

Sir Andrew Dilnot CBE
Chair of the Statistics Authority
UK Statistics Authority
1 Drummond Gate
London
SW1V 2QQ
authority.enquiries@statistics.gsi.gov.uk

17 May 2016

Dear Sir Andrew,

Re: The United Kingdom EU's contributions

Thank you for your letter of 10 May on the UK's contributions to the EU. Unfortunately, I consider your response to be misleading.

Firstly, in your evidence to Public Administration and Constitutional Affairs Select Committee last month, you admitted that: 'Yes, the £19.1 billion figure is a legitimate figure for gross contributions... the official statistics are the £19.1 billion' (Evidence to Public Administration and Constitutional Affairs Committee, 26 April 2016, Link). Please clarify whether you still believe this to be the case. It is misleading for you to accuse us of being 'misleading' when you have already accepted this figure is both 'official' and 'legitimate'. These statistics show that the UK is debited over £350 million per week, money which could be spent on our priorities like the NHS.

Secondly, you have criticised this campaign in correspondence for referring to statistics 'without further explanation' in a fashion you suggest is 'potentially misleading' and 'disappointing'. Yet you yourself have frequently referred to the so-called rebate 'without further explanation'. It is 'disappointing' and 'potentially misleading' that you have done so, since the public could have been left with the impression that the rebate is paid automatically, rather than being a grant payable at the discretion of the European Commission. As the Chancellor of the Exchequer, George Osborne, has said:

'the rebate involves a discussion between member states and the European Commission, which is why we were discussing with the Commission, in parallel, the size of the British rebate... If the rebate was always going to apply, and to such an extent, why did neither he nor any other Labour Member raise the matter?... we were engaged in the intensive discussions to nail down the rebate... it was not clear that the rebate would apply (Hansard, 10 November 2014, cols 1186-1187 & 1194, link).

Westminster Tower 3 Albert Embankment London SE1 7SP

020 7952 5454 info@voteleave.uk www.voteleavetakecontrol.org



The Chancellor could not have been clearer about the nature of the rebate when he said:

'It is not a unilateral decision of the British Treasury or the British Government to just say, "This is our rebate. We are entitled to it. Pay up". The way this works and has always worked is there is a negotiation with the European Commission' (Evidence to Treasury Select Committee, 17 December 2014, link).

It is notable that the leaders of the 'IN' campaign, which is supported by the Chancellor and the Government, have called for the Commission to stop granting the UK this money. The Executive Director of the Britain Stronger in Europe campaign, Will Straw, has previously called for the rebate to be scrapped in its entirety (IPPR, November 2012, Link). I hope, therefore, that you will clarify the nature of this rebate-grant and why it is rightly accounted for as a credit on the current account.

I also note that you omitted in your letter any mention of the apparent increase in the UK's net public sector contribution in 2015 compared with 2014. In the March 2016 *Balance of Payments* statistics published by the ONS, it is stated at table H that:

'For a complete picture of UK official transactions with institutions of the EU, the balance of other primary income -£829 million, a credit of £772 million for export of services (UK charges for collection duties) and a capital account credit of approximately £460 million should be included giving a 2015 balance of approximately -£10,649 million' (ONS, March 2016, link).

Please clarify whether the £10.6 billion figure published by the ONS is a 'legitimate' figure for the UK Government's net payments to the EU in 2015, and whether or not this represents a £777 million increase compared to the figure for 2014 in table 9.9 of the 2015 *Pink Book*.

I would also be grateful if you would clarify remarks you made about private sector contributions in your letter. You assert that the £12.3 billion balance of payments figure should not be used as an indicator for the net transfer of resources to the EU from the whole economy since it excludes credits on the capital account. Even deducting the £1.48 billion credit on the capital account in 2014 in table 6.1 of the 2015 $Pink\ Book$, the total net transfer of resources to the EU still amounted to £10.9 billion. Please clarify whether this is a legitimate figure.

You also stated that 'fines constitute a small component of EU funding which it is not possible to allocate to individual EU countries' and that such fines amounted to 2.9% of the EU budget in 2014. Please confirm that they amounted to €4.124 billion in total, hardly a 'small' amount as you claim (European Commission, 24 February 2016, link).

In addition, please confirm:

- (a) whether or not the Chancellor of the Exchequer's claim that each household will be £4,300 worse off if we Vote Leave is an 'official statistic', and whether or not you are investigating the use of this figure by Ministers of the Crown and/or the Britain Stronger in Europe campaign; and
- (b) whether the sum of HMRC's liabilities and contingent liabilities at 31 April 2015 for taxes subject to challenge (such liabilities being caused by challenges to tax legislation under

EU law) is £42.781 billion (liabilities: £7.181 billion; contingent liabilities: £35.6 billion) (HMRC, *Annual Report and Accounts 2014-15*, 16 July 2015, pp. 115-116, <u>link</u>).

I look forward to your response.

Yours sincerely,

Dominic Cummings

Campaign Director, Vote Leave