Developing the UK’s Large Case Unit

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IBU or LCU

Set up around 18 months ago
In response to globalisations issues.
Still being developed and expanding
Still working on organisation role and governance
Is a large case unit, but most focus is on MNE’s
Aims of the IBU

• To gain a greater understanding of the way in which globalisation of large businesses and their operating models impact ONS data.

• To improve the quality of the data collected from our most important businesses.

• Build stronger working relationships with contacts within key UK MNE groups.
Why do we need an IBU?

MNE’s operate across borders using a variety of operating models. These are difficult to manage in the National Accounts framework:

- Contract manufacturing;
- Factory-less goods production;
- Merchanting of goods and services;
- Toll processing;
- Transfer pricing;
- Internet Related Activities;
- Cross-border use of intellectual property; and
- Special Purpose Entity (SPE) activity.

Plus many other challenges such as collecting timely, coherent and consistent data from our largest businesses.
Example of MNE Global Structure
The IBU Team

The IBU is a multi-disciplined team made of:

• IBU Manager
• Qualified Accountant(s)
• Business Structure experts (from profiling)
• Account Managers
• Data Analysts
**IBU Process Steps**

1. **Secure Co-Operation with MNEs**
   - Sent Letters to CFOs requesting Participation From ONS Director of Economic Statistics Transformation

2. **Analysis/Research of Key Data Variables collated across Surveys**
   - Turnover, Employment, Expenditure, International Trade Data and R&D Activity including ownership of IPP

3. **Comparisons against survey data and Company Accounts**
   - Preparation of Visit Identification of Issues/Discrepancies.

4. **Face to Face Visits**
   - Intelligent, accounts focused questions surrounding the MNEs Global Model, Economic Ownership and Discrepancies Identified.

5. **Finalise Results, Correct Data**
   - Working with Internal Stakeholders to agree on implementation of updates to data, i.e. timing, provide commentary.

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*Office for National Statistics*
Number of cases

- Around 40 cases examined so far
- Three being trialled with full collection and account management
- Aim to have no more than 100 cases
- We also have profiling unit, which looks a business structure
Successes so far

- Identification and understanding of global production arrangements
- Strong working relationships with key MNE’s
- Reducing the data collection burden on MNEs
- Correction of data inconsistencies
- Collaboration with other NSIs across EU
- Working closely with internal stakeholders
Challenges

• New and complex work – challenge bottoming out and achieving concrete changes
• Businesses constantly change
• Appropriate contacts within MNE – getting cooperation
• Aligning survey timetables to companies timetables
• Very Small Team – currently only 7
• Resource Intensive Work
Going Forward

• Continue to work closely with the selected number of cases
• Continue to learn about global operations – also Brexit issues
• Tailored data collection/Account management
• Bid for extra resources–to expand over next 4 years