several suggested follow-up actions. Following this, our chief executive gave a presentation to Department for Education and Skills (DfES) staff and we look forward to being consulted as part of the quinquennial review of the Defence Analytical Services Agency (DASA). In the context of specific projects, our researchers have interviewed government users on specific topics ranging from the National Clinical Director for Cancer about his needs for monitoring implementation of the *NHS Cancer Plan*, to Department of Trade and Industry (DTI) officials about price indices and deflators.

The needs and perspectives of the general public are central to our concerns but in the nature of things it is less easy to consult them directly. We aim to be alert to this perspective, including through our own experience of public policy issues and by personal contacts, and to take opportunities to understand views of proxies such as relevant expert users, journalists and Parliament. This links closely to our relationship with the wider community discussed below.

Producers of National Statistics

The chairman meets quarterly with the National Statistician to discuss major issues such as the Census and the draft Code of Practice, as well as more specific topics such as the Average Earning Index review. These meetings are underpinned by monthly meetings, and frequent *ad hoc* contact at official level. In addition, the chairman and members of the Commission met twice during the year with the ONS Policy Board to learn more about each other's activities and perspectives.

We followed up our visits to ONS sites last year with a programme of visits to other departments which produce National Statistics. Our first visit of the year was to DASA, followed by the Department for Transport, Local Government and the Regions (DTLR) and to the Department for Work and Pensions (DWP) where we saw the complementary work on the London and Newcastle sites. We also visited the Northern Ireland Statistics and Research Agency (NISRA) and saw how National Statistics are produced in one of the devolved administrations.

The chairman addressed the Government Statistical Service senior staff conference in November 2001. The chief executive gave presentations about our work to staff at DfES and the Department for International Development and maintains informal links with heads of profession for statistics in the course of day-to-day work, including our research and intelligence gathering.

We have also planned visits for early 2002-03 to the Department of Health and to the Scottish Executive.

Close links with producers are important but it is equally vital that we remain independent of them. There is, and should be, a constructive tension implicit in this relationship. We are reliant on the priority the Government Statistical Service can give to our questions and have sometimes had to wait longer than we would like. We reflected these concerns about the quality and timeliness of responses we get to our questions in our evidence included in the Treasury Committee's report on the 2001 Census in England and Wales. Our role as watchdog means we have to be able to challenge the National Statistician and we sometimes need to take a critical view of what he does.

Suppliers of raw data

The quality of National Statistics depends crucially on the understanding and cooperation of those organisations and individuals who supply the raw data on which they are based. Although information requirements can and should as far as possible reflect their management information needs and interests, this is not always possible. This means that such suppliers' perspectives need particular consideration and respect. They are being expected, sometimes legally obliged, to contribute to the wider good and their active cooperation is vital if accurate data are to be collected. At the same time the individual small business owner concerned about red tape is less likely to be able to spare the time to engage in consultation about such issues.

This makes it difficult, but all the more important, for producers of National Statistics to take account of supplier views, and correspondingly challenging for us to assemble the evidence base to judge how successfully they are doing so without imposing an additional burden. We have therefore avoided formal processes but our staff has had a number of discussions with organisations representing business such as the CBI, the Institute of Directors (IoD) and the British Chambers of Commerce and written an article for *IoD Policy* following which several expressions of views were received.

All this reinforced our view of the importance of this area and we believe both that we and the National Statistician have more to do here:

- our ability to take account of compliance costs in commenting on the first high-level programme for National Statistics was hampered by the very limited information the National Statistician was then able to supply
- one point which is becoming increasingly clear to us is that it is not sufficient to focus solely on measuring compliance costs; the actual and perceived burden on data suppliers is more complex than this and minimising it requires a good understanding of the suppliers' perspective as well.

Of course businesses are not the only suppliers of raw data. Households and a variety of public sector organisations also have this role. In our work on the 2001 population Census (see below) we are exploring the views of a sample of the general public who filled in the forms.

The wider community

Trustworthy and relevant statistics are important to the functioning of a modern democratic society. We seek to understand the perspectives of the wider community in a number of ways.

The **Treasury Committee** of the House of Commons is an important stakeholder in National Statistics and represents the wider community in many ways. In autumn 2001 we were invited to present evidence on the 2001 Census in England and Wales, and were also questioned about wider issues relating to the first year of National Statistics. The chairman expressed dissatisfaction with progress to date, in particular the then continuing delay to the Code of Practice which, he pointed out, cast doubt on the Government's commitment to the *Framework for National Statistics*.

The **Royal Statistical Society** promotes the public use of statistics as well as being a professional body for statisticians. It represents many user interests including, for example, those of the academic community and cooperates with other user groups, but it also has a wider role. We work with it in a variety of ways: our chairman spoke, along with the National Statistician, at a public meeting organised by the Society to discuss the draft National Statistics Code of Practice; the Society is organising a meeting of international experts to inform our consideration of statistics legislation issues; and there is regular contact at official level including attending many of the Society's meetings.

The **Economic Secretary to the Treasury*** as Minister responsible for ONS, and as a user of economic statistics, is herself a stakeholder. We were therefore pleased to see her when she visited the chairman at our offices in October 2001 and met several commissioners and staff.

As we indicated in our last annual report the *Framework for National Statistics* had left our role in relation to National Statistics produced by **devolved administrations** to be confirmed. In March 2001 we had receive invitations from two of the devolved administrations to relate to them in broadly the same way as we do to the UK Government and Parliament. We were pleased to hear similarly from the third in May. As indicated above, we visited NISRA and are planning a similar visit to the Scottish Executive. We also translated our annual report into Welsh. We have not yet launched any research projects specific to an individual devolved administration but, for example, our work on regional GDP is of particular interest to users in Scotland, Wales and Northern Ireland.

*The former Economic Secretary to the Treasury is now Financial Secretary to the Treasury but retains responsibility for ONS.

Promoting cultural and constitutional change

The *Framework for National Statistics* represented a major and positive change for official statistics. The draft Code of Practice builds on that. More must be done however, and cultural and constitutional change is needed to secure the gains of the last few years for the longer term. Legislation on statistics may be part of the answer, but only a part. Attitudes need to change towards the integrity, relevance and quality of statistics, the needs of users and the interactions between the various members of the statistics community if the momentum is not to be lost. There were two strands to our work last year in pursuit of this overall objective.

National Statistics draft Code of Practice

In our last annual report we expressed our extreme disappointment that the draft Code of Practice had not been issued. The draft was finally published in December 2001 and we submitted our comments welcoming the draft Code. It is a major step forward to have a document which the whole of Government supports – as much of a change as the establishment of the brand of National Statistics and the roles of the National Statistician and the Statistics Commission. We are concerned that there are various protocols yet to be developed and the Code still requires much work, but we strongly support the National Statistician's declared intention to have something in place by June 2002 against which practice can be measured.

We will be exploring, with the National Statistician, how we can best support him in his enforcement role.

The need for statistics legislation

In reinforcing the need for the Code we emphasised the importance of having a firm constitutional framework which consolidates progress made so far in the development of National Statistics and provides a foundation on which further progress can be built.

The *Framework for National Statistics* charged us to review the need for statistics legislation after two years and report back to the Minister for National Statistics. Whilst the review does not start until June, we have been identifying underpinning work. We are preparing a consultation document to establish key issues and research to build up our knowledge base is being commissioned. The balance of arguments we have heard so far is strongly in favour of legislation, but we will not prejudge the issue and will approach our task with open minds, looking at all possible ways to secure the gains of recent years.

Summary of specific comments on the draft National Statistics Code of Practice

- The Commission endorses the messages of the 10 high-level principles and the National Statistician's approach of underpinning these with detailed protocols. We are concerned, however, that there are many other supporting documents still to come.
- All the documents must be easy to read and be understandable to all.

There must be consistency of language. It is particularly important to make clear what is mandatory and what is aspirational. The idea of the National Statistics brand is strong but not fully articulated.
- The existence of the Code represents a major step forward in transparency but more remains to be done.

It is not clear whether or how 'exceptions' will be publicised when they occur. They should be put in the public arena.
- The draft Code does not address explicitly issues of enforcement, implementation, and accountability for these.

It implicitly puts the main responsibility for enforcement and implementation of the Code on the National Statistician. We believe this is right but we need to explore the extent to which he can be held ultimately accountable for the actions of producers in other government departments and of other officials and ministers.
- **Draft Release Practices Protocol:** we welcome this major step forward in transparency but it is not sufficient.

Public listing of those with privileged access should apply to all series, changes to normal time limits for early access should be publicised and the Commission should be informed of any wrongful or accidental release and of action taken.
- **Draft Protocol for Consultation Arrangements between the National Statistician and Ministers:** we welcome this protocol as introducing a degree of transparency in an important area, but would like the protocol to go further.

The special arrangements for the Chancellor's involvement in the Retail Prices Index (RPI) should be spelt out here or a cross-reference should be made to an accessible document in which they are clarified. We believe there should be a public register or other similar record of occasions on which ministers are consulted about 'proposals which impinge on Government policy'.

Topics considered by the Commission

The investigative work of the Commission, which provides evidence to support our policy and advice, takes a variety of forms. The **audit and research programme** includes considered projects, undertaken in-house or by consultants, sometimes focused on particular topics but usually designed to throw light on wider issues.

Our staff also undertakes **small-scale investigations**, often prompted by concerns expressed by correspondents or in the press, to look at specific issues as they arise. Increasingly the boundary between the two is not rigid but we value the flexibility this gives us, allowing us to respond to contemporary issues from a firm evidence base.

Audit and research programme

Projects are initiated through our audit and research programme where a need for considered research has been identified. This work may be either broadly based or specific, where general lessons could be learnt. We chose a contrasting range of topics, which has allowed us to continue to try different ways of working.

In choosing the topics to study we look for balance across subject areas and between technical issues and those more directly related to public policy, as well as responding to contemporary issues. We tend to focus on areas of particular challenge to the National Statistician, rather than aiming for comprehensive coverage. This means we are likely to be looking at or identifying vulnerabilities. But if National Statistics are to meet the very highest standards it is in such demanding areas that we can add most value.

Completed research:

We completed six research reports covering five topics in the year. This research, the work in progress discussed later in the chapter, and our increasing level of intelligence gathering activities point to a number of cross-cutting issues:

- confirming the vital relationship between National Statistics and government targets.
The current position is not straightforward with many targets currently unsupported by National Statistics. This is something we will need to pursue in future
- reinforcing the need for sound methodology to underpin the quality of National Statistics.
Good progress is being made in many aspects of this but much more also remains to be done. We support the National Statistician in the priority he is giving to this

- highlighting the importance of understanding users' needs. This is not just a matter of informing priority-setting and planning but also of understanding the effect on users of revisions to figures or of changes to dissemination arrangements
- identifying big challenges ahead to ensure that risks to confidentiality are managed as needs for detailed data increase and better technology makes it practicable for these needs to be met.

Use of seasonal adjustment in ONS

This topic was chosen partly for its intrinsic importance to a very substantial range of economic statistics, but also as an example of a technical/methodological issue which cuts across a number of National Statistics outputs.

Professor Wallis, who undertook the study for us, is an international expert on the issue. He concluded that in view of recent and prospective developments, there was no need for us to undertake a substantive study of seasonal adjustment procedures used at the ONS at that time. He identified areas to be followed up in the course of wider work. He also recommended we should return to the question of a further brief study or a more substantive study in this area after a cross-cutting review of the use of seasonal adjustment techniques has been conducted as part of the five-year Quality Assurance Review Programme for National Statistics. The Commission accepted his recommendations.

We support the National Statistician's direction of travel in this area and recognise that here, as elsewhere, speed of progress will be constrained by the pace at which the statistical infrastructure can be developed.

Quality of Regional GDP estimates

There is an increasing need for, and emphasis on, data below national level. Production of such data is one of the most important issues for National Statistics at the moment. As well as pointing to production of more disaggregated estimates, this raises questions about the fitness for purpose of existing estimates, such as regional level Gross Domestic Product (GDP) estimates, whose original uses may have been less demanding than current needs. Regional GDP estimates are now used in a wide range of contexts, including allocation of EU structural funds and public service agreement (PSA) targets for regional growth, as well as being important for devolved administrations.

We undertook a short study to identify key issues which should be covered in the National Statistics quality review of regional accounts scheduled for its 2001-02 programme.

Statistics Commission's views on topics to be covered in the Office for National Statistics review of regional accounts

As part of this review ONS should consider the following topics:

- communication of the reliability/precision of Regional GDP estimates
- the potential contribution of views of non-ONS users on methodology/assumptions being used by ONS
- the production of quarterly estimates of Regional GDP
- improving understanding of Regional GDP through commentary on base data
- adjusting Regional GDP data for differential GDP deflators.

We were pleased that ONS confirmed it would be looking at the first four of these but it was reluctant to examine the need for, and feasibility of, producing regional GDP deflators because of resource constraints. We understand that the departments most directly concerned are considering calculating their own estimates so that they and the wider community can assess progress towards their regional GDP targets. We look forward to seeing the results of the work but note that this raises issues about the arrangements for prioritising and quality assuring technical work of this kind.

Implementation of the *Review of the Revisions to the Average Earnings Index*

The *Review of the Revisions to the Average Earnings Index* (AEI) published in 1999 (Turnbull-King Report) was a major influence on the development of the new National Statistics arrangements. It made a number of recommendations, some concerned specifically with the production of the AEI and others of wider application to the management of official statistics.

We asked ONS to let us have a report on progress in implementing the recommendations. It took some time to get a complete report. Most of the recommendations had been implemented satisfactorily but some had not. In particular:

- some of the longer term technical recommendations had proved more complex than originally envisaged and we had not been able to obtain a clear timetable for completing this work
- some of the general and less technical recommendations had not been implemented fully. In particular, there was a gap between the public acceptance of Recommendation 1 on pre-announcement of supernumerary releases and the very restricted way it had been implemented.

In our consideration of the progress report we raised issues which apply to National Statistics more generally. Clear and transparent release practice arrangements are vital for the integrity of National Statistics. The quality of National Statistics depends on the ability of their producers to follow through and implement the conclusions of methodological reviews. We made recommendations for action to address these and other specific points.

Conclusions of the Implementation of the *Review of the Revisions to the Average Earnings Index*

We concluded that, although good progress had been made in implementing many aspects of the *Review*, more remained to be done. There had been a serious lack of transparency about handling unscheduled publication of revisions, and there did not appear to be any clear arrangements in place for ensuring that implementation of the *Review* as a whole was completed. In particular the National Statistician should:

- put in place clear arrangements to ensure proper monitoring and management of both the implementation of the remaining recommendations from this *Review* **and** the implementation of recommendations of National Statistics Quality Reviews
- publish an updated timetable for full implementation of the remaining recommendations of the *Review*
- implement Recommendation 1 or provide a clear and published explanation for users of why he thinks it should not be implemented
- extend transparent formal sign-off procedures to cover all ONS outputs
- put in place a public register of occasions on which the ONS has provided ministers or the Bank of England with information earlier than normal in order to allow consultation
- set a clear timetable for the documentation of ONS's methods of data construction to the point where such documentation can be, and is, made available to outsiders over the Internet.

We were initially disappointed with the National Statistician's response, but we are pleased that he has now been able to explain how he is taking forward all the outstanding recommendations of the Turnbull-King Report.

National Statistics to monitor the *NHS Cancer Plan*

The purpose of this study was to look at the adequacy of National Statistics for monitoring the *NHS Cancer Plan* and to recommend whether further investigation by the Commission was needed. There were several reasons for choosing this, including the high levels of concern about cancer care and recognition that policy needs to be rooted in facts. We wanted also to draw out lessons about the use of National Statistics to monitor policy implementation.

The report noted that monitoring of a major change like the *NHS Cancer Plan* presents a significant challenge, requiring substantial enhancement to existing information systems and that work was complete, underway or planned in many areas. Although much of this work had yet to come to fruition it concluded that further investigation by or on behalf of the Statistics Commission was not needed at that stage but we should check on progress in 2003. It did however make some specific recommendations.

Recommendations of the scoping study on National Statistics to monitor the *NHS Cancer Plan*

The study recommended that the Department of Health (DH) should continue to give priority to work to ensure that implementation and achievement of the *NHS Cancer Plan's* aims, commitments, actions and milestones could be properly monitored and in particular that DH should:

- undertake a systematic check to ensure that any data gaps are identified and tackled appropriately
- complete implementation of the cancer data sets as soon as possible
- satisfy itself of the quality of the out-turn data it collects on investment in palliative care
- formulate, and set out publicly, clear plans for publication of information to allow Parliament and the public to monitor progress towards, and achievement of, the aims, commitments, actions and milestones set out in the *NHS Cancer Plan*.

It further recommended that the Statistics Commission should:

- return to the issue in early 2003, seeking a progress report from DH
- consider, in the light of the findings and work in other policy areas, whether National Statistics should aim to support monitoring of all key government targets, and if so, how the intrinsic difficulties might be addressed.

We have raised the wider issues about the role of National Statistics in supporting government targets with the National Statistician and will be following up our initial discussion with him in the light of the Government's response to Lord Sharman's report *Holding to Account: The Review of Audit and Accountability for Central Government*.

Access to National Statistics on transport over the Web

Transport was chosen as an important subject area which was reasonably self-contained and in which the Commission was not already undertaking, or planning to undertake, substantive work. Also the area is of interest to a wide range of users, from experts in the subject (who are not necessarily experts in statistics) to the general public.

The report indicated that there is a large amount of information on transport available via the Web and that very considerable effort has been put into making it accessible to the general public and professionals alike. It made some specific suggestions about how further improvements might be made to the accessibility of transport statistics and raised a more general issue about the ease with which the user of the DTLR site was guided to the National Statistics site (or *vice versa*) when appropriate. Other general issues which we will be following up were:

- the extent to which users might reasonably expect departmental websites (or the National Statistics site) to act as a gateway to other data, whether official statistics without the 'National Statistics' designation or those collected outside Government
- whether all National Statistics should be on the relevant department's website (as we understand they are in the case of transport).

Continuing projects:

Reliability of National Statistics

The Commission noted in its earliest discussions that it is important to get the numbers right, but that few sets of statistics will be 100 per cent accurate. What matters is that users should be able to understand the limitations of the data they are using, and judge whether they are fit for their purposes. To include good information on reliability across the full range of National Statistics outputs is a major task.

The initial strand of the project, to establish the extent to which the reliability of National Statistics is understood and communicated, was undertaken by ONS staff working closely with our staff. A methodology was established for use within ONS which is now being taken forward within their work on quality measures.

This first part was restricted to the ONS in the interest of practicality but now needs to be extended to other National Statistics producers and we are working with two volunteer departments (DASA and DfES) to investigate the extent to which the approach can be applied directly in other departments, particularly when administrative sources are more important.

2001 population Census

The April 2001 population Census was a key National Statistics activity in the year. This is a major task and first results are expected in August 2002. Our evidence influenced the Treasury Committee's report on the Census. There are three main strands to our own Census work:

- **checking on the comprehensive reviews** being undertaken by Census Offices, to ensure any appropriate lessons are learned, and following a timetable determined by those reviews. In preparation for looking at publicity we have commissioned our own study on public perceptions of the burden of data collection on households from the Census
- **looking forward** to contributing to the debate on the longer term need for and nature of a population census in the 21st century. Some fundamental questions need to be asked. We have commissioned an overarching study to take an initial look at the issues
- **responding** as appropriate on other issues. One which has concerned us particularly in the later part of the year has been the late changes to arrangements for small area statistics following concerns about confidentiality.

Price indices and deflators

We noted in our last annual report a number of concerns about price indices and deflators, including those expressed by the Treasury Committee. These ranged from very technical issues relating to the adjustment of prices for quality changes in areas such as information and communications technology to the role of the Chancellor of the Exchequer in determining the scope and definition of the RPI.

We considered an initial report on this topic at our March meeting which made clear the range of technical challenges confronting ONS in this area but indicated that users were generally happy with the research and development work being done. It also identified a degree of uncertainty among users about the role of the Chancellor and the implications of this for the status of the RPI as National Statistics and we have flagged up this need for clarification in our comments on the National Statistics draft Code of Practice.

Because of the importance of the subject area we felt it right to supplement this work with additional interviews with a wider range of City people and others who have considered RPI issues. This work is now underway.

Does the General Household Survey now meet users' needs?

There was substantial concern among users when the General Household Survey (GHS) was suspended for 1997. It was subsequently reinstated and we planned to assess whether it now meets users' needs. A new style GHS publication was released on the Web in December 2001. Our researcher's initial consultation with the GHS User Group has suggested that it may therefore be too soon for a major study. We are undertaking a small scoping study to test this.

Projects awaiting results of other development and research work

At the beginning of the year we identified a couple of areas that we intended to examine after related work already planned by ONS had been completed. We have kept a watching brief on these areas which are discussed below.

Job vacancy figures

We had noted concerns, both about the quality of the data on job vacancies registered with the local Employment Services, and about the extent to which more general conclusions can be drawn about the overall level of vacancies from these data, which, of course, only cover part of the picture. In response to these, ONS has been undertaking work to produce regular estimates based on enterprise surveys. We await the results with interest.

In the meantime, the introduction of Employer Direct caused further, possibly temporary, deterioration in the quality of the series. We support the National Statistician's decision to suspend the National Statistics designation while allowing continued publication of the figures. It is unfortunate, however, that he did not retain control over the form of publication to ensure that the weaknesses of the data were spelt out clearly.

Consistency of employment and welfare benefits statistics

We had noted this question as illustrating a wider one: the relative strengths and weaknesses of administrative and survey-based data. Two specific pieces of work in different areas of National Statistics are currently underway:

- specific issues relating to welfare benefits will be illuminated by research DWP are undertaking which is currently at the stage of a technical feasibility study to see whether it is possible to match DWP administrative records to survey results
- ONS is undertaking work on the consistency of socio-economic data from different survey and census sources.

We continue to keep a watching brief on this but we do not now expect to undertake our own substantive research in this area. However the general issue of the relationship between administrative and survey-based data is an important one for us.

Other issues considered

As well as the issues covered by our formal research programme we also considered topical issues, many of which had been flagged up by stakeholders, including users and the media. Many of these raised or reflected important substantive policy issues in their own right but they also illuminated cross-cutting statistical issues similar to those identified in our research programme.

The uses of National Statistics in the **measurement of targets and performance** which we had flagged up in choosing to look at the *NHS Cancer Plan* arose in other contexts:

- we were initially concerned about changes in the way targets were set for the removal of **asylum applicants**. We were pleased to see that Home Office statisticians quickly managed to change the way they collected data to keep up with these policy changes and to present the figures in a way which made clear which figures could and which could not be compared
- our attention was drawn to some of the complex issues underlying the way in which school **key stage results statistics** are compared from year to year and the potential for systematic drift. We have asked DfES to advise us on the extent to which policy and practice are grounded in research
- we considered points relating to **hospital waiting statistics**, including the dip in the series just before the general election. We accepted the Department of Health's assurance that the figures had been compiled and checked in the usual way and the dip reflected a strong seasonal pattern. This raised other questions, however: whether the original presentation of the data gave enough information about the seasonal pattern; and what is its cause. We will need to pick these up
- targets to reduce **child poverty** put greater emphasis on low income household statistics which used to become available over a year after the period to which they apply. These are based on a household survey requiring substantial analysis and we accepted DWP's assurance that they will be second-to-none in Europe, and behind only the USA, in the timely provision of policy-relevant income distribution statistics. This does however raise issues about how best to monitor targets which relate to the ultimate outcomes of public policies rather than the process of service delivery
- plans to increase **participation rates** raised questions about the precise definition of the higher education sector. Although relevant data are not National Statistics we were pleased to hear that the National Statistics Education and Training Working Group was examining this and we have asked it to report back to us in July.

The use of National Statistics (and other official statistics) in **league tables** raised many of the same questions alongside two additional ones: firstly, the use of geographically disaggregated or individual unit level data from statistical systems designed primarily to produce reliable data at an aggregate level raised questions of fitness for purpose; secondly, even if the data were perfect, the random variation involved in, for example, rates based on small numbers of events, means that care is needed in interpretation. Someone has to be last.

The Office for National Statistics had planned in principle to discontinue collection of **labour dispute statistics**. These plans have now been dropped, following questions from us and representations from a number of users. We recognise that difficult decisions about priorities need to be taken but this example highlights the need for greater clarity about user consultation and the way this feeds into overall priority setting. We hope this will be addressed in the forthcoming protocols.

Problems with and subsequent withdrawal of **pension fund asset statistics** raised issues about quality assurance and revisions policy. We had some discussions with the National Statistician and look forward to seeing his report on this.

One user raised with us some concerns about **electronic archiving of data**: where reference tables are published on the Web rather than, as previously, on paper, this can make it hard to refer back to detailed data for past years. We recognise that effective use of modern technology raises particular challenges in this area and look forward to seeing the protocol on data management, documentation and preservation.

Many existing systems for tracking NHS care are based on the institution in which the care is provided and so do not cover care provided to **NHS patients in private hospitals**. The Government's concordat with the private sector is likely to lead to increasing levels of such activity with the potential distorting effect on data to look at overall trends in health care. We raised our concern with DH and we were originally promised a report by the end of 2001. We now understand that DH is still considering work on information from the private sector in the wider context of monitoring NHS activity occurring in different settings and Lord Hunt, Parliamentary Under-Secretary at DH, will be writing to the Commission about these issues.

Playing our part in the National Statistics infrastructure

The *Framework for National Statistics* envisaged a planning cycle in which the National Statistician would prepare a high-level programme for National Statistics and subsequently an annual report on the performance of National Statistics and we would comment on both of these.

Summary of the main comments on the high-level programme for National Statistics 2001-04

- we welcomed the high-level programme and recognised that the full adoption of National Statistics will take several years
- the strategic vision was an important step but it will be vitally important that the next high-level programme should address priorities clearly, considering compliance costs and skills required, as well as financial resources.

First National Statistics annual report 2000-01

In commenting on the annual report, we recognised the major change required by the strategic vision for National Statistics, at the same time as maintaining high professional standards. We were concerned that, whilst it reflected important achievements in many areas, it did not provide a clear statement of what progress had been made so far and what more was needed to make the vision a reality.

Quality reviews and related processes

Another key aspect of the National Statistics arrangements is a rolling programme of reviews of key outputs over a five year period. We do not normally play a direct role in these – though we may, as in the case of regional GDP, comment on the proposed scope of the reviews. We receive the final reports with interest however, looking for general lessons and considering how the overall process is working. The reviews reflect a great deal of good work across the Government Statistical Service but it is still early days; these reviews take time to finalise. During the year we received seven printed reports and there are more in the pipeline. Among the recent reports were three concerned with social security benefits which raise interesting wider issues relating to use of administrative data.

We support the National Statistician's emphasis on the quality of National Statistics and welcome the initiatives he has taken in the year to refocus the quality review programme, to give methodological reviews a more explicit profile in the planning process, and to review the use of 'analysis of current practice' (ACP) templates which help producers themselves assess the processes underpinning National Statistics. During the coming year we will be considering how well these intermeshing components are working across the board.

Resources

Funding

Subject to need, grant in aid funding of up to £1.35 million a year is available for the Commission for its first few years. Spending for 2001-02 was just under £1 million, the main elements of which were accommodation, staffing and related costs and internal IT systems. It is expected to be higher in 2002-03 as the work programme develops and expenditure on externally-commissioned research and audit work increases. It will also reflect the full year costs of staff members who joined in 2001-02.

Current staffing levels and use of contractors

Currently the Commission has a staff of nine. Of these, four are seconded from their permanent employers and three hold fixed-term contracts with our sponsor department following open competitions designed to meet our specific needs. Two support posts have been filled using temporary staff while we confirm our needs, but we plan to fill one of these posts on a longer-term basis.

We will continue to make appropriate use of outside experts both for their specific expertise and authority in particular areas and to supplement or replace our internal resources on larger projects.

Forward look 2002-03

Many of the specific activities discussed above will continue into the new financial year. Four issues which we will be pursuing are:

- confidentiality of personal data, following up on the 2001 Census and exploring this with relevant stakeholders
- the vital relationship between National Statistics and government targets
- reliability of National Statistics: users should be able to understand the limitations of the data they are using and judge whether they are fit for their purposes
- the burden of collection on suppliers of raw data.

Other activities which will be particularly important in supporting our work on promoting constitutional and cultural change in the coming year are:

- assessing the need for statistics legislation: issuing a consultation document on the scope of areas to consider and commissioning a literature review
- getting the National Statistics Code of Practice and its supporting protocols right, developing mechanisms to monitor and comment on the working of the Code itself, in conjunction with the National Statistician.

Our research and intelligence gathering programme will develop in response to contemporary issues and we will also be thinking seriously about the 2011 Census based on our experience of the review of the 2001 Census.

Annex A: List of reports

Research Reports

Building Links with Stakeholders: our general approach and report of progress so far. Statistics Commission Report No. 1, December 2000.

Janet Trewsdale and Gill Eastabrook, *National Statistics to Monitor the NHS Cancer Plan: report of a pre-scoping study.* Statistics Commission Report No. 2, May 2001.

Kenneth F. Wallis, *Report of a Scoping Study on Seasonal Adjustment Methods at the Office for National Statistics.* Statistics Commission Report No. 3, June 2001.

Malcolm Jones, *Statistics Commission's Views on Topics to be Covered in the Office for National Statistics Review of Regional Accounts.* Statistics Commission Report No. 4, September 2001.

Implementation of the Review of Revisions to the Average Earnings Index Report: Statistics Commission's consideration of the ONS progress report. Statistics Commission Report No. 5, January 2002.

Steer Davies Gleave, *Access to National Statistics on Transport via the Web.* Statistics Commission Report No. 6, January 2002.

Janet Trewsdale and Gill Eastabrook, *National Statistics to Monitor the NHS Cancer Plan: report of a scoping study.* Statistics Commission Report No. 7, February 2002.

Annual Reports

Statistics Commission Annual Report 2000-01. The Stationery Office, July 2001.

Evidence and Comments

Submission of Evidence to the Treasury Sub-committee Inquiry into National Statistics: 16 November 2000. November 2000.

Response to the Treasury Committee Report on National Statistics. March 2001.

Comments on the High-Level Programme for National Statistics. July 2001.

Comments on the National Statistics Annual Report 2000-01. November 2001.

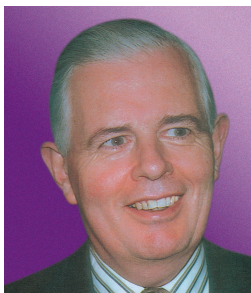
Submission of Evidence to the Treasury Sub-committee Inquiry into the 2001 Census in England and Wales. November 2001.

Draft National Statistics Code of Practice: response of the Statistics Commission. March 2002.

Annex B: The Commissioners

Commissioners come from a wide range of backgrounds, but we have one thing in common: a good understanding of statistical issues and of the value of trustworthy statistics in democratic debate.

The Chairman



Sir John Kingman is Chairman of the Commission. He recently became Director of the Isaac Newton Institute for Mathematical Sciences at Cambridge, having previously been Vice-Chancellor of the University of Bristol since 1985. He is a Chartered Statistician and a former President of the Royal Statistical Society. He has been Chairman of the Science and Engineering Research Council, and has served as a non-executive director of IBM (UK) Holdings Ltd, SmithKline Beecham plc and the British Technology Group.

The Commissioners



Colette Bowe is Deputy Chairman of Thames Water Utilities, Chairman of the Telecomms Ombudsman Service, and was previously the Chairman of Fleming Asset Management's European mutual fund business. She has worked for 12 years in the City, including four years as Chief Executive of the PIA, the city regulator. Before that she spent 11 years in the Department of Trade and Industry, which she joined as a professional economist. She is also a member of the Council of Queen Mary College.



Sir Kenneth Calman is Vice-Chancellor and Warden of the University of Durham. Before that he was Chief Medical Officer for the Department of Health and chaired the Executive Committee of the World Health Organisation. He is a surgeon by training and has a particular interest in the field of cancer treatment and research. He is currently Chairman of the Institute for Learning and Teaching.



Patricia Hodgson is the Chief Executive of the Independent Television Commission and was previously Director of Policy and Planning at the BBC. She served for six years as a Member of the Monopolies and Mergers Commission (now the Competition Commission) and has been an Associate Fellow of Newnham College, Cambridge.



David Rhind is Vice-Chancellor and Principal of City University, London. He is also currently chairing a national review of the social sciences. A Fellow of the Royal Society, he was until 1998 the Director General of Ordnance Survey, Britain's national mapping organisation and a government department. He has been a Council Member of the Economic and Social Research Council and of the Royal Geographical Society. In past times, he was centrally involved in building major statistical databases, notably of census data.



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



Derek Wanless is a director of Northern Rock plc, Forces Group Ltd, Business in the Community and Nesta Enterprises Ltd. He is Chairman of the Financial Services National Training Organisation and a Trustee of the National Endowment for Science, Technology and the Arts. In April 2002 he completed a Review for the Chancellor of the Exchequer, *Securing our Future Health: Taking a Long-Term View*. He worked for NatWest for 30 years and was its Group Chief Executive for seven years. He has an MA in Mathematics from Cambridge University and qualified as a Member of the Institute of Statisticians (MIS).



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

The Chief Executive



Gill Eastabrook is the Chief Executive of the Statistics Commission. She has spent most of her career in the Government Statistical Service as a user and producer of statistics. Most recently, she was head of workforce statistics in the NHS Executive and before that worked on the Department of Health's public expenditure survey team. She has an MSc in Statistics from the London School of Economics and is a Chartered Statistician.

Annex C: Performance against 2001-02 objectives

Objectives	Achievements
<p>Developing further and implementing our audit and research work programme, to include conducting a range of projects during the year. This includes initial scoping and timetabling work for the Census review.</p>	<p>Five projects were completed and six reports produced. Work is continuing in other areas, including a range of work on the Census.</p>
<p>Commenting on the National Statistics Code of Practice, within the formal consultation period, and subsequently monitoring its application.</p>	<p>Response submitted by deadline. See page 12 for a summary of the comments.</p>
<p>Ensuring that we are well placed to comment on the next National Statistics high-level programme, particularly in these areas where lack of information prevented our commenting last year.</p>	<p>The high-level programme 2002/03 – 2004/05 was not available for comment by the end of the year, however we have done preparatory work on costs, insofar as available information allowed. Visits to producers in government departments, meetings with users and correspondence from stakeholders generally have improved our understanding of the issues.</p>
<p>Taking forward work on the case for and possible nature of statistics legislation.</p>	<p>The Commission was tasked in the <i>Framework for National Statistics</i> to review the possible case for statistics legislation two years after being set up. The position was reviewed in January 2002 and the approach to be taken was agreed in March for taking forward early in 2002-03.</p>

Annex D: Glossary

Statistics groupings and coverage

National Statistics – currently those products listed in the initial scope leaflet distributed with the *Framework for National Statistics*. They are subject to the policies and arrangements set out in that document and will be covered by the National Statistics Code of Practice.

Scope (of National Statistics) – the range of outputs designated by ministers for inclusion in National Statistics. It will evolve over time. The National Statistician will be responsible for the professional quality of the output.

Government statistics – those produced by, or under the control of, members of the Government Statistical Service (GSS). As well as National Statistics produced by the GSS, Government statistics will include other GSS products not included in the scope of National Statistics, and statistical analysis used in Government but not published. All Government statistics are governed by the existing *Official Statistics Code of Practice* and by other professional standards promoted by the GSS.

Official statistics – statistical outputs prepared by or for the purpose of Government. This would include National Statistics and other GSS outputs, but could also include published departmental statistics produced by officials who are not part of the GSS, as well as statistics produced by other public bodies.

General characteristics of statistics and statistical systems

Integrity – this term is used by the Commission in the narrower sense of independence and freedom from interference. (It is sometimes used by others to include aspects of quality and completeness as well.)

Relevance – extent to which outputs address the important questions.

Quality – being sufficiently accurate for their intended use and based on best available methodology. Users need information about reliability to judge whether statistics are fit for their particular purpose. (It is sometimes used by others also to include aspects of relevance and timeliness.)

Trustworthy – subject to a (well-founded) perception of both integrity and quality.

Timeliness – being produced to a timetable which is appropriate for their purpose(s).

Validity – whether an estimate is measuring what it is intended to measure; relates to conceptual differences as well as measurement errors.

Reliability – this term is used by the Commission in a very general sense to include all aspects of accuracy and validity (not in the more specific sense of reproducibility used in attitude scaling).

Accuracy – the combination of precision and degree of unbiasedness.

Bias – how far the average of an estimate lies from the true value of what it is estimating.

Precision – the extent to which the value of an estimate is expected to be close to its underlying average.

Processes

Quality assessment – checking whether data meet appropriate quality standards.

Quality assurance – ensuring that data meet appropriate quality standards.

Statistical audit – an evaluation of the processes by which a particular set of statistics is assembled and produced.

User consultation – finding out from users what kind of statistics they want/need and what they think of those they get.

User responsiveness – (see also relevance) undertaking and acting on results of user consultation.

Roles

Users – individuals and organisations making use of statistics.

Providers – those who provide raw data, for example by completing questionnaires, taking part in surveys or sending in information about their businesses.

Suppliers – as for providers.

Producers – those who produce statistics from raw data, for example ONS staff.

Head of Profession – the designated senior individual responsible to the National Statistician for the professional integrity of the outputs of government departments and related bodies which produce National Statistics or official statistics, or which have a group of official statisticians.

Other

Compliance costs – how much time, money and other resources it takes to provide the raw data from which statistics are compiled.

Release practices – how decisions are made about what data to release to whom and when.

Raw data – the individual returns and completed questionnaires from which statistics are produced.

Statistics Commission
Financial Statements
for the year ended
31 March 2002

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Foreword to the Accounts

Introduction

These accounts have been prepared in a form directed by HM Treasury as set out in the Accounts Direction which is reproduced at Appendix A. The Comptroller and Auditor General has agreed to be appointed as the auditor to the Statistics Commission.

History

The Statistics Commission was established in June 2000 as part of the new arrangements for National Statistics. It is an advisory Non-Departmental Public Body, funded by grant in aid from Treasury's Request for Resources 1, and is independent of both Ministers and the producers of National Statistics. It has its own budget and is able to commission its own activities. Some key support services (see note 1g on page 50) are provided to the Commission by HM Treasury.

The Commission was set up on a non-statutory basis, but its role and responsibilities are set out in the *Framework for National Statistics*, published in June 2000¹.

Principal Activities

The Statistics Commission has been set up to advise on the quality, quality assurance and priority-setting for National Statistics, and on the procedures designed to deliver statistical integrity, to help ensure National Statistics are trustworthy and responsive to public needs. It is independent of both Ministers and the producers of National Statistics. It operates in a transparent way with the minutes of its meetings, correspondence and evidence it receives, and advice it gives, all normally publicly available for scrutiny.

Results for the Period

The results for the period are set out on page 45 of these accounts.

Post Balance Sheet Events

There are no post balance sheet events to report for the period ended 31 March 2002.

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

Compliance with Public Sector Payment Policy

HM Treasury processes the Statistics Commission's invoices on its behalf. HM Treasury is committed to the CBI code on prompt payment of invoices, and aims to pay all valid invoices within 30 days of receipt. HM Treasury's payment performance for the year to 31 March 2002 showed that this target was achieved in respect of 99% of invoices paid.

Terms of Employment, Employee Relations and Communications

The Commission has no directly employed support staff. At the end of the period there were seven secondees from Government departments or other public bodies and two temporary staff members. Given these circumstances, consultation and communication between staff and management take place directly and on an informal basis. Secondees remain subject to their parent organisations' terms and conditions of employment, and temporary staff to those of their employing organisations.

The Commissioners

The following were commissioners during the period ended 31 March 2002:

Sir John Kingman (chairman)	Colette Bowe
Sir Kenneth Calman	Patricia Hodgson
David Rhind	Janet Trewsdale
Derek Wanless	Martin Weale

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

Audit Committee

An audit committee has been established since the end of the reporting year. It is chaired by a commissioner, Derek Wanless. There are two other members, both external: Glenn Hull, ex 2nd Treasury Officer of Accounts; and John Smock, a Home Office accountancy adviser.

Future Developments

Many of the specific activities discussed in the annual report will continue into the year ahead. Others which will be particularly important in the coming year are: assessing the need for statistics legislation; and getting right the National Statistics Code of Practice and supporting protocols, and the mechanisms for monitoring and developing it. The Commission will also be considering the 2011 Census, based on the review of the 2001 Census.

The Treasury will conduct a Financial Management and Policy Review of the Statistics Commission at least every 5 years or at such other intervals as it may determine.

A handwritten signature in black ink that reads "Gill Eastabrook". The signature is written in a cursive style with a large, stylized 'G'.

27 June 2002

Gill Eastabrook
Chief Executive

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

Under paragraphs 31-35 of the Cabinet Office's *Guidance on Codes of Practice for Board Members of Public Bodies*, the Commission is responsible for ensuring propriety in its use of public funds and for the proper accounting for their use. On the authority of the Chancellor of the Exchequer, in his capacity as Minister for National Statistics, the Treasury has directed the Statistics Commission to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction on page 59 of these accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the Statistics Commission's affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing these accounts the Statistics Commission is required to:

- observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis, unless it is inappropriate to presume that the Statistics Commission will continue in operation.

The Accounting Officer of HM Treasury has designated the Chief Executive of the Statistics Commission as its Accounting Officer. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting*.



27 June 2002

Gill Eastbrook
Chief Executive and Accounting Officer

Statement on the System of Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Government Accounting*. The Chairman has responsibility for providing effective strategic leadership on formulating the Commission's strategy for discharging its duties, including for encouraging high standards of regularity and propriety and promoting the efficient and effective use of resources.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Commission's system of internal control is based on a continuing process designed to identify the principal risks to the achievement of the Commission's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The Commission has nine members of staff, all working in the same location. As a result, informal day-to-day management techniques are, and will remain, a key part of this process. Key financial control procedures are already in place, and I expect to have the remaining procedures necessary to implement Treasury guidance fully in place with respect to all the Commission's functions by 31 March 2003. This takes account of the time needed to fully embed the process of risk management across the Commission.

We have already held a number of risk management workshops, attended by key members of staff, during which we identified the risks likely to threaten achievement of the Commission's objectives. I expect this process to be completed in the first half of 2002-03, with control strategies being developed for each of the significant risks. Thereafter, risk management and internal control will be considered on a regular basis during the year and there will be a full risk and control assessment before reporting on the year ending 31 March 2003.

To effect the above, in the coming year we plan to:

- arrange a programme of facilitated workshops to identify and keep up-to-date the record of risks facing the organisation;
- develop and maintain a risk register.

I will receive periodic advice from the audit committee concerning internal control and will require regular reports from managers on the steps they are taking to manage risks in their area of responsibility, including progress reports on key projects. I will provide information to the audit committee as and when appropriate. The audit committee will also report at least annually to the Commission itself.

The Commission has secured internal audit services which operate to standards defined in the Government Internal Audit Manual and the Government Information Systems Audit Manual. The Head of Internal Audit will submit regular reports to me, and also to the audit committee, including an independent opinion on the adequacy and effectiveness of the Commission's system of internal control, together with recommendations for improvement.

My review of the effectiveness of the system of internal control will be informed by the work of the Head of Internal Audit and the staff within the body who have responsibility for the development and maintenance of the control framework, and comments made by the external auditors in their management letter and other reports.

A handwritten signature in black ink that reads "Gill Eastabrook". The signature is written in a cursive style with a large, looped 'G'.

27 June 2002

Gill Eastabrook
Chief Executive and Accounting Officer

The Certificate of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements on pages 45 to 58. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 49 and 50.

Respective responsibilities of the Commission, the Accounting Officer and the Auditor

As described on page 40, the Accounting Officer is responsible for the preparation of the financial statements in accordance with Treasury directions and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the Annual Report. My responsibilities, as independent auditor, are guided by the Auditing Practices Board and the auditing profession's ethical guidance.

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

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

I review whether the statement on pages 41 and 42 reflects the Commission's compliance with Treasury's guidance *Corporate governance: statement on internal control*. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of audit opinion

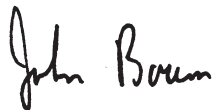
I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes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

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

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Statistics Commission at 31 March 2002 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the directions made by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



John Bourn

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Date: 1 July 2002

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDED 31 MARCH 2002

	Note	Year ended 31 March <u>2002</u>		10 months ended 31 March <u>2001</u>	
		£	£	£	£
Income					
Grant in aid	2		694,769		480,857
Other operating income	3		75,198		73,483
			<u>769,967</u>		<u>554,340</u>
Expenditure					
Staff costs	4	319,044		161,488	
Commissioners' fees	5	64,169		47,250	
Other administration costs	6	501,765		211,924	
Depreciation	7	73,246		71,502	
Cost of capital credit	12	(34,512)		—	
			<u>(923,712)</u>		<u>(492,164)</u>
Retained (deficit)/surplus transferred (from)/to General fund	12		<u>(153,745)</u>		<u>62,176</u>

The notes on pages 49 to 58 form part of these accounts

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2002

	Year ended 31 March 2002	10 months ended 31 March 2001
	£	£
Retained (deficit)/surplus for the year	(153,745)	62,176
Unrealised surplus on the revaluation of tangible fixed assets	8,730	5,686
Total recognised (losses)/gains for the year	<u>(145,015)</u>	<u>67,862</u>

The notes on pages 49 to 58 form part of these accounts

BALANCE SHEET AS AT 31 MARCH 2002

	<u>Note</u>	<u>2002</u>		<u>2001</u>	
		£	£	£	£
Fixed assets					
Tangible assets	7		200,109		261,346
Current assets					
Debtors	8	3,296		14,455	
Cash at bank and in hand	9	994,746		585,855	
		<u>998,042</u>		<u>600,310</u>	
Creditors: amounts falling due within one year					
	10	<u>(1,082,244)</u>		<u>(497,876)</u>	
Net current (liabilities)/assets			(84,202)		102,434
Creditors: amounts falling due within one year					
	11		<u>(19,255)</u>		<u>(30,258)</u>
Net assets			<u>96,652</u>		<u>333,522</u>
Reserves					
General fund	12		(103,457)		72,176
Government grant reserve	12		200,109		261,346
			<u>96,652</u>		<u>333,522</u>

Signature



27 June 2002

Chief Executive

The notes on pages 49 to 58 form part of these accounts

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	<u>Note</u>	Year ended 31 March <u>2002</u> £	10 months ended 31 March <u>2001</u> £
Net cash inflow from operating activities	13	408,891	304,946
Capital expenditure			
Payments to acquire tangible fixed assets		(5,231)	(48,234)
Net cash inflow before financing		403,660	256,712
Financing			
Grant in aid for capital expenditure		5,231	329,143
Increase in cash and cash equivalents	9	408,891	585,855

Notes to the Accounts

1. Accounting Policies

a. Basis of preparation

These financial statements have been prepared in accordance with the HM Treasury Accounts Direction and HM Treasury's guidance *Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance*. The particular accounting policies adopted by the Statistics Commission are described below. They have been applied consistently in dealing with items considered material in relation to these financial statements.

b. Accounting convention

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

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies Acts and the accounting standards issued by the Accounting Standards Board so far as those requirements are appropriate.

c. Grant in aid and government grant reserve

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

Grant in aid applied to revenue is accounted for on a cash received basis. A proportion of the grant in aid received, equal to expenditure on fixed asset acquisitions in the year, is taken to the government grant reserve at the end of the financial year. Each year, an amount equal to the depreciation charge on the fixed assets acquired through grant in aid, and any deficit on their revaluation in excess of the balance on the revaluation reserve, will be released from the government grant reserve to the income and expenditure account.

d. Tangible fixed assets

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

e. Depreciation

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

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

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

f. Operating leases

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

g. Notional charges

A notional cost of capital is calculated at 6% on average net assets, excluding the Paymaster General bank balance. Where there are net liabilities (excluding the Paymaster General bank balance) a cost of capital credit arises. Central HM Treasury costs and other overheads are charged on a notional basis and included in the financial statements. These charges include centrally provided support services for recruitment, procurement, finance, security and health and safety services. Notional costs are charged to the income and expenditure account and credited as a movement on the general fund.

h. Value added tax

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

i. Pension arrangements

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded and non-contributory. Statistics Commission recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

2. Grant in Aid

	Year ended 31-Mar-02 £	10 months ended 31-Mar-01 £
Grant received from Request for Resources 1	700,000	810,000
Transfer to government grant reserve in respect of fixed asset additions	(5,231)	(329,143)
	<u>694,769</u>	<u>480,857</u>

3. Other Operating Income

	Year ended 31-Mar-02 £	10 months ended 31-Mar-01 £
Transfer from government grant reserve in respect of depreciation charge	73,246	71,502
Transfer from government grant reserve in respect of deficits on revaluation	1,952	1,981
	<u>75,198</u>	<u>73,483</u>

4. Staff Costs

	Year ended 31-Mar-02 £	10 months ended 31-Mar-01 £
a. Staff costs for the year comprised:		
Wages and salaries	272,175	135,528
Social security costs	16,294	9,264
Other pension costs	30,575	16,696
	<u>319,044</u>	<u>161,488</u>

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

- b. The average number of persons employed by the Commission during the year was as follows:

	Number	Number
Senior staff	1	1
Other staff	6	3
	<hr/>	<hr/>
	7	4
	<hr/> <hr/>	<hr/> <hr/>

- c. Emoluments of the chief executive:

The salary and pension entitlements of the chief executive were as follows:

Name	Age	Salary (£000)	Real increase in pension at age 60 (£000)	Total accrued pension at age 60 at 31 March 2002 (£000)
Gill Eastabrook	48	50-55	0-2.5	15-20

Benefits in kind amounting to £19,083 (2000-01: £14,215) and consisting of lodging allowance and travel costs were paid in respect of the chief executive's emoluments and have been included within wages and salaries above. These are not included in the chief executive's emoluments as set out above.

- d. Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). This is a statutory scheme which provides on a 'final salary' basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

The PCSPS is an unfunded multi-employer defined benefit scheme but the Statistics Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2000 and details can be found in the

separate scheme statement of the PCSPS. For 2001-02, normal employer contributions of £30,575 (2000-01: £16,696) were payable to the PCSPS at rates in the range of 12.5 to 16.5 per cent of pensionable pay. It has been agreed that contributions will remain at that level for the next two years. Employer contribution rates are reviewed every three years following a scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme.

5. Commissioners' Fees

The chairman is paid an annual fee of £28,000 (2000-01: £28,000) for 60 (2000-01: 60) days work. With effect from 1 December 2001, each of the commissioners is paid an annual fee of £5,500 (2000-01: £5,000) for 20 (2000-01: 20) days work. The actual amounts paid during the year were:

	Year ended 31-Mar-02 £	10 months ended 31-Mar-01 £
Sir John Kingman (chairman)	28,000	21,000
Colette Bowe	5,167	3,750
Sir Kenneth Calman	5,167	3,750
Patricia Hodgson	5,167	3,750
David Rhind	5,167	3,750
Janet Trewsdale	5,167	3,750
Derek Wanless	5,167	3,750
Martin Weale	5,167	3,750
	64,169	47,250

In addition, expenses amounting to £9,523 (2000-01: £7,607) were reimbursed to the commissioners.

6. Other Administration Costs

	Year ended 31-Mar-02 £	10 months ended 31-Mar-01 £
Rent, rates and service charges	266,902	111,352
Consultants and professionals	35,346	26,904
IT current	64,725	28,400
HM Treasury notional costs	12,624	10,000
Auditor's fees	8,187	6,500
Commissioners' expenses	9,523	7,607
Training	4,456	1,750
Research costs	23,739	6,982
Printing and stationery	14,775	4,118
Other costs	61,488	8,311
	501,765	211,924

Other costs include £1,952 (2000-01: £1,981) for the downward revaluation of IT equipment and £14,203 (2000-01: NIL) for irrecoverable VAT. (The Treasury reclaimed VAT on contracted-out services on behalf of the Commission for 2000-01 but, following subsequent advice from the Treasury in the light of its consultations with Customs and Excise, VAT reclaimed for that period has been repaid by the Treasury to Customs and Excise.)

7. Tangible Fixed Assets

	IT Equipment	Office Equipment	Furniture & Fittings	Leasehold Improvements	Total
	£	£	£	£	£
Valuation					
At 1 April 2001	39,712	3,379	86,536	203,673	333,300
Additions	5,231	-	-	-	5,231
Revaluation	(6,131)	74	2,379	11,980	8,302
At 31 March 2002	<u>38,812</u>	<u>3,453</u>	<u>88,915</u>	<u>215,653</u>	<u>346,833</u>
Depreciation					
At 1 April 2001	13,236	676	17,307	40,735	71,954
Charge for year	15,930	696	16,887	39,733	73,246
Revaluation	(4,179)	30	940	4,733	1,524
At 31 March 2002	<u>24,987</u>	<u>1,402</u>	<u>35,134</u>	<u>85,201</u>	<u>146,724</u>
Net book value					
At 31 March 2002	<u>13,825</u>	<u>2,051</u>	<u>53,781</u>	<u>130,452</u>	<u>200,109</u>
At 31 March 2001	<u>26,476</u>	<u>2,703</u>	<u>69,229</u>	<u>162,938</u>	<u>261,346</u>

8. Debtors

	31-Mar-02	31-Mar-01
	£	£
Recoverable VAT	-	14,455
Prepayments	3,296	-
	<u>3,296</u>	<u>14,455</u>

9. Cash at Bank and in hand

	31-Mar-02	31-Mar-01
	£	£
At 1 April	585,855	-
Increase in cash in the year	408,891	585,855
	<u>994,746</u>	<u>585,855</u>
At 31 March	<u>994,746</u>	<u>585,855</u>
Bank account at Office of Paymaster General	994,742	585,838
Cash in hand	4	17
	<u>994,746</u>	<u>585,855</u>

10. Creditors: Amounts falling due within one year

	31-Mar-02	31-Mar-01
	£	£
Amount payable to HM Treasury	939,741	103,222
Trade creditors	28,395	4,506
Other creditors	11,000	11,000
Accruals	103,108	379,148
	<u>1,082,244</u>	<u>497,876</u>

11. Creditors: Amounts falling due after more than one year

	31-Mar-02	31-Mar-01
	£	£
Other creditors	<u>19,255</u>	<u>30,258</u>

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

	31-Mar-02	31-Mar-01
	£	£
Within one year	11,000	11,000
Within 2 to 5 years	8,255	19,258
	<u>19,255</u>	<u>30,258</u>

12. Reserves

	Government Grant	General	
	<u>Reserve</u>	<u>Fund</u>	<u>Total</u>
	£	£	£
At 1 April 2001	261,346	72,176	333,522
Deficit for the year	-	(153,745)	(153,745)
HM Treasury notional costs	-	12,624	12,624
Reversal of cost of capital credit	-	(34,512)	(34,512)
Surplus on revaluation of fixed assets	8,730	-	8,730
Grant for fixed assets additions	5,231	-	5,231
Deficit on revaluation of fixed assets	(1,952)	-	(1,952)
Depreciation transferred to income and expenditure account	(73,246)	-	(73,246)
	<u>200,109</u>	<u>(103,457)</u>	<u>96,652</u>
As at 31 March 2002	<u>200,109</u>	<u>(103,457)</u>	<u>96,652</u>

13. Reconciliation of Operating (Deficit)/Surplus to Net Cash Inflow from Operating Activities

	31-Mar-02	31-Mar-01
	£	£
Operating (deficit)/surplus	(153,745)	62,176
Adjustment for non-cash transactions:		
Depreciation	73,246	71,502
Notional support costs	12,624	10,000
Cost of capital credit	(34,512)	-
Deficit on revaluation of fixed assets	1,952	1,981
Release from government grant reserve	(75,198)	(73,483)
Adjustment for movements in working capital other than cash:		
Increase in creditors	573,365	247,225
Decrease/(increase) in debtors	11,159	(14,455)
	<u>408,891</u>	<u>304,946</u>
Net cash inflow from operating activities	<u>408,891</u>	<u>304,946</u>

14. Commitments Under Operating Leases

Commitments under operating leases were as follows:

	31-Mar-02	31-Mar-01
	£	£
Land and buildings		
Between two and five years	194,323	170,165
	<u>194,323</u>	<u>170,165</u>

15. Contingent Liabilities

Statistics Commission had no contingent liabilities at 31 March 2002.

16. Capital Commitments

Statistics Commission had no capital commitments at 31 March 2002.

17. Related Party Transactions

During the year, HM Treasury provided total grant in aid of £700,000.

Any costs incurred by Statistics Commission are disbursed by HM Treasury on the Commission's behalf. Statistics Commission reimburses HM Treasury for these payments on a quarterly basis.

During the year Statistics Commission received recruitment, finance, health and safety, security and procurement services from HM Treasury, for which notional charges of £12,624 are made.

None of the Commission members, senior managers or other related parties has undertaken any material transactions with Statistics Commission during the year.

Appendix A

ACCOUNTS DIRECTION GIVEN BY THE MINISTER OF NATIONAL STATISTICS

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement the Statistics Commission shall prepare accounts for the financial year ended 31 March 2001 and subsequent financial years in accordance with:

- a. *Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance*;
- b. other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;

except where agreed otherwise with the Treasury, in which case the exception shall be described in the notes to the accounts.

Signed by Authority of the Minister of National Statistics



David Loweth

Head of the Central Accountancy Team, Her Majesty's Treasury

22 June 2001



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