

Report of a breach of the Code of Practice for Statistics

Core Information

Information needed	Response
Title and link to statistical output	HMRC tax receipts and National Insurance contributions for the UK https://www.gov.uk/government/statistics/hmrc-tax-and-nics-receipts-for-the-uk
Name of producer organisation	Her Majesty's Revenue and Customs (HMRC) Knowledge Analysis & Intelligence Data Quality, Assurance and Technology
Name and contact details of person dealing with report	Luke Suckling Luke.suckling@hmrc.gov.uk 03000 567560
Name and contact details of Head of Profession for Statistics or Lead Official	Sean Whellams sean.whellams@hmrc.gov.uk
Link to published statement about the breach (if relevant)	HMRC published an announcement about the issue here: https://www.gov.uk/government/statistics/schedule-of-updates-for-hmrcs-statistics/2021-hmrc-statistics-announcements ONS also published a statement here: https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/february2021
Date of breach report	04/03/2021

Circumstances of breach

Information needed	Response
Relevant principle(s) and practice(s)	<u>Quality</u> Q1.2 – constructive relationships with data provider Q2.4 – relevant limitations explained to users Q3.1 – quality that meets user need Q3.2 – quality assurance proportionate
Date of occurrence of breach	21/02/2021 (existence of an error confirmed, still under investigation as per date of breach report)

Please give an account of what happened including roles of persons involved, dates and times:

HMRC tax receipts and National Insurance contributions for the UK is a monthly National Statistics Publication.

In response to the Corporation Tax receipts error that occurred in September 2019, and the recommendations from the subsequent Office for Statistics Regulation review '[Strengthening the quality of HMRC's official statistics](#)', Corporate Finance and Knowledge Analysis & Intelligence (KAI) embarked on a detailed data mapping exercise to document and assure the data and calculations underpinning all heads of duty covered in HMRC's tax receipts statistics. Given the scope and complexity of the data flows, this has been a time-consuming exercise, and it is still underway. The work completed so far suggests that the data and calculations are largely sound. However, we have identified some errors in the admin data for 2018/19, which relates to the treatment of a small number of individual payments and repayments.

This has been identified as a result of the work we are undertaking to improve the quality of our statistics and reflects the importance and seriousness with which we are implementing recommendations which we hope will improve the data supply we provide to the ONS/HM Treasury for publication in the Public Sector Finance (PSF) release.

The root cause of the issue is still being investigated but is currently thought to be caused by data processing errors. We are currently performing assurance of the proposed revisions and the final impact on the published statistics will be known in due course.

Impact of the breach

Provide details of the impact of the breach both inside the producer body and externally:

Revisions are expected to KAI's monthly receipts publication and this may have knock on effects on associated KAI publications which also report receipts outturn.

KAI's monthly receipts publication outturn is also used to inform the Public Sector Finances Release (PSF). The PSF reports on receipts and expenditure on an accrued basis to estimate Government borrowing and Public Sector debt. Revisions to HMRC reported cash position will impact on Public Sector Finances and reported Government borrowing (PSF published jointly by HM Treasury and the Office for National Statistics). Both HMRC and ONS have published statements informing users of the issue (links to the statements can be found in section 1).

We are currently exploring further with Corporate Finance to understand any potential implications for historic years beyond 2018/19.

While investigations are still ongoing, we expect the overall scale of the revisions to reflect a small proportional amount of annual receipts reported. The impact is estimated to be around 0.1% of total receipts in the tax year 2018 to 2019.

Corrective actions (taken or planned) to prevent re-occurrence

Describe the short-term actions made to redress the situation and the longer-term changes to procedures:

In terms of short-term action, we are currently working closely with Corporate Finance to understand:

- The root cause of these errors.
- The impact of these potential changes on historic years' net cash receipts.

The need for the revision has been identified as a result of the work HMRC is undertaking to implement the recommendations of the OSR review, so, in the longer-term, Corporate Finance and KAI will continue the ongoing work to strengthen the receipts process and address the actions identified in the OSR review. This includes, End-to-End process mapping between Corporate Finance and KAI to better understand data sources and the flow of data across the department to inform published receipts. Further discussions between Corporate Finance and KAI will also consider current quality assurance checks, additional controls and sign-off of data shared between these directorates to reduce the risk of historic year revisions moving forwards.