

UK STATISTICS AUTHORITY

Minutes

**Tuesday 29 September 2015
Boardroom, London**

Present

UK Statistics Authority

Sir Andrew Dilnot (Chair)
Professor Sir Adrian Smith
Ms Carolyn Fairbairn (from item 1 until item 11)
Dame Moira Gibb
Professor David Hand
Mr Ed Humpherson
Dr David Levy
Mr John Pullinger (from item 8)
Mr Glen Watson

Also in attendance

Mr Robert Bumpstead
Mr Joe Cuddeford
Ms Heather Savory
Mr Ben Whitestone (for item 7)
Dr Neil Wooding (for items 9 and 10)
Mr Ross Young (for item 11)

Apologies

Mr Jonathan Athow
Dame Colette Bowe

1. Apologies

Apologies were received from Dame Colette and Mr Athow.

2. Declarations of Interest

There were no new declarations of interest.

3. Minutes and matters arising from previous meetings

3.1 The minutes of the previous meeting held on 28 July 2015 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 pay, workforce transformation and the appointment of non-executive directors to the Board.

3.3 The Chair noted this was Ms Fairbairn's last meeting as a non-executive member of the Board. The Board marked the valuable contribution that Ms Fairbairn had made to the work of the Board and to the organisation as a whole.

4. Report from the Authority Chair

The Chair reported on his recent activities, which included addressing the Government Statistical Service (GSS) Conference on 18 September. It was noted that the mood of the conference was upbeat and optimistic, and that there was a sense of the Authority, Office for National Statistics (ONS) and GSS being more joined up than in previous years.

5. Reports from Committee Chairs

Audit and Risk Assurance Committee

5.1 Dame Moira reported on the meeting of the Audit and Risk Assurance Committee held on 17 September. The meeting had considered:

- i. an update on the audit of the Authority's 2014/15 accounts;
- ii. a presentation on the 'helpful' strategic risk, how this was being managed and the mitigations in place;
- iii. an external quality assessment from the Chartered Institute of Internal Auditors (CIIA) on the Authority's internal audit service, which concluded that the function was performing well; and
- iv. a follow up of the implementation of recommendations from a previous internal audit of spreadsheet controls used in the production of statistical outputs.

Regulation Committee

5.2 Professor Sir Adrian reported on the meeting of the Regulation Committee held on 17 September. The meeting had considered the following.

- i. A number of organisations that were not producers of official statistics had recently stated that they intend to voluntarily comply with the Code of Practice for Official Statistics.
- ii. Progress in enhancing the value of official statistics on income and earnings which Mr Humpherson was discussing with Mr Athow.
- iii. Evidence of issues with a range of health statistics and how best to tackle these.
- iv. A draft Assessment Report covering Public Sector Finance statistics and the unusual production arrangement whereby the statistical release was produced jointly by ONS and HM Treasury.

6. Report from the Director General for Regulation [SA(15)27]

- 6.1 Mr Humpherson provided an update on regulation activity since the last meeting. Mr Humpherson had met with Professor Sir Charles Bean to describe the work that the Authority's regulatory function had undertaken into economic statistics.
- 6.2 The meeting considered the allocation of resources to regulatory activity, and quality assurance work more broadly, in the context of the Spending Review. While this was proportionally a small amount of resource, effective assurance was of critical importance.

7. Risk Appetite [SA(15)28]

- 7.1 Mr Whitestone introduced a paper which provided the results of the Authority risk appetite exercise undertaken in July and August 2015. The exercise had revealed that there was alignment between the risk appetite of the Board and that of managers.
- 7.2 It was noted that there were some areas, such as data security and financial probity where a cautious attitude to risk should be adopted. Elsewhere the Authority's appetite for risk was more open, such as in the field of innovation. Being innovative meant being content with a degree of risk, but it was possible take controlled risks. The degree of acceptable risk also depended on the activity and the importance of the output.
- 7.3 The new statements of risk appetite would be communicated throughout the organisation and used to support decisions on risk. The Board agreed that controlled risk taking was to be encouraged in some areas, but staff should be upfront about risks and open about problems when projects were in difficulty.

8. Report from the Chief Executive [SA(15)26]

- 8.1 Mr Pullinger provided an overview of activity and issues for August and September. Mr Pullinger had addressed the GSS conference on 17 September and had noted a high level of vibrancy and optimism from delegates who were enthused about getting involved in statistics and making an impact.
- 8.2 Mr Pullinger provided a summary of recent international meetings he had attended. In Lisbon, he had attended the 101st Conference of the Directors General of the National Statistical Institutes (DGINS) and the 26th Meeting of the European Statistical System Committee (ESSC). In New York, following the adoption by the UN General Assembly of the Sustainable Development Goals 2015 – 2030, Mr Pullinger had addressed a PARIS21 meeting on development data and statistics, and the launch of the Global Partnership on Sustainable Development Data.
- 8.3 The Board heard that the Spending Review process was ongoing, following the submission by the Authority of its spending proposals.
- 8.4 The Board considered performance indicators for the organisation. Concern was expressed about decline in response rates to the Labour Force Survey. Possible causes and responses to this were discussed.

9. Pay

Dr Wooding provided an update on developments with pay since April 2015. Approval was being sought from HM Treasury for a new pay offer to cover 2013/14 and 2014/15. The Board offered its support and asked to be kept informed of developments.

10. Workforce Transformation

- 10.1 Dr Wooding provided an overview of emerging plans for transforming the workforce over the next five years.

10.2 It was noted that changing the workforce was dependent on successful delivery of technological change. The final plan would be dependent on the Authority's Spending Review settlement.

11. Update on data access policy

Mr Young provided an update on the development of legislation to provide the Authority with access to data for the purposes of producing official statistics and related statistical analysis. Between March 2014 and March 2015, the Cabinet Office had run an open policy-making process to discuss how government could be made more efficient and effective through its use of data, including by enhancing the availability of high quality research and statistics from administrative data. Discussions were ongoing to develop a possible legislative solution to bring UK statistics on to an even footing with international counterparts in this area.

12. Any other business

There was no other business. The Authority Board would meet next on Thursday 29 October 2015 at 10:30 in Newport.

UK STATISTICS AUTHORITY

Agenda

**Tuesday 29 September 2015
Boardroom, Drummond Gate, 10:30 – 16:00**

**Chair: Sir Andrew Dilnot
Apologies: Dame Colette Bowe, Ms Carolyn Fairbairn (part), Mr Jonathan Athow**

10:30 to 10:45 – Non-executive session

1	Minutes and matters arising from previous meetings • Declarations of interest	Meeting of 28-07-15
2	Report from the Authority Chair	Sir Andrew Dilnot
3	Reports from Committee Chairs i. Audit and Risk Assurance Committee ii. Regulation Committee	Dame Moira Gibb Professor Sir Adrian Smith
4	Report from the Chief Executive	SA(15)26 Mr John Pullinger
5	Report from the Director General for Regulation	SA(15)27 Mr Ed Humpherson
6	Risk appetite	SA(15)28 Mr Ben Whitestone
7	Pay	Discussion Dr Neil Wooding
8	Workforce transformation	Discussion Dr Neil Wooding
9	Update on data access policy	Discussion Mr Ross Young
10	Any other business	

Next meeting: Tuesday 29 October 2015, 10:30 to 16:00, Newport

UK STATISTICS AUTHORITY

SA(15)26

Chief Executive's Report, August/September 2015

Purpose

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

Summary

2. The summer period has been exceptionally busy for many people. Preparations for our submission to the Treasury for the Spending Review required a redoubling of efforts to demonstrate robust plans for efficiency and an elaborated description of our approach to making the internal changes that will deliver a radical upgrade in our external impact.

Review of recent activities

3. The Office for National Statistics (ONS) Spending Review submission was delivered to the Treasury to meet their deadline of 4 September. Since then there have been a number of meetings to help the Treasury understand our position and to explore alternative options that change the phasing or total cost of the proposals. Heads of Profession are on alert to identify proposals within their departments that could impact on the coherence of the system as a whole.
4. The Executive Team has been considering proposals for technology and workforce transformation that will provide the basis for business planning across ONS. Plans for the period to March 2020 are now being developed ready to be aligned with the outcome of the Spending Review (and the Bean Review) when known. The Government Data Science Partnership, in which the Government Statistical Service (GSS) is a key player, is gathering momentum as we seek to build cross-system capability in this critical area. We have also been working on recruitment of high flyers in statistics and on statistical competences to ensure we have the professional capabilities to thrive in the future.
5. The first meeting of the Government-wide Data Steering Group, co- chaired by the Government Chief Data Officer and me, and including Heather Savory as a member, has been held. This group will guide the way in which data can be used to improve public services, drive UK productivity and improve decision making as well as ensuring that the public have confidence in the way this is being done. This group is being supported by a Data Leaders Group, which includes Glen Watson, to ensure the full engagement of Government departments.
6. The GSS conference in Birmingham attracted 330 delegates from over 40 departments and organisations as well as speakers from a wide range of organisations (across the GSS and the wider civil service, the private sector, academia and the media) from Google to the Financial Times. The atmosphere was very positive and a large number of excellent examples of outstanding practice were shared. Contributions from my counterpart in the Netherlands, one of the Eurostat Directors, and Sir Andrew Dilnot were especially appreciated. The annual Royal Statistical Service (RSS) awards for excellence

were given at this event to the Welsh Government Index of Multiple Deprivation Team and the Department for Transport's release on Bus Statistics.

7. The week running up to the Board meeting is a heavy one for international commitments. Lisbon hosts the annual meeting of Director Generals of EU statistical offices (DGINS), the European Statistical System Committee (ESSC) and the European Statistical Forum. In addition there is a series of statistical meetings in New York associated with the Global Summit on Sustainable Development. I am involved as Chair of the United Nations Statistical Commission.
8. Other important developments in recent weeks include the following.
 - i. Considerable effort has been going into migration statistics, with joint working between analysts in ONS, Home Office, Department for Business Innovation and Skills (BIS) and others aiming to support public policy in this challenging area.
 - ii. The Census topic consultation has closed with over 1,000 responses. These are now being analysed. We have also made good progress on the Census commercial strategy in preparation for the next stage of the Business Case process.
 - iii. The CPI consultation has closed and we are reviewing the responses. The new National Statistician's Consumer Prices Statistics Stakeholder Advisory Panel is getting going with Dame Kate Barker as Chair. The Technical Panel, led by Nick Vaughan, is moving forward in parallel.
 - iv. The reconstituted National Statistician's Crime Statistics Advisory Committee is now getting going with Professor Sir Adrian Smith as Chair.
 - v. ONS was short-listed for the Diverse Company of the Year Award at the 2015 National Diversity Awards (held on 18 September 2015). Over 20,000 nominations were received by National Diversity Awards with just 10 organisations shortlisted for the Diverse Company Award – a recognition of ONS's continued focus on enhancing equality, diversity and inclusion.

Future look

9. Over the next few weeks we will be focused on building relationships both with those who use our statistics, inside and outside government, and others where we can build partnerships to assist with our mission, inside and outside the GSS, especially in the data capability area. In addition we will be developing our plans so we can hit the ground running as soon as the outcomes of the Spending Review and Bean Review are available.

John Pullinger, 22 September 2015

UK STATISTICS AUTHORITY

SA(15)27

Report from the Director General for Regulation

Purpose

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

Recommendation

2. Members of the authority board are invited to note the activities and proposed actions.

Discussion

3. This period marks the start of an important supplementary focus for the regulatory function. Since January 2014, we have focussed our attention on clarifying the significance of the National Statistics brand, and ensuring that National Statistics status is taken seriously by producers and users. While this endeavour is by no means complete, we are starting to supplement it with a greater focus on the *Code of Practice for Official Statistics* (see below, paragraph 5i). Our view is that the Code has received less attention within and outside the Government Statistical Service, and is relatively under-valued as a tool for ensuring statistics serve the public good. We aim to correct this under-appreciation, through a programme focussed on 'taking the Code out of the shadows'. We have noted at the same time that there seems to be growing interest in voluntary compliance with the Code from those outside the official statistics system.
4. The main Assessment activities since the board meeting on 28 July have been as follows:
 - i. On the **Bean Review**, I met with Charlie Bean on 1 September. I was able to describe our work on ONS economic statistics (I covered in particular the insights in our assessments of trade, CPIH and Supply Use Tables) while acknowledging that our assessments, particularly in Phase 1, could have done more to bring out systemic issues in economic statistics. He was interested in understanding the model of regulation - how we work; how we initiate assessments; how the Requirements phase worked and how the Regulation Committee worked.
 - ii. We will publish three assessment reports next week, covering three salient areas of public interest: the Public Sector Finance bulletin, Department for International Development (DfID) overseas aid statistics, and the NHS England Patient Outcomes framework. All three assessments propose conferring (or confirming) National Statistics status subject to meeting Requirements.
5. The main Monitoring activities include:
 - i. We have embarked on our **stock-take of the Code of Practice**, in line with our ambition to take the Code out of the shadows. One emerging theme from this work is growing interest in voluntary adoption of the Code by organisations who do not produce official statistics, including the Charity Commission, the Joseph Rowntree Foundation, a private motoring organisation, and a skills body in the health sector. This is potentially very promising and I will keep the Board updated.
 - ii. On our work on the **coherence of health statistics in England**, we have completed the desk-based review. This points to concerns about English health statistics, and opportunities for improvement. Following the Regulation Committee we are now embarking on a second phase, contacting key decision makers and users (e.g. non-government entities like Kings Fund as well as official bodies like NHS England and

- HSCIC). This phase will test the consensus on the need for improvement, and may lead to a senior seminar towards the end of this year and a potential Better Statistics, Better Decisions event in Q1 2016.
- iii. On **crime**, we have brought all our work together under a single strategy focussed on the value of crime statistics to decision-makers (as opposed to simply a series of disconnected discussions about quality aspects of police recorded crime and survey statistics).
 - iv. On **income and earnings**, we have seen some activity within different teams in ONS, but are concerned that the progress towards bringing income and earnings statistics together has been unduly slow. We will be reporting on progress publicly towards the end of 2015.
6. The most important new public cases involve the release of statistics on the **mortality rates in benefit claimants** by Department for Work and Pensions (DWP). This release was highly controversial and has generated some correspondence for the Authority, including from Frank Field MP, chair of the Work and Pensions Select Committee.
7. The main challenges include:
- i. **Spending Review**: thank you for all the Board member comments on the proposals for regulation. Both options proposed require a significant increase in productivity, in the form of making Assessment leaner; and through developing a programme of quicker, triage-style Compliance Checks to increase our coverage of the statistical system. These changes represent a significant shift in the operating model for regulation and will require careful handling.
 - ii. **Casework**: There seems to have been a slight increase in casework since the end of the summer, with DWP casework being prominent. We will need to consider carefully how to manage the impact of this casework – so that our core message about the importance of orderly release of statistics is communicated clearly.

Ed Humpherson, 22 September 2015

List of Annexes

Annex A Monitoring and Assessment activity since the last meeting

Annex A Monitoring and Assessment activity since the last meeting

Assessment

Since the last Board meeting we published seven assessment reports on 30 July:

- AR307 - Patient Outcomes Statistics: Patient Reported Outcome Measures (PROMs) for England (produced by the Health and Social Care Information Centre)
- AR308 - Patient Outcomes Statistics: Summary Hospital-level Mortality Indicator – Deaths associated with hospitalisation, England (produced by the Health and Social Care Information Centre)
- AR309 - Special assessment of a new UK House Price Index: Phase 1 (produced by the Office for National Statistics, Land Registry, Registers of Scotland and Land & Property Services Northern Ireland)
- AR310 Population Estimates and Projections, produced by the Office for National Statistics
- AR311 Population Estimates and Projections for Wales, produced by the Welsh Government
- AR312 Population Estimates and Projections for Scotland, produced by the National Records of Scotland
- AR313 Population Estimates and Projections for Northern Ireland, produced by the Northern Ireland Statistics and Research Agency

We expect to publish three assessment reports on 1 October:

- AR314 - Statistics on Public Sector Finances (produced by the Office for National Statistics and HM Treasury)
- AR315 - Statistics on International Development Assistance (produced by the Department for International Development)
- AR316 - Patient Outcomes Statistics: NHS Outcomes Framework Indicators for England (produced by the Health and Social Care Information Centre)

Monitoring

- *Code of Practice*

Aim: to take stock of the current Code in the autumn

Summary of progress: now started on this. Increase in interest in voluntary use of Code.

- *Quality Assurance of Administrative Data (QAAD)*

Aim: to embed the QAAD approach across the UK

Summary of progress: continued progress in embedding QAAD through assessment, and through public speaking events.

- *Income and earnings*

Aim: to support significant enhancements in the value of official statistics on income and earnings

Summary of progress: some progress, but concern over focus on coherence.

- *Health*

Aim: to address the incoherence and inaccessibility of health statistics, especially in England

Summary of progress: completed strategic analysis. Next phase: semi-public, speaking to key decision makers.

- *Crime*

Aim: to widen our focus from the quality of the statistics to consider their value.

Summary of progress: Authority positioned as a thought leader. We are now considering the HMIC proposal for a rolling programme of crime audits.

Casework

- Cabinet Office statistics on government expenditure with small firms - a complaint about the inappropriateness of combining direct and indirect spending, in the Cabinet Office's presentation of information to support the claim that government had met its target that 25% of government procurement spending should be with SMEs.
- An MP's tweet incorrectly mixing ONS' claimant count and economic activity statistics.
- DWP mortality statistics in respect of out-of-work benefit claimants - three pieces of correspondence, about (i) the extent to which the Authority was involved in DWP's release of these statistics; (ii) whether the statistical release is compliant with the Code; and (iii) the quality of reporting of the main messages in the statistics by DWP, in the context of contradictory media reporting.
- DWP benefit sanctions data for claimants with repeat sanctions - an inquiry about the availability of these and related data.
- DfE press release on young people staying with their foster families - a query about statistics presented in a press release (subsequently withdrawn quickly by the Department).

UK STATISTICS AUTHORITY

SA(15)28

Risk Appetite

Purpose

1. The purpose of this paper is to provide the Authority Board with the results of the Authority risk appetite exercise undertaken in July and August 2015.

Timing

2. Following approval of the risk appetite statements, the Risk Management Team will disseminate the new standards throughout the organisation.

Recommendations

3. Members of the Authority Board are invited to:
 - i. consider whether the outcome of the exercise represents an accurate depiction of the Authority Board's collective risk appetite (see composite matrix at **Annex A**), and agree any final changes prior to dissemination; and
 - ii. consider the discussion topics raised in paragraphs 9 – 17.

Background

4. The current Authority Risk Policy contains some simple descriptions of risk appetite which have been static for a number of years. The Audit and Risk Assurance Committee identified, in line with best practice, the need to review the Authority's risk appetite in order to drive the correct behaviours within the organisation and to facilitate a collective view at Board level.
5. In order to develop an appropriate approach to the definition of risk appetite, discussions were held with Nick Sanjana, Ofcom's Risk Manager, who shared the approach he had successfully undertaken to identify Ofcom's risk appetite. This approach had been well received and led to tangible change within the organisation.
6. The Risk Management Team tailored the Ofcom approach to fit the Authority's needs and, following a pilot of this approach with the Audit and Risk Assurance Committee, ran this with Authority Board Members. Appetite statements were assessed against the emerging strategic risk types which reflect the Authority's new strategy. The individual results were then shared with the Risk Management team who undertook a consolidation exercise to come to an overall position as a starting point for discussion.
7. The risk management team ran a concurrent appetite identification process with all senior managers throughout the organisation. This was undertaken to achieve three goals.
 - i. to identify whether there would be significant distinction between the opinions of the business to the Authority Board appetite statements;
 - ii. to allow Authority Board members insight into the views of their senior staff; and
 - iii. to engage with the business to have the voice of circa 450 opinions heard, facilitating a broad understanding of the approach and therefore acceptance of new standards once agreed.
8. Overall, the results of the Senior Civil Service (SCS) returns matched largely those of the Authority Board. A point to note is that, generally, the higher the grade the more open the appetite. Through discussion, it emerged that Grade 6 and 7 staff, who are usually responsible for specific delivery, feel more of a personal responsibility and vulnerability which may lead to an

aversion to risk. However, there was not a huge disconnect between the Board's view and that of the organisation and therefore the risk appetite statements should be accepted and will help staff at all levels of the organisation understand the Board's expectations.

Discussion

9. As a basis for discussion, Annex A presents a composite matrix of responses from Authority Board members. For some risk types Committee members were broadly in line, where as in others there was more of a spread of views. Some points to discuss are highlighted below.
10. **Helpful – Overall position – OPEN.** To avoid becoming irrelevant six out of 12 members agreed the Authority needs to have an open appetite to risk. Comments focused on the need to invest in understanding who are the active and potential users of our data, as well as responding proactively in new and innovative ways to their needs regardless of other priorities.
11. **Professional – Statistical Quality – Overall position – CAUTIOUS.** Although there was recognition of the need for high quality statistics, and the processes to ensure this, there was a sense from several members that a more open appetite for risk could improve quality, for example allowing for more timely releases. Half of the participants agreed on a minimal appetite around Statistical Quality.
12. **Professional – Security – Overall position – MINIMAL.** The spread of responses ranged from Averse to Open. It was acknowledged that to be truly Averse would require significant cost and investment. The general discussion in this area revolved around avoiding losing the trust of respondents from loss or disclosure of data, but to recognise our business depends on access and processing of data which carries inherent and unavoidable risk of attack.
13. **Innovative – Overall position – ACTIVELY SEEKING.** Eight out of 12 members agreed the Authority needs to be actively seeking risks regarding innovation. It was recognised that the Authority must be prepared to invest in much more innovative processes, programmes and projects, while truly accepting and endorsing that we may fail more often than we succeed. If we are succeeding with everything we try, we're not being innovative enough. The spread of responses included only Open and Actively Seeking.
14. **Efficient.** This area generated the largest range of responses; from Averse to Open. It was agreed that financial management must be sound and we need to live within our budget, but we must also actively seek new and innovative business models and income generation activities. As a result of this, the Efficient Strategic Risk has been separated into two Strategic Risks.
 - **Efficient – Financial Management - Overall position – CAUTIOUS**
 - **Efficient – Reform – Overall Position – OPEN**
15. **Capable – Systems – Overall position CAUTIOUS.** Overall discussion acknowledged that continuing to invest in legacy systems could be preventing investment in new solutions. A less averse approach would accept that there is a risk to the failure of legacy systems but accepting this and investing in new digital solutions could enable the organisation to thrive and survive. With limited funding it may be inevitable for the organisation to be less averse to risk in this area.
16. **Capable – People – Overall position – OPEN.** The spread of responses ranged from Open to Actively Seeking. Most discussions featured a desire to radically transform our workforce, rethink recruitment processes, remove high numbers of generically qualified staff and replace them with highly skilled employees from a broader pool.

17. The Risk Management Team has developed a scoring matrix to facilitate practical application of the risk appetite statements. In order to truly live within the appetite statements generated by this exercise, the Helpful and Innovative Strategic Risks will be managed as 'Opportunity Risks'. This means that the risk is represented as a failure to develop and change, and mitigation plans will be to actively take these opportunities. This would be the first time we manage any of our organisation's Strategic Risks as opportunities, setting a fantastic example to the organisation to view the positives of risk management rather than the negatives.

Next Steps

18. Once agreed, the Risk Management Team will incorporate the new appetite statements against each risk and will assess whether plans to manage each risk are under, over or within the appetite for each risk category. The statements will be disseminated throughout the organisation through a communications plan including intranet articles, seminars and integrated into risk ongoing workshops and training.

Ben Whitestone and Rich Williams, Risk Management Team, September 2015

List of Annexes

Annex A Risk Appetite Authority Board Composite Matrix

Annex A UK Statistics Authority Board – Combined Risk Appetite Matrix

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

<http://www.statisticsauthority.gov.uk/>