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Our Ref: Case 2013-21

Date: 4 July 2017

Mr. Paul Casey
Welsh Treasury
N06 2nd Floor
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Dear Mr. Casey,

Notification of Review of Welsh Further and Higher Education Institutions

Welsh Government invited ONS to consider the potential statistical classification of Welsh Further and Higher Education Institutions, most recently in respect of a query provided on 6 June 2017. The query related to the potential strengthening of reporting requirements by mandating publication of pay scales through the Annual Accounts Direction.

Further Education Institutions

As you are aware, ONS reclassified Welsh Further Education Institutions to be within the NPISH sector in 2015. As such, the proposal was considered while taking into account other public sector influences that have already been identified by ONS.

Having considered these in light of the relevant sections of the European System of Accounts (ESA 2010) and Manual on Government Deficit and Debt (MGDD 2016), the Secretariat is of the view that the previously identified influences in combination with the requirement to publish pay scales would not result in a public sector classification.

Higher Education Institutions

Higher Education Institutions in Wales are also currently classified as being within the NPISH sector. It is worth noting that ONS is carrying out a classifications review of all universities in the UK, though the existence of public sector control will not be assessed as part of this review.

Having considered the proposal in light of the relevant sections of ESA 2010 and MGDD 2016, the Secretariat is of the view that implementation of the proposal would not result in a public sector classification. As such, ONS would not need to examine whether public sector control exists in Welsh Higher Education Institutions as part of the universities classification review. This means that at the end of the review, universities in Wales will remain classified to the private sector.

ONS will treat this advice as given in confidence. If any indication of the contents of this advice are made public, by yourselves or otherwise, we reserve the right to publish the advice in full, or confirm that we have been approached to provide advice. You are free to make this advice public but we ask that if you wish to do so that you contact us in advance to discuss.

I trust this provides sufficient explanation of the decision reached. Please do get in touch if you have any questions or comments.

Yours sincerely,

David Beckett