

UK STATISTICS AUTHORITY

Minutes

Friday 28 October 2016
Boardroom, London

Present

UK Statistics Authority

Sir Andrew Dilnot (Chair)
Professor Sir Adrian Smith (Deputy Chair)
Mr Jonathan Athow
Dame Colette Bowe
Dame Moira Gibb
Professor David Hand
Professor Jonathan Haskel
Mr Ed Humpherson
Ms Nora Nanayakkara
Mr John Pullinger

Also in attendance

Mr Robert Bumpstead
Mr Joe Cuddeford
Ms Frankie Kay (for item 7)
Mr Paul Layland (for item 8)
Ms Heather Savory

Apologies

Ms Sian Baldwin
Dr David Levy

1. Apologies

- 1.1 Apologies were received from Dr Levy and Ms Baldwin.

2. Declarations of Interest

- 2.1 Mr Humpherson declared that he had been appointed as a trustee of the charity Motability.

3. Minutes and matters arising from previous meetings

- 3.1 The minutes of the previous meeting held on 23 September were agreed.
- 3.2 The Chair reported on the topics discussed at the meeting of the non-executive directors that had taken place prior to the start of the Board meeting. The non-executives had discussed:
- i. the appointment process for the next Chair of the Authority; and
 - ii. a recent meeting of the non-executives in Oxford took place. This had identified a range of priority areas for in-depth consideration including EDC, stakeholder management, workforce planning, recruitment and retention and the Data Campus.

4. Report from the Authority Chair

- 4.1 The Chair reported on his recent activities. These included chairing the first meeting of the Economic Experts Advisory Group. It was agreed that a note of the Economic Experts Advisory Group would be published as an annex to the Authority Board minutes (see **Annex A**).
- 4.2 The Chair would be meeting with the Chair of the Public Administration and Constitutional Affairs Select Committee shortly. The Chair and Mr Humpherson would also be meeting with the Electoral Commission, Advertising Standards Agency and Committee for Standards in Public Life to consider collectively their activities in the context of campaigns.

5. Report from the Chair of the Audit and Risk Assurance Committee

- 5.1 Dame Colette reported on the meeting of the Audit and Risk Assurance Committee held on 5 October. The meeting had considered progress against the Internal Audit Plan for 2016/17, progress with the implementation of internal audit recommendations, internal audit reports on controls around pre-release access and disaster recovery, and an overview of the key risks to the Authority as a result of the outcome of the EU referendum.
- 5.2 Mr Pullinger provided an update about progress to reduce the number of instances of pre-release access by external individuals to ONS statistics. The Board expressed support to Mr Pullinger in his efforts to reduce such access to a minimum.

6. Report from the Chief Executive [SA(16)37]

- 6.1 Mr Pullinger reported on activity and issues for October.
- 6.2 The following comments were made in discussion.
- i. The pace of change was increasing. This was causing uncertainty and anxiety for some staff. The new data science apprenticeships were cited as a successful route for staff to increase capability.
 - ii. The diversity conferences in Newport and Titchfield had brought in external speakers to challenge thinking. It was important that such thinking permeated throughout the organisation.

- iii. Current plans were that the Consumer Prices Index including Owner Occupiers' Housing Costs (CPIH) would have completed the necessary actions for it to be re-designated as National Statistics by March 2017.
- iv. The average number of working days lost to sickness was higher than the civil service average though there were signs that this was reducing in response to recent management action.

7. Directorate planning: Economic statistics [SA(16)38]

7.1 Mr Athow and Ms Kay introduced a paper which provided an update on the Economic Statistics Transformation Programme (ESTP) including progress towards building economic capability and initiatives such as the Economic Statistics Centre of Excellence (ESCoE).

7.2 The following comments were made in the discussion.

- i. One work stream of the programme was concerned with the use of rich data sources. For some sources, firm plans existed for how these would be used, while for other sources work was at an exploratory stage.
- ii. To improve capability, recruitment campaigns were taking place across a variety of analytical professions and grades. Experience so far indicated good quality people were being recruited. It was essential that standards for entry remained very high.
- iii. Most of the new recruits were based in Newport. One new Deputy Director had recently been appointed to be based in London. The Board heard that recruiting in London was a challenge due to competition from other organisations in London recruiting from the same pool.
- iv. The result of the referendum on the UK's membership of the EU was discussed. It was noted that having more economics capacity at ONS had been helpful in terms of responding to questions and requests for analysis.
- v. Economic statistics comprised many individual components. It was suggested that one way to bring things together was to make productivity front and centre. Viewing economic statistics through the prism of productivity had the benefit of helping to understand how the various components fit together, and to sense check outputs.

7.3 The Board was encouraged by the progress made so far and plans for the future, though it was noted there was still a long way to go. Further information was requested about what the outcomes would be in three to six months time. The full business plan would be brought to the Board in the new year and would contain clear milestones.

8. Six month review of delivery of strategic objectives [SA(16)39]

8.1 Mr Pullinger and Mr Layland introduced a paper which provided a half year update on the financial position of the organisation and progress against the delivery of strategic objectives.

8.2 The Board noted that the financial position was on track at the mid year point. The importance of good functional management was emphasised. This should be the day-to-day responsibility of functional management, informed by high quality and timely financial information provided by Mr Layland's team.

9. Report from the Chair of the Regulation Committee

9.1 Professor Sir Adrian Smith reported on the meeting of the Regulation Committee held on 13 October. The meeting had considered plans for the Office for Statistics Regulation (OSR), the impact of declining response rates to the Labour Force Survey (LFS), progress

to address requirements from the Assessment of CPIH, and updates on Assessment Reports and Systemic Reviews.

10. Report from the Director General for Regulation [SA(16)40]

- 10.1 Mr Humpherson introduced a paper which provided an update on regulation activity since the last meeting.

11. Communication of the new Office for Statistical Regulation [SA(16)41]

- 11.1 Mr Humpherson provided a presentation about plans for OSR.
- 11.2 The Board discussed the identity and role of the OSR, its relationship to ONS and the wider GSS, its key objectives and its outputs. The importance of encouraging innovation and improvement was emphasised. The changing nature of the work of ONS should also be recognised, as ONS increasingly moved from the production of data to providing a service of analysis and insight.
- 11.3 Mr Humpherson would provide a final communications package to the Chair and Deputy Chair prior to launch of the OSR.

12. Code of Practice Stocktake [SA(16)42]

- 12.1 Mr Humpherson introduced a paper which provided an update on the Code of Practice stocktake.
- 12.2 It was agreed that the stocktake report would be published as an Exposure Draft in due course.

13. Horizon scanning: 'Are we on the right track?'

- 13.1 The Chair led a horizon scanning discussion.
- 13.2 Issues raised during the discussion included:
- i. the enthusiasm for data versus the perceived decline in respect for expertise and facts;
 - ii. the EU referendum campaign, its outcome and impact;
 - iii. the need to measure the right things; and
 - iv. the importance of improving the way statistics are communicated.
- 13.3 The following were suggested as future 'feature items' for upcoming Board meetings:
- i. Data Science Campus.
 - ii. Stakeholder Management and Communications.
 - iii. Electronic Data Collection.
 - iv. Workforce planning, recruitment and retention.

14. Any other business

- 14.1 There was no other business. The Authority Board would meet next on Tuesday 29 November at 10:30 in London.

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Economic Experts Advisory Group

Note of meeting of 18 October 2016

1. In March 2016 Professor Sir Charles Bean published a review of UK economic statistics. Recommended Action 23 proposed that a high-level group comprising representatives of HM Treasury, the Bank of England and other key stakeholders and users should be established to facilitate frank and open discussion with the UK Statistics Authority Board.
2. The Economic Experts Advisory Group is comprised of key users of ONS economic statistics. The role of the group is to act as a sounding board and source of advice as ONS works to improve the measurement of the modern economy.
3. Members of the group present at the meeting of 18 October were Sir Andrew Dilnot (Chair); Jonathan Athow, Deputy National Statistician for Economic Statistics, ONS; Dame Kate Barker, Author, Independent Review of National Accounts 2014; Ben Broadbent, Deputy Governor, Bank of England; Kevin Daly, Managing Director and Senior Economist, Goldman Sachs; Paul Johnson, Director, Institute for Fiscal Studies; and Sir David Ramsden, Chief Economic Advisor, HM Treasury. In attendance were Robert Bumpstead, Chief of Staff, UK Statistics Authority; Robert Kramer, Cabinet Office and Joseph Moore, Secretariat. Apologies were received from Professor Sir Charles Bean and John Pullinger, National Statistician.
4. Jonathan Athow, Deputy National Statistician for Economic Statistics discussed the wide-ranging programme of economic work that is taking place at ONS. This included making use of much richer and timely sources of data; developing a London presence for economists to help develop ties with both statistics users and producers; and the creation of the new Economics Centre of Excellence to enable ONS to develop strategic partnerships with leading academics and experts in the field of economic statistics and provide a venue for cutting-edge research.
5. As key users of ONS economic statistics, members of the group were invited to provide their views on ONS economic statistics.
6. Issues considered by the group included; making greater use of administrative data; next steps for prices statistics and developing capability. It was agreed that Jonathan Athow will provide an update on progress to members of the group at the next meeting. New projects such the Economics Centre of Excellence will be a valuable resource in delivering improvements and transformation for economic statistics.
7. The next meeting of the Economic Experts Advisory Group will take place on 2 March 2017.

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Agenda

Friday 28 October 2016

Boardroom, Drummond Gate, 10:00 – 15:30

Chair: Sir Andrew Dilnot

Apologies: Dr David Levy

10:00 to 10:30 – Non-executive session

1	Minutes and matters arising from previous meetings <ul style="list-style-type: none">• Declarations of interest	Meeting of 23-09-16
2	Report from the Authority Chair <ul style="list-style-type: none">• Economic statistics user group	Sir Andrew Dilnot
3	Report from the Chair of the Audit and Risk Assurance Committee	Meeting of 05-10-16 Dame Colette Bowe
4	Report from the Chief Executive	SA(16)37 Mr John Pullinger
5	Directorate planning: Economic statistics	SA(16)38 Mr Jonathan Athow
6	Six month review of delivery of strategic objectives	SA(16)39 Mr John Pullinger and Mr Paul Layland

13:00 to 13:30 – Lunch

7	Report from the Chair of the Regulation Committee	Meeting of 13-10-16 Professor Sir Adrian Smith
8	Report from the Director General for Regulation	SA(16)40 Mr Ed Humpherson
9	Communication of the new Office for Statistics Regulation	SA(16)41 Mr Ed Humpherson
10	Code of Practice Stocktake	SA(16)42 Mr Ed Humpherson
11	Horizon scanning: 'Are we on the right track?'	Discussion Sir Andrew Dilnot
12	Any other business	

Next meeting: Tuesday 29 November 2016, 10:30 to 16:00, London

Chief Executive's Report, October 2016

Purpose

1. This report provides the Board with an overview of activity and issues for October.

Summary

2. As expected, this has been a month where the focus has been head down, working through issues and keeping management focus. We should expect more of the same for the remainder of this year.

Review of recent activities

3. We have said from the outset of our strategy that economic statistics is our number one priority. This has been reinforced this month through the first meeting of the Economic Experts Advisory Group on 18 October, which has been set up following a recommendation in Charlie Bean's review.
4. Our second priority has been to focus on helping inform public policy decisions facing the country. This move from seeing ourselves primarily as producers of statistics to being primarily a provider of a service to support decision making (and those seeking to hold decision makers to account) is increasingly bearing fruit across the GSS. The main theme of the most recent GSS Heads of Profession meeting was how the GSS can work together across departmental and professional boundaries to increase the value of our analysis. Ed Humpherson and I did a joint session to demonstrate the complementarity of our respective functions in delivering the public good.
5. The third priority, radically to upgrade data capability, has been symbolised by the appointment of Tom Smith as Managing Director of the Data Science Campus and by a progressively enhanced cross government/cross functional role for statisticians and data analysts.
6. Other important developments in recent weeks include the following.
 - i. Continuing attention on our statistics for signs of effects of the Brexit vote. Our economic forum this month had a special focus on post-referendum Britain.
 - ii. The Digital Economy Bill continues to make progress in its consideration by the House of Commons. We are listening carefully to all points made, especially where we need to act in order to provide reassurance.
 - iii. There are considerable challenges in the implementation of our data programme. We are working with affected parties to work out how best to proceed. In addition, there have been difficult issues faced by statistical colleagues in the Department for Education related to the National Pupil Database. We are aiming to seek resolutions that support the wider goals of our strategy.
 - iv. Attention to inflation statistics, including the matters that need to be addressed rapidly before CPIH gains reaccreditation as a National Statistic.
 - v. Working closely with the Prime Minister's new Race Disparities Unit as well as a range of other policy makers including on trade, prices, migration, childcare, health, natural capital, high-tech industries, industrial strategy more generally, productivity, public sector efficiency, national living (and minimum) wage, labour market, education and understanding those who are "just managing". Also a

continuing emphasis on meeting the needs of devolved administrations (especially for economic statistics) and the needs of localities across the UK (including through a public policy event organised with the Centre for Cities).

- vi. First publication of aggregate turnover statistics using VAT data. This was a further step towards using these statistics in the production of the National Accounts once the IT systems have been built next year.
- vii. The procurement for the Economic Statistics Centre of Excellence continues, with a number of bids received. The next few weeks will be given over to choosing the successful bidder.
- viii. Adult education survey successfully launched into the field.
- ix. ONS finances on track at mid-year point. An independent review of ONS financial operations was carried out in 2014. We have invited the review team back to review progress during the autumn/winter.
- x. Strong emphasis on security awareness, practices and processes in an ever more challenging climate.
- xi. ONS staff talks held to get views on the strategy two years on. Positive comments received but we should wait until the results of the latest people survey are available before considering current levels of staff engagement. A GSS event has been planned.
- xii. Diversity conferences held in Newport and Titchfield.
- xiii. New ONS International Development Branch established to assist developing countries build their statistical capability.
- xiv. Ed Palmer appointed as Deputy Chief Economist and Deputy Director for Economic Advice. He will be London based. Our economist recruitment continues, with just over 80 economists in post – including our first in London – on course to have 100 in post by the end of the financial year.

Future look

- 5. In the next few weeks we will be focused relentlessly on delivery – both on statistical services and wider transformation. At the same time we are beginning the next business planning cycle, reviewing all our future plans for consideration by the Board.
- 6. We will also be keeping a close eye on progress of the Digital Economy Bill and other developments within government, responding as required. We will be actively involved with the Royal Society/British Academy project on data governance which could have important implications. In addition there are changes taking place in the Government Digital Service that are relevant to our position within the wider government data landscape.

John Pullinger, 18 October 2016

An update on the Economic Statistics Transformation Programme

Purpose

1. This paper provides the Authority Board with an update on the Economic Statistics Transformation Programme (ESTP) including progress towards building economic capability and initiatives such as the Economic Statistics Centre of Excellence.

Recommendation

2. Members of the Authority Board are invited to give their views on the strategic direction of the ESTP and progress to date.

Background

3. This paper builds on the update provided to the Authority Board in June [SA(16)26] that outlined the establishment of the ESTP to deliver significant change to Economic Statistics by 2020. It provided sight of early plans for the delivery of transformation using the direction provided by the Bean Review and the Spending Review 2015 settlement, noted early successes and outlined key challenges.

Discussion

What we are trying to achieve: the Economic Statistics and Analysis Strategy

4. The overarching strategy of what we are trying to achieve is set out in the *Economic Statistics and Analysis Strategy* and was published on 28 September 2016: <https://www.ons.gov.uk/methodology/classificationsandstandards/economicstatisticsclassifications/economicstatisticsandanalysisstrategy>. This followed an external consultation and set down 10 areas where we are planning to improve our statistics:
 - i. National Accounts;
 - ii. trade and international statistics;
 - iii. the services sector;
 - iv. devolved, regional, and local statistics;
 - v. labour market;
 - vi. prices;
 - vii. measuring the modern economy – the digital revolution;
 - viii. beyond GDP – broader measures of welfare and activity;
 - ix. understanding the productivity puzzle; and
 - x. exploitation, interrogation and understanding of administrative data and other large datasets.
5. This can be thought of as the ‘what’ we should be doing. Each of these areas combines business as usual improvements alongside some significant transformation work.

How we plan to change: a business plan and key milestones

6. Business planning has been undertaken across Economic Statistics, aligned to the priorities contained within the Strategy. We have needed to adjust our prioritisation as a result of the UK’s decision to leave the European Union, which has, for example, made trade a more important issue. Outputs from the business planning exercise will be incorporated into the ESTP business case which will be submitted to H.M. Treasury in November 2016.
7. This process has developed some clear milestones for the life of the Spending Review period, though the planning inevitably becomes less precise in later years. These have been grouped into four main workstreams:

- i. rich data sources;
- ii. capable, helpful and professional people;
- iii. efficient systems and processes; and
- iv. high quality statistics, analysis and advice.

8. Some key milestones for each of the four workstreams are shown at **Annex A**, and discussed in more detail below.

9. Rich data sources:

- i. The use of VAT data is an immediate priority for Economic Statistics. Early analysis was published on 6 October 2016 using research undertaken to help develop the statistical methodology. It is the first in a series of regular articles and encourages feedback on how the estimates can be improved. The articles are the first step towards a more strategic approach to incorporating VAT into the National Accounts.
- ii. We are seeking to implement partnership agreements to gain access to detailed financial data, enabling the development of enhanced financial accounts until data sharing legislation is in place.
- iii. Access to PAYE/RTI data also remains a priority for Economic Statistics.
- iv. Economic Statistics are sharing knowledge with the Australian Bureau of Statistics. They are at a similar stage in the development of an automated process to complete some elements of balancing the three measures of GDP during the annual production round.
- v. A discovery phase has been completed to assess the most appropriate model for delivering SERVCOM, a new survey designed to provide more granular data on the services industry. It considered a range of options from the delivery of an in-house solution to outsourcing the development, operation and delivery of results. The Design Authority has agreed that data collection will be outsourced.
- vi. On 6 October 2016 an article was published presenting initial findings from a review of data sources and methods used in estimating output of the Information Communication and Telecommunications industries. This review was conducted in collaboration with the Institution of Engineering and Technology, Ofcom, ONS Research Fellows, academics and industry experts. This work sits at the centre of several cross-cutting issues set out in the Bean review including work on measuring the digital economy.
- vii. On the 6 October ONS also published experimental analysis based on a pilot survey of British manufacturing businesses which collected information on their management practices for the first time.
- viii. Since June work has also continued to develop and implement the data and methods required to meet European System of Accounts 2010 derogations in line with the legal timetable.

10. Capable, helpful and professional people:

- i. Economic Statistics have a strategic objective to improve skills. To deliver against this, recruitment campaigns are taking place across a variety of analytical professional and grades. This includes a live Grade 7 exercise to recruit economists and statisticians and an HEO economist exercise.
- ii. There are currently 82 economists in post or about to start, this combined with the ongoing recruitment campaigns mean that we are on track to meet the target of 100 economists in ONS by the end of the year.
- iii. Achieving the longer term target of 250 economists in ONS – making ONS the largest group within the Government Economics Service – can only be achieved via the sustained relationship with universities. A Grade 7 has moved full time to this endeavour and momentum is now building. Numerous visits have already taken place with a further 26 scheduled between now and the end of November.

- iv. Sandwich students represent exceptional value, with Economic Statistics making use of more each year. Numbers have increased from 22 last year to 37 this year. We are anticipating that this will increase to 50 next year. In addition, we have had 20 summer students; feedback on their contribution has been strong.
- v. There is also a focus on developing the skills of existing staff, working with the Learning Academy to offer formal qualifications, on the job training including bespoke courses, apprenticeships and continuous professional development logging.

11. Efficient systems and processes:

- i. We are working collaboratively with Digital Services, Technology and Methodology (DTM) Directorate and the Data Collection Transformation Programme to understand and develop the required products on strategic platforms. The delivery of the VAT minimum viable product services is due in June 2017 to enable the incorporation of VAT data into the National Accounts by December 2017.
- ii. A target operating model for Economic Statistics is being developed, ensuring we exploit common features of cross-office platforms and provide staff with the tools and processes to carry out their roles efficiently and effectively. This work is being undertaken with the Organisational Design team to ensure alignment with the development of the ONS target operating model.
- iii. Work is ongoing to redevelop production systems in line with the architectural building blocks required to deliver the target operating model. This includes the redevelopment of the Gross Fixed Capital Formation system which will be used for live production in 2017. For this system a meeting was held with stakeholders including the Bank of England, H.M Treasury, Business, Energy and Industrial Strategy and Office for Budget Responsibility in September 2016 to share further details on the work and implementation plan.

12. High quality statistics, analysis and advice:

- i. Work to establish an Economic Statistics Centre of Excellence is well underway. This will establish a centre of expertise for the analysis of emerging and future issues in measuring the modern economy. The Invitation To Tender was issued on schedule, with 14 October 2016 being the closing date for receipt of tenders. The market engagement day in July led us to be optimistic and 31 organisations have registered an interest. Bids will be evaluated by the end of October and the contract is expected to be awarded in December 2016, with a 'go-live' date in January 2017. The first Economic Statistics Centre of Excellence conference is due to be held during February 2017 entitled 'Economic Statistics in a digital age: meeting the challenges of an evolving, modern economy'.
- ii. In addition to the development of the Economic Statistics Centre of Excellence, ONS has established an Economic Statistics Research Facility to enable the creation and maintenance of a wide portfolio of projects working with outside partners. These arrangements take a variety of forms that are best suited to address the evolving issues and challenges to which the compilation of economic statistics is subject. ONS plans to commission up to £3 million of research and development work through this mechanism over the next two years. To date there are live projects to the value of just over £200,000 and around a further £500,000 approved projects that will start shortly.
- iii. ONS has successfully established an Economic Expert Working Group to improve economic capability and provide a mechanism to receive structured advice from authoritative experts, as well as for them to work with ONS staff on particular issues and agendas. The group consists of five members appointed through open competition which were announced on 17 August 2016, the ONS Fellows and the Chair, ONS's Chief Economist Joe Grice. The group will meet six times per year and members will have a hands-on role working with ONS staff on specific issues. In

addition, the group will have an important role assessing and evaluating output from the Economic Statistics Centre of Excellence. The group's first meeting took place on 2 September 2016. An underlying theme of the meeting was how ONS could raise its own profile within the academic community and more generally raise the profile of economic measurement as an important and interesting subject.

- iv. Methods and systems work has been undertaken to present separate estimates for the household and non-profit institutions serving households sectors in line with the requirements of the European System of Accounts 2010. These will be incorporated into National Accounts publications as part of Blue Book 2017 production.
- v. New products such as enhanced financial accounts are being developed in collaboration with the Bank of England. Work is ongoing to develop appropriate methods, working closely with international organisations such as the European Central Bank to ensure the UK is consistent with best practice.

Key achievements in recent months

13. I would highlight a few key developments since the Authority Board last discussed Economic Statistics Transformation in June 2016:

- i. We have delivered our first economy-wide statistics based on VAT data, though these were not formally part of the National Accounts. This has shown we can use VAT data in economic statistics, though we need to wait for systems to be developed to allow us to incorporate them into the National Accounts.
- ii. As noted above, the procurement exercise for the Economic Statistics Centre of Excellence is underway.
- iii. We have had positive discussions with private sector organisations data holders about opportunities to collaborate (e.g. IMRG – the e-retail trade association, Barbour – a construction industry data provider, and Adobe – an e-commerce software provider). In some cases, we have agreement to access their data under a partnership arrangement.
- iv. As noted above, recruitment of economists continues, and we now have 80 economists in the ONS, with an expectation of around 100 by the end of the financial year. We of course need other professions, but our recent experience shows we can attract high skilled people to the ONS.

Risks and dependencies

14. The dependencies and risks are little changed from the paper presented in June [SA(16)26].

15. This significant transformation has a number of dependencies including:

- i. reliance on the development of new strategic platforms and functionality which will be critical for the incorporation of new data sources. We are collaborating with DTM and Data Collection Transformation Programme to ensure requirements are well understood and facilitate development; and
- ii. the need for new sources of data, which will depend on our ability to build relationships with key data holders and/or to new data access legislation being in place. This is essential to areas such as Enhanced Financial Accounts where new data sources are vital.

16. The top three risks to transformation remain, with work to mitigate against these risks is continuing:

- i. the scale and complexity of the change, that affects all aspects of economic statistics, is significant. We are working closely with colleagues across ONS to help mitigate against these risks;

- ii. whilst recruitment across analytical professions is progressing there remains a challenge in ensuring we have the right skills in place; and
- iii. changing the culture (e.g. embedding 'curiosity') that goes hand in hand with this transformation is crucial. Work is being taken forward to enhance our communication initiatives via the Economic Statistics Transformation Steering Group.

Conclusion

- 17. Since the update provided to the Authority Board in June, considerable progress has been made in the initiation of the ESTP. A vision has been developed and priorities established and communicated to external users following a review in light of the decision following the EU Referendum result.
- 18. The Programme continues to be rated as 'Amber' reflecting the need to fill critical vacancies, increase analytical capability and the complexity of dependencies.

**Jonathan Athow, Deputy National Statistician for Economic Statistics,
10 October 2016**

List of Annexes

Annex A Key milestones for the Economic Statistics Transformation Programme

Annex A Key milestones for the Economic Statistics Transformation Programme

Theme	Action	2016-17	2017-18	2018-21
Rich data sources		Oct: First aggregate data produced based on VAT data (complete)	Jun: Commence sample update exercise for Services Producer Price Indices and Trade Price Indices Sep: Initial analysis of PAYE data for jobs and earnings Dec: VAT data used in National Accounts [2017]: New, outsourced data collection for services (SERVCOM) launched	Sept '19: PAYE, Corporation Tax and EU sales data used in National Accounts 2019: Labour market surveys rationalised as a result of PAYE micro-data
Capable, helpful and professional people	Economic Statistics Centre of Excellence (ESCOE)	Oct: close ESCOE procurement Dec: sign ESCOE contract Jan: launch ESCOE	Ongoing programme of research through ESCOE	
	Workforce	Dec: high level workforce plan in place (linked to new target operating model)	Ongoing restructuring towards new workforce plan	Sept '19: restructured/ re-skilled workforce in place (linked to new target operating model)
		Ongoing (quarterly) recruitment rounds		
Improved systems and processes		Dec: high level new 'target operating model' plan complete	Jun: System to process VAT data in place [2017]: New GFCF system used in production [2017]: Improved trade in goods system	Sept '19: new 'target operating model' implemented (linked to workforce plan)
High quality statistics, analysis and advice		Oct: Initial improvements to trade statistics (complete) Oct: First publication of new productivity analysis (complete)	Apr: Further/final improvements to trade statistics Oct: Blue Book published with further improvements [2017]: Relaunch of Consumer Price Index including owner-occupier housing costs	Sept '19: Improvements to productivity estimates Sept '20: Full production of Enhanced Financial Accounts ('flow of funds')

Six Month Review of Progress and Performance

Performance against the delivery of the Authority's strategic objectives will be published as part of the UK Statistics Authority Annual Report and Accounts for 2016/17.

The document will be available at:

<https://www.statisticsauthority.gov.uk/publications-list/?type=annual-report-accounts>

Report from the Director General for Regulation

Purpose

1. This paper provides an update on regulation activity since the last meeting in September.

Recommendation

2. Members of the Authority Board are invited to note the activities and proposed actions.

Discussion

Office for Statistics Regulation

3. We have continued to implement our action plan for the creation of a visibly separate Office for Statistics Regulation within the overall Authority structures. We have: clarified a statement of purpose; confirmed our new structure and are redefining job roles within this structure; developed revised approaches to assessment and systemic review and written our first reports on the new model; finalised our review of the Code of Practice; and developed a new approach to external relations and stakeholder engagement.
4. There is a lot more to do in terms of engagement (with a wider range of stakeholders); capability (including recruitment); of culture (towards being systemic and outward-looking); and of leadership (including recruiting a new deputy head of regulation). But my team is fully committed to these changes and I am confident that the essential building blocks are in place and that these further developments will unfold over the next 2 to 3 months and beyond.
5. Given this progress on the internal organisation of the Office, we are now planning how to present the changes publicly. There are two aspects to this external presentation: the launch of the Office itself; and the communication of the Code of Practice stock take. They are summarised below, and explained in more detail in separate papers.

Communications

6. The core of plans for communication revolve around a low-key launch to stakeholders, supplemented by the presentation of some key outputs in a new format. We propose to move over to the new name in mid-November on the Authority website, and shortly afterwards to email key stakeholders and hold a series of breakfast briefings. We do not propose any major media activity.

Code of Practice stock take

7. Following the last Board meeting, we have updated the stock take report, and developed a clearer narrative for the future of the Code. This is in line with the intention behind the stock take – to identify ways to enhance the value of the Code and to suggest avenues for further development. We will therefore position the stock take report as just that – a stock take, or a staging post in a longer review process, making proposals for change on which we would consult widely.
8. The updated draft starts with a clear vision for the future of the Code – as less of a checklist, and more of a tool to support the highest standards in production and public dissemination of information. It seeks to promote the Code as not restrictive, but enabling; and places much greater emphasis on voluntary adherence to the Code by

Government entities and others. But it proposes that the Code should continue to focus on official statistics while emphasising the benefits, in terms of public value, of wider voluntary compliance with the Code's core principles.

9. We also make a clearer distinction between proposals for change to the content of the Code (on which we would consult widely), and proposals for changes to the regulatory application of the Code, which are exploratory in nature and subject to review as we develop the Office for Statistics Regulation.
10. The net effect, I hope, is to remove the risk that the stock take appears to represent a huge and immediate extension of scope for the Code and for the Authority as regulator.
11. I have included a separate paper on the changes to the stock take report.

Core activities

12. Alongside these strategic developments, we have nevertheless progressed a wide range of core regulatory activities. I have attached a summary, organised by statistics domain, as an annex. Key points to pick out from this:
 - a) **CPIH:** John Pullinger replied to a letter from the RSS on plans for CPIH, including reference to discussions of CPIH at the October Regulation Committee. This led some in the user community to conclude that we proposed to make a final decision on National Statistics status in October. I issued a public clarification that no decision was imminent, and that before I form my regulatory advice to the Committee, I would expect the ONS to publish material bringing together a range of methodological and quality assurance issues. And I also want to gauge the user reaction to this material. In addition, I would like to see more progress on improving quality assurance around administrative data provided to ONS by the Valuation Office Agency.
 - b) **Trade:** although re-designation of trade statistics is some way off, my team has been impressed with the work done by the ONS team to improve trade statistics.
 - c) **Health statistics in England:**
 - i. We continue to work with producers (ONS, NHS England, NHS Digital, Public Health England) as they look to address the systemic concerns our work has identified.
 - ii. Following our designation of Hospital Mortality Indices as a National Statistic, the Chair and I met Chris Wormald, Permanent Secretary at the Department of Health. He acknowledged the problems with health statistics – the first time there has been such senior-level recognition – and agreed to hold a seminar on what statistics policymakers need. This represents a significant step forward.
 - iii. We have a significant piece of casework relating to data collected by NHS England showing that a large number of hospitals fail to meet clinical standards. We are concerned about the lack of rigour in the evidence base, and we propose to use this issue as a case study to illustrate our broader concerns.
 - d) **National Insurance numbers allocated to foreign nationals:**

I have discussed this with John Pullinger, recognising that the issue is as much about cross-GSS coordination as it is about DWP itself, with a comprehensive picture relying on data from DWP, Home Office, HMRC and ONS itself. There is a good opportunity here to promote the role of the GSS in providing clear and

comprehensive overviews of major policy issues, drawing on different pools of Departmental data.

I propose to redraft the National Insurance numbers report to remove the implication that DWP is responsible for producing statistics on cross-government issues, and to write to John as National Statistician highlighting the importance of cross-GSS coherence and collaboration. However, we remain concerned about the quality and value of the underlying National Insurance statistics, so may therefore continue to question their status as National Statistics.

- e) **Labour Force Survey:** as noted in last month's update, my team is undertaking a focussed piece of work to ensure that we continue to be comfortable with the quality of the Labour Force Survey, in the light of falling response rates and public concern about potential undercounts of migrants.
- f) **Scottish Official Statistics Conference:** I gave the keynote address to the Scottish Official Statistics Conference. My core message was that official statistics have significant value to society when they abide by the core principles of trustworthiness, quality and value.

Challenges

13. The main challenges are:

- a) **Office for Statistics Regulation:** we are about to embark on the process of recruiting new members of the senior team, on both external engagement and to implement the Code stock take recommendations. We need to make sure we attract the right calibre of candidate.
- b) **Core regulatory work:** As we have developed the plans for the new Office over the summer, we have put some core regulatory work (eg assessments) on hold. Our capacity to deliver this core work remains stretched, and will do so until we have recruited new team members.

Ed Humpherson, Director General for Regulation, 21 October 2016

List of Annexes

Annex A Regulatory activities Sept-Oct 2016

Annex A Regulatory activities Sept-Oct 2016

Economy	Health and social care	Business, energy and trade	Crime and justice
<ul style="list-style-type: none"> CPIH: Emphasised publicly that no decision is imminent, dependent on the publication of material and how users of all kinds respond to this material; and improvements in the quality assurance of administrative data 	<ul style="list-style-type: none"> Health and Care: Continued senior liaison, including Permanent Secretary at the Department Autism Spectrum Disorders: decision to remove National Statistics status was welcomed by users. 	<ul style="list-style-type: none"> Trade: good liaison with ONS team on improvements to trade statistics, but re-designation remains some way off, pending system improvements 	<ul style="list-style-type: none"> Crime recording (Scotland): the confirmation of the designation has been appreciated in the Scottish Government and in Police Scotland. Working with Chris Lewis (Portsmouth University) on international approaches to crime measurement, and continuing broader review of how producers can adapt to changing demands for statistics on crime
Labour market	Culture, society and government	Education and skills	Agriculture and environment
<ul style="list-style-type: none"> Labour Force Survey: Undertaking compliance check on falling response rates, in light of public concerns about undercount of migrants. Will engage an external advisor. National Insurance numbers: discussing our assessment of NINOs with DWP, and John Pullinger. Considering the balance between Departmental and GSS-wide responsibilities 	No significant activity	<ul style="list-style-type: none"> Reviewing issues related to the National Pupil Database, including handling of new data on Nationality and Country of Birth, and the DFE proposal that researchers must provide DFE with a copy of their research 48 hours before publication. DFE have since withdrawn this proposal. 	No significant activity
Population	Housing	Defence	Transport
<ul style="list-style-type: none"> Migration: See in labour market and NINOs above 	<ul style="list-style-type: none"> Housing: we will conduct landscape review of housing statistics, working with new ESRC Centre. 	No significant activity.	No significant activity

Communication of the new Office for Statistics Regulation

The new Office for Statistics Regulation was launched on 24 November 2016.

For more information see:

<https://www.statisticsauthority.gov.uk/news/statement-on-the-office-for-statistics-regulation/>

Stocktake of the Code of Practice

This document will be published on the UK Statistics Authority website in due course.

The document will be available at:

<https://www.statisticsauthority.gov.uk/monitoring-and-assessment/code-of-practice/>