

UK STATISTICS AUTHORITY¹

ESTIMATES MEMORANDUM

INTRODUCTION

The Spring Supplementary Estimate for 2009-10 seeks the necessary resources to support the functions of the Department.

The purpose of this Memorandum is to provide the Select Committee with an explanation of how the additional resources provided in the Supplementary Estimate will be applied to achieving departmental objectives. This includes information on comparisons with the resources provided in earlier years in Estimates and departmental budgets.

A glossary of key terms used in the Memorandum is provided.

SUMMARY OF CHANGES SOUGHT IN THE ESTIMATE

Voted provision

The supplementary Estimate provides for a 3.1% increase in voted resource.

- An increase in the Net Resource Requirement (NRR) of £6,630,000
RfR1 £6,630,000
- An increase in the Net Cash Requirement (NCR) of £6,615,000

Budgetary data

The changes to key budgetary figures are:

Resource Departmental Expenditure Limit increases by £630,000
of which:

£630,000 near cash, programme budget

The increase in Resource DEL is financed by £630,000 ring fenced Invest to Save Budget (ISB) end of year flexibility (EYF) in relation to the Quality Measurement Framework Project. There is also a £6,000,000 drawdown of Departmental unallocated provision (DUP), though this means a movement from non-voted to voted DEL not an increase in overall DEL. The DUP will be used to finance the utilisation of provision.

¹ The UK Statistics Authority is the operating name of the legal entity “the Statistics Board”, created in the Statistics and Registration Service Act 2007. The Main Estimates were submitted using the name “the Statistics Board”.

Detailed explanation of the changes

The transfers and other changes outlined in the Introduction to the Estimate are analysed in this section of the memorandum.

Example of detailed explanation of the changes		
Amount	Description	DEL
Movements in provision related to DEL		
£630,000	Draw down of ring fenced Invest to Save Budget resource EYF for Quality Measurement Framework Project.	
Movements in provision neutral in budgets		
Transfer from non-voted DEL (Departmental Unallocated Provision)		
£6,000,000	Transfer from DUP to increase other current provision	
£15,656,000	Changes in Appropriation in Aid (AinA), offset by spending	
£15,000	Changes in Analysis of non-operating appropriations in aid (AinA)	

The net resource provision has increased by £6,630,000 from Main Estimates. This increase includes additional provision of £630,000 end of year flexibility directly related to the Quality Measurement Framework Project.

Departmental Unallocated Provision (DUP)

The Spring Supplementary Estimate includes draw down of the full amount of the programme DUP of £6,000,000. Much of the increase in programme provision included in the Supplementary Estimate will cover the cost expected to be incurred on property provisions.

In 2006/07 it was announced that staff numbers in London would reduce to about 90 by the end of 2009/10, and a provision has been made for early retirement of those staff allowing for those who leave by other means, such as transfer, relocation or resignation.

As part of the decision to relocate all remaining London staff to Myddelton Street, Drummond Gate was vacated in June 2008. The property is being actively marketed and discussions are taking place with a number of potential tenants, and so far two tenants have signed leases for three out of six floors. Whilst we estimated the property to be fully let by the end of 2011-12 we have revised upward the provision.

Also we are making changes of £15.6m in the Appropriation in Aid in order to take the additional income from the social surveys, recovery of costs on shared projects and surveys from other government departments. The increase in expenditure will be offset by this increase in Appropriation in Aid (A-in-A). There is also a change of £15k in the Analysis of non-operating appropriations in aid (A-in-A) and this will be offset by the reduction in capital expenditure.

Impact on department's Public Service Agreement (PSA)

A full report on progress against the Authority's Achievements for 2008-09 was given in the Annual Report and Accounts 2008-09 page 14.

Much of the increase in programme provision included in the Supplementary Estimate support the Quality Measurement Framework (QMF) project. HMT agreed to funds of £2.4 million for the QMF project in Round 8 of the Invest to Save Budget (ISB) programme which encouraged bids with a particular emphasis on the voluntary sector.

Departmental Expenditure Limit (DEL)

This Supplementary Estimate will result in an overall increase in Resource DEL of £630,000.

Details of DEL in Estimates are:

£ '000s	Voted	Non-voted	TOTAL
Resource DEL			
Main Estimate	210,060	6,000	216,060
Spring Supplementary Estimate	212,246	-	212,876
Capital DEL			
Main Estimate	15,000	-	15,000
Revised Total DEL*	227,246	-	227,876

* Depreciation, which forms part of RDEL, is excluded from total DEL since CDEL include capital spending and to include depreciation of those assets would lead to double counting.

The table below compares outturns from the last few years with planned DELs.

£ '000s

Previous years' expenditure against Departmental Expenditure Limits (DEL)					
Year	Voted	Non-voted	TOTAL	Outturn	Variance
Resource					
2005-06	173,012	-	173,012	172,445	-0.3%
2006-07	196,125	777	196,902	192,780	-2.1%
2007-08	175,176	1,027	176,203	172,088	-2.4%
2008-09	216,050	1,073	217,065	209,368	-3.7%
Capital					
2005 - 06	27,570	-	27,570	24,670	-10.5%
2006 - 07	27,580	-	27,580	27,512	-0.2%
2007- 08	27,580	-	27,580	15,324	-44%
2008-09	21,000	-	21,000	19,779	-6.2

The outturn on the Resource DEL for 2008-09 of £209,368,000 was against final provision of £217,065,000. This represented an under spend of £7,697,000 of the Resource DEL, which is largely due to the need to keep within HM Treasury (HMT) budget for near cash and a conscious decision not to fully commit the available budget. The £1.073million of DUP (Invest to Save Budget) relates to the Quality Measurement Framework Project which was not drawn in 2008-09 due to the tight fiscal position and HMT deciding to put restriction on the release of EYF available to departments.

The outturn on the Capital DEL for 2008-09 of £19,779,000 was against a final provision of £21,000,000. The under spend is mainly because of lower capital spending on Information Management assets.

DEL End Year Flexibility

The 2008-09 End Year Flexibility for ONS was reported in the Public Expenditure Outturn White Paper 2008-09 (PEOWP) (Cm 7606).

£ '000

	Admin	Other resource	TOTAL Resource	of which: near cash	non-cash	Capital
ONS EYF balance from PEOWP, 2009 July		1,073	1,073	1,073		13,845

The table above represents the position of EYF stocks since the publication of PEOWP 2008-09 (Cm 7606) in July 2009. Some of the capital under spends relate to modernisation whilst the resource underspend relates to Quality Measurement Framework Project.

Administration Costs Limit/Programme Budget

In previous years the majority of the total ONS budget was administration expenditure with some small element of programme expenditure relating to EU receipts. As a result of independence all of the UK Statistics Authority's resource costs have been reclassified as programme expenditure.

The Spring Supplementary Estimate will increase the programme costs limit by £630,000 to £212,876,000. A comparison with earlier years and plans is set out below.

£ '000

Administration budget (previous years)		
Year	Plans (Limit)	Outturn
2005-06	173,462	171,638
2006-07	196,666	191,946
2007-08	176,051	171,956

Changes to programme budget in 2008-09		
Year	Plans (Limit)	Outturn
2008-09	217,065	209,368
1 April 2009 at Main Estimate	212,246	-
Change announced in Spring Supplementary	630	-
REVISED PROGRAMME BUDGET LIMIT	212,876	-

The reason for the under spend in 2008-09 is explained in the historical under spends in the DEL section above.

The increase of £630,000 in the Supplementary relate to the draw down of the end of year flexibility of Invest to Save in support of the work of Quality Measurement Framework Project.

Provisions

We have reviewed the provision created last year in respect of the onerous contract for Drummond Gate and for VES/VER due to changes in circumstances. Therefore in the Spring Supplementary we are increasing this to reflect the latest situation.

Approval of Memorandum

This memorandum has been prepared with reference to guidance in the *Estimates Manual* provided by HM Treasury and that found on the House of Commons, Scrutiny Unit website. The information in this memorandum has been approved by the Chief Executive of the Office for National Statistics, Jil Matheson.

Annex 1

Glossary of Key Terms

Departmental Expenditure Limit (DEL)

This is spending within the Department's direct control and which can therefore be planned over an extended period, such as the costs of its own administration, payments to third parties.

Annually Managed Expenditure (AME)

AME is primarily demand-led expenditure. It is generally less predictable and controllable than expenditure in DEL.

Request for Resources (RfR)

A Request for Resource is a function based description of the organisational level of the department. These can vary between one or more RfR and should be objective based referring to the purpose for which the functions being carried out by the department are intended to meet.

Subheads and Sections

Subheads and sections are lines within RfRs, which detail the functions that the department is carrying out in pursuit of its objective.

Departmental Unallocated Provision (DUP)

DUP is a Departmental contingency reserve, which can be accessed, where necessary, by means of a Supplementary Estimate.

End of Year Flexibility (EYF)

A mechanism that enables the Department to plan the use of resources over Spending Review years and therefore carry forward unspent provision in the Departmental Expenditure Limit in one year to subsequent years.

Voted and Non-Voted

Voted expenditure is that which has gone through the Supply Estimates process. Non-voted, as its description suggests, has not been through this process. It usually refers to expenditure that comes from another source e.g. consolidated fund, standing services.