

# **UK STATISTICS AUTHORITY**

## **Minutes**

**Thursday 2 March 2017**  
**Boardroom, London**

### **Present**

#### **UK Statistics Authority**

Sir Andrew Dilnot (Chair)  
Professor Sir Adrian Smith (Deputy Chair)  
Mr Jonathan Athrow  
Ms Sian Baldwin  
Dame Moira Gibb  
Professor David Hand  
Professor Jonathan Haskel  
Mr Ed Humpherson  
Ms Nora Nanayakkara (from item 2)  
Mr John Pullinger

### **Also in attendance**

Dame Kate Barker (for item 1)  
Professor Sir Charles Bean (for item 1)  
Mr Ben Broadbent (for item 1)  
Mr Robert Bumpstead  
Mr Ian Cope  
Ms Sarah Crofts (for item 8)  
Mr Joe Cuddeford  
Mr Kevin Daly (for item 1)  
Ms Shona Dunn (for item 1)  
Mr Duncan Hare (for item 14)  
Mr Mike Hawthorne (for item 14)  
Ms Jay Lindop (for item 8)  
Mr Joseph Moore (for item 1)  
Sir David Ramsden (for item 1)  
Ms Heather Savory  
Dr Neil Wooding (for item 9)

### **Apologies**

Dame Colette Bowe  
Dr David Levy

## **1. Joint meeting of the Authority Board and the Economic Experts Advisory Group**

- 1.1 The Chair provided a summary of the second meeting of the Economic Experts Advisory Group which had taken place earlier that day. Mr Athow had presented an update on economic statistics at ONS including recent developments such as the launch of the Economic Statistics Centre of Excellence (ESCoE). Sir Charles had provided reflections on ONS's work since the publication of his review.
- 1.2 The following points were made in discussion.
  - i. Good progresses had been made by ONS in many areas. The launch of the ESCoE and the inaugural international economic statistics conference had been notable successes.
  - ii. There was enthusiasm for innovation, but at the same time it was more important than ever to get core work right.
  - iii. Stakeholders had observed a changed stance of ONS as being more outward, open and engaged.
- 1.3 The Board noted that NatCen had published results from its latest survey of Public Confidence in Official Statistics (PCOS) which had shown that the encouraging levels of trust in ONS recorded in 2014 had been maintained.

## **2. Apologies**

- 2.1 Apologies were received from Dame Colette Bowe and Dr David Levy.

## **3. Declarations of Interest**

- 3.1 There were no new declarations of interest.

## **4. Minutes and matters arising from previous meetings**

- 4.1 The minutes of the previous meeting held on 27 January 2017 were agreed.
- 4.2 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 price statistics; business planning; budgetary processes; workforce transformation; and communications.

## **5. Report from the Authority Chair**

- 5.1 The Chair reported on his recent activities and noted that he had completed annual appraisals for all non-executive directors. This would be his last Board meeting as Chair of the Statistics Authority, and in his last month the Chair would be speaking to staff across the organisation in Newport, Titchfield and London.
- 5.2 The meeting reflected further on the results from the PCOS survey. It showed encouraging recognition that ONS is recognised as independent from Government. It was regrettable that trust in the way that Government used statistics remained low.

## **6. Report from the Chair of the Regulation Committee**

- 6.1 Sir Adrian reported on the meeting of the Regulation Committee of 16 February. The meeting had considered an update about crime statistics; progress with a systemic review on housing statistics; early thinking about draft content for a revised Code of Practice; ONS's progress to address requirements from the Authority's Assessment of the Consumer Prices Index including owner occupiers' housing costs (CPIH); statistics on student migration; and the statistical implications of the changing nature of self-employment.
- 6.2 Regarding the CPIH, the Regulation Committee had heard that while many of the Requirements for re-designation as National Statistics had been met by ONS, there were some which had not yet been fully addressed, in particular related to comparisons with other sources, explanations of the methods of quality assurance and

description of the weights used in the calculation of CPIH. The Committee had agreed that CPIH should not yet have its National Statistics status restored.

## **7. Inflation: A lot changes in five years [SA(17)10]**

7.1 Mr Athow introduced a paper which looked back five years to how consumer price inflation was measured, the current position and the issues that will need to be faced in the coming five years. Three areas were highlighted as priorities for the coming few years:

- i. to continue to develop the different measures of price inflation, including new Household Cost Indices;
- ii. to embrace new data sources; and
- iii. how to maintain RPI.

7.2 The Board considered that a helpful development in the past few years had been the establishment of two independent advisory groups on prices: a technical panel to advise the National Statistician on technical aspects of the statistics; and a stakeholder panel to provide advice on the uses and applications of price indices. The stakeholder panel in particular had helped synthesise the range of user needs into a set of coherent use cases. It was suggested that this approach could be useful in other statistical domains.

## **8. Priorities for Migration Statistics and Analysis: focus on international student migration [SA(17)07]**

8.1 Ms Lindop and Ms Crofts introduced a paper which set out some issues around student migration statistics.

8.2 The following comments were made in the discussion.

- i. ONS had published analysis about the possible reasons for the gap between flows of students into and out of the UK.
- ii. There was good confidence in the national level estimates which had been validated by the Census.
- iii. There was high interest in student migration estimates, though for many decision makers the important questions would only be answered through the study of cohorts.

8.3 It was noted that obtaining accurate information from people about what they were doing a number of years ago was not easy. Without linked administrative data, understanding this phenomenon would be very difficult. ONS had not had access to exit checks data in the past, but now had staff on secondment to the Home Office looking at such data. Further insights would be possible if this data could be linked to HMRC data about those active in the National Insurance system.

## **9. Feature Paper 4: Workforce Transformation [SA(17)09]**

9.1 Dr Wooding introduced a paper about the approach to transforming the organisation's workforce.

9.2 The Board requested further information on:

- i. the staff profile for each year leading up to the profile shown for 2021; and
- ii. the quality and calibre of new recruits, which was crucial.

9.3 The meeting heard that steps were being taken to improve management capability.

## **10. Report from the Chair of the Administrative Data Research Network (ADRN) Board**

10.1 Professor Hand provided an update on developments with the Administrative Data Research Network (ADRN), which included the following.

- i. Census data was being linked to the National Survey for Wales. ONS was conducting this linking as a trusted third party. Separately, the Department for Work and Pensions (DWP) was extracting data for a project which would be made available to a researcher via the ONS Virtual Microdata Laboratory.
- ii. On behalf of the Non-Executive Directors of the ADRN Board, Professor Hand had written to the Chief Executive of the ESRC to reiterate the need for changes to the ADRN, which the ADRN Board had called for in July 2016, including establishing a permanent Network Director and restructuring the Administrative Data Service (ADS).
- iii. The ESRC Council had met on 10 January and had been unconvinced of the case to extend funding for the ADRN or of the case for a Network Director.

#### **11. Report from the Director General for Regulation [SA(17)05]**

- 11.1 Mr Humpherson introduced a paper which provided an update on regulation activity since the last meeting. The main areas of focus were economic statistics; migration; health and care; and crime.
- 11.2 A draft work programme for regulation would be published and consulted upon. A business plan would then be provided to the April Regulation Committee.
- 11.3 A draft of a revised Code of Practice for Statistics would be provided to the April Board meeting, following a Board workshop.

#### **12. Report from the Chief Executive [SA(17)06]**

- 12.1 Mr Pullinger reported on activity and issues for February. Highlights included:
  - i. the Economic Statistics in a Digital Age conference held in Newport on 21 to 22 February;
  - ii. the planned launch of the Data Science Campus on 27 March;
  - iii. work within ONS to align activities and prepare for the coming financial year; and
  - iv. the creation of a Longitudinal Education Outcomes dataset which had enabled Department for Education (DfE) statisticians to inform policy and debate across a wide range of subject areas
- 12.2 The meeting heard that good progress was being made to reduce instances and duration of pre-release access to ONS statistics.

#### **13. Authority Business Plan and Budget 2017/18 [SA(17)08]**

- 13.1 Mr Pullinger introduced a paper which provided a draft medium term business plan and budget for 2017/18.
- 13.2 The Board discussed the plan and agreed a number of amendments.
- 13.3 More generally the Board requested that future plans provide more detail on the interim milestones necessary to achieve the desired end state, linking milestones to finance and workforce figures, with additional management information which would allow the Board to monitor quarterly progress.

#### **14. Review of Security [SA(17)11]**

- 14.1 Ms Savory, Mr Hawthorne and Mr Hare introduced a paper which provided the recommendations and management response following the completion of an independent review of security.
- 14.2 The Board endorsed the findings of the review and remitted detailed consideration of delivery to the Audit and Risk Assurance Committee.

#### **15. Any other business**

- 15.1 Sir Adrian and all members of the Authority Board paid warm tribute to Sir Andrew Dilnot at the conclusion of his term of office as Chair of the UK Statistics Authority. Sir

Andrew said that it had been a privilege, and throughout his five year term the support he had received from staff and from the Board had been exceptional.

15.2 There was no other business. The Authority Board would meet next on 28 April 2017.

# UK STATISTICS AUTHORITY

## *Agenda*

**Thursday 2 March 2017**

**Boardroom, Drummond Gate, 11:00 – 16:30**

**Chair: Sir Andrew Dilnot**

**Apologies: Dr David Levy**

**11:00 to 11:30: Joint meeting of the Authority Board and the Economic Experts Advisory Group**

**11:30 to 12:00: Non-Executive's Session**

**12:00 to 13:00: Authority Board Morning Session**

1	Minutes and matters arising from previous meetings <ul style="list-style-type: none"><li>• Declarations of interest</li></ul>	Meeting of 27-01-17
2	Report from the Authority Chair	Sir Andrew Dilnot
3	Reports from Committee Chairs <ul style="list-style-type: none"><li>• ADRN Board</li><li>• Regulation Committee</li></ul>	Oral report Professor David Hand Professor Sir Adrian Smith
4	Report from the Director General for Regulation	SA(17)05 Mr Ed Humpherson
5	Report from the Chief Executive	SA(17)06 Mr John Pullinger

**13:00 to 13:30: Lunch**

**13:30 to 16:30: Authority Board Afternoon Session**

6	Priorities for Migration Statistics and Analysis: focus on international student migration	SA(17)07 Ms Jay Lindop and Ms Sarah Crofts
7	Authority Business Plan and Budget 2017/18	SA(17)08 Mr John Pullinger
8	Feature Paper 4: Workforce Transformation	SA(17)09 Dr Neil Wooding
9	Inflation: A lot changes in five years	SA(17)10 Mr Jonathan Athow
10	Review of Security	SA(17)11 Ms Heather Savory, Mr Mike Hawthorn and Mr Duncan Hare
11	Any other business	

**Next meeting: Friday 28 April, 10:30 to 16:30, London**

# UK STATISTICS AUTHORITY

SA(17)05

## *Report from the Director General for Regulation*

### **Purpose**

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

### **Recommendation**

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

### **Discussion**

#### Risk dashboard

3. The dashboard summary of regulatory activities is at **Annex A**. As I noted in the January Board, it represents a marked pick-up in regulatory activity compared to the September-December period.
4. The main areas of focus are economic statistics; labour market/population, through the focus on migration related issues; health and care; and crime. We are increasing our focus on housing statistics – last week's Regulation Committee noted that housing issues are rising up the political agenda.
5. We are steadily developing our use of the domain structure. We have appointed staff members to act as domain leads for most of the domains, though some important domains are less well covered (business, industry and trade; and also economic statistics, which only has one lead, despite it being one of the most prominent areas). We are currently recruiting Grade 7s to help address these coverage gaps.
6. The purpose of the domain risk rating is to signal areas of greater concern, and to ensure that we are allocating our effort to those areas. The risk rating is based on our assessment of risks to valuable statistical output in each domain. It is based on three main factors:
  - a. Significant statistics not having National Statistics status (at present, economic statistics, crime)
  - b. Evidence that statistics are not meeting a major societal need (at present, migration statistics in the labour market and population domains)
  - c. Evidence of a lack of coherence (at present, housing and health)
7. In terms of governance, domain leads are responsible for gathering intelligence on each domain (through desk review of statistical outputs; media; and through attendance at conferences and bilateral meetings). We will assess the risk ratings ahead of each Regulation Committee and will only make changes with the Committee's agreement. We will keep the Board informed through my regular updates.

#### Regulatory activities

8. A summary of our key activities is at Annex A, including:
  - **Health:** we drew attention to the leaks of accident and emergency data for England by writing publicly to the chairs of NHS England, NHS Digital and NHS Improvement, highlighting how these leaks expose the lack of timeliness in the publication of the official statistics. This intervention was highlighted in a BBC website article by the BBC Health Editor, Hugh Pym.

- **Migration:** We are now nearing completion of our review of student migration figures in the ONS Migration Statistics Quarterly Report. We question the reliability of the figures but will explore the question with the ONS team in the next couple of weeks before finalising our report and regulatory opinion.
- **CPIH:** we advised the Committee that we did not consider that all the Requirements had yet been met. ONS has made very good progress in the last month against several Requirements, and more than half of the Requirements have now been met in full. But there are some – for example, on administrative data; on comparisons with other sources; and on pre-release access – which have not yet been met in full.
- **Housing and homelessness:** we made important interventions on housing targets (Sir Andrew Dilnot letter to John Healey, Housing Minister) and homelessness (letter to Baroness Greender).
- **Education:** we published our assessment of schools statistics for England, which brought out the need for much clearer DfE guidance to schools on how to conduct the schools census. We also reiterated the importance of transparency over the access to and uses of information based on the schools census. And we published a letter to DfE on the Teaching Excellence Framework for Higher Education.

#### Business planning and budget proposals

9. Our business planning is underway. We are compiling proposals for the 2017/18 work programme following a planning day on 7 February. **Annex B** presents our latest draft proposed priorities for consultation (noting that this does not represent a commitment to deliver all of these projects). We will consult publicly for the first time on our work programme. This will be a four week consultation during March promoted through our website, social media and our growing domain networks. We will also engage directly with Heads of Profession for Statistics and ONS's senior team.
10. My aim is to publish the business plan after final approval by the April Regulation Committee. We have included a skeleton business plan as **Annex C**.
11. We have been developing our budget proposals for 2017/18 and 2018/19 for the Board's consideration. We have looked two years ahead as the Office will continue to ramp up in 2017/18 and so 2018/19 should represent a steady state for the future (adjusting for any future efficiencies etc.) We have shared these proposals with the Regulation Committee and with our Finance Business Partner.

#### **Financial Profiles £ thousands: Proposals**

	<b>2016/7</b>	<b>2017/8</b>	<b>2018/9</b>
Proposal	1,812	2,098	2,170
Comparison with 2016/7	-	+287	+358
% comparison with 2016/17	-	+16%	+20%

Note: these figures account for known vacancies plus a 5 % vacancy rate

12. These proposals reflect the commitment to increase the size of the team during 2017/18 to 31 people, as per last year's Blueprint for the Office for Statistics Regulation. We are recruiting the new Deputy Director General for Regulation, and building up the External Relations and Assessor functions. New posts filled during 2016/17 will operate for the full year from 2017/18, and this also contributes to the increased predicted spend.
13. Staff costs account for 88 per cent of planned expenditure in 2017/18. The largest additional items of expenditure we have are Consultancy (£90k falling to £45k in 2018/9), Travel and Subsistence (£75k) and Edinburgh Rent (£38k). The amount profiled in 2017/18 for consultancy is similar to that profiled for 2016/17 and includes amounts relating to building the Office infrastructure – for example, work on the website, branding,



and the interactive Code of Practice. We anticipate consultancy spend to be reduced in 2018/19. For travel and subsistence we have profiled £75k compared with £60k in 2016/17. This reflects the increase in staff numbers but more importantly the creation of Domains and the ambition to be more outward facing in the future. We have offset this with an amount for employing smarter working where sensible – for example, employing audio and video conferencing.

#### Code of Practice

14. The refresh of the Code of Practice is in full swing. We are holding a range of meetings across the UK, and are fleshing out the concept of a more principles-based Code based on Trustworthiness, Quality and Value.

#### Deputy Director

15. We have advertised for the post of my deputy. Interviews will be in March. The panel will consist of me, Sian Baldwin and Alison Cottrell of the Banking Standards Board.

**Ed Humpherson, Director General for Regulation, 23 February 2017**

#### **List of Annexes**

<b>Annex A</b>	<b>Regulatory activities</b>
<b>Annex B</b>	<b>Draft Regulatory Work Programme 2017/18 priorities for consultation</b>
<b>Annex C</b>	<b>Skeleton: Office for Statistics Regulation Business Plan 2017/18</b>

## Regulatory Activities Jan – Feb 2016

Economy	Health and social care	Business, industry, energy and trade	Crime and justice
<ul style="list-style-type: none"> <li>• <b>CPIH Update:</b> feeding back to ONS team on the areas where requirements still need further work: quality assurance; comparisons; weights.</li> <li>• <b>Review of Quarterly Sector Accounts:</b> approved by Committee, to be published in March</li> <li>• <b>Public Expenditure Spending Analysis (PESA):</b> spoke with HM treasury officials about separating NHS spending from other health spending in PESA. HMT considering the proposal</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Casework:</b> wrote to key bodies in England on leaks of A and E data and need to improve timeliness.</li> <li>• <b>Systemic Review:</b> Thinking through what we need to see before we step back from our hands on role.</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Systemic review:</b> finalising position paper</li> <li>• <b>Crime statistics:</b> Police recorded crime statistics - publication of latest HMIC audits.</li> </ul>
Labour market	Housing, planning and local services	Children, education and skills	Agriculture and environment
<ul style="list-style-type: none"> <li>• <b>Migration:</b> Reports on student migration and the Labour Force Survey reviewed by February Regulation Committee. Broadly content on LFS, but we have questions about the reliability of student migration figures.</li> <li>• <b>Benefit Cap:</b> Responding to complaint about DWP press release claiming benefit cap statistics show the scheme is 'restoring fairness'.</li> <li>• <b>Income /Earnings:</b> Update submitted to Regulation Committee. We will commission a separate review to consider how to address long-standing challenges, possibly drawing on new Centre of Excellence and Data Campus</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Housing Review:</b> continued stakeholder engagement</li> <li>• <b>Phase 2 Assessment of UK House price Index:</b> Restarting the Assessment process.</li> <li>• <b>Homelessness:</b> published letters about misleading statements on homelessness by CLG; and about the partial presentation of demographic characteristics in Rough Sleeping statistics.</li> <li>• <b>House Building:</b> published letter on UK Government's house building target</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Schools and Pupils:</b> Assessment Report on Schools Statistics published on 16/2</li> <li>• <b>Casework:</b> two letters recently published – on concerns over the use of National Student Survey in the Teaching Excellence Framework; and on new school census data collection and use of data by Home Office,</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Air pollution deaths statistics:</b> we responded on 6 February and sent a letter to the Defra Head of Profession on the same day. Sir David Spiegelhalter has subsequently written a blog that echoes our concerns on the use of air pollution statistics.</li> </ul>
Population	Culture, leisure and identity	Security, defence and intl relations	Transport and travel
<ul style="list-style-type: none"> <li>• <b>Population statistics:</b> migration remains a concern - see entry under Labour Market for work on student migration and foreign-born workers.</li> </ul>	<ul style="list-style-type: none"> <li>• No significant activity</li> </ul>	<ul style="list-style-type: none"> <li>• <b>DfID:</b> Met with DfID HoP to discuss further engagement with Code refresh</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Formally closed down Assessment 256:</b> Scottish Safety Camera Programme, due to time elapsed.</li> </ul>

## **Annex B      DRAFT Regulatory Work Programme 2017/18 priorities for consultation**

This document has been published on the UK Statistics Authority website.

To see this document go to:

<https://www.statisticsauthority.gov.uk/regulatory-work-programme/>

## **Annex C      Skeleton: Office for Statistics Regulation Business Plan 2017/18**

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/about-the-authority/strategy-and-business-plan/>

***Chief Executive's Report, February 2017***

**Purpose**

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

**Summary**

2. The big highlights this period relate to our two new centres of excellence. The Economic Statistics in a Digital Age conference held in Newport on 21-22 February gave an opportunity to showcase the Economic Statistics Centre of Excellence and drew over 200 delegates. Highlights included contributions from Martine Durand (Chief Statistician, OECD), Andrew Blake (The Turing Institute), Charlie Bean, Dave Ramsden (HM Treasury), Kate Barker, Chris Giles (Financial Times), Callum Williams (The Economist) and Stephanie Flanders (JP Morgan Asset Management), Mark Drakeford AM (Welsh Government Cabinet Secretary for Finance and Local Government) as well as our ONS Fellows and staff and members of the ESCOE consortium
3. The Data Science Campus launch is on schedule for 27 March. The Campus is already expanding rapidly with Managing Director, Tom Smith and 22 staff in post actively building partnerships and internal capability as well as working on specific data science projects. We are leading an Open Data Camp on 26-27 February which will be another opportunity to engage the local community in South Wales to further the work and potential of the Campus.
4. Significant work has also been taking place within ONS to align activities and prepare for the coming financial year, which will be critical to the delivery of the Better Statistics, Better Decisions strategy. This includes aligning business, financial and workforce plans; alignment between our major transformation programmes (census, data collection, economic statistics and digital transformation) and ensuring these also fit with wider reform across the Office, notably our work to support public policy

**Review of recent activities**

5. Other important developments in recent weeks include the following.
  - i. The creation of the Longitudinal Education Outcomes dataset, alongside the machinery of government changes that have brought further and higher education statistics into the same department as school level statistics, have enabled DfE statisticians to develop and publish an exciting programme of work to inform policy and debate across a wide range of subject areas.
  - ii. HMRC analysts are moving to the next stage of their development with a much stronger focus on exploitation of data to support the work of the department. A major expansion of analytical capability is taking place.
  - iii. The migration statistics improvement programme is moving into its next phase with an ONS staff member now seconded into the Home Office to work on exit check data.
  - iv. We have commenced online data collection for the UK Innovation Survey involving 31,000 businesses
  - v. ONS work with DfID statisticians to expand UK efforts to support statistical development has resulted in a contract to help deliver a new five year strategy for

statistics in Rwanda. Existing efforts, for example to support the census in Ethiopia, are developing well as are future plans, for example a new Memorandum of Understanding has been drafted with the Central Statistics Bureau, China which is due to be signed in May.

- vi. The Digital Economy Bill has completed its Committee stage in the House of Lords and is expected to return to the House of Commons for final consideration in the next few weeks.
- vii. An independent review of security in ONS has been completed and the Executive has agreed the recommendations which will now be taken forward to implement a "security by design" approach as transformation takes place and to give assurance throughout the value chain from incoming data sources through the delivery of data as a service, analysis and publication/dissemination.
- viii. The Executive has established a Data Governance Committee to oversee data policies and standards across the office, including bringing together existing work on information assurance and microdata release. This Committee will also link closely with the National Statistician's Data Ethics Advisory Committee and provide the assurance mechanisms we need for the future as well as the basis for the accreditation functions envisaged, if passed, in the Digital Economy Bill.
- ix. Along with the Economic and Social Research Council, Full Fact and the House of Commons Library we have launched the "Need to Know" project. This is designed to help us develop the statistics the country needs to know ahead of the next general election.
- x. Heads of Analysis across government have agreed to progress proposals to develop an analytical function. A particular aim is to improve government-wide talent and capability in the areas of economics, operational research, social research and statistics, including data science.
- xi. Tony O'Connor has taken up post as Chief Analyst and Head of Profession for Statistics at the Ministry of Defence. Tony is also the government-wide Head of Profession for Operational Research and will be well-placed to play a significant leadership role in the GSS as well as the wider analytical community.

### **Future look**

- 6. In the weeks ahead we will be focused on the year end position for 2016-17 and finalising plans for the coming years from the organisational level as well as into the individual performance agreements for staff.

**John Pullinger, 23 February 2017**

***Priorities for Migration Statistics and Analysis – focus on international student migration***

**Purpose**

1. This paper sets out the student migration issue and informs the board of progress. In addition, the paper also contains an update of the work presented to the board in 2016.

**Recommendations**

2. Members of the Authority Board are invited to:
  - i. note the work taking place on international student migration and on other strands of work;
  - ii. comment and advise on the work currently underway and planned; and
  - iii. advise how they wish to be updated in the future.

**Background**

3. International student migration is an area where there is a particular need for better evidence. The International Passenger Survey (IPS) measures flows of students into and out of the UK, but the estimated number of students who immigrate to the UK are consistently higher than the estimated numbers who subsequently emigrate some time after their studies. Since 2012, the average 'gap' between the two flows is around 80,000 for non-European Union (EU) students (who represent around 70 per cent of all student immigrants).

4. **Table 1** - Latest IPS figures on student migration (year ending June 2016) are:

Migration for study	Total	EU nationals	Non-EU nationals	British nationals
Immigration	155,000 (+/- 16,000)	34,000	113,000	9,000
Emigration	68,000 (+/- 10,000)	18,000	45,000	4,000

5. This gap has resulted in a number of public and political debates:
  - Students are adding to the net migration total and the education sector is concerned that policy decisions may be taken to reduce net migration by limiting the numbers of international students who can come to the UK.
  - Are the figures correct? There is a perception held by the education sector that students enter the UK, study and then leave, therefore the IPS based figures must be wrong.
  - Some international students will stay on in the UK for non-study reasons, such as work. However, even accounting for the numbers of non-EU students who switch visa types, there is still an unexplained gap. Migration Watch UK has suggested that this is evidence of students overstaying their visas and remaining in the UK illegally.
7. We have been proactively engaging with a number of stakeholders to discuss this further. For example, we have talked about the issues and our plans to improve the evidence base with interested parties, particularly in the education sector. We have also formed a Government Statistical Service (GSS) student steering group and supporting analysis group to provide leadership, pace and coherence across government when analysing additional sources and publishing any subsequent conclusions.

8. ONS published its last [update](#) on student migration on 16 November 2016. This emphasised the previously published reasons for the 'gap'; why students are included in net migration figures; that the IPS is the only currently available source on student emigration and initial results of some of our investigations during 2016. We committed to publishing a further update of this work in early 2017 (planned for mid-March).
9. In November 2016, the Authority Board was shown our plans for improving the evidence base that will provide better sources of information on international migration in the UK. This included students but also other topics important to migration, such as the labour market and local impacts. This formed the basis for a successful Authority Board lunchtime seminar discussion with external stakeholders. An article was published on 23 February 2017<sup>1</sup> which sets out our plans publicly for improving data sources relating to migration. We are also holding a media session just before this paper is published to work proactively with them on ensuring the data in the Migration Statistics Quarterly Report (MSQR) and our development plans are presented responsibly.
9. Since the Authority Board meeting in November, progress has been made in a number of areas. The discussion below includes updates on our progress in the student work. **Annex A** shows our progress in the wider migration work.

## Discussion

10. If all students leave at the end of their studies (and student immigration has remained at steady levels for several years), the data at Table 1 implies an annual gap of 87,000 students who are not accounted for in the figures. Data on the numbers of international students immigrating are readily available from the International Passenger Survey and show similar patterns to other sources (student visas issued to non-EU nationals and course first-year enrolments recorded by the Higher Education Statistics Agency (HESA)).
11. Data on what international students do after their studies is less readily available, since some students will:
  - i. emigrate (i.e. they have lived in the UK for 12 months or more and state an intention to leave the UK for 12 months or more);
  - ii. depart the UK, but intend to return within 12 months (therefore they do not meet the definition of a long-term emigrant);
  - iii. depart via the Northern Ireland / Ireland land border;
  - iv. depart the UK but not identify themselves as previous student immigrants;
  - v. have valid leave to remain for several years (either as a student or switch to other visa types) or acquire settlement (non-EU); and
  - vi. remain in the UK after their studies to work or for other reasons.
12. Some data are available on the above, some data will be available in the future and some data may never be available.
13. Since November 2016 we have undertaken further work to help try and fill these gaps. We have:
  - i. analysed a cohort of students using Home Office migrant journey data;
  - ii. seconded ONS staff into Home Office to access exit check data;
  - iii. analysed IPS data to see how many departing students intend to return to the UK within 12 months (and are therefore not being counted in the headline net migration figures); and

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<sup>1</sup> <http://blog.ons.gov.uk/2017/02/23/migration-the-ins-and-outs-of-the-outs-and-ins/>



- iv. designed an online survey aimed at all international students in Higher Education that will go live in March 2017, which should tell us more about the certainty around student intentions.

14. The results of the above will be included in the next published update on student migration, likely to be published in mid-March. However the results so far only go part way to answering the question about what students do after their studies, so we also plan to undertake the following. We will publish our findings and conclusions by mid-2017:

- Complete the analysis of the Home Office Migrant Journey data that looks at cohorts of long-term and short-term non-EU students;
- Analyse linked HESA and PAYE data for a cohort of EU/non-EU students leaving in the 2012/13 academic year. This will tell us how many students remained working in the UK after completing their studies; and
- Investigate exit checks data within the Home Office to find out:
  - i. how many people on student visas *departed* (not emigrated) the UK between April 2015 until the most recent data available; and
  - ii. how many non-European Economic Area (EEA) nationals who *departed* on student visas, but then subsequently returned on different visa types (may not be available by mid-2017)
- We will request record level Semaphore data and HESA course completions data and will match these, which should tell us (for all nationals).
  - i. the number of people completing a higher education course who then departed the UK (not emigrated); and
  - ii. how long after the course completion they departed the UK.

**Jay Lindop and Sarah Crofts Population Statistics Division, ONS, 22 February 2017**

## **List of Annexes**

### **Annex A Update on progress of wider migration analysis work**

## Annex A Update of previously shared plan (June 2016) of priority topics for migration analysis

Topic	Progress
<p><b>Short term migration</b> - ONS has published short term migration estimates annually since May 2009 for England and Wales (E&amp;W). The product was developed when there was a greater focus on migration and population estimates for E&amp;W as part of the 2008 to 2012 Migration Statistics Improvement Programme.</p>	<p>We have recognised a user need for UK or GB based short-term migration figures. The next step is to investigate how to implement this (particularly the border crossing in Northern Ireland/Ireland), which will require additional data sources.</p> <p>Work to understand the relationship between short-term intentions and actual short-term migration has been analysed in with student migration, which has shown that 25 to 30 per cent of student departures are from those who intend to return to the UK within 12 months. The GSS student migration analysis group will identify which data sources are best to investigate how many do return within 12 months.</p>
<p><b>Student migration</b> - The main issue is whether students should be included in net migration figures, since the Higher Education sector do not want migration policy to reduce the numbers of international students coming to the UK. ONS has increased understanding among government departments on whether alternative breakdowns of net migration figures, excluding students can be produced. The IPS based estimates for the number of students emigrating look very low compared with the numbers of international students arriving. There are legitimate reasons why these numbers might be different, explained in a briefing note published in January, but gaps in evidence still remain concerning what students do following their studies. These gaps will hopefully become smaller when further development of other sources has taken place.</p>	<p>See discussion part of the main paper</p>
<p><b>Quality of the IPS</b> - This is not a new issue.</p> <p>The quality of the IPS has been questioned for many years, since it has never provided an exact count of migrants to or from the UK. The student issue and the coverage of the National Insurance number (NINo) comparisons with IPS figures during 2016 continue to cause doubt in the figures.</p>	<p>A <a href="#">report</a> was published in December 2016 to provide reassurance of the IPS in terms of how it is identifying migrants (including coverage, out of hours, response). An 'out of hours' pilot for 2017 is underway to better understand potential response bias as a result of interviewing between set hours.</p>

	The results will be available early 2018.
<b>Switcher adjustments</b> - This is an issue that has been raised within ONS and in discussion with analysts in other government departments. A 'switcher' is someone who changes their migration intentions. Someone may have arrived intending to migrate for one year or longer and then leave within a year (a migrant switcher); or someone may arrive, stating an intention to stay for less than one year, but stays for longer (a visitor switcher). The methodology to produce long term international migration (LTIM) estimates includes an adjustment for these 'switching' behaviours. However, the methodology was written in the early 2000s and is based on particular assumptions that may no longer be applicable to the migration patterns we are seeing more recently.	We have carried out comparisons with intended and actual lengths of stay for student migrants. During 2017, new data sources (such as linked HM Revenue and Customs (HMRC) tax records or exit checks) will provide additional information on lengths of stay. This analysis will feed into any methodological decisions about the switcher adjustments.
<b>Administrative data development</b> - It has long been known that the IPS is not a sufficient source for detailed analysis of characteristics of migrants, particularly at sub-national geographies. There are also relatively few alternative data sources that can be used to validate the IPS estimates, particularly for EU nationals not subject to immigration controls. Other countries (such as Australia, New Zealand and Canada) have linked their migration data with administrative sources and are in a much better position to understand the impact of migration on the economy and local services. If better use could be made of administrative sources in the UK, then we will be in a much improved position for understanding the impact of migration in the UK.	We have identified a number of sources that would be helpful to improve the evidence base for migration analysis. These were presented to the board in November 2016. We are working with other government departments to improve the evidence base for analysis on the impact of international migration on the labour market, housing, education and students. In 2017, ONS is developing a prototype 'IDI', similar to the integrated data system used in New Zealand.
<b>Local impacts of migration</b> - Better information on local area immigration was a key user requirement identified in the Migration Statistics Improvement Programme, resulting in the publication of the Local Area Migration Indicator Suite from 2009. While this provided more accessible data, the product does not address the need for better information on the impact of migration on services such as health, education, housing and transport in addition to the impact of migration on local economies. In addition, some local areas may be more affected by emigration.	<p>We are part of a GSS group to provide analysis and expertise on the impact of migration on the labour market, to feed into policy discussions.</p> <p>In addition, we intend to publish outputs on the local impacts of migration on the labour market and housing in Spring 2017.</p>
<b>Circular migration</b> - Circular migration involves moves by individuals between two or more countries several times within a given time period. There is no internationally agreed definition of circular migration, although the Conference of European Statisticians have proposed a definition and the UK has volunteered to 'test' the proposed definition with existing sources. Circular migration will have an impact on local services and the labour market. It is difficult to identify and will present some challenges when comparing data sources since	ONS remains involved in the United Nations Economic Commission for Europe (UNECE) work to develop a common definition of circular migration and will identify whether current data sources are suitable for producing data that meet the proposed definition. HMRC data could

<p>circular migrants are likely to appear on some and not others.</p>	<p>provide a useful source on circular migration and we have someone seconded into HMRC to investigate their sources.</p>
<p><b>IPS and Labour Force Survey (LFS) / Annual Population Survey comparisons</b> - Some users (such as Migration Watch UK) have compared IPS estimates with changes in the LFS to make statements about the quality of the IPS. These sources measure different things (e.g. the LFS will include short term migrants) and are both subject to sampling error. ONS intends to do more work to explain the differences between the sources and why they may not show consistent results.</p>	<p>We published a high level <a href="#">report</a> comparing sources in December 2016 and a detailed <a href="#">report</a> on the IPS and APS as data sources for measuring international migration.</p>
<p><b>NEW: Analysis of the impact of migration on the labour market.</b> This work will cover the key topics:</p> <p>EU, Non-EU and UK nationals in the population; the numbers in the labour market by industry and occupation; where (region and Local Authority) migrant workers are living; their skills and education levels, the size of their employers; hours worked; income; taxes paid and benefits claimed.</p> <p>This analysis will be drawing upon existing analyses on these topics and will use the APS and HMRC/DWP data. In addition, Census data will be used where we don't have any more up-to-date information or do not have reliable information for small populations or geographies.</p>	<p>This work has started, aiming for a publication date of Spring 2017</p>

# UK STATISTICS AUTHORITY

SA(17)08

## ***Authority Medium Term Business Plan and Budget 2017/18***

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/about-the-authority/strategy-and-business-plan/>

***Feature Paper 4: Workforce Transformation***

**Purpose**

1. This paper has been prepared at the request of the Authority Board. It provides a narrative for discussion around our current approach to transforming the organisation's workforce and specifically addresses the 19 points of enquiry identified by the Board in February 2017 (reproduced at **Annex A**).
2. To provide consistency the responses to the questions have been formulated into five categories: Recruitment; Pay; Staff Profile; Performance and Development; Apprentices.

**Recommendations**

3. Members of the Board are invited to consider the progress made and the challenges faced, noting the answers given to specific questions raised.

**Background**

4. In September 2015 the National Statistics Executive Group (NSEG) and the Board agreed a Workforce Transformation Plan for ONS. The plan reflected the need to consider how the organisation would increase its skills and capability, re-design its workforce and address long standing issues with pay and reward.
5. The transformation of the workforce is fundamentally linked to the transformation of the business and our approach to changing the shape, structure and design of the organisation by 2020 reflects this link. The 2015 Spending Review (SR15) period is a major opportunity and a considerable challenge for the organisation. As we see the organisation transform its use of data, statistics, analyses and research, underpinned by new emerging technologies, business architectures and modes of delivery, we will (and must) also see an associated transformation in our workforce.
6. In November 2016, we reported the progress we had made during our first year of transformation to NSEG. This included an activity update, the lessons we had learned, our early achievements and what we intended to do in the year ahead. With a number of additional recommendations this was endorsed by the executive team.
7. The organisation, led by Business Services and Development (BSD), has been working on a number of initiatives to aid the delivery of transformation. Examples of initiatives which have already been undertaken, and upon which we will continue to build, include:
  - i. Conducting an early severance exercise to release individuals from the organisation occupying roles that were no longer necessary;
  - ii. Introducing a 'Resourcing Framework' to set out the approach with accompanying policies, to support workforce change across the organisation and enable reforming directorates to manage the displacement of staff;
  - iii. Conducting a 'Strengths Finder' capability review to begin to assess the potential and kinetic skills base of the current workforce and focus future programmes of development;
  - iv. Introducing an 'Establishment List' to provide data on the criticality, scarcity and skill set of our posts and control the number of staff within the organisation;
  - v. Establishing the Learning Academy;
  - vi. Establishing apprenticeship schemes in a variety of areas;

- vii. Redesigning our recruitment approach to attract and retain specialist staff at a cost we can afford;
- viii. Providing 'hands on' organisational redesign and development to accelerate structural and cultural change across the wider organisation;
- ix. Resolving four years of historic pay inequalities and a legacy of industrial conflict;
- x. Strengthening our approach to international recruitment and broadening the score of our authority to recruit from outside of the UK by working more closely with the UK Visa Authority;
- xi. Designing for introduction in the spring of 2018 the first performance pay model across government to replace incremental pay progression; and
- xii. Building a target operating model to provide a clear direction of travel and a future picture of the organisation.

## **Discussion**

8. Below we outline the current challenges and achievements in terms of workforce transformation in ONS with specific reference to the questions asked by the Board.

### Recruitment

9. SR15 provided the Authority with the funding needed to deliver transformation (particularly in ONS Economic Statistics, Census and Data Collection). This represents a challenge for the organisation, on one hand we will be shrinking the workforce as we deliver productivity improvement in existing work, and on the other we are recruiting a more temporary workforce to deliver short term transformation projects and programmes. In parallel we are delivering a new target operating model through up-skilling in areas such as economics, statistics, data science and research, both through internal learning and development and through external recruitment (See Annex A, question 1).
10. Moving from 2015/16 to 2016/17 we saw a real challenge to ramp-up resources dedicated to transformation and to support this with a significantly increased level of recruitment. For the 2016/17 financial year (to January 2017) we advertised 822 posts and recruited 587 people through external recruitment. The previous year this was 483 posts advertised and 373 external recruits in total. It is likely by the end of 2016/17 we will have advertised as many posts and recruited as many external recruits as the previous two years combined. In this environment it is essential for the ONS recruitment platform managed by Customer First (CF) to meet demand. We have therefore dedicated additional resources to this function, particularly to redress recruitment 'bottlenecks' which we saw in summer 2016.
11. Through collaboration between CF and Digital, Technology and Methodology (DTM) services we have developed bespoke attraction and selection activities for specialist IT skills. Since October 2016 62 new specialists have been recruited to the organisation and a further 50+ have been promoted or moved internally into these new roles. We also set an ambitious target for economist recruitment, to reach 100 economists by the end of the 2016/17 financial year, doubling the existing number. Through close working between CF and Economic Statistics we reached our annual target at the start of quarter three.
12. In addition to a review of the CF recruitment offer, the implementation of the 'Establishment List' in the autumn of 2016 means we now understand workforce demand in more detail. This allows us to plan recruitment effectively and encourage business areas to take different approaches, to reduce the number of campaigns and improve the number of recruits (for example using 'reserve lists' in a planned manner). (See Annex A, question 6).

13. As we seek to grow our capability across different parts of the organisation there are some recruitment 'hotspots' and challenges due to both the technical nature of some required roles and the national or regional scarcity of skills (which is being experienced across the civil service). We have found, for example, challenges in recruiting and retaining staff for digital and commercial roles. Location can also prove a recruitment challenge and we sometimes find it difficult to recruit analytical expertise in Newport and Titchfield. From 1 September 2016 to 17 February 2017 we received 8.39 applications per advertised post in Newport, 8.38 in London and 6.22 in Titchfield. (See Annex A, question 3).
14. In order to ensure we attract the right candidates we have broadened the way we advertise posts. All vacancies are advertised via Civil Service Jobs using the full range of contractual terms; these terms and the tenure of the post offered are made clear when advertised (q8). In addition, where we consider the labour market is restricted we use a broad range of generalist and specialist recruitment agencies via Government commercial frameworks designed to fast track and optimise recruitment. We also have a contract with HAVAS (a global advertising company, specialising in marketing, design, digital, corporate communications) to provide marketing support and in some instances advertise directly. In the autumn of 2015, we negotiated with 'Linked-In' a specific webpage dedicated to ONS recruitment. We were the first government agency to do this resulting in wide labour market exposure at relatively little cost. We have recently redesigned our generic recruitment literature for use at fairs, conferences and seminars to attract potential talent. See **Annex B** for further information. (See Annex A question 5).
15. We are unable to make a direct comparison of our recruits (and 'promotees') in relation to other departments such as HM Treasury and the Bank of England. This information is not currently available. All candidates for Civil Service posts are selected using a Competency Framework and/or the relevant professional frameworks. These are standardised and applicable to all departments. All assessors are trained in the recruitment process and standard setting (See Annex A, questions 2 and 7).
16. We are aware that the proportion of those who declare any of the protected characteristics in the recruitment process reduces at each stage. Therefore, to improve this we are engaging with Black History month and procuring a new Diversity Dashboard to increase attraction and also raise the profile of the organisation and the skills we are seeking in candidates. In addition we are engaging locally at Black and Minority and Ethnic networks to improve the knowledge of our roles, recruitment process and organisational culture.
17. While ONS has a relatively wide remit to set its own employment rules and regulations, we (as with all Government Departments) are covered by the Civil Service Management Code, under which the Minister for the Civil Service has powers to set regulations and powers relating to the management of (and conditions of service for) Civil Servants. In our drive to help us make the best use of our people resources, build on our strengths and develop our skills where they are most needed, we have implemented a Resourcing Framework. This framework ensures consistency and transparency and introduces standards for workforce planning, strengths analysis, the identification of skills gaps, recruitment and learning and development.
18. While we do not systematically gather information regarding why new staff have chosen to work for the organisation, we are aware from anecdotal feedback the attraction of working for a public sector employer often figures prominently in the decision to apply; this includes the terms and conditions of employment, the prospects for development, and increasingly the opportunity to engage in interesting, challenging and important



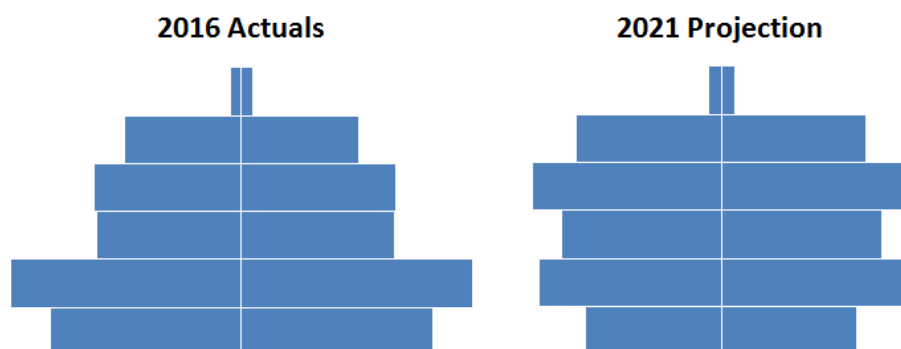
work. Our increasing cohort of economists and data scientists see the opportunity to work at the heart of Government data and analysis. As part of the development of a recruitment and attraction strategy, CF is looking to formally collect this insight to inform future attraction strategies. (See Annex A, question 4)

#### Pay

19. Civil Service Pay Guidance is published annually and covers pay setting arrangements for all civil servants, including departments, non-ministerial departments and agencies. It provides a framework within which all departments must operate. Over recent years, we have seen significant constraints linked to the banking crisis in 2008. Pay was frozen for two years in 2010, and since then increases to the annual pay pot have been capped at 1 per cent. This will continue until 2020.
20. To attract candidates with a competitive remuneration package we are currently in discussion with the Cabinet Office to develop non-grade related pay offer. This will focus upon providing a higher level of pay at the start of an appointment, or incorporate accelerated pay increase or a model of 'preceptorship' as in the case in other industries where pay is tied more closely to qualification attainment. However the need to adhere to the civil service pay and employment code, will constraint what we are able to do.
21. In 2015 we were ranked 94 out of 99 in the 2014 Civil Service Statistics pay data. This made us uncompetitive when seeking to attract a diverse range of high quality applicants in priority skill areas. We have, however, made some progress, in early 2016 our position was raised to 86 out of 102 and further improvements to pay in August 2016 enhanced the position of the Authority within the market place; we also resolved a number of historical pay inconsistencies. However we still face challenges and we see applicants increasingly wanting to negotiate their salary up from the minimum offered.
22. In order to further develop our offer we have taken a number of steps, we are developing a new approach to pay, reward and performance and have implemented specific approaches in particular areas. For example with the IT profession we are piloting the use of more flexible 'bands' which cut across several traditional grades. (See Annex A, question 10).

#### Staff profile

23. **Annex C** provides specific information regarding current FTE trends and the shape of the workforce over time (Annex A, questions 11). Our workforce transformation plan highlights how we expect the shape of the workforce to change in line with the transformation of the business. With a reduction in overall numbers but increases in more skilled roles. Our projected changing profile is shown in the below diagram, and at **Annex D**.



24. During the course of this year we have seen some delays in recruitment, as outlined above, and the challenges of ramping-up transformation programmes to projected levels of resource has meant some under-spend positions have emerged during the course of

the year. However, we have not seen an associated level of under-delivery and areas have managed to focus their resource on priority activities.

25. By 2020 the reduction in core delivery posts will be approximately 490 FTE, with an increase in the number of posts to meet new demands in the areas of 'reform' and 'transformation'. A grade analysis reflecting increasing numbers of data scientists, digital experts, analysts and economists would suggest we are experiencing changes broadly in line with the ambitions set in our business plan and target operating model at Annex C. We are, however, behind the projected position in terms of reducing more junior grades. We expect this position to accelerate as we make progress transforming business processes. To mitigate the risk of needing to reduce the size of the workforce quickly as we progress through the change curve, wherever possible, new recruits are appointed on affixed term basis (See Annex A, question 12).
26. As our staff profile changes we will see increases in senior grades (grade 6/7) but project a relatively static Senior Civil Service (SCS) cadre from 2016/17 levels. We currently have 51 SCS in the Authority, 1.28 per cent of the workforce. We do not formally benchmark this level against other government departments but ONS Civil Service Statistics for 2016 show the overall level of SCS as 1.2 per cent of the Civil Service workforce. (See Annex A, question 13).
27. **Annex E** includes information about the characteristics of our workforce and the length of service (See Annex A, questions 14 and 15).
28. We are managing the workforce reduction largely through natural attrition. However, the nature of the change will mean we will need to run voluntary severance schemes during the SR15 period. Our first scheme in July 2016 was aligned to the transformation of our digital and technology services and saw 143 people leave the organisation. During 2017 we plan to continue to support the transformation of the workforce through targeted voluntary exit schemes to ensure we avoid discouraging those who may leave anyway under normal departure processes. A severance scheme is currently underway within DTM (up to 15) to complete the first phase of the transformation process. We will likely see exits from this group by June 2017. We anticipate further exercises within National Accounts and Data Collection as transformational plans develop further traction towards the later part of this year. (See Annex A, question 17).

#### Performance and Development

29. Following guidance received from central Civil Service on a new framework for performance management, ONS is currently developing a new model. We have recognised the limitations of the current performance management approach and are designing a new approach that focuses upon more regular contact between all parties, improved objective setting and measurement and 'in-year' (real time) performance recognition/reward. We are currently working with other government departments to gather best practice and industry experts to pioneer a new approach. The new approach will be rolled out sequentially from the start of the next financial year. (See Annex A, question 8).
30. Design principles for the new approach to performance have been agreed by the members of the National Statistics Executive Group who are keen to improve the quality of the coaching/ performance dialogue between managers and their supporting staff. Extensive work has been carried out through the Learning Academy to drive this ambition.
31. We are not currently able to provide a clear picture of whether we retain more high performers or low performers (See Annex A, question 16). However we would hope to be

able to reconcile these data sources and provide a picture once the next phase of the fusion programme has been introduced.

32. We fundamentally believe the development of skills is fundamental to the transformation of ONS. The Learning Academy was established in early 2016 as the learning and development service committed to raising the professional capability of the wider GSS workforce, including ONS, in areas such as:
- i. leadership and management;
  - ii. data science and analytical;
  - iii. digital and technology;
  - iv. project management, commercial and other professions; and
  - v. equality, inclusion and well-being.
33. One of the key priorities in 2016 was to increase the range and number of learning events on offer and aligned to strategic priorities. Following its launch in April by end 2016 the Academy had reached 7,200 course attendees, increasing course attendance on average by 700 a month. **Annex F** provides specific information on the number of events which have been run since January 2016, together with the number of people who attended those events.
34. The Learning Academy Directory for 2017/18 is currently in development, and will be available mid-March. This Directory is based on a learning needs analysis conducted using 'strengths finder' information and the ONS Directorate Medium Term Business Plans currently in development. We anticipate this will provide an extensive but focused learning offer to member of the staff within the organisation and across the wider Government Statistical Service. (See Annex A, question 19).

#### Apprentices

35. We currently have twenty six registered apprentices, with another fourteen awaiting enrolment between now and the end of March. The apprenticeships include:
- i. Data Analytics (these apprentices are currently based in the Data Campus);
  - ii. Cyber security;
  - iii. Operational Delivery;
  - iv. Business Administration;
  - v. Commercial;
  - vi. Human Resources; and
  - vii. Learning and Development
36. For Wales / Newport, we have a recruitment campaign for Data Analytics apprentices currently live. We are recruiting for Welsh Government, as well as for ONS and the Data Campus. For Titchfield, we will launch a recruitment campaign for Data Analytics in April, for a September start.
37. We continue to press for degree level Data Analytics apprenticeships in England and Wales. In England, we will shortly submit an expression of interest to develop the standards for the Data Scientist Level 6 apprenticeship. The trailblazer group will be led by ONS, with representatives from Bank of England, MoD, Microsoft, Barclays Bank, BCS Learning and Development. In Wales, we attended a meeting with the Welsh Government Skills Higher Education Policy and Apprenticeship leads, Cardiff University and University of South Wales on 10 February, to discuss degree level apprenticeships for Wales. The next steps will include workshops to scope out requirements, demand, and funding.

38. Work is currently progressing on development of an Operational Delivery Analytic career pathway. The first draft will be completed by 24 February.

### **Conclusion**

39. The changes currently taking place within the organisation are considerable in size and complexity. They are a healthy combination of structural, cultural, technical and systemic factors often blended together to create an adaptive challenge of unprecedented proportions. The cultural genome within the organisation is heavily influenced by its approach to statistical production. This often manifests as a desire to work in the detail of an issue, to secure the maximum amount of evidence before deciding to act and gold plating where it may sometimes not be necessary. Coupled with this approach to change, custom and practice built up over many decades, has created a 'fidelity' to the past that occasionally obstructs the flow and pace of progress. Tackling these issues in a sensitive but positive way is fundamentally linked to developing the workforce as a solution and partner in the change process. It is driven by the acquisition of new skills helping to move the organisation to the cutting edge of its competence, but is equally reliant upon affecting changes to attitude and behaviour to support a more fundamental change at a deeper level of consciousness (See Annex A, question 9). Transforming the workforce to underwrite and where possible drive these changes by addressing both will remain an enduring priority for the foreseeable future.

**Jackie Noorden (People and Capability) and Ben Whitestone (Integrated Planning)**  
**21 February 2017**

### **List of Annexes**

**Annex A** Questions presented by Authority Board  
**Annex B** 'Boost your lifestyle stats with a career at ONS'  
**Annex C** Workforce metrics, February 2017  
**Annex D** Workforce change infographic  
**Annex E** Staff Characteristics  
**Annex F** Learning Metrics

## **Annex A Questions presented by Authority Board**

Answers to these questions are provided within the main paper. Paragraph references are provided below.

- Q1. What is the nature of the current recruitment challenges? Where are the gaps? Where we have been unable to find suitable recruits and what impact is this having? (see paragraph 9)
- Q2. What is the caliber of our new recruits? How good are they compared with the best recruits to HM Treasury and the Bank? How many are outstanding? (see paragraph 15)
- Q3. Is it easier to recruit outstanding staff in Newport, Titchfield or London? (see paragraph 13)
- Q4. Why did people who've recently joined us choose to work for us? Qualitative information from new recruits would be helpful. (see paragraph 18)
- Q5. Where do we advertise jobs? (see paragraph 14)
- Q6. How well does our HR function support managers to recruit effectively? (see paragraph 12)
- Q7. What is the caliber of the people we promote? (see paragraph 15)
- Q8. What contractual terms are we using? (see paragraph 14)
- Q9. Are the main issues structural, cultural or about skills? (see paragraph 39)
- Q10. How constrained are we by civil service employment rules and pay-scales? (see paragraph 22)
- Q11. What is the changing shape of the workforce over time? (see paragraph 23)
- Q12. How does our staff profile and our plan fit with our target operating model? (see paragraph 25)
- Q13. We have increased our senior cadre but how does this compare now with other similar organisations? (see paragraph 26)
- Q14. What is our age/gender/ethnicity profile or distribution? (see paragraph 27)
- Q15. How long do people stay? Do they stay because they can't go anywhere else, or because they are critical and have institutional knowledge? (see paragraph 27)
- Q16. Are those that stay our high performers, or low performers? (see paragraph 31)
- Q17. Is there another voluntary severance scheme planned? Please give details. (see paragraph 28)
- Q18. What is our plan for performance management? (see paragraph 29)
- Q19. What is our learning offer? How does this link to our workforce challenges? (see paragraph 34)

Annex B

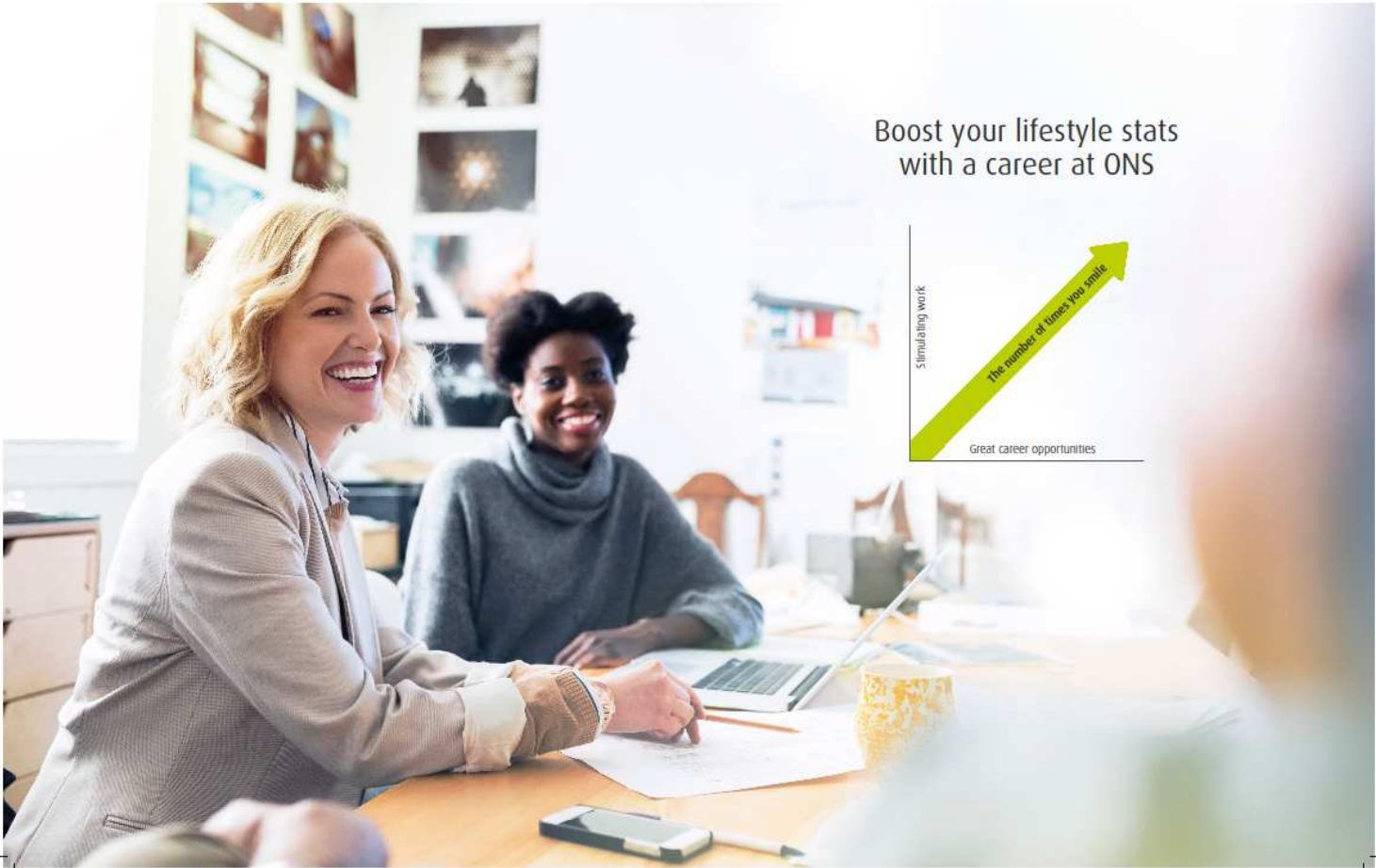


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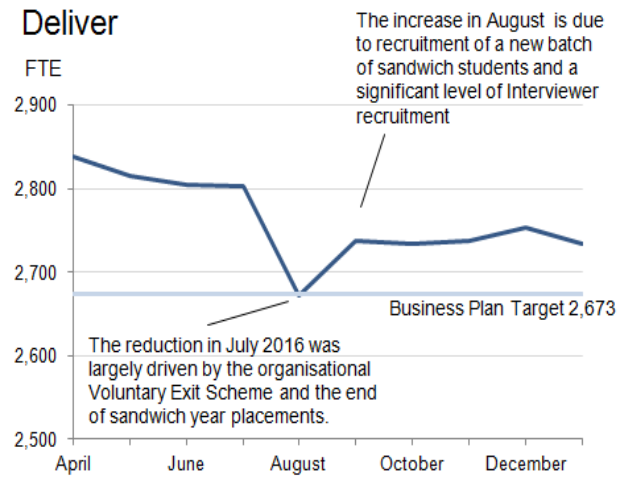
Office for  
National Statistics



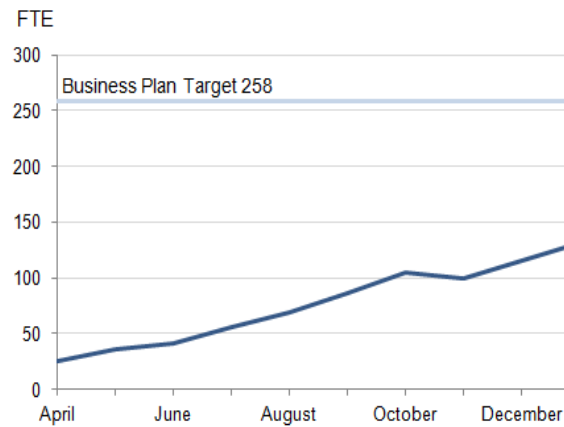
## Annex C Workforce metrics, February 2017

FTE numbers split by domain over time, from April 2016 to January 2017

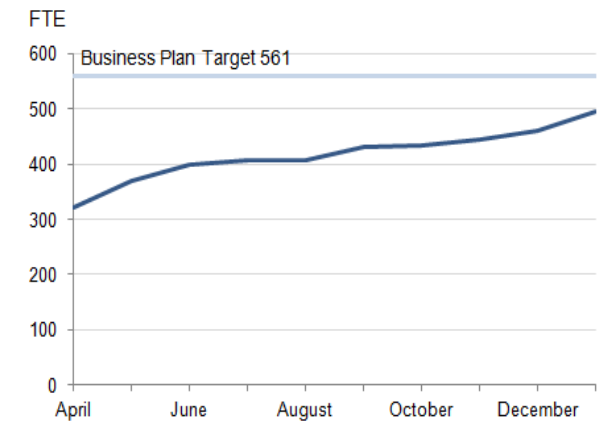
### Deliver



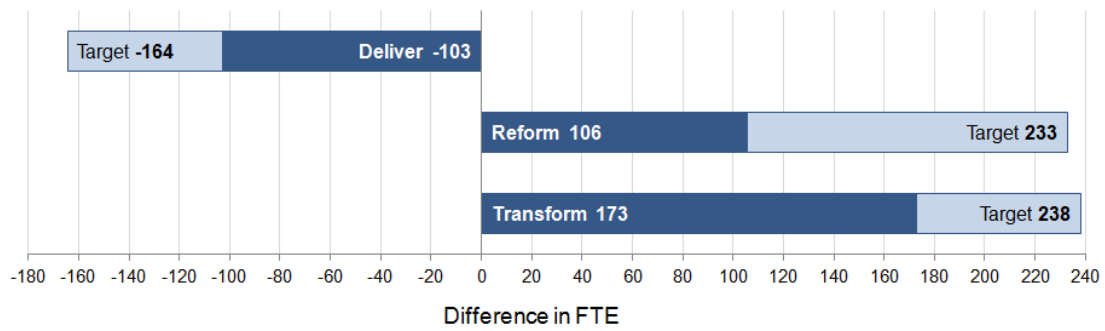
### Reform



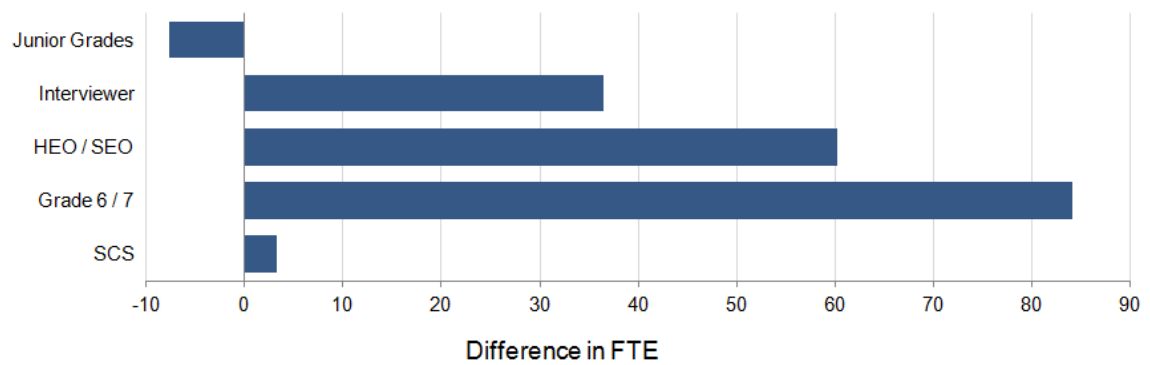
### Transform



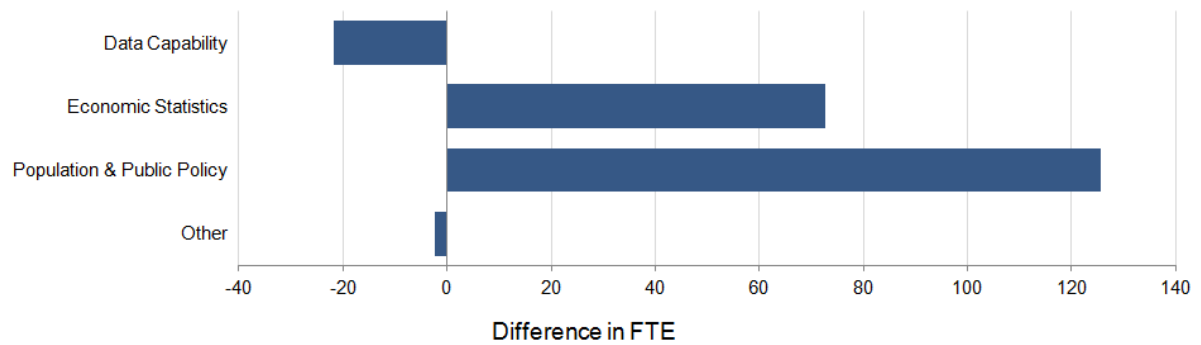
### Change in FTE Numbers from April 2016 to January 2017, split by domain



### Change in FTE by Grade

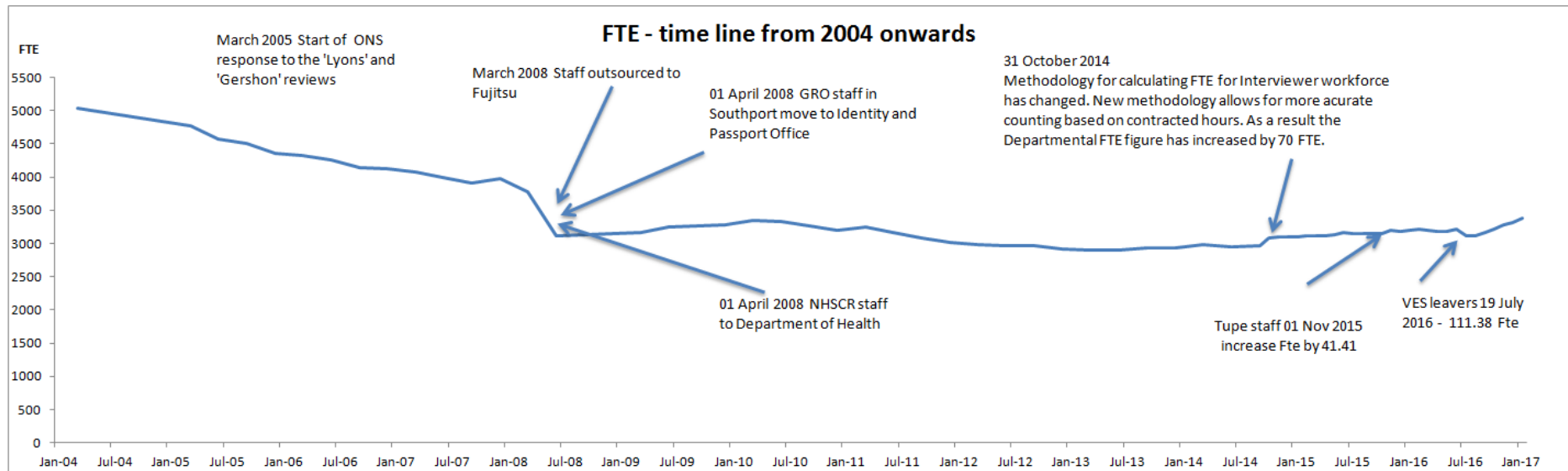


### Change in FTE by DG Area

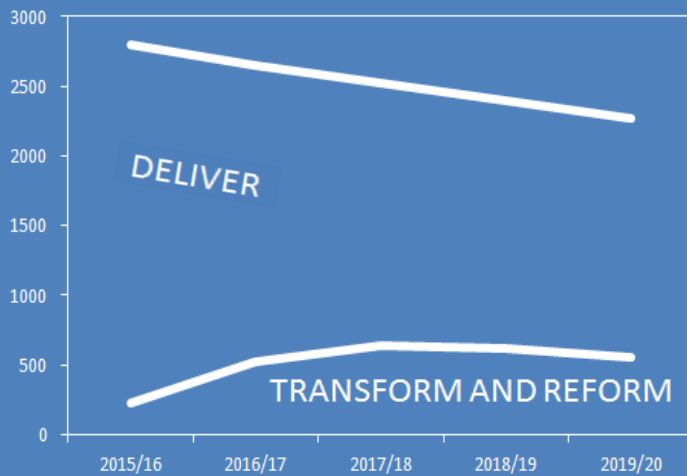




## FTE - time line from 2004 onwards

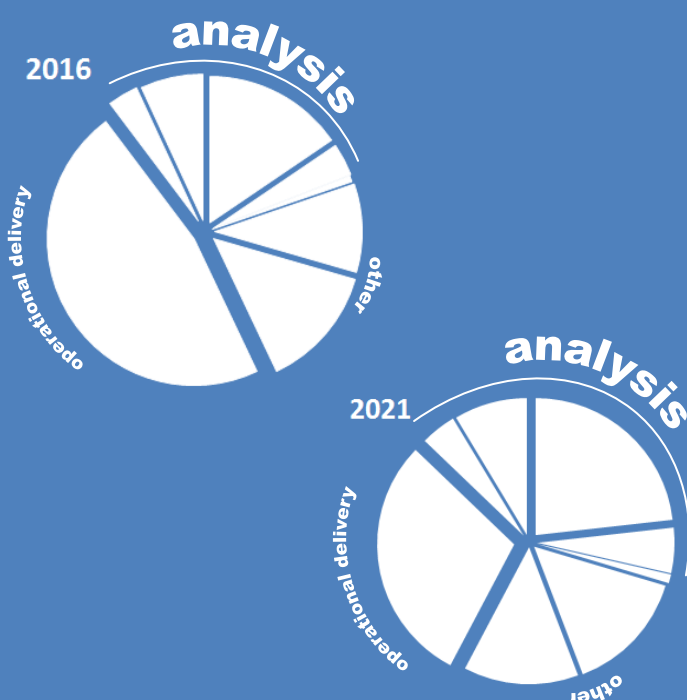
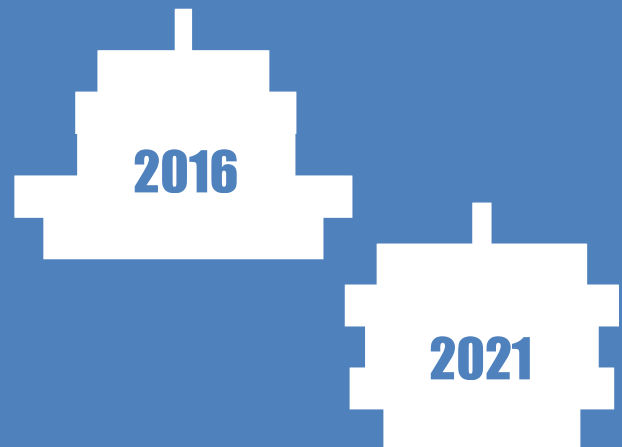


# ONS WORKFORCE TRANSFORMATION



**SIZE:** Our workforce engaged with existing work (deliver) will reduce in those areas where we make efficiencies in our existing processes. This will lead to a minimum net reduction of 500 posts. We will see short term increases to deliver transformation and reform activities.

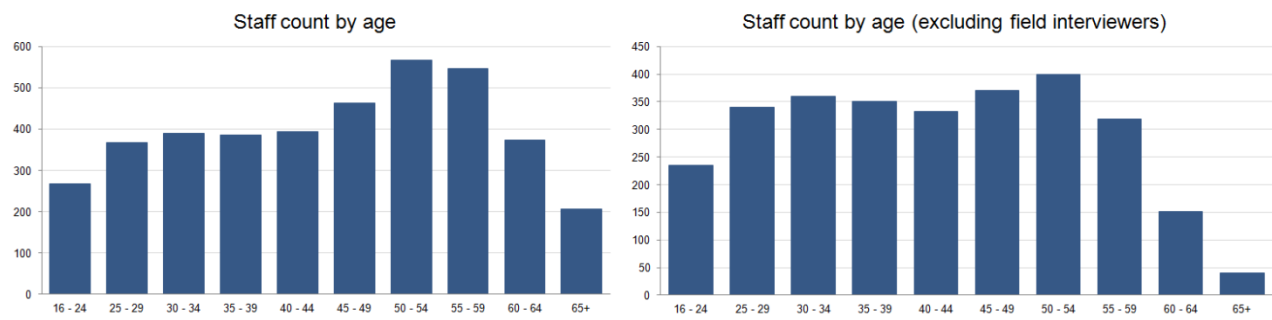
**SHAPE:** Our digital and technology transformation will drive a reduction in administrative roles. We will also see an expansion of specialist roles as we up-skill the workforce to allow us to make an increasing impact on UK decision making.



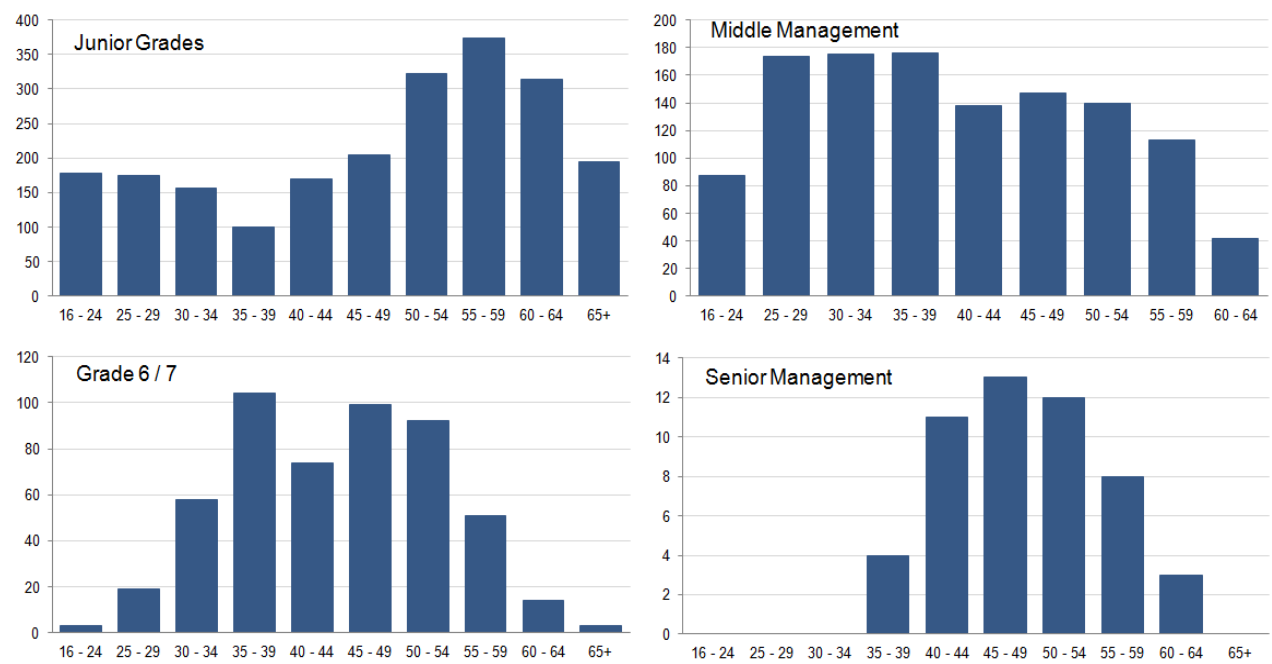
**SKILLS:** The proportion of the workforce within the four Government analytical professions (Statistics, Economics, Operational Research and Social Research) will double. There will be reductions in the Operational Delivery work although this profession will remain an important part of the workforce

# Annex E – Staff Characteristics

## Staff Count By Age



## Staff Grade by Age Group (Counts)<sup>1</sup>



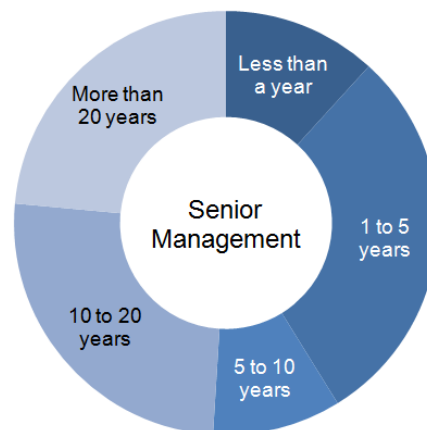
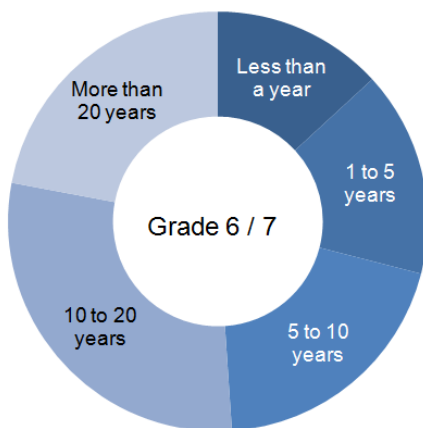
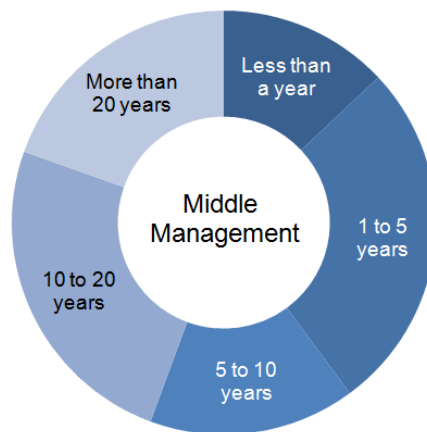
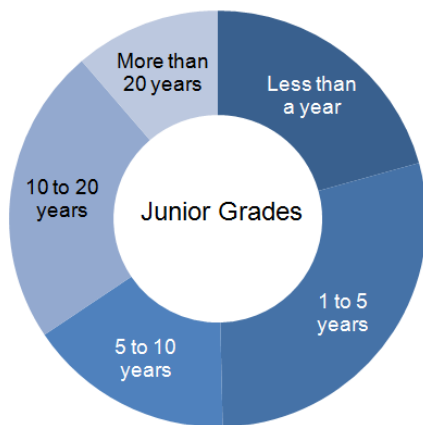
## Staff Grade by Length of Service<sup>2</sup>

<sup>1</sup> Junior Grade = Interviewers / AA / AO / EO

Middle Management HEO / HEO Specialist / Fast Stream / SEO / SEO Specialist

Grade 6/7

Senior Management = SCS 1 / 2 / 3 / NS




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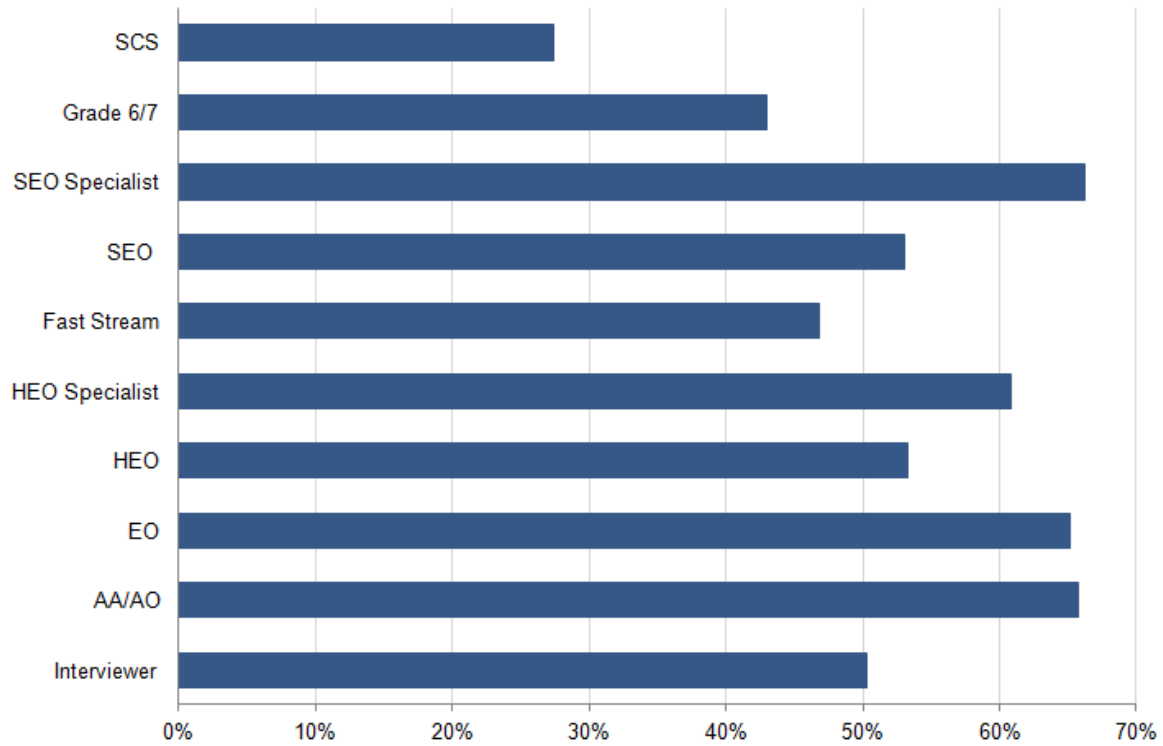
<sup>2</sup> Junior Grade = Interviewers / AA / AO / EO

Middle Management HEO / HEO Specialist / Fast Stream / SEO / SEO Specialist

Grade 6/7

Senior Management = SCS 1 / 2 /3 /NS

Percentage of Females by Grade



## Staff ethnicity and declaration rates

### UKSA/ONS BAME (Black and Minority Ethnic) Diversity

#### Data

14 February 2017

UKSA/ONS Ethnicity Incl. Field Percentages		
Office	BAME	White
Newport	4	96
London	9	91
Titchfield	4	96
Field	7	93
<b>Total</b>	<b>5</b>	<b>95</b>

Data from UKSA/ONS Fusion System 31/12/2016

Data from UKSA/ONS employees who have made a declaration (62%)

Annual Population Survey Percentages (aged 16-64)		
Region	BAME	White
Wales	4.7	95.3
London	39.6	60.3
South East	9.4	90.5
TTWA	BAME	White
Newport	6.1	93.8
London	36.6	63.2
Southampton	7.1	92.9
Portsmouth	5.5	94.3
Local Authority	BAME	White
Newport	9.6	90.1
Westminster	40.7	59.3
Fareham	!	99.2

! Estimate and confidence interval not available since the group sample size is zero or disclosive (0-2).

20/07/2016 Data has been reweighted in line with the latest ONS estimates.

95% confidence interval of percent figure (+/-)

Data = Oct 2015-Sep 2016

## Annex F Learning Metrics – Learning Academy

Strand	Number of People trained Jan - Dec 2016	Number of People trained Jan 2017	Number of events Jan - Dec 2016	Number of events Jan 2017
Leadership and Management <sup>1</sup>	-	48	5	11
Data Science and Analytical <sup>2</sup>	1476	232	165	24
Digital & Technology	3043	225	139	11
Equality Inclusion & Well being	538	409	83	69
Project Delivery and Commercial	71	7	9	1
Working Essentials	4499	161	366	22
<b>Total<sup>3,4</sup></b>	8782	857	762	127

### Footnotes

1. New category created January 2017, previous information included within Working Essentials
2. Analytical training includes statistical training available from the Learning Academy
3. Learning Academy events only, not including learning events from across the organisation
4. These totals contain duplicates - some people have attended multiple courses

*Inflation: A Lot Changes in five Years*

**Purpose**

1. This paper looks back five years to how we measure consumer price inflation, the current position and the issues we will need to face in the coming five years.

**Discussion**

March 2012 to March 2017

2. In March 2012, there were two main measures of inflation:
  - i. CPI (the Consumer Price Index) had been the Bank of England's inflation target since 2004. CPI was comparable across the EU, but did not measure owner-occupied housing costs.
  - ii. RPI (the Retail Price Index) was a long-standing and well-respected measure of inflation. There were, however, clouds on the horizon: changes to the way clothing prices were collected in 2009 had led to an unanticipated rise in RPI inflation.
3. The large and unexpected changes in RPI led to a growing call for a more fundamental review of RPI: was it fit for purpose? And if not, what should be done?
4. At the time, Chris Giles from the Financial Times was pushing for a change to RPI...

Britain must fix its broken method  
of measuring inflation

“Chris Giles

5. In October 2012, the Statistics Authority launched a consultation on the future of RPI. This considered a number of options for the future, including fundamental reform of RPI to tackle the weaknesses.
6. Some were even predicting the demise of RPI...

**RIP RPI?**

7. In January 2013, the then National Statistician, Dame Jil Matheson, announced the outcome of that consultation:

Inflation index to stay as ONS decides  
against radical change to RPI

8. Rather than scrap RPI or fundamentally reform, the approach was a more nuanced: developing an alternative measure.



9. Later in 2013, Paul Johnson, Director of the IFS, was asked to undertake a more fundamental review of the needs for measures of consumer price inflation. This review informed a 2015 consultation that has led to the current, emerging landscape of inflation measures.
10. The road from 2012 to 2017 has been long and twisting. At times it has been difficult: measuring inflation remains controversial and challenging in concept and implementation. Nonetheless, we have found ways of articulating our case and engaging with a wide range of people on this important issue.
11. We now have a direction of travel for inflation, with an emerging landscape:
  - i. CPIH and CPI measures of inflation based on economic principles. CPIH is our most comprehensive measure covering all housing costs, while CPI does not include home-owners costs;
  - ii. A new set of Household Cost Indices that captures people's experiences of changing costs they face. This is still in development and its future use will depend on its final design and properties of the index; and
  - iii. RPI, which is a legacy measure whose use we positively discourage.
12. We will discuss options around the presentation of consumer price inflation in March 2017 at the Board meeting.

#### March 2017 to March 2022

13. Over the coming few years there are three areas that will be a priority.
14. Firstly, we need to ensure that we continue to develop our different measures. In particular, there is a lot to be done to develop the Household Cost Indices. We aim to have prototypes of the new indices by the end of 2017, but there are a number of important decisions to be made about scope of the indices and the perennial challenge of housing. More generally, we need to constantly monitor and develop all our indices to ensure they remain relevant and accurate.
15. Secondly, we need to embrace new data sources. We currently rely on direct collection of prices – either visiting shops directly or centrally collecting prices from our Newport office. But there are a number of alternatives available.
  - i. Web-scraping prices from the internet. We have been running a pilot on supermarket prices, but there is a question about whether this is something we wish to use in regular production. Fundamentally is web-scraping something we want to do or a service we should buy in?
  - ii. Scanner data from supermarkets or other shops. A number of other statistical institutes use this approach, and the Digital Economy Bill would facilitate access to the data.
  - iii. Internet transaction prices e.g. data on prices and quantities from internet retailers. We are planning to work with Adobe to explore this issue, but data confidentiality and access issues are likely to be a problem here.
  - iv. Other 'big data' price collections, such as the 'billion prices projects' where others have done the web-scraping for us.
16. In reality, it is likely we will need a mix of these data sources, but there is a lot of work needed to understand the right blend of data.
17. Thirdly, there is the issue of the future of RPI. Some users, such as the utilities companies, are actively considering moving away from RPI. But in other cases, the RPI remains entrenched e.g. in gilts. A prerequisite for people to move away from RPI is having a good alternative, which is where CPIH will be important. But actively moving away from RPI it will require a coordinated effort by a number of organisations.

18. A related issue with RPI is how we maintain it over the coming years. Our position is broadly that we will make routine improvements (e.g. changes to the basket of items) but not significant developments to the methodology. In practice, we do know what this means for RPI and the 'wedge' between RPI and CPI/CPIH. New data sources could affect this wedge – just as a change in clothing price collection affected it in 2010. We will need to be alive to these issues and consider each on a case by case basis.

**Jonathan Athow, Deputy National Statistician for Economic Statistics,  
23 February 2017**