

# Developing the UK's Large Case Unit

**Andrew Allen**

# 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

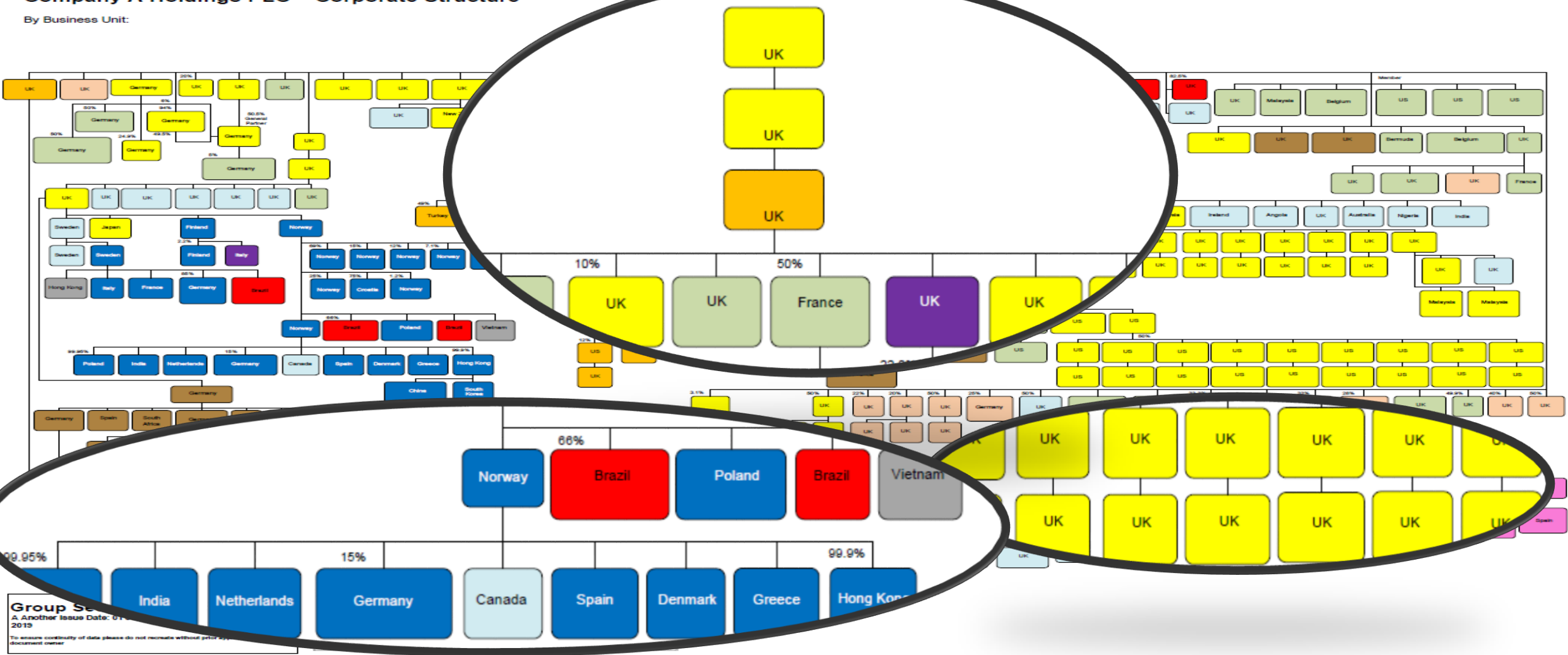
- Contract manufacturing;
- Factory-less goods production
- Merchanting of goods and services;
- Toll processing;
- Transfer pricing;
- Internet Related Activities;
- Cross-border use of intellectual property; and
- Special Purpose Entity (SPE) activity.

Plus many other challenges such as collecting timely, coherent and consistent data from our largest businesses.

# Example of MNE Global Structure

## Company A Holdings PLC – Corporate Structure

By Business Unit:



# 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

**Secure Co-Operation with MNEs**



Sent Letters to CFOs requesting Participation From ONS Director of Economic Statistics Transformation

**Analysis/ Research of Key Data Variables collated across Surveys**



Turnover, Employment, Expenditure, International Trade Data and R&D Activity including ownership of IPP

**Comparisons against survey data and Company Accounts**



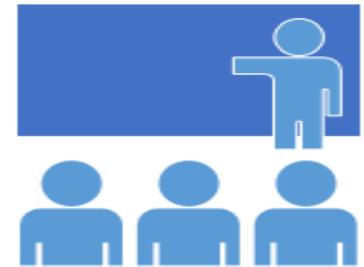
Preparation of Visit Identification of Issues/ Discrepancies.

**Face to Face Visits**



Intelligent, accounts focused questions surrounding the MNEs Global Model, Economic Ownership and Discrepancies Identified.

**Finalise Results, Correct Data**



Working with Internal Stakeholders to agree on implementation of updates to data, i.e. timing, provide commentary.

# 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