

Statistics Commission



Annual Report
2007–2008



Statistics Commission Annual Report 2007–2008

Presented to Parliament by the Exchequer Secretary
to the Treasury by Command of Her Majesty
June 2008

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This report is also available on the Commission's website at: www.statscom.org.uk

Chapter 1: Chairman's report

The year to March 2008 saw the end of one era in the governance of UK official statistics and heralded the start of a new one. Since the 1997 General Election, the question of how best to manage and oversee a decentralised statistical service has been a central issue of debate among the statistical community and beyond. The June 2000 Framework for National Statistics – which followed extensive consultation in the preceding years – put in place a range of non-statutory arrangements, including the establishment of the Statistics Commission. But it also recognised that proceeding on a non-statutory basis was something of an experiment and that legislation might ultimately be required.

The Statistics and Registration Service Act¹, which received Royal Assent in July 2007, established the UK Statistics Authority² (the 'Statistics Board' in the Act), and this came fully into operation in April 2008. In parallel, the Statistics Commission closed down and this is thus our final annual report.

The statistical service encompasses statistical offices in many government departments, the devolved administrations and other public bodies. It will be a source of satisfaction to all of those offices, and all who have been involved in the discussions over the last ten years, that questions about how the service is to be governed have been resolved and a strong new structure has been put in place. The service is now well placed to chart a new course building on the powers of the Statistics Authority and of the National Statistician, whose role has also been clarified and strengthened by the Act. We are confident that the benefits will in time be seen by all in society who rely on the statistical service to inform their decisions and actions.

Over the course of 2007-08, the Statistics Commission has sought to provide a body of reports and advice to help expedite the work of the new Authority. Our report *Official Statistics: Value and Trust*, published in January 2008, drew together a substantial body of views and advice, and represented our final substantive statement on the way forward for the statistical service. That report stresses that whilst there is much that is good about the service there is a need for some strategic development. In particular we argue for an effective and transparent cross-government planning system to deal with the difficult issues that require the engagement of government Ministers, improvements in the communication of the messages derived from official statistics to decision-makers and the public, and further steps to build confidence that the whole service is working in the public interest. These goals indicate how the Statistics Commission sees the future. The Statistics Authority will now want to develop its own thinking but we hope we have helped to lay at least some of the ground.

The UK Statistics Authority has a dual role – it is responsible both for the Office for National Statistics and for scrutiny across the whole of the statistical service – for which ONS produces perhaps one fifth of the outputs. The Authority can thus be seen as sitting above

¹ *The Statistics and Registration Service Act, 2007*;
http://www.opsi.gov.uk/ACTS/acts2007/ukpga_20070018_en_1

² <http://www.statisticsauthority.gov.uk/>

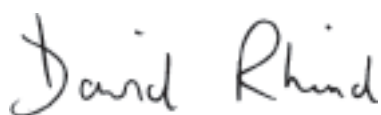
two separate functions, each of which will have its own staff and committee structures. It has direct authority over ONS but, in relation to its scrutiny functions outside ONS, it operates in an advisory capacity supported by the statutory Assessment function.

The concept of 'Assessment', in the sense the term is used in the Act, is new and will require time to get established but in essence it will involve a dedicated team of staff who will lead the review of statistical functions of all producer bodies against a revised code of practice, and carry out more targeted reviews on any issues of public concern. The Statistics Commission welcomes this innovation and the fact that it has a statutory basis. Over time, it should do much to highlight and address matters that require attention, and so build confidence in the service as a whole.

A revised code of practice, applying to all organisations that produce official statistics, will be another cornerstone of the new statutory framework. In October 2007 the Statistics Commission published a report *Proposals for a Code of Practice for Official Statistics*. This built on the many helpful responses received to an interim report issued for consultation in December 2006. The Statistics Authority will want to develop these proposals further into a final version on which it will consult again but, once completed, the code will represent a key piece of the governance structure. Much of the current code is non-prescriptive and requires no specific evidence of compliance. In Chapter 4 we list some of the code breaches which were drawn to the Statistics Commission's attention during 2007-08. Many of these reflect uncertainty over questions of interpretation of the current code.

One more controversial aspect of the legislation concerned the provisions that leave the arrangements for access to statistics immediately prior to their publication as a matter for departmental Ministers rather than the Statistics Authority. We hope that Ministers will appreciate the depth of feeling on this matter both among experts in this country and internationally and work closely with the Statistics Authority to ensure that the way they use these provisions is designed to promote public confidence in the statistical system rather than focusing on departmental convenience. There is little doubt that international opinion comes down on the side that allowing more than minimal advance sight of statistical reports is not conducive to building trust in the impartiality and independence of the service.

I must finally offer my sincere thanks to the very many people in government, in the statistical user community, in the Royal Statistical Society, in Parliament, in academic bodies and in the media who have provided the Statistics Commission with so much help in its work over the eight years of its existence. On behalf of all the members and staff of the Commission I thank you for giving us the benefit of your wisdom and for your support.

A handwritten signature in black ink that reads "David Rhind". The signature is written in a cursive, slightly slanted style.

Chairman

Chapter 2: Our work in 2007-08

The Chairman's report stresses the importance of the Statistics and Registration Service Act for the future of UK official statistics and highlights some of the challenges for the new Statistics Authority. Here we look at some of the Commission's work in 2007-08. As in previous years, our research findings have pointed to the importance of improving communication of statistical messages, some weaknesses in engagement with users of statistics and the need for joined-up planning of statistical services across the whole of government.

During 2007-08 we published reports on:

- the accessibility of official statistics
- the Commission's proposals for a new Code of Practice for Official Statistics
- risk management of the 2011 Census
- the use and potential use of tax records as a statistical resource
- the Commission's views on the future of the UK statistical service and its main messages to the new UK Statistics Authority.
- the quality of a selection of statistical first releases, including suggested criteria against which all such releases might be judged.
- a review of the work of the Commission from 2000-2008

All Statistics Commission reports are available on our website www.statscom.org.uk. The website will be available until at least June 2010. Some of the main points from the reports are considered below.

Report No. 34: *Data on Demand – Access to Official Statistics* (June 2007)

In this report the Commission looked at the ease with which both experienced researchers and those with less expertise could find and use official statistics via the Internet. We presented the results from two research projects that we had commissioned – “mystery shopper” research into finding statistics on topical issues and a survey of the policies of government departments for web-publishing of statistics. Our recommendations took the form of a set of principles:

- Statistics are collected to be used, and as wide a use of them as is possible should be encouraged, including the re-use of raw data for research outside government;
- Since the most satisfactory forms of data provision are still evolving, UK government statisticians should adopt an exploratory and experimental approach to dissemination and access to statistical data through the Internet;

- Government departments that publish official statistics should seek the full involvement of other web professionals in the presentation of statistical data on their websites;
- Government departments that publish official statistics should recognise that web design and web culture are still developing and should set up an appropriate mechanism to keep accessibility issues under review;
- User needs, interests and capabilities should determine the design and operation of statistical dissemination over the Internet. This necessitates interactive engagement with users and active pursuit of feedback plus better search engines;
- Statistical products should be specifically designed for the Web;
- Data should be presented in a layered or hierarchical way to allow users to drill down to the level of detail they desire. Guidance on definitions, sources and methods, data quality and interpretation should be an integral part of dissemination;
- There should be one point of entry – a government statistics portal – giving access to official statistics across the UK.

Report No. 35: *Proposals for a Code of Practice for Official Statistics* (October 2007)

Work on this report was initiated in 2006 following discussions about compliance with the existing National Statistics Code of Practice. The Commission noted at the time that the NS Code was not well suited to a process of independent assessment and subsequently issued an interim report (No. 31) – including a new draft code – for consultation in December 2006. Drawing on the valuable national and international responses received, the Commission redrafted the code proposals and included a full discussion of the observations and issues that were raised in the consultation, which we published in October 2007. The Commission's draft code was largely derived by distilling the essence of the existing NS Code and by adopting aspects of the European Statistics Code of Practice where these were not already adequately covered. The proposals were intended to support the new Statistics Authority in meeting its statutory obligation to introduce a new code of practice.

Report No. 36: *Counting on Success: The 2011 Census – Managing the Risks* (November 2007)

Following publication of an interim report (in February 2007) on preparations for the 2011 Census (Report No. 32), we developed our recommendations further and set them in the context of the new governance structure established under the Statistics and Registration Service Act. In the final report we argued for:

- engaging all interested parties and stakeholders in building a consensus on success measures for the 2011 Census;
- robust migration estimates and open debate about their credibility;
- a good quality national address register;
- action to promote understanding of the risks to the 2011 Census and the scope for many organisations inside and outside of government to help contain those risks;
- increased user consultation to gain better understanding of user requirements;
- urgent high-level discussions about what will replace or supplement future censuses.

Report No. 37: *Tax Records as a Statistical Resource: A Review (November 2007)*

In this report the Statistics Commission reviewed the current and potential uses of taxation records for statistical and research purposes and made the case for providing users with more support and – in some cases – more data drawn from UK tax records. Our recommendations were mainly addressed to HM Revenue and Customs (HMRC). Key points were:

- HMRC should try to find out more about the users and uses of the tax statistics that they publish and about their users' needs: perhaps by setting up a user group for tax data;
- Producers of tax data should ensure availability of a comprehensive set of statistics on UK tax revenues and the tax base, filling in the gaps in published statistics we identified in our review;
- HMRC should seek to improve the accessibility of published tax data, in particular addressing concerns about website navigation and multiple sites;
- HMRC should consider the case for a) a larger Survey of Personal Incomes in terms of sample size, and b) for developing the survey into a longitudinal dataset, perhaps through adoption of a rotating sample;
- HMRC should establish a secure 'datalab' facility for researchers outside government to access HMRC microdata for approved research purposes – akin to those operated by the Office for National Statistics et al by various government bodies around the world;
- HMRC, in conjunction with the departments responsible, should consider the feasibility of enhancing existing official longitudinal microdata sets, as a possible means of meeting the demand for longitudinal data on incomes and tax for research purposes;

- HMRC and the Office for National Statistics should make use of the provisions in the Statistics and Registration Service Act to provide a legal gateway for the release of tax data for new statistical purposes, where this is not covered by existing legislation.

HMRC replied in February 2008 setting out a number of steps they were planning or considering further.

Report No. 38: *Official Statistics: Value and Trust* (January 2008)

This valedictory report drew on the work of the Statistics Commission over the period 2000-08 and gathered together the Commission's views on the current state and future development of UK official statistics. As well as looking back at issues on which we have reported in the past, it considered the new arrangements being introduced by the Statistics and Registration Service Act and made proposals on ways to get the best from them. The report argued in particular for better statistical planning; for better engagement with users; for more helpful commentary to accompany statistics when they are released and for strong safeguards against misuse of statistics. The need for progress on these issues creates an opportunity for the Statistics Authority to take a lead, building on the standing and authority it has been given in legislation.

Report No. 39: *Releasing Official Statistics: A Review of Statistical First Releases* (March 2008)

This report looked at the way the many organisations that produce official statistics in the UK guide the user in the interpretation of new statistical data. The study covers a selection of 37 statistical releases issued in the year to November 2007. It also reviews the practices followed by the many government bodies that produce them. In order to make judgement about the effectiveness of each release, the Commission developed a set of six main criteria and 27 sub-criteria against which to judge them.

The report emphasises the importance of relating the strengths and weaknesses of the statistics to the uses to which they are likely to be put. We concluded that there was significant room for improvement in this respect. The releases did better in terms of being objective and professional. Although we noted some concerns about a possible hesitancy to enter into areas of controversy, we detected little to suggest spin or undue influence. In seeking to make the service better we must keep in mind that there is a lot that is good about it. A key follow-up to this report will be for the statistical service to further develop and adopt the criteria proposed in it. The report also contains a number of more specific recommendations.

Report No. 40: *A Candid Friend: Reflections on the Statistics Commission 2000–2008* (March 2008)

This report looks back over the work of the Commission from its establishment under the June 2000 *Framework for National Statistics* to its close in 2008. It notes many improvements that took place in the statistical service over this period and comments on the part that the Commission played in them. It also points to four things the Commission did that are likely to leave a lasting impression on the service. Firstly, the Commission established that there is a place in the governance of UK official statistics for people who care about the statistical service but are not themselves either statisticians or customers of the service. Secondly, the Commission made the case for legislation more persuasively and in more detail than others had done before it, it is widely acknowledged that our 2004 report, *Legislation to Build Trust in Statistics*, was an important trigger for the subsequent legislation, the first of its kind for 60 years. Thirdly, it showed that a process of independent review of the issues confronting the statistical service can produce valid and valuable recommendations. And fourthly, it developed a set of closely argued positions on why official statistics are important to society, what meaning we should attach to concepts of public value and many other issues. The report observes that whilst not all the Commission's views are universally accepted inside or outside government, the purpose of engaging in public debate on these matters was not primarily to win an argument; it was to prompt thoughtful dialogue that would lead to progress. This we believe we did.

Stakeholder engagement

During the year the Statistics Commission engaged extensively with external stakeholders. For example in April 2007 it made a submission to a Treasury Select Committee inquiry into efficiency programme in the Chancellor's departments. The Commission's submission focused on questions of funding and risk for ONS.

There were also productive discussions held with national statistics offices in the United States and in the Netherlands, Finland, Sweden, and Norway – the main points from which were published in Annex C to report 38, *Official Statistics: Value and Trust*.

Ongoing discussions continued with the Royal Statistical Society (RSS) and other key parties, not least about the detail of the legislation and about the important role of the Statistics Users Forum (SUF). In the Commission's view, the Users Forum needs to be supported in developing an ever-more influential role in the dialogue between producers and users of statistics. In this context, the Commission provided financial support for the SUF Conference in November 2007 at the Royal Society. This was on the theme of 'Statistics on income, earnings and wealth. Where do they come from and why do we need them?'

Migration

Statistics on migration, both internationally and within the UK continued to be an area of concern to many stakeholders. The Statistics Commission continued to press for improvements in this area and made a number of contributions on the subject during the year. These included publishing a Briefing Note on counting Foreign Workers in the UK³. The Commission also made substantive contributions to the Treasury Select Committee investigation 'Counting the Population' and to the House of Lords Economic Affairs Committee inquiry on the economic impact of immigration. At the end of the Commission's term of office, migration remained an area of statistics requiring a clear government-wide plan for future development.

Closure of the Commission

The Statistics and Registration Service Act 2007 announced the cessation of the Commission upon the establishment of the Statistics Authority on 1 April 2008. The Commission put into operation a wind up plan at the beginning of the year to ensure as smooth and efficient a wind up as possible and, throughout the period since the Bill was published, sought to prepare the ground for and support its successor body. The Commission gave notice on its leased accommodation and moved into the HM Treasury building at the beginning of February 2008 for the final two months.

The Commission did not have any directly employed staff. All staff were on secondment from other government organisations and returned to them on or before 31 March 2008. HM Treasury as the sponsoring department assumed responsibility for all assets and liabilities of the Commission from this date.

³ see http://www.statscom.org.uk/C_1237.aspx

Chapter 3: Performance 2007-08

Performance against the 2007-08 Forward Look included in the Annual Report 2006-07

| ACTIONS PLANNED | PERFORMANCE |
|---|--|
| <p>Preparing for the 2011 Census: Complete the current review of the planning for the 2011 Census and look ahead to future challenges and issues. Aim to report summer 2007.</p> | <p>Final report was published in November 2007. The Commission also made a written submission to the Treasury Select Committee's inquiry into <i>Counting the Population</i> which drew on the report's conclusions. In January 2008 the chairman was subsequently invited to give evidence to the Treasury Select Committee.</p> |
| <p>Review the statistical use of tax data: Complete the current review of tax data looking at legal and other restrictions on data sharing. Aim to report by summer 2007.</p> | <p>Report was published in November 2007.</p> |
| <p>Statistical first releases: Undertake a review of 'statistical first releases' issued by government departments and devolved administrations in the context of government proposals for a central 'publication hub'. Aim to report autumn 2007.</p> | <p>Report was published in March 2008</p> |
| <p>Legislation: to advise on the Bill as it proceeds through Parliament; in particular to advise on the role, responsibilities, accountability and constitution of the proposed Statistics Board.</p> | <p>The Statistics Commission published briefing material on the Statistics and Registration Service Bill on its website and held discussions with a range of stakeholders. We summarised our thinking on the implications of legislation in the Commission's valedictory report <i>Official Statistics: Value and Trust</i> addressed to the new Statistics Board.</p> |
| <p>Official Statistics: Value and Trust: a report on the work and views of the Commission. Aim to report summer/autumn 2007.</p> | <p>Report was published in January 2008</p> |

| ACTIONS PLANNED | PERFORMANCE |
|---|---|
| <p>Planning arrangements for official statistics: undertake a review of the planning arrangements for official statistics across the statistical system. Aim to include recommendations in the report <i>Official Statistics: Value and Trust</i>.</p> | <p>Section 9 of the Commission's report <i>Official Statistics: Value and Trust</i> includes a review of statistical planning arrangements and makes some high-level recommendations to the new Statistics Board.</p> |
| <p>Impact assessment: Assess the impact and future relevance of recommendations in previous Commission reports as a contribution to the report mentioned above.</p> | <p>Annex A of <i>Official Statistics: Value and Trust</i> recapitulates the main recommendations made by the Commission in some of the 37 reports it published between 2000-07.</p> |
| <p>Code of Practice: Make recommendations in relation to the future development of the Code of Practice following consultation in February 2007. Aim to report summer/autumn 2007.</p> | <p>Final report was published in October 2007. The chief executive also participated in the session <i>Shaping the statutory Code</i> at the GSS Leaders in Statistics conference in November 2007. The Commission secretariat has also been involved in some trial assessment work ONS undertook, which made some use of the Commission's proposals.</p> |
| <p>Business processes: Maintain systematic procedures for managing the work of the Commission. This will include regular updates of the Business Plan and adherence to project management procedures.</p> | <p>Business plan and project plans all updated regularly.</p> |
| <p>Staff development: Review and update the training and development framework for all staff to meet the needs of the Commission.</p> | <p>Framework updated and training priorities for staff reviewed.</p> |
| <p>Business continuity: Test disaster recovery procedures and update the Business Continuity Plan accordingly.</p> | <p>Disaster recovery plans tested successfully June 2007 and Business Continuity Plan updated.</p> |
| <p>Risk register: Review and update the risk register once a month to reflect rapidly changing circumstances.</p> | <p>Risk register updated monthly. Changes reviewed by the Audit Committee.</p> |
| <p>Wind up plan: Regularly update the wind up plan to ensure the Commission is wound up in an efficient manner, before the end of 2007-08.</p> | <p>Wind up plan regularly updated and reviewed by the Audit Committee. Lease terminated and Commission staff moved to HM Treasury building in February 2008. All staff returned to parent organisations on or before 31 March 2008.</p> |

Chapter 4: Code of Practice casework

The National Statistics Code of Practice sets out principles and practices that government departments and agencies should follow in producing and publishing official statistics. However, only a few parts of the current Code are of a kind that readily allow an independent judgement to be made about compliance. Much of the Code is non-prescriptive and requires no specific evidence of compliance. Thus the evidence that does exist often relates only to the more detailed aspects, for example those dealing with the public release of statistical information. The Statistics Commission has consulted on and published proposals for a new Code and we hope these will assist and inform the UK Statistics Authority in their own consultation on a new Code of Practice for Official Statistics.

Uncertainty over questions of interpretation of the current Code is reflected in the nature of possible breaches that were drawn to our attention during the year. The Commission has been notified by ONS of the following cases (not all necessarily breaches of the Code) since April 2007:

- (i) The Association of Regional Observatories (ARO) wrote to the Statistics Commission and ONS expressing concerns about the effects of changes to the UK National Accounts (Blue Book) announced on 23 February 2007 and the lack of user consultation in the run-up to the ONS announcement. While HM Treasury and the Bank of England had been consulted, regional and other sub-national users were not. In her response to the ARO of 15 May 2007, the National Statistician accepted that ONS did not consult all users as the decision about this year's Blue Book had been made relatively late. The Statistics Commission notes that the changes made are, in effect, delays to statistical outputs driven by resource constraints rather than changes to the planned outputs which will be published in full eventually. However, the Protocol on Customer Service and User Consultation states that producers should consider the potential impact of statistical changes on sub-national users and consult accordingly. In view of the fact that there was no intention to reduce the scope of statistics that will eventually be published the Statistics Commission does not think the Code was breached but further consultation about the delay would have been in the spirit of the Code.
- (ii) In May 2007 David Gauke MP contacted the Commission to question the statistical basis of comments made by the then Chancellor to the Treasury Select Committee at a hearing on 29 March. The Chancellor's comments related to the take-up of Working Tax Credit (WTC) amongst those without children. This was initially low but had been rising. At an earlier hearing, the Treasury Committee had been given figures for the take-up of WTC in 2004-05, at that time the latest year for which final figures were available. The Chancellor told the Committee that "since April 2005, the take-up of working tax credit has grown by almost 100,000". Subsequent correspondence with the Treasury established that this statement was based on the evidence from more

recent provisional 'snapshot' data, which showed the numbers on WTC rising since 2004-05. The Commission considered the statistical evidence for this claim and concluded it to be misleading to compare the level of the snapshot series with the level of the final annual series – unless it could be confidently asserted that the snapshot series was a good predictor of the final series. The limited evidence available suggested it was not a particularly good predictor and that statistical advice given to the Chancellor on this point was unsatisfactory.

- (iii) On 4 June 2007 the Scottish Executive accidentally included school meal statistics one day prior to their pre-announced date of release in a policy document. The text included reference to the number of pupils entitled to free school meals. The Scottish Executive has issued further reminders of the principles of the Code of Practice. The Commission regards this leak as inconsistent with the Code.
- (iv) A press officer at the Department of Health (DH) accidentally circulated a memo which contained figures on hospital waiting lists, one day prior to the pre-announced release date of the data. The information provided in the misdirected email was subsequently picked up and quoted in the press on 6 June 2007. The Commission regarded this leak as inconsistent with the Code, and also raised the issue of government departments' rules on identifying those staff who are granted pre-release access to statistics. We have commented on this issue in greater detail in our written response to a joint Cabinet Office/HM Treasury consultation on pre-release access to official statistics in January 2008.
- (v) Key Stage 3 results to be published at 9.30 am on 14 August 2007 by the Department for Children, Schools and Families (DCSF) were released four hours late via the Department's Research and Statistics Gateway due to technical web hosting problems. In the meantime, the department had made arrangements to provide copies of the release on request. The consequence of the delay was that the department's press notice was released in advance of the statistical first release – in breach of the Code's protocol on release practices. The Commission accepts the breach was caused by technical problems, but expressed concern that no explanatory note had been provided on the department's website during the time of delay.
- (vi) On 7 August 2007, the Social and Vital Statistics Division (SVSD) at ONS postponed publication of the Overseas Travel and Tourism First Release for three working days as it had discovered a problem with the processing of the data one day prior to publication. SVSD ONS argued it was too late to produce a correction in time and posted an explanatory note on the website. The Statistics Commission accepts the exceptional circumstances and recognises that necessary steps were taken to inform users of the delay.

- (vii) Press office staff in the Department for Environment, Food and Rural Affairs (DEFRA) commented on results from a 2007 survey of public attitudes and behaviours towards the environment to a journalist one day prior to the pre-announced date of release. In a subsequent newspaper article on 14 August two figures from the survey were quoted ahead of the statistical release at 9.30 am on the same day. DEFRA has reiterated the importance of such errors to its press office staff, and will be using this leak as an example of the sorts of errors to be avoided when communicating with the press about impending releases. The Commission regards the leak as inconsistent with the Code.
- (viii) On 9 October 2007 the Head of Profession at the Health and Safety Executive (HSE) authorised exceptional early pre-release access to National Statistics material prior to the scheduled release on 1 November to a limited number of staff in order to inform discussions between HSE and the Department for Work and Pensions (DWP) on HSE's spending settlement. The material was only used in oral discussions on 11 October 2007 thus limiting the danger of inadvertent circulation or disclosure. DWP officials and HSE staff with pre-release access to the material were informed that the statistics provided should not be used, discussed, revealed or implied outside the context of the spending settlement discussions. The Commission accepted the necessity of granting early access to the data, but believes three weeks pre-release access to be too long. Instead the information could have been published online – including an explanation of the reasons for the early release of the material – thereby ensuring equal, public access to the statistics.
- (ix) The Department for Innovation, Universities and Skills (DIUS) accidentally referred to statistics on student grants and loans (SLC SFR 04/02007) in an internal policy briefing document on 22 November 2007, prior to the pre-announced release date. Staff had not complied with the National Statistics statement which was included on the pre-release submission and email which accompanied the advanced SFR data. The Commission regards the leak as inconsistent with the Code.
- (x) Spanish and German newspapers quoted leaked PISA data in articles prior to the official release date on 4 December 2007, so the Organisation for Economic Co-operation and Development (OECD) decided to bring forward publication of the league tables of country rankings by a few days. The full OECD report was published on the pre-announced date of 4 December, and UK countries published their detailed reports on the same day. The Department for Children, Schools and Families (DCSF) published an explanatory statement on the partial, early release of league table rankings and subsequently alerted users to the situation.
- (xi) The Department of Enterprise, Trade and Investment (DETI) postponed publication of results from the Northern Ireland Business Inquiry by nine days to allow further quality assurance checks to be completed. An explanatory note was placed on the DETI website on the initial publication date – 10 December 2007 – which advised users of the delay.

- (xii) The National Statistician decided to release market-sensitive statistics on business investment, pension funds and investment by insurance companies one day prior to their pre-announced publication date (19 December 2007), as some of the data had inadvertently been published on the time series data section of the ONS website. ONS will undertake a review of the situation to minimise risk of recurrence.
- (xiii) The Department for Communities and Local Government decided to delay the release of quarterly house building statistics from 14 to 21 February 2008 due to possible late delivery of data. This was the pre-announced publication date. The data was mistakenly released to those on the pre-release list on 12 February. All recipients were notified of the mistake and the decision was taken to release the statistics on 14 February.

Annex A: The role of the Commission

The role of the Commission set out in the June 2000 Framework for National Statistics (paragraph 4.2.3), was to “give independent, reliable and relevant advice on National Statistics to Ministers and, by so doing, to provide an additional safeguard on the quality and integrity of National Statistics”. In the course of our work we have collaborated closely with all those in the UK who fund, produce or use official statistics, or who are affected by them, to review current practice and:

- identify the scope for beneficial change and make proposals; and
- support present practice where this is found effective and appropriate.

We have also sought to learn from the experience of other countries’ statistical systems, by visiting Finland, Norway, the Netherlands, Sweden and the United States in 2007.

Commission values

In carrying out its tasks the Commission committed itself:

- to respect and promote all uses of official statistics that are of public value
- to report the results of all its investigations openly and deal systematically with criticisms of its work, seeking to learn lessons and continuously improve
- to consult interested parties before the release of Commission findings so as to understand and respond to their views – without shrinking from giving an independent view on controversial issues
- to operate in a transparent way with the minutes of its meetings, correspondence, evidence it receives, and advice it gives, normally made available on the Commission’s website
- to present its views in an impartial way.

The Commission’s role was advisory, not regulatory. It had no statutory powers to require the supply of information by government departments or to force implementation of its recommendations. By introducing legislation, the Government has recognised the need for a stronger governance structure and further development of the statistical service. The Statistics Commission welcomed most aspects of the Statistics and Registration Service Act which received Royal Assent in July 2007, indeed we reviewed and recommended legislation in 2004. The Act has created the UK Statistics Authority (referred to as the Statistics Board in the Act), which subsumes the statistical functions of the ONS, the oversight role of Treasury Ministers in relation to ONS functions and the Statistics Commission. The new model requires the Authority to introduce a new statutory Code of Practice – binding on all producers of official statistics – with compliance checked through systematic assessment and reported to Parliament. However, while the Commission warmly welcomed the Act, there are also some weaknesses in the legislation:

- the Statistics Authority has a scrutiny role and direct responsibility for statistical production within ONS, presenting a risk of confusion of roles
- the Authority has no direct power in relation to statistical work in bodies other than ONS
- assessment is to be carried out only in relation to 'National Statistics' rather than all official statistics, and ministers rather than the Authority will nominate sets of statistics currently not designated as National Statistics for assessment
- rules on pre-release access to statistics will not be within the Authority's remit – instead they will be set out in secondary legislation.

In the course of the past year, the Statistics Commission has sought to anticipate the needs of the Statistics Authority and develop an approach which we hope will support and expedite their work. We extend our best wishes for the journey ahead to all members of the new Authority, to the National Statistician and to the members of the Government Statistical Service.

Annex B: Members of the Commission

Chairman



Professor David Rhind

David Rhind was Vice-Chancellor and Principal of The City University in London until July 2007. A Fellow of the Royal Society and an Honorary Fellow of the British Academy, he was until 1998 the Director General of Ordnance Survey, Britain's national mapping organisation and a government department. He is a non-executive director on the Bank of England's Court of Directors, has been a member of the Economic and Social Research Council and is a Fellow of the Royal Statistical Society. In past times, he was centrally involved in building or using major statistical databases, notably of census data. David Rhind has recently been appointed as a member of the new Statistics Authority.

Vice Chairman



Sir Derek Wanless

Sir Derek Wanless is chairman of Northumbrian Water Group plc and a member of the Board for Actuarial Standards. In 2002 he reported on UK health services to the Chancellor of the Exchequer and, in 2004, on Public Health to the Prime Minister, Chancellor and Secretary of State for Health. As a senior associate of the King's Fund, in 2006 he wrote the *Wanless Social Care Review* and, in September 2007, a further review of health services. Sir Derek has also advised the Welsh Assembly Government. He worked for NatWest Bank for 30 years and was its Group Chief Executive for seven years. He has an MA in Mathematics from Cambridge University and qualified as a Member of the Institute of Statisticians (MIS).

Commissioners



Ian Beesley

Ian Beesley is a retired senior partner at PricewaterhouseCoopers who now runs his own strategy consultancy. He is a Fellow of the Royal Statistical Society, the British Institute of Management and has recently been appointed as chairman of the Postcode Address File Advisory Board. As a consultant he worked with organisations in the media and arts, defence, UK and foreign public sector and with international agencies. Before joining PWC in 1986, he was head of the Prime Minister's Efficiency Unit. He started his career in the Central Statistical Office working in the fields of balance of payments, national accounts and monetary policy. He has an MA in politics, philosophy and economics, and a Post Graduate Diploma in statistics, both from Oxford University.



Colette Bowe

Colette Bowe is the chairman of the Ofcom Consumer Panel and a board member of Axa Framlington, Morgan Stanley Bank International and Electra private equity plc. She is the chairman of the Council of Queen Mary University of London and also a member of the Council of Management of the National Institute of Economic and Social Research. She has a PhD in Economics.



Joly Dixon

Joly Dixon has been chairman of the Board of Governors, Indirect Tax Authority for Bosnia and Herzegovina since 2003. Prior to this he spent nearly 30 years at the European Commission, holding a variety of senior posts including: principal advisor to the Director General for Economic and Financial Affairs, working mainly on EU enlargement and relations with the Balkans; Director for International Affairs, leading the team advising on the economies of candidate countries and other main economic partners; and Deputy Special Representative of the Secretary General in the UN's Mission in Kosovo, where he was in charge of economic reconstruction. He was also special advisor to European Commissioner Pascal Lamy from 2003-04. His career began as a lecturer in economic statistics and econometrics at York and Exeter Universities.



Isabelle Low

Isabelle Low became a member of the Accounts Commission for Scotland in 2001 and has been its deputy chair since 2003, also chairing its Performance Audit Committee until December 2007. She is currently also a board member of the Audit Scotland Board (chairing its Audit Committee), the Scottish Consumer Council and the David Hume Institute; and previously was a panel member of the Financial Director of the Year Awards and a board member of the State Hospitals Board for Scotland. From 1997 to 2001 she held senior posts in the Scottish Executive, including: director of 21st Century Government Group, leading the process of modernising government Scotland-wide; Head of Land Use Division; and Head of Constitutional Policy Division. Prior to that she spent 20 years at the Scottish Office in a variety of policy roles. She has a PhD in statistical methodology.



Janet Trewsdale

Janet Trewsdale was, until 2005, chairman of the Northern Ireland Economic Council and senior lecturer in Economics at The Queen's University of Belfast. She is a Chartered Statistician. She is a past vice-president of the Royal Statistical Society (RSS) and member of the Statistics Advisory Committee (NI). She represented the RSS on the Statistics Users' Council for 19 years.



Martin Weale

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

Chief Executive



Richard Alldritt

Richard Alldritt is the chief executive of the Statistics Commission. He has worked in several government departments including the Home Office, Office for National Statistics and the National Assembly for Wales where he was most recently head of Information and Knowledge Management. Before that he was head of the Statistical Directorate in the Welsh Office and Welsh Assembly. Richard Alldritt has recently been appointed as Head of Assessment for the new Statistics Authority.

Non-executive members of our committees and project boards

| | |
|---|---|
| <p>Audit Committee Sir Derek Wanless (chair) John Gant* Linda Mister*</p> <p>Devolution and Regional Sub-Committee Janet Trewsdale (chair) Derek Wanless Sir Kenneth Calman Isabelle Low</p> <p>Tax Martin Weale (chair) David Rhind Nick Catton (HMRC)</p> <p>Statistical First Releases Ian Beesley Joly Dixon David Rhind</p> | <p>Research and Review Sub-committee Martin Weale (chair) Colette Bowe</p> <p>Legislation Working Group David Rhind (chair) Derek Wanless Joly Dixon</p> <p>Census 2011 Project Board David Rhind (chair) Martin Weale Keith Dugmore (Demographic Solutions)**</p> <p>Official Statistics – Value and Trust David Rhind (chair) Derek Wanless Colette Bowe</p> |
|---|---|

* independent external members

** project contractors

List of publications and presentations 2007-08

Reports and publications

Data on Demand – Access to Official Statistics – Statistics Commission Report No. 34, June 2007

Proposals for a Code of Practice for Official Statistics – Statistics Commission Report No. 35, October 2007

Counting on Success: The 2011 Census – Managing the Risks – Statistics Commission Report No. 36, November 2007

Tax Records as a Statistical Resource: A Review – Statistics Commission Report No. 37, November 2007

Official Statistics – Value and Trust – Statistics Commission Report No. 38, January 2008

Releasing Official Statistics – A Review of Statistical First Releases – Statistics Commission Report No.39, March 2008

A Candid Friend: Reflections on the Statistics Commission – Statistics Commission Report No. 40, March 2008

The Nordic Contrast, paper on visit to statistical offices of Finland, Norway, the Netherlands and Sweden, September 2007

UK Parallels with US Federal Statistical System, October 2007

These are available on our website: www.statscom.org.uk

Articles

Counting the costs of increasing immigration, David Rhind, Letter to the Editor, *The Times*, 17 May 2007

Evolution of the United Kingdom statistical system, Richard Alldritt, Richard Laux and Karen Dunnell, *Statistical Journal of the IAOS 24 (2007)*, August 2007

No islands: charting a course for UK Official Statistics, Richard Alldritt and Richard Laux, *Significance* (Volume 5), March 2008.

Official statistics: seven tests of success, David Rhind, *RSS News* (Volume 35), March 2008

Presentations

Statistics and the public interest: crime statistics as a worked example, RSS Annual Conference, York, July 2007

Promoting the public interest, RSS Annual Conference, York, July 2007

Getting the good out of government statistics, Audit Commission Meeting, November 2007

Statistics Commission Financial Statements

For the year ended 31 March 2008

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Management Commentary

History

The Statistics Commission was established in June 2000 as part of the new arrangements for National Statistics. It was an advisory Non-Departmental Public Body, funded by grant in aid from HM Treasury's Request for Resources 1, and was independent of both Ministers and the producers of National Statistics. It had its own budget and was able to commission its own activities.

The Commission was set up on a non-statutory basis, but its role and responsibilities were set out in the *Framework for National Statistics*, published in June 2000.¹

The Statistics and Registration Service Act 2007 set up a new Statistics Board which from 1 April 2008 subsumed the Office for National Statistics (ONS). In effect the Board replaced:

- the statistical functions of the ONS;
- the oversight role of Treasury Ministers in relation to ONS functions; and
- the independent Statistics Commission.

Clause 55 of the Act announced the cessation of the Statistics Commission upon the commencement of the Statistics Board. The Board is known as the United Kingdom Statistics Authority.

Going concern status

All business operations of the Statistics Commission ceased on 31 March 2008 and all assets and liabilities of the Commission became the responsibility of HM Treasury from that date.

Aims and objectives

The Commission's aims were to ensure that decision-makers and the public could trust official statistics and that they met the needs of users. These aims were pursued through the following objectives:

Objective 1: To develop our understanding of the **needs of users** of official statistics, including Parliament and the public, and to make proposals that will enhance the statistical service they receive.

Objective 2: To consider and advise on the implementation of the Statistics and Registration Service Bill and other aspects of the future **governance of UK official statistics**.

Objective 3: To carry out the Commission's functions impartially and use resources efficiently, effectively and economically.

Further information on the strategy for 2007-08 is provided in the Commission's Business Plan 2007-08 which is available on the website at: www.statscom.org.uk. The website will be available until at least June 2010.

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

Management Commentary

Performance

The Commission's Business Plan for 2007-08 outlined the major projects planned for the year. The Commission made significant progress on all these projects which resulted in the publication of five major reports as well as a range of other outputs. A summary of the research undertaken by, or on behalf of, the Commission during the year, and details of our work with stakeholders is detailed in Chapter 2 of the Annual Report. Details of performance against the individual projects planned for 2007-08 are in Chapter 3 of the Annual Report.

Funding and results for the year

The Statistics Commission was funded by grant in aid from HM Treasury's Request for Resources 1. Grant in aid available for 2007-08 was £1.35 million. Total cash grant in aid provided for the year was £1.35 million.

The Commissioners

The Commissioners during the period ended 31 March 2008 were:

David Rhind (Chairman)
Sir Derek Wanless (Vice chairman)
Ian Beesley
Colette Bowe
Joly Dixon
Isabelle Low
Janet Trewsdale
Martin Weale (until 31 January 2008)

Details of remuneration and appointment are contained in the Remuneration Report. Further information about individual commissioners is contained in Annex B of the Annual Report.

A register of Commissioners' interests was maintained by the Commission and is available for inspection on the Commission's website at:
www.statscom.org.uk

Chief Executive and Accounting Officer

Richard Alldritt was Chief Executive of the Commission during 2007-08. Further information is contained in Annex B of the Annual Report and the Remuneration Report. From 1 April 2008 HM Treasury's principal Accounting Officer, the Permanent Secretary, became Accounting Officer for the Commission. Responsibilities as the Accounting Officer and for the Statistics Commission's system of internal control are set out on pages 33-37.

Audit committee

The audit committee was chaired by a Commission member, Sir Derek Wanless. There are two other members, both external: John Gant CB, ex – Finance Director of Inland Revenue; and Linda Mister, Financial Controller, Finance & Resource Management, Department for Business, Enterprise and Regulatory Reform.

Management Commentary

Annual accounts

These accounts have been prepared in a form directed by HM Treasury as set out in the accounts direction.

External audit

The Comptroller and Auditor General has agreed to be appointed as the auditor to the Statistics Commission. The audit fee for 2007-08 was £9,987.

The Accounting Officer confirms that:

- there is no relevant audit information of which the auditors are unaware;
- he has taken all the steps considered necessary to ensure the auditors are aware of relevant audit information; and
- he has taken all the steps considered necessary to establish that the auditors are aware of the information.

Payment of suppliers

The Statistics Commission aimed to pay all invoices not in dispute within 30 days or less of acceptance of the relevant goods and services, or the receipt of a legitimate invoice if that is later. For 2007-08 the Commission achieved a performance of 99.5%.

Staff issues

The Statistics Commission had no directly employed staff. All staff returned to their parent organizations on or before 31 March 2008. Given the small numbers of staff at the Commission during the year, consultation and communication between staff and management took place directly and on an informal basis. Secondees remained subject to their parent organisation's terms and conditions of employment.

Pensions

Staff pensions remain the responsibility of their parent organisations. The Statistics Commission is, therefore, exempt from any pension related liability. Further information is given in Note 1i of the Annual Accounts and the Remuneration Report.

Equality and diversity

The Statistics Commission was committed to the principle of equality of opportunity and valued diversity. The Commission opposed all forms of discrimination and promoted equality and fairness in its recruitment and retention of staff.

Nick Macpherson
Accounting Officer
12 June 2008

Remuneration Report

Remuneration policy and appointment

1. The Statistics Commission was a non-departmental public body sponsored by HM Treasury and was established on a non-statutory basis.

Commissioners

2. The Chair and other Commissioners were appointed by Treasury Ministers. The level of remuneration was subject to review in the context of decisions taken by Ministers from time to time in relation to salaries of this kind.
3. Appointments to the Commission were made in open competition and in accordance with the Code of Practice of the Commissioner for Public Appointments.

Staff

4. HM Treasury directed that the staff of the Statistics Commission would be on secondment from Civil Service Departments, and would be subject to levels of remuneration and terms and conditions of service applying in their parent Departments. The Statistics Commission had no delegated power to amend these terms and conditions.
5. Staff appointments were made through HM Treasury in accordance with the Civil Service Commissioners Recruitment Code which requires

appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. Staff appointed from outside the Civil Service were loaned to, or placed on fixed term contract by HM Treasury. Staff were then seconded to the Commission for periods of one year or more.

Further information about the work of the Civil Service Commissioners can be found at:
www.civilservicecommissioners.gov.uk

Salary and pension entitlements

6. The following sections provide details of the Commissioners and Chief Executive of the Commission which are subject to audit:

Commissioners remuneration

7. The chairman was paid an annual fee of £28,000 (2006-07: £28,000) for 60 (2006-07: 60) days work; and each of the commissioners was paid an annual fee of £5,500 (2006-07: £5,500) for 20 (2006-07: 20) days work. Sir Derek Wanless was appointed vice chairman in July 2004 and was paid an annual fee of £8,250 for 30 days work each year.

Remuneration Report

| | 2007–08 | 2006–07 |
|--|---------|---------|
| | £ | £ |
| David Rhind (chairman) | 28,000 | 28,000 |
| Ian Beesley | 6,875* | 5,500 |
| Colette Bowe | 5,500 | 5,500 |
| Sir Kenneth Calman (until 31 Jan 2007) | – | 4,583 |
| Joly Dixon | 10,083* | 5,500 |
| Isabelle Low (from 1 July 2006) | 12,375* | 4,125 |
| Janet Trewsdale | 5,500 | 5,500 |
| Sir Derek Wanless (vice chairman) | 8,250 | 8,250 |
| Martin Weale (until 31 Jan 2008) | 4,583 | 5,500 |

* Compensation payments were made to three Commissioners for early termination of contracts, paid on a pro rata basis from 1 April 2008 to the end of their contracts as follows:

Ian Beesley contract ran until 8 July 2008 paid £1,375

Joly Dixon contract ran until 31 January 2009 paid £4,583

Isabelle Low contract ran until 30 June 2009 paid £6,875

8. Remuneration was non-pensionable and the Commissioners received no benefits in kind during the year.

Chief Executive's remuneration and pension

9. The Chief Executive's remuneration was as follows:

| | 2007-08 | | 2006-07 | |
|------------------|----------------|---|----------------|---|
| | Salary £000 | Benefits in kind (to nearest £100) | Salary £000 | Benefits in kind (to nearest £100) |
| Richard Alldritt | 90-95 | 48,300* | 85-90 | 37,400 |

* Includes an additional payment of £5,980 paid to the Chief Executive to cover rental costs for the remaining term of his lease which ends on 20 August 2008 plus £5,273 associated tax liability.

Remuneration Report

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Commission and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. The chief executive received benefits in kind consisting of lodging allowance, travel costs and settlement of the related tax liability.

Pension benefits

Chief Executive

| | Accrued pension at age 60 as at 31/3/08 and related lump sum | Real increase in pension and related lump sum at age 60 | CETV at 31/3/08 | CETV at 31/3/07 | Real increase in CETV | Employee contribution to partnership pension account |
|-------------------------|--|---|-----------------|-----------------|-----------------------|--|
| | £000 | £000 | £000 | £000 | £000 | Nearest £100 |
| Richard Alldritt | 40-45 | 2.0-2.5 | 751 | 619 | 39 | 4,900 |

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium, or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year.

Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Remuneration Report

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The

employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website: www.civilservice-pensions.gov.uk/

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in

Remuneration Report

their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Nick Macpherson
Accounting Officer
12 June 2008

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

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

In preparing the accounts the Statistics Commission is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the accounts direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer of HM Treasury designated the Chief Executive as Accounting Officer of the Statistics Commission. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Commission's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

The appointment of the Chief Executive as the Commission's Accounting Officer ceased on 31 March 2008. Therefore, since 1 April 2008, as the Accounting Officer of HM Treasury, I am now the Accounting Officer for the Commission.

Nick Macpherson
Accounting Officer
12 June 2008

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*. I have received a statement of assurance from the Chief Executive of the Commission who was Accounting Officer until 31 March 2008 that a sound system of internal control operated at the Commission during the year. The chairman of the Statistics Commission was appointed by the Minister for National Statistics until 31 March 2008 and was personally responsible for probity in the conduct of the Commission's affairs. The chairman also had responsibility for providing effective strategic leadership on the formulation of the Commission's strategy for discharging its duties, including for encouraging high standards of regularity and propriety and promoting the efficient and effective use of resources. The Minister for National Statistics also appointed ordinary members of the Commission. The Commissioners including the chairman had corporate responsibility for ensuring that the Commission complied with statutory or administrative requirements for the use of public funds. Commissioners were also responsible for:

- ensuring that high standards of corporate governance are observed at all times
- establishing the overall strategic direction of the Commission within the policy and resources framework agreed with the Minister for National Statistics
- ensuring that the Commission operates within the Framework for National Statistics and the terms of the Management Statement and Financial Memorandum, and in accordance with any other conditions relating to use of public funds.

To help Commissioners fulfil their responsibilities the Commission produced a statement of all matters which should be reported to Commissioners.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commission's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact

Statement on internal control

should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Commission for the year ended 31 March 2008 and accords with HM Treasury guidance.

Capacity to handle risk

The Commissioners had ultimate responsibility for deciding how much risk can be tolerated and for managing the Commission's risks, in particular for

- conveying their attitude towards risk management to the Chief Executive;
- making decisions which affect the Commission's risk profile or exposure; and
- reviewing at least annually the Commission's risk strategy and the risk register.

The Commissioners delegated to the Chief Executive the day-to-day responsibility for managing risk within the Commission. The Chief Executive, as informed by senior managers, was responsible for assessing and reporting risk to the Commissioners and the Audit Committee. Commissioners and staff were committed to delivering a robust corporate governance and risk management framework appropriate to the size and type of the organisation. Key staff received risk awareness and risk management training.

The risk and control framework

The Commission had a risk management strategy which followed the principles of the guidance issued by HM Treasury, National Audit Office and the Office of Government Commerce. The approach developed was appropriate to the particular size and circumstances of the Commission.

The identification and evaluation of risks was undertaken by holding a risk management workshop twice a year, attended by key staff, at which all the operations and activities of the Commission in relation to its objectives were considered and associated risks identified and reviewed. Risks were evaluated by assessing the likelihood and impact of the risk occurring and the risks then categorised according to whether they are high, medium or low. Risk appetites were assessed on a risk by risk basis on the degree to which the Commission should accept inherent risk; should attempt to reduce risk through mitigation and control measures; or maximise opportunity through risk taking. This judgement was reached taking into account the Commission's general approach to risk and the attitude of the Commissioners to risk management. The Commission considered its risk priorities to be building links with stakeholders, research and strategy and internal management processes.

Statement on internal control

Each risk was assessed for the most appropriate way to manage it and responsibility for action assigned to individuals. Risks identified were recorded in a risk register together with the Commission's evaluation and planned action. This helped senior staff in reviewing and updating the business plan to ensure resources were directed to areas of greatest risk. At the lower level staff included action for addressing risks in their work objectives and included risk assessment in project proposals. With the introduction of the Statistics and Registration Service Act in July 2007, which announced the abolition of the Commission once the new Statistics Board was established, the Commission put its wind up plan into operation. During the year, to reflect the pace of events and the uncertainties arising from the approaching wind up both the risk register and the wind up plan were updated monthly.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the statement of assurance from the Chief Executive of the Commission until 31 March 2008. His review was informed by the work of the internal auditors and the executive managers within the Commission who had

responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. My review is also informed by the Commission's audit committee and staff within the Treasury with responsibility for the wind up and preparation of the final accounts. I have been advised on the implications of the result of my review of effectiveness of the system of internal control by the audit committee.

The main processes which have been applied in maintaining and reviewing the effectiveness of the system of internal control were:

- Commissioners approved the Business Plan and monitored progress at their meetings held five times per annum. The Chief Executive submitted a progress report to each Commission meeting. The Commissioners received periodic reports from the Chairman of the audit committee.
- The audit committee met three times during the year and once in May 2008, and examined all internal and external audit reports and reviewed the risk management strategy and progress on maintaining the risk register and addressing the risks identified.

Statement on internal control

- Two risk management workshops were held during the year attended by key members of staff, during which staff re-evaluated the risks likely to threaten the achievement of the Commission's objectives and reviewed progress on the control strategies. Progress on, and changes to the risk register were reviewed by the audit committee. The risk register was updated monthly by senior staff and submitted to Audit Committee members for review.
- A wind up plan was prepared in November 2006 and from January 2007 the plan was updated monthly and submitted to Audit Committee members for review.
- Prior to the wind up of the Commission the fixed assets were sold, transferred to HM Treasury or disposed of.
- Regular reports from staff to the Chief Executive on the steps they took to manage risks in their areas of responsibility including progress reports on key projects.
- The Commission's internal audit service operates to Government Internal Audit Standards. The Head of Internal Audit submitted regular reports to the Chief Executive, and the audit committee, including an independent opinion on the adequacy and effectiveness of the Commission's system of internal control, together with recommendations for improvements.
- A report from the National Audit Office to the Chief Executive on the outcome of its annual audit of the accounts.
- Data handling and storage procedures were reviewed by the Audit Committee and a report was submitted to HM Treasury confirming that the Commission operated sound procedures. All electronic and paper information was successfully transferred to HM Treasury by 31 March 2008 for storage.

Nick Macpherson
Accounting Officer
12 June 2008

Independent auditor's report to the Houses of Parliament

I have audited the financial statements of the Statistics Commission for the year ended 31 March 2008. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Commission, Accounting Officer and Auditor

The Commission and the Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with HM Treasury's directions and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Commission's and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the HM Treasury's directions. I report to you whether, in my opinion, the information, which comprises the management commentary and the un-audited part of the Remuneration Report, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Statistics Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Statistics Commission's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Statistics Commission's corporate governance procedures or its risk and control procedures.

Independent auditor’s report to the Houses of Parliament

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the management commentary and the un-audited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Statistics Commission and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Statistics Commission’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial

statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the HM Treasury directions, of the state of Statistics Commission’s affairs as at 31 March 2008 and of its net expenditure for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the HM Treasury directions; and
- information, which comprises the management commentary and the un-audited part of the Remuneration Report, included within the Annual Report, is consistent with the financial statements.

Independent auditor's report to the Houses of Parliament

Audit Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

T J Burr
Comptroller and Auditor General
13 June 2008

National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Income and expenditure account for the year ended 31 March 2008

| | Note | 2008 | | 2007 | |
|--|------|---------|------------------|---------|------------------|
| | | £ | £ | £ | £ |
| Expenditure | | | | | |
| Staff costs | 4 | 514,163 | | 695,718 | |
| Commissioners' fees | 5 | 68,333 | | 72,452 | |
| Other administration costs | 6a | 383,846 | | 591,471 | |
| Depreciation | 7 | – | | 57,866 | |
| Deficit on disposal of fixed assets | 13 | 96,969 | | – | |
| Net Expenditure | | | 1,063,311 | | 1,417,507 |
| Interest receivable | 3 | | (4,577) | | (2,385) |
| Notional cost of capital | 1g | | 1,177 | | (1,339) |
| Net Expenditure on ordinary activities | | | 1,059,911 | | 1,413,783 |
| Reversal of notional cost of capital | | | (1,177) | | 1,339 |
| Exceptional items: dissolution of Commission Closure costs | 6b | | 79,745 | | – |
| Net Expenditure for the financial year | | | 1,138,479 | | 1,415,122 |

Note: All operations were discontinued on 31 March 2008 as a result of the cessation of the Statistics Commission.

The notes on pages 45 to 58 form part of these accounts.

Statement of recognised gains and losses
for the year ended 31 March 2008

| | Note | 2008 | 2007 |
|--|------|------|-------|
| | | £ | £ |
| Unrealised surplus on the revaluation of tangible fixed assets | 12 | - | 1,968 |
| Total recognised gains/(losses) for the year | | - | 1,968 |

The notes on pages 45 to 58 form part of these accounts.

Balance sheet as at 31 March 2008

| | | 2008 | | 2007 | |
|---|------|----------|----------------|-----------|-----------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 7 | | – | | 97,904 |
| Current assets | | | | | |
| Debtors | 8 | 22,355 | | 60,669 | |
| Cash at bank and in hand | 9 | 137,460 | | 5,268 | |
| | | 159,815 | | 65,937 | |
| Creditors: amounts falling due within one year | 10 | (18,124) | | (229,609) | |
| Net current assets/(liabilities) | | | 141,691 | | (163,672) |
| Total assets less current liabilities | | | 141,691 | | (65,768) |
| Creditors: amounts falling due after more than one year | 11 | | – | | (4,062) |
| Net assets/(liabilities) | | | 141,691 | | (69,830) |
| Reserves | | | | | |
| General reserve | 12 | | 141,691 | | (73,652) |
| Revaluation reserve | 12 | | – | | 3,822 |
| | | | 141,691 | | (69,830) |

Nick Macpherson
Accounting Officer
12 June 2008

The notes on pages 45 to 58 form part of these accounts.

Cash flow statement for the year ended 31 March 2008

| | | 2008 | 2007 |
|---|------|--------------------|-------------|
| | Note | £ | £ |
| Net cash (outflow) from operating activities | 13 | (1,218,743) | (1,362,432) |
| Capital expenditure | | | |
| Payments to acquire tangible fixed assets | | – | (2,465) |
| Acquisitions and Disposals | | | |
| Proceeds on sale of fixed assets | | 935 | – |
| Net cash (outflow) before financing | | (1,217,808) | (1,364,897) |
| Financing | | | |
| Grant in aid | 2 | 1,350,000 | 1,350,000 |
| Increase/(Decrease) in cash and cash equivalents | 9 | 132,192 | (14,897) |

The notes on pages 45 to 58 form part of these accounts.

Notes to the Accounts

1. Accounting policies

a. Basis of preparation

These financial statements have been prepared in accordance with the HM Treasury Accounts Direction and HM Treasury's guidance Government Financial Reporting Manual. The particular accounting policies adopted by the Statistics Commission are described below. They have been applied consistently in dealing with items considered material in relation to these financial statements.

b. Accounting convention

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

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

The Statistics and Registration Service Act 2007 announced the cessation of the Statistics Commission upon the commencement of the Statistics Board on 1 April 2008. All business operations of the Statistics Commission ceased on 31 March 2008 and all assets and liabilities of the Commission became the responsibility of HM Treasury from 1 April 2008. The Commission is not a going concern and therefore the accounts have been prepared on a break up basis although this has made no material difference to the accounts presentation.

c. Grant in aid

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

Notes to the Accounts

d. Tangible fixed assets

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

e. Depreciation

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

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

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

f. Operating leases

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

g. Notional charges

A notional cost of capital is calculated at 3.5% (2006-07 – 3.5%) on average net assets, excluding the Paymaster General bank balance. Where there are net liabilities (excluding the Paymaster General bank balance) a cost of capital credit arises. Notional costs are charged to the income and expenditure account.

Notes to the Accounts

h. Value added tax

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

i. Pension arrangements

The Commission is a non-statutory organisation and cannot directly employ staff. So everyone other than temporary staff is seconded to the Commission. The parent organisations of staff seconded to the Commission invoice the Commission for the pension and social security costs of the individual secondees. Most past and present Commission staff are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme. The Scheme Actuary (Hewitt Bacon Woodrow) valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation at www.civilservice-pensions.gov.uk.

2. Grant in aid

| | 31-Mar-08 | 31-Mar-07 |
|---|-----------|-----------|
| | £ | £ |
| Grant in aid cash received from Request for Resources 1 | 1,350,000 | 1,350,000 |

3. Income

| | 31-Mar-08 | 31-Mar-07 |
|----------------------------------|-----------|-----------|
| | £ | £ |
| Bank interest on current account | 4,577 | 2,385 |

Notes to the Accounts

4. Staff costs

| | 31-Mar-08 | 31-Mar-07 |
|--|-----------|-----------|
| | £ | £ |

a. Staff costs for the year comprised:

| | | |
|--|----------------|---------|
| Wages and salaries (staff on secondment) | 394,822 | 534,417 |
| Wages and salaries (temporary staff) | – | 2,966 |
| Social security costs | 44,131 | 49,453 |
| Other pension costs | 75,210 | 108,882 |
| | 514,163 | 695,718 |

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

b. Average number of staff

The average number of persons contracted to work for the Commission during the year was as follows:

| | 31-Mar-08 | 31-Mar-07 |
|--|-----------|-----------|
| | Number | Number |

| | | |
|----------------------------|----------|----|
| Senior staff on secondment | 1 | 1 |
| Other staff on secondment | 6 | 10 |
| Temporary staff | – | – |
| | 7 | 11 |

There were no staff remaining at the Commission after 31 March 2008.

Notes to the Accounts

5. Commissioners' fees

For details of fees paid to individual Commissioners please see the Remuneration Report.
Total fees for the year were as follows:

| | 31-Mar-08 | 31-Mar-07 |
|-------------------------|---------------|-----------|
| | £ | £ |
| Total commissioner fees | 68,333 | 72,452 |

In addition, expenses amounting to £7,230 (2006-07: £6,175) were reimbursed to the Commissioners.

Notes to the Accounts

6a. Other administration costs

| | 31-Mar-08 | 31-Mar-07 |
|--|----------------|-----------|
| | £ | £ |
| Rent, rates and service charges | 155,298 | 181,596 |
| Research costs | 86,226 | 240,017 |
| IT current | 43,044 | 58,691 |
| Consultants and professionals | – | – |
| Training | 8,677 | 14,352 |
| Printing and stationery | 13,413 | 13,510 |
| Internal audit | 8,974 | 5,633 |
| Recruitment | – | – |
| External auditors' fees | 9,987 | 7,637 |
| Commissioners' expenses | 12,772 | 10,829 |
| Cleaning | 5,065 | 6,072 |
| Relocation expenses | 2,073 | – |
| Telephones | 9,040 | 11,880 |
| Photocopying | 841 | 2,826 |
| Postage | 3,116 | 3,477 |
| Publicity | 4,493 | 12,826 |
| Travel | 14,199 | 13,347 |
| Other costs (eg bank charges, electricity, health and safety, etc) | 6,628 | 8,778 |
| | 383,846 | 591,471 |

Other costs include **£0** (2006-07: £224) for the downward revaluation of tangible fixed assets.

Notes to the Accounts

6b. Closure costs

| | 31-Mar-08 | 31-Mar-07 |
|---|---------------|-----------|
| | £ | £ |
| Dilapidations and surveyor fees | 28,994 | – |
| Rent penalty payment | 26,665 | – |
| Compensation payments to Commissioners | 12,833 | – |
| Chief Executive accommodation penalty payment | 11,253 | – |
| | 79,745 | – |

Notes to the Accounts

7. Tangible fixed assets

| | IT Equipment | Office Equipment | Furniture & Fittings | Leasehold & Improve- ments | Total |
|-----------------------|-----------------|---------------------|-------------------------|----------------------------------|-----------|
| | £ | £ | £ | £ | £ |
| Valuation | | | | | |
| At 1 April 2007 | 42,299 | 3,579 | 68,975 | 193,314 | 308,167 |
| Additions | - | - | - | - | - |
| Disposals | (42,299) | (3,579) | (68,975) | (193,314) | (308,167) |
| Revaluation | - | - | - | - | - |
| At 31 March 2008 | - | - | - | - | - |
| Depreciation | | | | | |
| At 1 April 2007 | 38,643 | 3,579 | 50,633 | 117,408 | 210,263 |
| Charge for year | - | - | - | - | - |
| Withdrawn | (38,643) | (3,579) | (50,633) | (117,408) | (210,263) |
| Revaluation | - | - | - | - | - |
| At 31 March 2008 | - | - | - | - | - |
| Net book value | | | | | |
| At 31 March 2008 | - | - | - | - | - |
| At 31 March 2007 | 3,656 | - | 18,342 | 75,906 | 97,904 |

The large movement in fixed assets is due to the wind up of the Commission at 31 March 2008 and all assets being sold, transferred to HM Treasury at nil net book value or disposed of by that date.

Notes to the Accounts

8. Debtors

| | 31-Mar-08 | 31-Mar-07 |
|---------------|---------------|-----------|
| | £ | £ |
| Prepayments | 16,823 | 58,809 |
| Other debtors | 5,532 | 1,860 |
| | 22,355 | 60,669 |

The prepayments figure includes £11,439 for the cost of hosting and support of the Commission's website which will continue to be available to the general public until June 2010 and a further £4,534 for IT support until June 2008. These amounts will not appear in any accounts for 2008-09 as these are the last accounts of the Statistics Commission.

9. Cash at bank and in hand

| | 31-Mar-08 | 31-Mar-07 |
|---|----------------|-----------|
| | £ | £ |
| At 1 April | 5,268 | 20,165 |
| Increase/(decrease) in cash in the year | 132,192 | (14,897) |
| At 31 March | 137,460 | 5,268 |
| Commercial bank account | 137,460 | 5,268 |

The bank account will be closed as soon as all outstanding cheques have cleared and the balance at the bank will be returned to the main HM Treasury account.

Notes to the Accounts

10. Creditors: Amounts falling due within one year

| | 31-Mar-08 | 31-Mar-07 |
|-------------------------------|---------------|-----------|
| | £ | £ |
| Amount payable to HM Treasury | – | 65,665 |
| Trade creditors | 306 | 28,516 |
| Other creditors | – | 10,666 |
| Accruals | 17,818 | 124,762 |
| | 18,124 | 229,609 |

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

| | 31-Mar-08 | 31-Mar-07 |
|-----------------|-----------|-----------|
| | £ | £ |
| Other creditors | – | 4,062 |

Other creditors relate to the operating lease incentive for a rent-free period.

This amount will be released to the Income and Expenditure account as follows:

| | 31-Mar-08 | 31-Mar-07 |
|---------------------|-----------|-----------|
| | £ | £ |
| Within 1 to 2 years | – | 4,062 |

Notes to the Accounts

12. Reserves

| | General Fund | Revaluation Reserve |
|--|--------------|---------------------|
| | £ | £ |
| At 1 April 2007 | (73,652) | 3,822 |
| Net Expenditure | (1,138,479) | – |
| Grant in aid received towards resource expenditure | 1,350,000 | – |
| Grant in aid received towards purchase of fixed assets | – | – |
| Transfer of revaluation reserve | 3,822 | (3,822) |
| As at 31 March 2008 | 141,691 | – |

The revaluation reserve was transferred to the General Fund as all fixed assets had been disposed of by 31 March 2008.

13. Reconciliation of net expenditure for the year to net cash outflow from operating activities

| | 31-Mar-08 | 31-Mar-07 |
|--|-------------|-------------|
| | £ | £ |
| Net expenditure for the year | (1,138,479) | (1,415,122) |
| Adjustment for non-cash transactions: | | |
| Depreciation | – | 57,866 |
| Deficit on disposal of fixed assets | 96,969 | – |
| Deficit on revaluation of fixed assets | – | 224 |
| Adjustment for movements in working capital other than cash: | | |
| (Decrease) in creditors | (215,547) | (1,609) |
| Decrease/(increase) in debtors | 38,314 | (3,791) |
| Net cash (outflow) from operating activities | (1,218,743) | (1,362,432) |

Notes to the Accounts

14. Commitments under operating leases

The annual commitment under operating leases were as follows:

| | 31-Mar-08 | 31-Mar-07 |
|---|-----------|-----------|
| | £ | £ |
| Land and buildings | | |
| Lease expiring within one year | - | - |
| Lease expiring after one year but not more than 5 years | - | 106,661 |
| | - | 106,661 |

The lease for the offices at Artillery Row was terminated on 3 February 2008 and remaining staff moved to accommodation at HM Treasury, 1 Horse Guards Road, London. The Commission paid HM Treasury £11,361 in rental charges for the two months until 31 March 2008 (included in Note 6a).

15. Contingent liabilities

The Statistics Commission had no contingent liabilities at 31 March 2008. (2007: None)

16. Capital and other commitments

The Statistics Commission had no capital commitments at 31 March 2008.

17. Related party transactions

During the year, HM Treasury provided total cash grant in aid of **£1,350,000** (2006-07: £1,350,000).

During the year, other than the receipt of fees and expenses and salaries as disclosed in Notes 4 and 5, none of the Commission members, senior managers or other related parties has undertaken any material transactions with the Statistics Commission.

Notes to the Accounts

18. Financial instruments

Financial Reporting Standard (FRS) 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from these disclosures. Because of the largely non-trading nature of its activities and the way it is financed, the Commission is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Commission has limited powers to borrow or invest funds, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Commission in undertaking its activities.

Liquidity risk

The Commission's net revenue resource requirements are largely funded by grant in aid from its sponsor department. The capital expenditure is also financed through grant in aid. The Commission is therefore not exposed to significant liquidity risks.

Interest rate risk

The Commission is not exposed to any interest rate risk.

Foreign currency risk

The Commission's exposure to foreign currency risk is not currently significant.

Notes to the Accounts

19. Intra-government balances

| | Debtors: amounts falling due within one year | Creditors: amounts falling due within one year | Creditors: amounts falling due after more than one year |
|--|--|--|---|
| | £ | £ | £ |
| Balances with HM Treasury | – | 917 | – |
| Balances with other government departments | 5,532 | – | – |
| Balances with bodies external to government | 16,823 | 17,207 | – |
| At 31 March 2008 | 22,355 | 18,124 | – |
| Balances with HM Treasury | – | 82,513 | – |
| Balances with other government departments | – | 99,194 | – |
| Balances with bodies external to government | 60,669 | 47,902 | 4,062 |
| At 31 March 2007 | 60,669 | 229,609 | 4,062 |

20. Date of authorisation of the accounts

The Accounts were authorised to be issued on 13 June 2008.

