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Treasury Committee

Independence for statistics

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written evidence*

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Summary

In March 2006, the Government published a consultation paper, *Independence for statistics*, setting out its proposals to replace the current Office for National Statistics (ONS) with an independent statistics office, to be established as a non-ministerial department and governed by an independent board. In this report, we assess the Government's proposals, which the Government intends to implement by way of legislation.

We welcome the Government's recognition that greater independence in the statistical system is required, and commend it on publishing its recent consultation paper as a means of continuing the reform process which it started in 1998. We recognise that the Government's proposals are aimed at improving public confidence in official statistics, which recent figures from the ONS have shown is at a low level, but express concern about whether the proposals go far enough to improve public confidence. The principles in the Government's consultation paper do not extend beyond the ONS to the significant number of statistics produced by other government departments, and we therefore recommend that the Government examine including protocols in its forthcoming legislation applicable to all official statistics. We also express concern that the creation of National Statistics has resulted in the emergence of a two-tier system, and that the Government's proposals allow ministers to retain too much control over the designation of National Statistics within their departments.

We consider the proposed structure and responsibilities of the new independent statistics office and conclude that investing the new board with executive responsibility for the statistics office would be likely to have a negative impact on the board's perceived independence. We recommend a clear statutory separation between the role of the National Statistician in the executive delivery of statistics, on the one hand, and the board's responsibilities for the oversight and scrutiny of the statistical system as a whole, on the other. We also consider how the Government intends that the proposed independent statistics office should operate in practice, as a non-ministerial department. We highlight the lack of detail set out in the consultation paper regarding the funding arrangements of the non-ministerial department and the role which Parliament would play in scrutinising its operation, and call for the Government to clarify these points.

Finally, we discuss several issues on which the Government's consultation paper invites comment. In the interests of improving public perceptions of political involvement in the release of official statistics we recommend that the existing arrangements for pre-release access to statistics by ministers and other government officials should be tightened. With respect to the collection of UK-wide statistics and the impact of devolution, we conclude that the Concordat on National Statistics requires reviewing in the light of the devolution experience. We also call on the Government to take the opportunity offered by the forthcoming statistics legislation to allow government statisticians greater access to administrative data.

1 Introduction

Our inquiry

1. The Chancellor of the Exchequer announced to Parliament on 28 November 2005 that the Government intended to publish plans early in 2006 “to legislate to make the Office for National Statistics (ONS) independent of Government, making the governance and publication of official statistics the responsibility of a wholly separate body at arm’s length from Government and fully independent of it”.¹ This announcement followed recommendations from the Statistics Commission, the Royal Statistical Society (RSS), and the Treasury Committee.²

2. On 22 March 2006, HM Treasury published a consultation paper, *Independence for Statistics*, alongside the Budget, setting out its proposals to “build on earlier reforms, reinforcing the independence, integrity and quality of statistics produced in government”.³ The consultation process closed on 14 June 2006.⁴

3. The Treasury Committee has responsibility for scrutinising the ONS on behalf of the House of Commons. In July 2005, the Treasury Committee established a Sub-Committee, to examine the work of the minor departments accountable to the Treasury and other matters referred to it by the main Committee. The ONS is included among these minor departments. In April 2006, the Sub-Committee announced that it intended to undertake an inquiry into the Government’s consultation paper on independence for statistics. In particular, the Sub-Committee intended to examine the Government’s proposals for:

- the ONS;
- an independent governing board, the method of making appointments to it and provisions for its reporting and accountability to Parliament;
- ensuring the quality and integrity of National Statistics; and
- winding up the Statistics Commission.

The Sub-Committee also made clear its intention to consider related issues including:

- the definition of National Statistics, and the status of other official statistics;
- the apparently low levels of public trust in official statistics;
- the role of statisticians working outside the ONS, in central government and the devolved administrations; and

1 HC Deb, 28 November 2005, col 78W

2 Statistics Commission, *Legislation to build trust in statistics*, May 2004; Royal Statistical Society, *A Vision for National Statistics*, September 2002; Treasury Select Committee, Second Report of Session 2000–01, *National Statistics*, HC 137

3 HM Treasury, *Independence for statistics: A consultation document*, March 2006, Foreword by the Financial Secretary to the Treasury, p 1

4 The responses to the Government’s consultation process are available on the Treasury’s website, at: www.hm-treasury.gov.uk/budget/budget_06/other_documents/bud_bud06_odstatistics_responses.cfm.

- any lessons to be learnt from other countries' legislative frameworks for independence for statistics.

4. The Sub-Committee received 12 written memoranda and took oral evidence from: Mr Simon Briscoe from the Financial Times, Ms Ruth Lea from the Centre for Policy Studies, Professor Alison Macfarlane from City University London, the RSS, the Statistics User Forum, the Chief Statistician of Canada, Dr Ivan Fellegi, the Statistics Commission, the Chief Statistician Scottish Executive, Mr Rob Wishart, Professor Denise Lievesley from the Information Centre for Health and Social Care, the National Statistician, Karen Dunnell, and ONS officials, Lord Claus Moser, and John Healey MP, Financial Secretary, HM Treasury. We are grateful to all those who gave evidence or otherwise assisted with our inquiry.

Previous work by the Treasury Committee

5. The Treasury Committee has previously examined issues related to statistics, and reported to the House on *National Statistics* in 2001. In that report, the Committee called for legislation on statistics to “establish more clearly the specific responsibilities of ministers, the National Statistician, the Statistics Commission and others in relation to National Statistics” and to “guard against political interference and backsliding in the future”.⁵ The Committee concluded that it was “absolutely essential that the new arrangements for National Statistics should be enshrined in a Statistics Act” and said that, if the Statistics Commission concurred with its view in two years' time when it carried out its review of the *Framework for National Statistics* introduced in 2000, then it expected the Government to “bring forward legislation as a matter of priority”.⁶

Statistics in the UK: some brief background

6. The collection of statistics has a long history in the UK: records relating to imports and exports can be traced back to the 17th century; the first population census took place in 1801; and the routine collection of statistics relating to births and deaths began in 1837. In 1941, the Central Statistical Office (CSO) was created within the Cabinet Office, primarily to ensure greater coherence in the collection and production of official statistics. A reorganisation of the statistics system in the 1960s led to the creation of two new offices to collect, on behalf of all government departments, statistics from businesses (the Business Statistics Office (BSO)) and information from individuals and households through censuses, surveys and registers (the Office for Population Censuses and Surveys (OPCS)). The reorganisation also established a Government Statistical Service (GSS) to improve the management of government statistics and to develop “a cadre of professional statisticians across government”.⁷

7. In 1989, the Pickford Review of interdepartmental arrangements for the production of statistics recommended an enhanced central role for the CSO.⁸ The recommendation was

5 Treasury Select Committee, Second Report of Session 2000–01, *National Statistics*, HC 137, para 19

6 *Ibid.*

7 *Independence for statistics: A consultation document*, paras 2.2–2.3; HM Treasury, *Statistics: A Matter of Trust*, Cm 3882, February 1998, Annex A

8 S Pickford, J Cunningham, J Lynch, R Radice, G White, *Government Economic Statistics: A Scrutiny Report*, 1989

accepted and the CSO subsequently absorbed the functions of the BSO, parts of the Department of Trade and Industry's statistical divisions, and the Department of Employment's responsibilities for the Retail Prices Index and the Family Expenditure Survey. The CSO increased in size from 170 staff to over 1,000 staff and was transferred from the Cabinet Office to HM Treasury, before being granted executive agency status in 1991. Moves during the 1990s to improve the quality of statistical service to users led to the adoption of the *Official Statistics Code of Practice* in 1995.⁹ In 1996, the CSO was merged with the OPCS to form the ONS, an executive agency of HM Treasury.¹⁰ The Government launched a consultation exercise on the future of the UK's statistical system in 1998. Box 1 details the resulting non-statutory *Framework for National Statistics*, which was introduced in 2000.

Box 1: The Framework for National Statistics

The *Framework for National Statistics*, along with its associated Code of Practice and accompanying Protocols, provides the foundation for the current statistical set-up in the UK. The key reforms introduced as part of the Framework were:

- the creation of the post of National Statistician as the Government's chief statistical adviser. Under the Framework, the post holder is granted operational independence from Ministers, and is both the professional Head of National Statistics and the Director of the ONS. The National Statistician has responsibility for the professional statistical quality of all outputs comprising National Statistics, and for ensuring that all outputs are produced in accordance with the standards set out in the National Statistics Code of Practice ... The National Statistician is appointed by, and is accountable to, the Chancellor of the Exchequer (as Minister for National Statistics) for the performance of National Statistics and, with departmental Heads of Profession for Statistics, for the discharge of annual work programmes approved by Ministers;
- the creation of an independent Statistics Commission, to advise on quality assurance and integrity—including in areas of widespread concern—and priority setting for National Statistics. Independent of both Ministers and producers of National Statistics, the Commission has its own budget and is able to determine its own activities [...]; and
- the introduction of the concept of 'National Statistics', aimed at providing an accurate, up-to-date, comprehensive and meaningful description of the UK economy and society, underpinned by professional standards as set out in a new Code of Practice. The Code—which draws on the United Nations' Fundamental Principles for Official Statistics—is a guide for all public sector statistical work, and applies not only to outputs from the ONS, but also to all those National Statistics produced elsewhere. Ministers are responsible for deciding the scope of National Statistics within their departments, and for ensuring that departmental Heads of Profession for statistics have the authority to maintain and demonstrate the integrity of such statistics in accordance with the Code. The National Statistician is responsible for the maintenance of the Code and its interpretation.

Source: HM Treasury, *Independence for statistics: A consultation document, March 2006, para 2.8*

8. The UK has a decentralised statistical system, meaning that a large proportion of official statistics are produced in government departments and agencies other than the ONS. Professor Denise Lievesley told us that, internationally, there was no such thing as “a totally decentralised system or a totally centralised system”, but that there was a “continuum”.¹¹ Statistical systems are largely centralised in Australia, Canada, Ireland, the Netherlands,

9 Central Statistical Office, *Official Statistics Code of Practice*, 1995

10 HM Treasury, *Statistics: A Matter of Trust*, Cm 3882, February 1998, Annex A; Simon Briscoe, *Britain in Numbers*, 2005, pp 64–70; National Archives, <http://www.ndad.nationalarchives.gov.uk/AH/5/detail.html>

11 Q 145

New Zealand and Norway, while systems in France, Germany, Italy, Sweden and the United States are relatively decentralised.¹²

9. According to the Government, decentralisation “maximises the benefits to be gained from keeping statisticians close to policy work in departments, and maintaining professional statistical expertise across government”.¹³ Each Government department or agency that produces National Statistics, or uses official statistics widely, has a Head of Profession for Statistics.¹⁴ Heads of Profession are responsible for the professional integrity of the National Statistics produced by their department and are appointed by the Permanent Secretary of the department. Heads of Profession have a dual accountability: to their departmental ministers for the relevant parts of the approved work plans for National Statistics; and to the National Statistician for the professional statistical quality of the National Statistics their departments produce.¹⁵

10. In its March 2006 consultation paper, the Government observes that “there is no single ‘best practice’ model for statistical governance internationally. Statistical systems—as with institutional structures more generally—tend to reflect individual country circumstances, and historical and cultural developments”.¹⁶ Despite this, internationally recognised statistical standards do exist. In 1994 the United Nations adopted a set of principles intended to guide the production and dissemination of statistics in its member countries and, more recently, the European Union established a voluntary code of practice designed to protect “the professional independence of statistical authorities from other policy, regulatory or administrative departments and bodies”.¹⁷ More than 90% of the 112 respondent countries to a United Nations report in March 2004 reported having a general statistics law providing the authority and rules under which the national statistical office operated.¹⁸

The Government’s proposals

11. The Government’s consultation paper details the Government’s aims for statistics:

Quality needs to be assured. Official statistics must be sufficiently accurate and reliable for the purposes for which they are required ... the production and presentation of official statistics needs to be free from political interference, and to be seen as such, so that the objectivity and impartiality of statistics is assured.¹⁹

12 HM Treasury, *Statistics: A Matter of Trust*, Cm 3882, February 1998, Annex D

13 *Independence for statistics: A consultation document*, para 2.6

14 See Part 2 for a definition of National Statistics.

15 *Independence for statistics: A consultation document*, para 2.9

16 *Independence for statistics: A consultation document*, para 3.2

17 United Nations Economic and Social Council, *UN Fundamental Principles of Official Statistics*, 1994; European Union, *Code of Practice on European Statistics*, 24 February 2005, Principle 1, p 2

18 *Independence for statistics: A consultation document*, para 3.6

19 *Independence for statistics: A consultation document*, para 1.4

12. The consultation paper describes the introduction of the *Framework for National Statistics* in 2000 as “the most far-reaching reform of statistics in over 30 years”.²⁰ Box 2 sets out the Government’s current proposals for further reform.

Box 2: The Government's proposals for legislation

Having revised the Framework after five years of operation, we now intend to take these reforms much further by:

- entrenching independence in legislation;
- introducing direct reporting and accountability to Parliament, rather than through Ministers;
- placing a statutory responsibility on a new independent governing board to assess and approve all National Statistics against the code of practice, also backed by statute;
- making key appointments to the board through open and fair competition; and
- removing the statistics office from Ministerial control, by establishing it as a Non-Ministerial Department, with special arrangements outside the normal Spending Review process.

At the same time, the Government intends to retain the current decentralised system of statistical production, which benefits from maintaining professional statistical expertise across government, and keeping statisticians close to policy work in departments, and close to other essential data suppliers and customers.

Source: HM Treasury, *Independence for statistics: A consultation document, March 2006, p1*

Public confidence in statistics in the UK

13. Throughout our inquiry we have sought to consider the impact of the proposed policy changes on public confidence in official statistics. Recent figures from the ONS show that, while 37% of adults in Great Britain agree that official statistics are generally accurate, just 17% believe that they are produced without political interference and only 14% say the Government uses official figures honestly.²¹ Lord Moser told us that the public did not distrust figures, so much as “the people who use the figures and the institutions”.²² He said that the UK was the “only country in which there [was] a major trust problem”:

[The problem] does not exist in Canada, Australia or Sweden. It is a feature of the fact that our public distrust politicians, distrust authority, and do not like figures. We have a national problem.²³

14. In 2005, the Statistics Commission initiated research into attitudes towards official statistics among individuals from academia, the media, Parliament, government, public services, the business community and the voluntary sector. The Commission concluded that public confidence in official statistics might be improved if the distance between statisticians and politicians were to be increased:

20 *Independence for statistics: A consultation document, p 1*

21 Office for National Statistics press notice, ‘No change in public confidence in official statistics’, 20 September 2005

22 Q 208

23 *Ibid.*

There is a strong feeling [among respondents to the Commission] that action needs to be taken to increase trust in, and the credibility of, official statistics. For many, the key to achieving this lies with securing independence for the statistical service. It is felt that, of late, the production of statistics has become politicised and when set against a backdrop of distrust in the Government generally, then a comprehensive restructuring of the statistical service is necessary. It is widely believed that by increasing the distance between Government and the statistical service, there will be less of an inclination to view its output with suspicion.²⁴

15. The Minister told us that the Government recognised that there were “widespread perceptions of political interference that undermine the degree of confidence that we would want to see in the statistical system”, and that it was therefore proposing to:

legislate for greater confidence ... legislate for independence from ministers and ... legislate for arrangements in which Parliament will play a much more direct part in holding the statistical service to account.²⁵

Our conclusions

16. **The Treasury Committee has previously called for the introduction of a Statistics Act and a clearer delineation of the responsibilities of ministers, the National Statistician, the Statistics Commission and others in relation to National Statistics in order to guard against political interference in the production and dissemination of official statistics. We therefore welcome the Government’s recognition that greater independence in the statistical system is required, and commend it on publishing its recent consultation paper as a means of continuing the reform process which it started in 1998.**

17. **We also welcome the Minister’s acknowledgement of the importance of addressing the existing low levels of public confidence in statistics. Regardless of the detail of the Government’s final proposals, we consider it essential that the Government ensures that its proposals secure both sufficient independence and sufficient perceived independence in the statistical system. It is crucial that the Government carefully considers the way in which it communicates the independence of statistics to the public, with the aim of ensuring that public trust in official statistics is significantly improved.**

24 Statistics Commission, *Official Statistics: Perceptions and Trust*, 2005, p 37

25 Q 231

2 The Framework for National Statistics

National Statistics

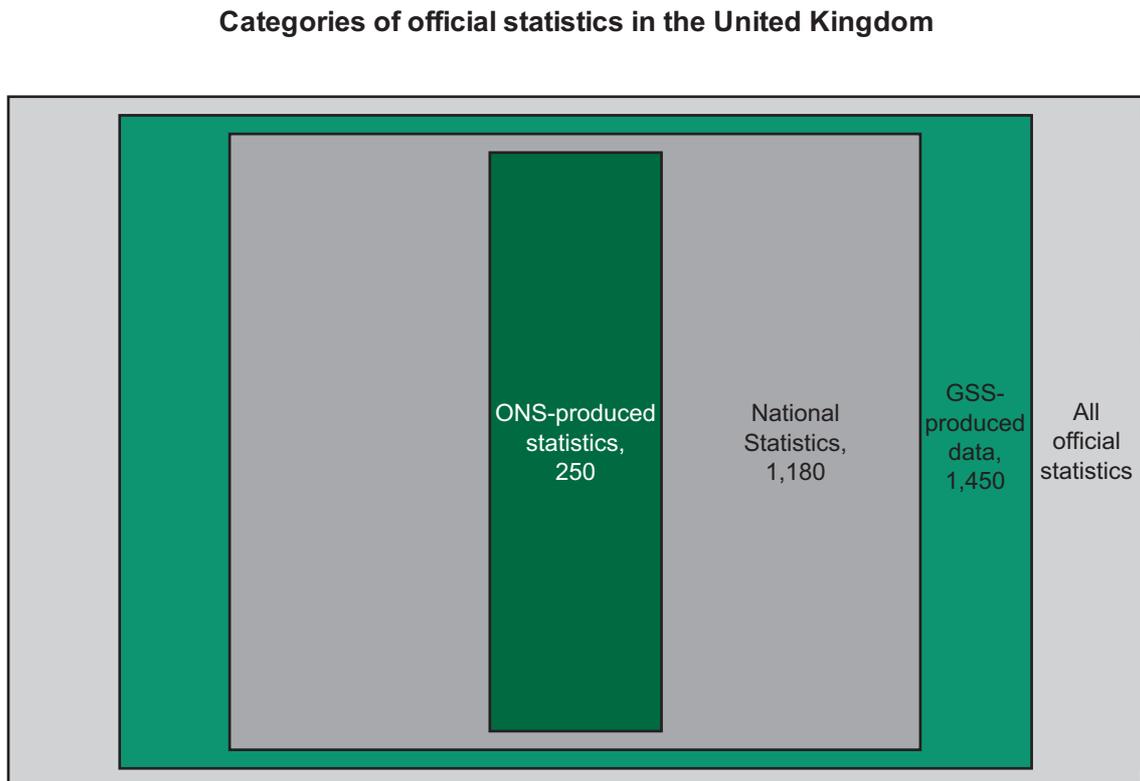
18. The concept of ‘National Statistics’ was introduced as part of the non-statutory *Framework for National Statistics* in 2000. Essentially, National Statistics accreditation acts as a quality kite-mark for official statistics: only those data produced in accordance with the National Statistics Code of Practice receive the accreditation. Although all National Statistics are official statistics, not all official statistics are National Statistics. The Code applies to all datasets which the ONS is responsible for producing and to National Statistics produced within government departments. The National Statistician has overall responsibility for the professional integrity and statistical quality of all datasets designated as National Statistics, although within government departments, ministers are responsible for deciding which statistics should be National Statistics.²⁶

19. The Minister told us that the term ‘official statistics’ refers to an unquantifiable number of statistical outputs including “databases”, “management data” and “one-off research projects” produced by Government officials who are not necessarily members of the GSS. He told us that, currently, around 1,450 datasets are produced by members of the GSS. Of these, approximately 1,180 are designated as National Statistics, with around 250 of these produced by the ONS.²⁷ Figure 1 outlines the relationships between these figures.

26 *Independence for statistics: A consultation document*, para 2.8; Office for National Statistics website, http://www.statistics.gov.uk/about/national_statistics/introduction.asp

27 Q 240

Figure 1: Categories of official statistics in the United Kingdom



Source: Q 240

20. Consequently, approximately four in five GSS-produced statistics are National Statistics. However, the undefined nature of the wider ‘official statistics’ category means that we are unable to determine what proportion of all statistics across Government are National Statistics. At the departmental level, we discovered from the Home Office that, of its 165 statistical outputs, 20 (that is, approximately 12%) were National Statistics. The Home Office cautioned that these figures were subject to some definitional uncertainty, with some questions about what constituted a separate statistical series. Obviously, the situation in the Home Office is not necessarily representative of other government departments.

Criticism of the National Statistics system

21. The existence of National Statistics accreditation was criticised by some of our witnesses. The RSS believed that the public was unable to distinguish between National Statistics and other statistics, explaining that the public found it “very hard to understand why this one is a National Statistic and this one is not”.²⁸ The RSS described National Statistics accreditation as creating “a two-tier system” which was “something of a patchwork at the moment”:

²⁸ Q 37

[For example] we have the situation where monthly waiting lists are not National Statistics but quarterly waiting lists are. It is very difficult for anyone outside the system to understand the logic of that.²⁹

The Statistics User Forum described the concept of National Statistics as “confusing” even to professional users:

the great majority of users in the wide world ... do not draw any distinctions as to where statistics come from within Government; it is just Government official data and they do not have any subtleties about which departments in particular.³⁰

22. Lord Moser expressed concern about the role of ministers in determining which data sets would be treated as National Statistics. He told us that, given the chance, he would “abolish the concept of national statistics” and replace it with “what we have always had and what every other country has: official statistics”.³¹ He argued that ministerial control of National Statistics undermined trust:

The great mistake is to have a category of statistics which are left totally to the ministers’ hands. It is a formula for lack of trust, because anybody who looks into it can see that the minister has decided that those particular things do not go anywhere near ONS; they are totally for him or her to decide on. That, to me, is a very basic flaw.³²

23. The Statistics User Forum argued that all statistics should be produced in the same way according to a code of practice. It told us that this did not necessarily mean that the statistics must be “highly accurate”, simply that they should be as accurate as possible and that any shortcomings should be made clear.³³ Professor Alison Macfarlane of City University London supported this idea. She told us that she wanted any code of practice “to apply as widely as possible”. She argued that currently it was difficult to have any faith in numbers quoted by politicians which had not been produced in accordance with the existing Code of Practice.³⁴

24. Despite these criticisms, the Government proposes that the National Statistics system should continue.³⁵ The Minister’s argument appeared to be that it was better to have some official data produced to the higher National Statistics standard than to have all data produced to an identical, but lower, standard. He commented that, given the difficulty of defining and quantifying statistics produced outside the GSS, “it is probably quite hard to have a code of practice that covers absolutely any statistics, any statistical outputs, or any data that may be generated within Government”.³⁶

29 *Ibid.*

30 Ev 16; Q 81

31 Q 216

32 *Ibid.*

33 Q 83

34 Q 20

35 *Independence for statistics: A consultation document*, para 4.14

36 Q 241

Public domain distinction

25. Simon Briscoe suggested that statisticians working in government departments could “quite happily work for their ministers”, but that once figures approached the public domain they should “cross a dotted line” and become “the responsibility of the National Statistician and the [ONS]”.³⁷ The RSS echoed this opinion when arguing that statistics produced for internal management purposes should be treated differently from those produced for public consumption. It told us that statisticians working in departments frequently prepared “alternative ‘What if?’ scenarios” as part of a department’s process of determining what policies to pursue, and that such calculations were unlikely to be of interest to the public:

Clearly, only one policy is going to be arrived at and that process ... is not going to fall into the public domain, unless all evidence to ministers is publishable ... What we are talking about are things which are used by the public to monitor Government performance.³⁸

26. The RSS assured us that, in most instances, it would be possible to determine which statistics would be prepared for public consumption in advance. It told us that:

The vast majority of the statistics which come into the public domain are produced on a regular basis. We know they are coming out, we know when they are coming out and we know what they are based upon. It is easy to identify those as being the statistics which are being ... produced largely for public consumption.³⁹

Our conclusions

27. As the Minister explained, there are effectively four categories of statistics in the UK: official statistics; GSS-produced official statistics; National Statistics; and ONS-produced statistics (see Figure 1). **We accept the Minister’s point that it can be difficult to define and quantify data produced outside of the Government Statistical Service and we recognise that some data is produced for internal use only. For this reason, we accept that it may not be feasible to apply a code of practice to all official data. We believe, however, that it would be helpful if a clearer distinction could be made between data which is produced for the public domain and data which is used for internal purposes within departments.**

28. **We note the evidence we have received from witnesses who described the National Statistics system as confusing to both professional users and the wider public. We agree that the current model is confusing. We are concerned that the creation of National Statistics has resulted in the emergence of a two-tier system, which has tended to undermine public confidence in official statistics. We recommend that the Government seek to address the problem by setting down clear criteria for what categories of statistics should be classified as a ‘National Statistic’.** We discuss below who should have responsibility for determining which statistics should be classified as National Statistics.

37 Q 6

38 Q 60

39 Q 59

29. We note that the Home Office has been able to provide figures for the proportion of all its official statistics which are designated as National Statistics. We recommend that the Government publish the equivalent figures in respect of all government departments, in order to inform parliamentary scrutiny of the expected legislation.

The decentralised statistical system

30. The Government’s consultation paper proposes retaining the current decentralised system, on the basis that “the strengths that flow from decentralisation outweigh the potential benefits from centralising all statistical activity in one office”.⁴⁰ The Minister told us that having a cadre of professional statisticians based in separate departments meant that:

officials in those departments have ready access and influence with those statisticians in the way that they go about their work.⁴¹

He said that the arrangement also had advantages for the statisticians themselves, arguing that they were “closer to the data sources”, “closer to the consumer” and “closer to the policy imperatives for which statistical systems need often to be devised”.⁴²

31. The ONS supported the Minister’s position, arguing that “real added value” was gained by having statisticians in government departments and that the arrangements ensured that policy issues were “founded on evidence-based policy”.⁴³ The Director of National Statistics and Planning told us:

The ability for the statistician and the head of profession in each department to have some kind of protection through a statutory code is a perfectly acceptable way of working, and I think if you actually take the statisticians out of that environment, they are going to be far less valuable and far less effective than they are now.⁴⁴

32. Other witnesses expressed reservations about the current decentralised system. The RSS agreed that there were “strong arguments” for maintaining the decentralised system but argued that “compensating mechanisms” had to be found to ensure that there was public confidence in the production of statistics.⁴⁵ The RSS assured us that statisticians in Government departments were capable of acting differently depending on whether they were producing and analysing internal management data, on the one hand, or statistics for the public domain, on the other:

It is not unrealistic to say that one of the things which we need to put in place if we are to retain the benefit of a decentralised system is a system of Chinese walls whereby, professionally, the statisticians producing these numbers within policy

40 *Independence for statistics: A consultation document*, para 4.8

41 Q 262

42 *Ibid.*

43 Q 190

44 *Ibid.*

45 Q 58

departments as public consumption figures should actually have a responsibility to the National Statistician.⁴⁶

The Chief Statistician of Canada argued that such ‘Chinese walls’ could be formalised in the form of statistical “institutes” within Government departments.⁴⁷

Our conclusions

33. We acknowledge the benefits of the current decentralised statistical system, as set out by the Government and endorsed by the Office for National Statistics and others in the statistics community. Given the apparently high levels of support for the current system, we do not suggest bringing all of the Government’s statistical operations together into a single office.

34. However, we note the Minister’s acknowledgement that the decentralised system affords government departments, and potentially ministers, more influence over statisticians than would a centralised system. We agree with the Royal Statistical Society that a decentralised system risks perceptions of political interference and that “compensating mechanisms” are therefore required. We recommend to the Government that, although statisticians should remain close to policy colleagues in departments, they should have formal responsibility to the National Statistician for any statistics they produce which are intended for the public domain. We also recommend that the Government examine the adequacy of the ‘Chinese wall’ arrangements which are currently in place in departments—between departmental statisticians and the rest of the department, including ministers—and that it puts in place improved arrangements, if necessary. We point the Government to the example of the Government Legal Service, which appears to enable lawyers to work within their individual departments in the interests of those departments while still retaining a professional duty to offer impartial, objective advice which may not be politically welcome.

Scope of the proposed legislation

35. The Government’s consultation paper proposes that the new independent board would have responsibility for assessing statistics already designated as National Statistics against the new statutory code of practice, but that ministers would remain “wholly responsible” for statistics produced by their departments which are not National Statistics. It would be for ministers to decide whether these statistics should become National Statistics, “subject to the board [subsequently] assessing and approving them against the code”.⁴⁸

36. This aspect of the Government’s proposals was criticised by witnesses on two counts: first, that the scope of the legislation would be too narrow, with the focus being on the ONS and not the wider system; and secondly, that the independence of the system would be undermined by ministers retaining control over what should be designated as National Statistics within their departments.

⁴⁶ *Ibid.*

⁴⁷ Ev 79

⁴⁸ *Independence for statistics: A consultation document*, para 4.15

37. On the first count, the RSS considered that the Government’s consultation paper focused on the ONS and gave “not as much attention to the wider statistical system as it should”.⁴⁹ The RSS argued that if statistics produced by departments on topics such as “crime, education, health and social security” were omitted from the scope of the legislation, then public confidence would be eroded rather than enhanced.⁵⁰ The Chief Statistician of Canada, Dr Ivan Fellegi, told us that:

The role of the proposed new board is very limited *outside of* the ONS. While it would have statutory authority to enforce a new code of practice outside of the ONS, its only tool to do so would be an audit function and the power to “name and shame”—which is really not much different from the tool currently available to the current Statistics Commission.⁵¹

38. Lord Moser argued that the ONS was already the best part of the statistical system and was therefore the part which “least needs any kind of reform”.⁵² The Statistics Commission told us that it felt that many of the concerns about statistics expressed by the media and among the public related not solely to the ONS but “much more frequently” to other parts of the system, and argued that the Government therefore needed to “address the totality of the system”.⁵³

39. On the second count, the Statistics User Forum argued that the proposals would “perpetuate the unsatisfactory division between National Statistics and other official data”, and that allowing ministers to decide what should be designated as National Statistics would “undermine the whole idea of statistical independence”.⁵⁴ Dr Fellegi told us that:

Under the proposals, the scope of the National Statistical System is left for individual ministers to determine. They would decide whether “their” statistical activity ought to be part of the National Statistical System. I would suggest that you may want to ask yourself what incentive Ministers would have to favour opting in. Surely, the likelihood that, should they do so, their statistical activity would be subject to audits is not a very strong incentive to opt in.⁵⁵

40. Dr Fellegi felt that these two issues of scope and ministerial control, combined with the public’s inability to differentiate between statistics originating from the ONS and statistics coming from other Government departments, would mean that the Government’s proposals would have little impact on public confidence. He told us that, if the Government did not extend its proposals beyond the ONS, and if the proposals failed to remove responsibility for designating National Statistics from individual ministers, then

49 Q 35

50 Letter from the President of the Royal Statistical Society to the Chancellor of the Exchequer, 26 January 2006

51 Q 101

52 Q 206

53 Q 120

54 Ev 96

55 Q 101

the exercise would amount to no more than “tinkering” and would fail to solve the problem of public trust in statistics.⁵⁶

41. The Minister responded to these criticisms by telling us that the Government had chosen to concentrate on the 1,450 National Statistics products, in the first instance, because they represented “the most important sources of data that tell us what is going on in the economy and in society”.⁵⁷ The Minister defended the right of ministers to decide whether a particular dataset should be designated as a National Statistic, arguing that it was for ministers to be responsible for outputs, the operation of the departments producing them and the allocation of resources.⁵⁸ He suggested that the proposals, if implemented, would in fact give ministers added incentive to designate data as National Statistics:

with the added status that I think this independent process will give to the nature and the confidence in National Statistics, there will increasingly be—for ministers who are concerned about the confidence people can have in the statistics that cover the key areas of activity their department is responsible for—an incentive for them to want to see them within the system.⁵⁹

Our conclusions

42. The Government’s consultation paper proposes that the new independent board would have responsibility for assessing statistics already designated as National Statistics against the new statutory code of practice, but that ministers would remain responsible for other official statistics produced by their departments. In addition, ministers would be responsible for designating which statistics within their departments became National Statistics.

43. We note the concerns of several witnesses that the Government’s consultation paper fails to address the independence of statistics outside the ONS. We are not convinced by the Minister’s assertion that National Statistics “represent the most important sources of data” for explaining “what is going on in the economy and in society”, because they do not include some of the most frequently-quoted data on health, crime and education. For example, monthly Department of Health figures on *NHS Inpatient and Outpatient Waiting Times* are not National Statistics, nor are Home Office statistics on *Race and the Criminal Justice System*, and nor are Department for Education and Skills figures on *Revenue Funding per school pupil*.⁶⁰ **We agree with the Chief Statistician of Canada that the public is unlikely to distinguish between statistics originating from the ONS and statistics coming from other government departments. We are therefore concerned that, by addressing only the independence of the ONS in its consultation paper, the Government may have missed an opportunity to improve public confidence**

56 Qq 103 and 115

57 Q 240

58 Q 250

59 *Ibid.*

60 www.dh.gov.uk/PublicationsAndStatistics/fs/en; www.homeoffice.gov.uk/rds/; www.dfes.gov.uk/rsgateway/index.shtml

in official statistics. We recommend that the Government examine including protocols in its forthcoming legislation that would be applicable to all official statistics.

44. We recommend above that the Government should specify clear criteria for what constitutes a National Statistic based on the principle of distinguishing between data generated or collected for the purposes of public consumption and data generated or collected for the purposes of internal management. **We acknowledge the Minister’s argument that ministers are ultimately responsible for the outputs of their departments and that they may therefore have some incentive to see their departmental statistics awarded the National Statistics kite-mark of quality. We are nevertheless concerned that retention of this control by ministers would undermine the perceived independence of the system. The promise of a more thorough audit would not appear to offer a strong incentive for ministers to designate statistics within their departments as National Statistics. If the Government proposes to retain the basis of the current National Statistics system, we recommend that decisions about designation should rest with the independent board, not with ministers, in order to ensure that decisions about what constitutes a National Statistic are made objectively and consistently by a body external to the government departments concerned.**

Code of Practice

45. Under the current *Framework for National Statistics*, the National Statistics Code of Practice is the foundation document, intended to ensure quality and integrity across National Statistics. The Government’s consultation paper proposes the “continuation of the National Statistics system with a set of highest quality statistics produced in line with the published code”.⁶¹ The Government proposes to give the code statutory backing “by legislating to make the development and maintenance of the code the specific responsibility of the board”.⁶²

46. The Statistics Commission has previously described the existing Code as being poorly understood within Government, observing that “the day-to-day interpretation of the Code can vary widely between the numerous bodies that produce official statistics”.⁶³ Reporting on the financial year 2004–05, the Commission noted that:

Through the year, the Commission’s attention was drawn to various suspected breaches of the Code. None of these was particularly serious in itself, and in total they relate to an extremely small percentage of the mass of statistical releases. Taken together, however, they do raise a question about how well the Code is understood across government.⁶⁴

47. The Commission also described the Code as being difficult to enforce:

It is important to note here that only a few parts of the Code are of a kind that allows an unequivocal judgement to be made about adherence to it. Much of the Code is

61 *Independence for statistics: A consultation document*, para 4.14

62 *Ibid.*

63 Statistics Commission, *Annual Report 2004–2005*, July 2005, p 7

64 *Ibid.*

aspirational in style and requires no specific evidence of adherence. Thus the evidence [of breaches] that does exist often relates to transgressions against less fundamental aspects of the Code.⁶⁵

48. The Commission argued that the proposed statutory code of practice should be “drafted by the National Statistician and approved by the Governing Board and/or an appropriate Parliamentary Committee”, without the interference of ministers.⁶⁶ The Commission commented that ministers “should of course be consulted”, but that their agreement to the terms of the code should not be a prerequisite.⁶⁷ The Minister confirmed that this would be the case, telling us that the preparation and drafting of the code would “in all likelihood” be led by the National Statistician, but that it would be “for the board to direct that [and] for the board to approve that”, and that, subsequently, it would be for the board to modify the code “as it thinks fit, depending on how it works”.⁶⁸ He said that none of these functions would “be a matter for ministers”.⁶⁹

49. The Statistics Commission told us that it was planning to prepare a draft code of practice in the coming months in order to allow any new board to “hit the ground running, rather than having to create a new code of practice over many months”.⁷⁰

Our conclusions

50. We note the Statistics Commission’s concerns regarding the clarity and enforceability of the existing Code of Practice. We therefore welcome the Government’s proposal to establish a statutory code of practice, and its assurance that drafting the code would be a matter for the independent board without involvement from ministers. The introduction of a new statutory code of practice would offer the opportunity to establish a code which is unambiguous, able to be understood by a wide range of readers and sufficiently precise as to be readily enforceable. We are pleased to hear that the Statistics Commission intends to put forward proposals for a new statutory code of practice in the next few months.

Retail Prices Index

51. The Retail Prices Index (RPI) has a special status among statistics in the UK. The *Framework for National Statistics* provides that the National Statistician will be responsible for “developing and maintaining statistical standards, definitions and classifications”, except in the case of the RPI where special arrangements apply:

the National Statistician will take the lead in advising on methodological questions concerning the RPI but the scope and definition of the index will continue to be matters for the Chancellor of the Exchequer.⁷¹

65 *Ibid.*

66 Letter from the Chairman of the Statistics Commission to the Chancellor of the Exchequer, 20 January 2006

67 *Ibid.*

68 Q 247

69 *Ibid.*

70 *Ibid.*

52. The Chancellor has been responsible for the scope and definition of the RPI since 1989, when the CSO took over responsibility for the production of the RPI from the Department of Employment. Previously, the Secretary of State for Employment had responsibility. In determining the scope and definition of the RPI, the Chancellor of the Exchequer refers issues to an RPI Advisory Committee which he convenes as appropriate. Membership of the Advisory Committee typically includes experts on the matters being discussed and representatives of users of the RPI. The Advisory Committee makes recommendations to the Chancellor who, in theory can accept or reject them. However, since the first Advisory Committee was established in 1904, no recommendation has ever been rejected.⁷²

53. The Treasury Committee has previously considered the anomalous treatment of the RPI. In 1998, the Committee said that it saw “no justification” for the Chancellor of the Exchequer retaining control of the scope and definition of the RPI under the new arrangements for National Statistics. In 2001, the Committee concluded that it had heard “no sound argument why the scope and definition of the RPI, like the features of any other important statistical series produced by the ONS, should not be under the control of the National Statistician”.⁷³ In the course of our present inquiry, both the Statistics User Forum and the Society of Business Economists submitted that the anomalous position of the RPI should end.⁷⁴

54. Countries with statistical systems comparable to the UK do not treat the RPI in the way in which the UK treats it. Table 1 sets out the governance of national indices of prices in a selection of other countries and shows that Sweden is the only country other than the UK in which a senior government statistician does not have responsibility for the definition and scope of the index. In Sweden’s case, however, it is Parliament rather than the Government which is responsible for definition and scope of the index, and eight out of the nine members of the permanent advisory committee, the Index Board, are appointed by the Chief Statistician.

55. The Minister explained the Government’s justification for continuing the anomalous treatment of the RPI:

[The RPI] has traditionally been the responsibility directly of the Chancellor, essentially because of its unique place and its unique role. It is used for policy, for legislative, for contractual purposes. It is used for up-rating pensions and benefits. It is used for indexing tax thresholds [...] Up to this point, there has been a very strong view that ... the degree of government exposure from changes to the RPI made it appropriate to leave the ultimate say on any changes to the Chancellor.⁷⁵

71 Office for National Statistics, *Framework for National Statistics*, para 3.4

72 Office for National Statistics, *The Retail Prices Index: A Technical Manual*, 1998, paras 1.7–1.7.1

73 Treasury Select Committee, First Report of Session 1998–99, *Office for National Statistics*, para 48; Treasury Select Committee, Second Report of Session 2000–01, *National Statistics*, HC 137, para 12

74 Ev 96; Ev 76

75 Qq 265–266

Table 1: Responsibilities and governance of national indices of prices

Country	Definition and scope of index	Methodology	Advisory Committee	Appointment of Advisory Committee
Canada	Chief Statistician	Chief Statistician	Permanent	Chief Statistician
France	Director General, national statistics office	Director General, national statistics office	None	
Netherlands	Director General, national statistics office	Director General, national statistics office	Permanent	Director General, national statistics office
New Zealand	Government Statistician	Government Statistician	Periodic	Government Statistician
Sweden	Parliament	Index Board	Permanent	Chief Statistician ⁷⁶
United States	Commissioner, Bureau of Labor Statistics	Commissioner, Bureau of Labor Statistics	Permanent	Commissioner, BLS and Secretary of Labor

Source: House of Commons Library

Our conclusions

56. We have considered the Minister’s justification of the current anomalous treatment of the Retail Prices Index, whereby the Framework for National Statistics gives the National Statistician responsibility for “developing and maintaining statistical standards, definitions and classifications” of all statistics other than the RPI. We question whether the degree of Government exposure from changes to the RPI is such that the Chancellor of the Exchequer needs to retain control of its scope and definition, particularly given that equivalent indices in comparable countries are not treated as ‘special cases’. We invite the Government to explain more fully why it considers that the RPI should be treated differently from other key macroeconomic statistics.

76 The Chief Statistician appoints eight of the nine members of the advisory board; the Government appoints the ninth member.

3 Governance of the independent statistics office

Independent board

Structure and responsibilities

57. The Government’s consultation paper proposes establishing an independent governing board that would be responsible for “meeting an overall objective for statistical quality and integrity”.⁷⁷ The Government anticipates that the board would have a “strong non-executive presence” including “leading experts in statistics, and men and women from academia, business and public service”.⁷⁸ The board would be led by a non-executive Chair who would not need to be a professional statistician. The National Statistician would also be a member of the board.⁷⁹ Box 3 sets out the Government’s vision for the independent board.

Box 3: The independent board

The Government envisages the board having certain statutory objectives:

- to ensure the statistics office produces and disseminates relevant, accurate and timely statistics about the UK economy and society;
- to ensure the quality and integrity of the National Statistics system, by developing and maintaining the code of practice, and assessing National Statistics against this code;
- to advise Ministers of areas of widespread concern about the quality of official statistics;
- to maintain an overview of the broad coverage of the statistical system, which should meet key user needs;
- to operate efficiently, providing value for money whilst minimising the regulatory burden on business and other respondents; and
- to protect the confidentiality of data provided.

Source: HM Treasury, Independence for statistics: A consultation document, March 2006, para 4.17

58. With respect to the first of the objectives detailed in Box 3, the Government proposes that the board would have “executive responsibility” for the statistics office, which it describes as meaning that the board would ensure that “statistics produced by the office are accurate, that they are timely, and that the office’s work programme delivers statistics that are relevant”.⁸⁰ A number of witnesses expressed concern about this concept of “executive responsibility”. The RSS believed that the Government’s proposals with respect to the board needed “significant modification” to ensure that there was a “clear separation between operational delivery of National Statistics (the responsibility of the National

⁷⁷ *Independence for statistics: A consultation document*, para 4.5

⁷⁸ *Independence for statistics: A consultation document*, para 4.30

⁷⁹ *Independence for statistics: A consultation document*, paras 4.31–4.32

⁸⁰ *Independence for statistics: A consultation document*, para 4.19

Statistician) and the oversight role of the board”.⁸¹ The role of the board as it is envisioned by the RSS is detailed in Box 4.

Box 4: RSS suggested model for the independent board⁸²

The Board should be non-executive in terms of the production of statistics and should ensure that the statistical system serves the wider public interest. It should:

- Consider the statistical plans and draw to the attention of Parliament and ministers any imbalance or inadequacies;
- Keep under review strategic developments for the statistical system;
- Monitor, through whatever methods it deems necessary including independent audits, the professional integrity of the whole statistical system and adherence of statistical producers with the code of practice;
- Assure itself that the statistical system takes account of the needs of all users;
- Monitor the performance of the National Statistician in the discharge of his/her functions;
- Advise the National Statistician, Parliament and ministers as appropriate; and
- Report to Parliament.

Source: Ev 74

59. The Statistics Commission has previously criticised a model comparable to the one currently proposed by the Government. In 2004, it published *Legislation to build trust in statistics*, a report which reviewed the need for statistics legislation and recommended the establishment of a statutory Statistics Commission charged with enforcing a statutory code of practice. The Commission considered the merging of itself and the ONS into one body, but rejected the idea, arguing that such a body:

may not deliver sufficient benefits in terms of confidence in the statistics produced by government departments other than the ONS itself ... Also, ONS would be required to act as its own watchdog ... The difficulties of marrying the regulatory role with organisational management are well-evidenced elsewhere.⁸³

60. We invited the Commission to comment on the Government’s proposal to adopt the model earlier rejected by the Commission. The Commission told us that it still believed that a model including a separate body with an independent scrutiny role would be “cleaner and more easily believed to be independent than the model that the Treasury has come up with”.⁸⁴ The Commission nevertheless thought the Government’s model could be “made to work, providing the very real tensions that are involved in this are recognised and the structure is set up in the right way”.⁸⁵ The Commission suggested that Chinese walls could be established within the independent board to allow it to undertake its dual role of

81 Ev 73

82 Ev 74

83 Statistics Commission, *Legislation to build trust in statistics*, May 2004, paras 1.14 & 4.10

84 Q 119

85 *Ibid.*

“being responsible in some sense for the operation of ONS [while] at the same time being responsible for scrutiny across the whole system”, but cautioned:⁸⁶

it would be not straightforward to sell the idea to the public—and perceptions are very important to all of this. We think it could be made to work, but it would not be easy and it would certainly take a long time.⁸⁷

61. Several witnesses stressed that, if the board was to be given executive functions over the delivery of statistics, this would necessitate the retention of a separate scrutiny body. The RSS argued:

The Governing Board as proposed by the Government is an executive body and therefore if that model is pursued there will still be a need for a body like the Statistics Commission to oversee the Governing Board.⁸⁸

The Statistics User Forum suggested that if the Statistics Commission were to be continued, it would need strengthening, as it had “done good work and been alert to the views of users but [had] suffered from limited authority and an unclear role”.⁸⁹ The Forum told us:

Many users would like to see a body established on similar lines to the National Audit Office (possibly even an extension to the NAO) having the role of scrutiny or audit of the system. This would have the merit of being clearly independent. It would have more authority than the current Statistics Commission in that it had the sanction of an adverse report to Parliament. But its endorsement of good statistical practice would carry equal weight.⁹⁰

Our conclusions

62. We have considered the appropriateness of the Government’s proposals to establish an independent governing board with a “strong non-executive presence” and a non-executive Chair, but with “executive responsibility” for the statistics office. Witnesses emphasised the importance of maintaining a clear separation between responsibility for delivery of statistics, on the one hand, and regulatory oversight, on the other. We note particularly the Statistics Commission’s argument that separation of these functions is important not just because of the practical difficulties of separating these functions within one board, but also because of the impact of a lack of separation on the perceived independence of the board.

63. We support the Government’s proposals that the independent governing board should have a “strong non-executive presence” among its membership. However, we are concerned about the Government’s apparent intention to invest the board with executive powers. We would prefer that the Government ensure a clear statutory separation between the role of the National Statistician in the executive (or operational)

86 Q 120

87 Qq 121

88 Ev 74

89 Ev 97

90 Ev 97

delivery of statistics, on the one hand, and the board’s responsibilities for the oversight and scrutiny of the statistical system as a whole, on the other, and we recommend accordingly.

64. If, after considering our recommendation, the Government decides to proceed with the proposals in their current form, we recommend that it establish a separate scrutiny body in addition to the board. The establishment of such a body is in line with the recommendations of the Statistics Commission’s 2004 report, *Legislation to build trust in statistics*.

Appointments process

65. The Government’s consultation paper proposes that all members of the independent governing board, including the Chair and the National Statistician, would be appointed through open and fair competition, in line with guidance published by the Office of the Commissioner for Public Appointments (OCPA). The Chair and National Statistician would be formally appointed by the Crown, on the advice of ministers. Government ministers would appoint the remaining non-executive members of the board after consulting the Chair. The OCPA Code of Practice specifies that ministers should be given a final choice from at least two recommended candidates for each vacancy.⁹¹

66. The National Statistician confirmed to us that she expected the Chancellor of the Exchequer to be directly involved in appointments to the board. She argued that the independence of the board and the statistical office would not be determined by the specifics of the appointments process, but by the actions of those appointed:

I know from discussions that this is the Chancellor’s opportunity ... to make a big step towards independence, and I am sure that he will find the people [and] choose the people in the right way, but it is up to all of us, either on the board or in the statistical system, to emphasise all the time the independence of what we do.⁹²

67. The Society of Business Economists suggested that “appointments by ministers, rather than with their recommendation or approval, [would be] inconsistent with ‘independence’”, and stressed that the appointments process needed to be “as independent, and ... perceived to be as independent, as possible”.⁹³ On the other hand, Lord Moser told us that he would “totally trust the Chancellor or the Prime Minister in appointing the members of the board”.⁹⁴

Our conclusions

68. We have considered the appropriateness of the Government’s proposal to appoint all board members in accordance with the Office of the Commissioner for Public Appointments’ Code of Practice. The proposal would mean that ministers would be

91 *Independence for statistics: A consultation document*, para 4.34; Office of the Commissioner for Public Appointments, *Code of Practice for Ministerial Appointments to Public Bodies*, August 2005, pp 37–38

92 Q 202

93 Ev 76; Q 75

94 Q 215

offered a final choice from at least two recommended candidates. We acknowledge the concerns expressed by some witnesses that ministerial involvement in the process of appointing members to the new independent board could give rise to the perception of political interference. On balance, however, we consider that the proposed adherence to OCPA guidelines is sufficient to ensure independence. We agree with the National Statistician that public perceptions about the independence of the board will depend more upon the actions of board members than upon the way in which they are appointed.

Secretariat

69. The ONS told us that two models were being considered for the provision of secretariat services for the new board:

One [model] is for the board to share the same sort of secretariat as the chief executive, and that is practised in some organisations. In other organisations, such as the BBC, they have taken exactly the opposite approach and decided that the governing board should be very distinct from the chief executive.⁹⁵

The ONS told us that it would “work through” these two different models over the next few months to determine “what is most appropriate in these circumstances”.⁹⁶

Our conclusions

70. The Government’s consultation paper does not make any reference to the secretariat of the independent board. The ONS has suggested two distinct models: one in which the board shares a secretariat with the National Statistician; and another in which the secretariats are separated. We recommend that the secretariats of the independent department should maintain clear separation between executive and regulatory functions.

National Statistician

Responsibilities of the National Statistician

71. The Government’s consultation paper does not set out in any detail the responsibilities envisaged for the National Statistician under the new arrangements, nor does it specify whether the National Statistician’s authority over the executive delivery of statistics would be reinforced in legislation.

72. The Bank of England said that the Government’s proposal for the role of the National Statistician under the new arrangements does not “sound akin to the role of the National Statistician that exists under the current framework”.⁹⁷ The Bank described the proposals as “somewhat unclear”:

95 Q 194

96 *Ibid.*

97 Consultation response to *Independence for statistics* from the Bank of England, 12 June 2006, p 2

Who would be the public face of the ONS? If this is (plausibly) to be the chief statistician [currently the National Statistician], how is this consistent with the considerable powers entrusted to the ONS board on matters requiring professional competence?⁹⁸

73. The Chief Statistician of Canada told us that “the weak role” assigned to the National Statistician was an area of the Government’s proposals where “major strengthening” was needed.⁹⁹ He described this as a “major shortcoming” that the eventual legislation ought to remedy and outlined some of the roles and responsibilities he believed should be assigned to the National Statistician.¹⁰⁰ These are set out in Box 5.

Box 5: Roles and responsibilities for the National Statistician as suggested by the Chief Statistician of Canada

The major attributes and functions of the National Statistician should include:

- Absolute control over the statistical methods used throughout the statistical system. This would be exercised through her authority over the ONS; and through the conduct of quality audits of statistics produced in other government departments.
- Absolute control over the timing and content of statistical releases—whether originating from the ONS or from other government departments.
- Overall management of the statistical system which in turn includes:
 - day-to-day management responsibility over the centralised portion of the system (the current ONS);
 - effective authority to appoint and manage the careers of all members of the Government Statistical Service and the duty to be directly involved in the career management of the top two levels of the main decentralised components of the statistical system. This would include authority to appoint and reassign these managers to ONS and to other statistical organisations of the government.
- [Power to] recommend to the Board priority statistical areas for development or improvement, as well as areas the scope of which should be reduced or eliminated outright.
- [Power to] recommend to the Board statistical programmes to be subject to quality audits.
- [Authority to] act as the public spokesperson of the statistical system.
- [Responsibility for enforcing] the statistical code of practice throughout the system. This should include a provision that statistics will be disseminated from all statistical collections at the earliest date, i.e. that there are no confidential statistical programs and no holding back of results.

Source: Ev 81

74. The RSS produced a similar set of suggested key responsibilities, but added that the National Statistician should be “the Government’s Chief Adviser on statistics” and “entitled to comment on erroneous interpretation and misuse of statistics both inside and outside government”, in accordance with the United Nations Fundamental Principles of Official Statistics.¹⁰¹

98 *Ibid.*

99 Q 101

100 Ev 80

101 Royal Statistical Society response to the Government consultation document, para 6

Our conclusions

75. We are concerned that the consultation paper does not clearly set out the responsibilities of the National Statistician. We agree with the Chief Statistician of Canada that the Government’s proposals need “major strengthening” in this area.

76. We believe that the professional authority of the National Statistician over the executive delivery and co-ordination of statistics should be clearly and unequivocally provided for in legislation. The proposed responsibilities of the National Statistician as set out by the Chief Statistician of Canada and the RSS seem to us to be sensible and we recommend that future legislation take adequate account of these proposals. The National Statistician must be given the professional responsibilities and statutory authority necessary to perform the roles of chief executive of the statistical office.

Title of the National Statistician

77. The Government proposes changing the title of the National Statistician to ‘Chief Statistician’.¹⁰² Several witnesses remarked that the title of Chief Statistician is currently given to junior members of the Senior Civil Service (SCS).¹⁰³ The Society of Business Economists argued:

It should be possible to find a more appropriate title than the proposed ‘Chief Statistician’, given the long history of such nomenclature being used for the lowest level of Government Statistical Service senior management.¹⁰⁴

78. The senior statistician of the Scottish Executive and the senior statistician of the Welsh Assembly, both SCS Grade 5, are titled Chief Statistician. In Northern Ireland the senior statistician is titled ‘Chief Executive’ at SCS Grade 3.¹⁰⁵ The Director of the ONS is a permanent secretary and is therefore employed at SCS Grade 1.

79. The National Statistician told us that she would “rather stick” with her existing title, given that the title of Chief Statistician was already in use across Government departments and in the devolved administrations. She felt that an identical title would be “quite puzzling to people”.¹⁰⁶ The RSS felt that the proposed change was no more than cosmetic, commenting that “there are things which need to change. Let us not fiddle with things that do not”.¹⁰⁷ **We recommend that the title ‘National Statistician’ be retained.**

¹⁰² *Independence for statistics: A consultation document*, para 4.32

¹⁰³ Ev 66 and Q 41.

¹⁰⁴ Ev 78

¹⁰⁵ Government Statistical Service intranet *StatNet*, list of Heads of Profession, July 2006

¹⁰⁶ Q 197

¹⁰⁷ Q 43

4 Establishing a non-ministerial department

The Government's proposals

80. The Government's consultation paper proposes that the new statistics office should be established as a non-ministerial department (NMD), "ceasing to report to, and through, a Minister".¹⁰⁸ The consultation paper explains:

NMDs are departments in their own right, established to deliver a specific function; part of government, but independent of Ministers. The precise nature of relationships between NMDs and Ministers vary according to the individual policy and statutory frameworks, but the general rationale is to remove day-to-day administration from ministerial control.¹⁰⁹

81. The Cabinet Office identified a total of 20 non-ministerial departments as at 8 May 2006.¹¹⁰ The Government made specific reference in its consultation paper to the Food Standards Agency, the Charity Commission, the Office for Fair Trading (OFT), the Office for Standards in Education (Ofsted) and the Office of Gas and Electricity Markets (Ofgem) as examples of non-ministerial departments.¹¹¹ Each of these non-ministerial departments retains a relationship with a particular department and minister. During a recent House of Lords debate, the Government again drew a parallel between its proposals for an independent statistics office and the Ofsted model.¹¹² Box 6 details governance arrangements at Ofsted.

¹⁰⁸ *Independence for statistics: A consultation document*, para 4.11

¹⁰⁹ *Ibid.*

¹¹⁰ These were: Assets Recovery Agency; Charity Commission for England and Wales; Commissioners for the Reduction of the National Debt; Crown Estate; Crown Prosecution Service; Export Credits Guarantee Department; Food Standards Agency; Forestry Commission; HM Revenue and Customs; Office for Standards in Education; Office of Fair Trading; Office of Gas and Electricity Markets/Gas and Electricity Markets Authority; Office of Rail Regulation; Office of the International Rail Regulator; Office of Water Services; Postal Services Commission; Public Works Loan Board; Revenue and Customs Prosecutions Office; Serious Fraud Office; and UK Trade and Investment. See Cabinet Office, *Electronic List of Ministerial Responsibilities*, www.cabinetoffice.gov.uk.

¹¹¹ *Independence for statistics: A consultation document*, para 4.11

¹¹² HL Deb 15 June 2006, col 424

Box 6: Governance of Ofsted

Ofsted was established under the Education Act 2005. The Chief Inspector of Schools, the head of Ofsted, is appointed by the Queen in Council following recommendation by the Secretary of State for Education and Skills on behalf of the Government, in accordance with the guidelines of the Office for the Commissioner of Public Appointments.

Ofsted has a Strategic Board which is comprised of two non-executive members sitting with members of Ofsted's Management Board. Ofsted also has an Audit Committee with an independent chair and two other independent members.

Ofsted is funded as part of the Spending Review process and it is committed to achieving efficiency gains which will contribute to those outlined in the Department for Education and Skills' Efficiency Technical Note.

The Chief Inspector must make an annual report to the Secretary of State for Education and Skills, which is subsequently laid before Parliament.¹¹³ The Chief Inspector regularly gives evidence on Ofsted's performance to the Education and Skills Select Committee.

Sources: Various¹¹⁴

Departmental overview

82. We discussed with witnesses what the appropriate model for the new non-ministerial department might be. The ONS felt that the non-ministerial department would still “need a minister responsible for statistics legislation to oversee the working relationship”, and that “at the top level there is always a need for a minister to deal with Parliament about the legislation under which any organisation works”.¹¹⁵

83. Lord Moser recently told the House of Lords that, to the extent that the Government would retain residual responsibilities for the new non-ministerial department, the Cabinet Office's “lack of particular subject interest” made it a more suitable location than the Treasury, which was primarily concerned with economic statistics.¹¹⁶ He told us that the Treasury's focus on economic statistics represented a “conflict of interest” and that many of the most important statistics relating to society related to “things like education, health and all the other social areas which are not the direct interest of the Treasury”.¹¹⁷

84. Ruth Lea argued that there was a “very, very strong case” for locating the new non-ministerial department with the Cabinet Office. She described the Cabinet Office as a “much less powerful policy-making department” than the Treasury and noted its “much broader remit”.¹¹⁸ The Statistics Commission also favoured moving the non-ministerial department to the Cabinet Office, because of the need for co-ordination across departments on some statistical issues, such as the collection of migration statistics:

113 Education Act 2005, section 3

114 ‘Appointment of Her Majesty's Chief Inspector of Schools’, Department for Education and Skills press release 2006/0083, 8 June 2006; HL Deb 15 June 2006, col 424; Ofsted, *Strategic Plan 2005 to 2008*, November 2004, p 6; Ofsted, *Departmental Report 2005–06*, May 2006, p 17; Education Act 2005, section 3

115 Qq 199–200

116 HL Deb 15 June 2006, col 407

117 Q 220

118 Q 7

One of our concerns is to ensure that there is effective planning of statistical work ... to meet future statistical requirements right across government. Many of those issues involve not just a single department but cross-departmental concerns, and the Cabinet Office in many ways seems a more natural coordinator of statistical planning than the Treasury does.¹¹⁹

85. Lord Moser argued that locating the non-ministerial department with the Cabinet Office would also be likely to have reputational benefits. He told us that during his time as Director of the Central Statistical Office and Head of the Government Statistical Office he had served three Prime Ministers, and found it “much less difficult to influence other ministries when it was known that behind [him] was the Prime Minister”.¹²⁰

86. When we put these views to the Minister, he told us that the Government felt that it was “probably appropriate” for “any residual responsibilities” to sit with the Treasury.¹²¹ He argued that the Treasury had “experience of dealing with statistical issues” and he felt that, as approximately 150 of the 250 National Statistics produced by the ONS were economic, the Treasury would retain a key interest in the operations of the new statistics office. He said that these economic statistics tended to “be produced more regularly” and “carry more impact and command more attention” than other statistics such as population surveys.¹²²

87. The Minister also argued that the Treasury had a greater interest in statistics than other government departments because of its coordinating role on public service agreement and efficiency targets. He said that the Treasury had the “most strongly developed audit function” among government departments and had a “direct interest in [measuring] performance against public service agreements” and “a direct interest in departments delivering value for money”.¹²³

Our conclusions

88. The Ofsted model and the experience of the other non-ministerial departments in the UK suggests that the independent statistics office proposed by the Government would still be subject to some degree of ministerial oversight. There would still be a need for ministers to trigger the appointments process, conduct negotiations with respect to the new office’s budget and take responsibility for statistics legislation. As discussed in Part 6 of this report, the non-ministerial department would retain some form of relationship with this minister. We heard arguments from some witnesses that it would be more appropriate for the ministers having a residual relationship with the non-ministerial department to be based in the Cabinet Office rather than the Treasury. The Minister opposed this suggestion, on the basis that the majority of statistics produced by the ONS are economic, and therefore of more interest to the Treasury than other government departments, and that such a move would have a negative impact on the Treasury’s ability to measure performance against

119 Q 130

120 Q 220

121 Q 237

122 *Ibid.*

123 *Ibid.*

public service agreements and hold other government departments to account for their value for money.

89. We have considered the arguments for transferring the new non-ministerial department from HM Treasury to the Cabinet Office. On balance, we conclude that the residual responsibilities of Government in relation to the new independent statistics office should remain with HM Treasury, although we do not agree that the Government can credibly argue that locating the new department outside the Treasury would detrimentally affect the Treasury's ability to coordinate, and measure departments' progress against, public service agreements and efficiency targets. The residual responsibilities of ministers in respect of the new non-ministerial department are likely to be limited, and we therefore do not believe that the precise location of the new department is particularly important. However, if HM Treasury is to retain residual responsibility for the new department, we recommend that the Government consider carefully how it will demonstrate that its proposals will result in a genuinely independent statistics office. What is important is that the new department should be perceived to be more independent than the present arrangement.

5 Funding arrangements for the non-ministerial department

The Government's proposals

Budget setting

90. The Government's consultation paper specifies four key criteria with respect to funding the proposed new non-ministerial department. The Government hopes to combine "sufficient independence ... transparency and ... flexibility", with "adequate safeguards", as detailed in Box 7.¹²⁴ The Government proposes to meet these criteria by setting the new non-ministerial department's funding outside of the normal Spending Review process, although the funding arrangements for the census would still be set as part of the Spending Review process. The non-ministerial department's budget would be established by way of periodic review, with subsequent increases determined by formula.¹²⁵

Box 7: Criteria underpinning proposed funding arrangements for the non-ministerial department

The Government believes there are a number of key criteria needed to underpin funding for the new arrangements:

- sufficient independence in relation to government spending controls to avoid a perception that statistical independence could be compromised;
- sufficient transparency in the funding mechanism to build public confidence in independence; and
- sufficient flexibility to meet changing needs; combined with
- adequate safeguards to encourage efficiency, secure value for money and control public spending.

Source: HM Treasury, Independence for statistics: A consultation document, March 2006, para 4.43

91. The RSS told us that it supported the broad principle of separating funding from the Spending Review, and provided suggestions about how this arrangement might work in practice:

The budget setting mechanism for ONS should be quite independent of the annual spending review and be for a longer time horizon. The budget must include current funding needs together with an allowance for infrastructure renewal costs as well as any additional recurrent costs associated with the creation of the proposed Board and its functions. The budget should be arrived at through a joint [HM Treasury]/Parliament proposal.¹²⁶

92. Professor Roger Jowell of City University London similarly emphasised the importance of safeguarding Parliamentary involvement in the budget-setting process:

¹²⁴ *Independence for statistics: A consultation document*, para 4.43

¹²⁵ *Independence for statistics: A consultation document*, para 4.44

¹²⁶ Ev 73

I think it is important that Parliament should have the primary say in the allocation of statistical resources. Otherwise potentially embarrassing statistical series might end up being starved of resources. Independence is much more likely to be sustained if it is protected by all-party governance [rather] than by the Executive alone.¹²⁷

93. The Minister told us that the Government had not yet considered how Parliament might be involved in the funding process.¹²⁸ When we asked him who would be the ministerial ‘champion’ of the statistics office in the course of funding negotiations with the Treasury, he told us that the Government had “taken ministers out” of this function:

The Treasury ultimately will make decisions on funding, as we have to do. I would imagine that the board will produce the business plan, the business case, the proposals for the activity, and therefore the funding required—drawing very heavily on the Chief Statistician and her expertise there. That will be negotiated and settled directly with the Treasury.¹²⁹

Our conclusions

94. It is important that the Government consider the detail of the process whereby the new statistics office’s budget will be set, and the extent to which Parliament might be involved with this process. We look forward to the Government producing detailed proposals, and recommend that it outlines these proposals in its response to this report.

Impact of funding on independence

95. The Government proposes to safeguard flexibility in the statistical system by agreeing to provide additional resources if it were to place “significant new statistical demands” on the board during a funding period, though “new statistical outputs proposed by the board itself would need to be met from within its allocated funding”.¹³⁰

96. This proposed mechanism caused some witnesses to question the level of independence the board would enjoy in reality. The Chief Statistician of Canada told us that there was:

a sharp distinction between the government having the freedom to fund (or not to fund) the development of statistical information on certain priority issues and the possibility open to the Government of withdrawing funding if, for example, it does not like the results.¹³¹

97. The Statistics Commission suggested that, the fact that the level of funding provided for the ONS would depend on the Treasury’s view of the appropriate scale of ONS activities, meant that there was “a real question” about the extent to which statistical plans and priorities could be separated from ministerial decisions.¹³² The Commission told us that it

127 Ev 63

128 Q 273

129 Q 271

130 *Independence for statistics: A consultation document*, para 4.44

131 Ev 84

132 Ev 88

did not want to see an environment in which a “highly independent ONS” was “sidelined”, with new statistical work instead directed by ministers to other departments.¹³³

98. When we asked the Minister whether the Government had considered what impact its proposed funding model might have on the independent board’s ability to develop its own work programme, he told us that it had not. He said that this was a “matter down the track”, and that at this stage it was more important for all sides to accept the principle of the Government’s proposals.¹³⁴ The Minister told us that the funding model would not undermine the board’s independence, because this would be guaranteed by the legislation and by the transparency of the process:

We are taking this process out of the normal Spending Review process. That gives it a degree of special treatment. I would expect that process to be pretty open and transparent. I would expect Parliament ... to take an active interest in that process. In the end, the guarantee of operational and policy independence will be set out in the legislation that we propose to introduce in order to set up the board and the new system.¹³⁵

Our conclusions

99. **We welcome the Government’s proposal to set the funding of the independent statistics office outside the Spending Review process. However, there is very little detail in the consultation paper about how these funding arrangements will work in practice, and, in oral evidence, the Government was unable to provide us with any further detail or clarification.**

100. **We share the concerns of the Statistics Commission and the Chief Statistician of Canada that the proposals, as they stand, could undermine the new independent statistics office’s ability to determine its own work programme. However, we agree with the Government that some constraint must be placed on the funding of the new independent statistics office’s work programme, in order to safeguard public spending.** We have already recommended that the Government set out a detailed account of how it proposes that the funding arrangements for the new independent statistics office should work. **On the question of the appropriate frequency of the periodic review of the new office’s budget, we recommend that the Government adopt a minimum period of five years between reviews, in order to allow the statistics office to operate with reasonable certainty.**

Funding arrangements for the census

101. The Government’s consultation paper deals specifically with the funding arrangements for the census. The document describes the “significant expenditure” associated with the census as being of a cost and a profile which “are difficult to forecast in advance of detailed planning”.¹³⁶ The Government therefore proposes funding the census

133 Ev 88

134 Q 274

135 Q 275

136 *Independence for statistics: A consultation document*, para 4.45

separately from the new non-ministerial department, via “the usual Spending Review process”.¹³⁷

102. Several witnesses criticised the Government’s proposed approach, with the RSS describing it as “unacceptable”.¹³⁸ The Statistics Commission explained that the 2001 Census cost approximately £250 million and that the 2011 Census was likely to cost “substantially more”.¹³⁹ The Commission argued that planning for this “huge, lumpy part of statistical activity in the UK” was a long-term project that could not be undertaken as part of the Spending Review process.¹⁴⁰

Accommodating that one-off blip within standard funding arrangements is clearly not easy, not least because, whilst a census occurs every ten years, the preparations for it extend quite a long time beforehand and quite a long time thereafter. It seems ... to be rather a difficult one to accommodate within, say, a three-year spending horizon, and it really has to be thought of as an enterprise from beginning to end rather than the first three years, middle three years or couple of years at the end.¹⁴¹

103. The ONS suggested that the Government needed to understand that funding for the census required a long-term commitment:

What we are very much working towards in the Spending Review process is acceptance by government ... of the longer term costs, because we are estimating costs right up to 2013 now and what we need to get is an assurance that that proper census will be funded. Whatever way it happens, I do not think it really matters. What we need to know is that we are going to get that money.¹⁴²

104. When we put these points to the Minister, he told us that he felt retaining the census within the Spending Review process would not “inhibit [its] preparation and delivery”.¹⁴³

Our conclusions

105. We share the concerns expressed by some of our witnesses, that the Government’s proposal to retain the census within the Spending Review process may well limit the new independent statistics office’s ability to undertake long-term planning for future censuses. We recommend that the Government re-examine the implications of this proposal, bearing in mind the importance of enabling proper long-term planning of the census to take place.

¹³⁷ *Independence for statistics: A consultation document*, para 4.45

¹³⁸ Ev 73

¹³⁹ Q 134

¹⁴⁰ *Ibid.*

¹⁴¹ *Ibid.*

¹⁴² Q 192

¹⁴³ Q 276

Interim planning

106. Under the 2004 Spending Review, the ONS is committed to achieving annual efficiency savings. The ONS achieved efficiency savings of £12.5 million in 2005–06, and is required to achieve efficiency savings of £25 million per annum by 2007–08. The ONS is also required to relocate 850 jobs from London and the South East by March 2010; 125 full time equivalent posts had been relocated as at 31 March 2006.¹⁴⁴

107. The Minister explained to us that, as the Government intended to introduce the statistics legislation “as soon as possible”, the ONS would not receive funding as part of the 2007 Comprehensive Spending Review. He said that the ONS nevertheless had a responsibility to deliver the efficiencies and the relocation targets that it had signed up for, because that was a “part of the overall settlement” in the 2004 Spending Review.¹⁴⁵ The Minister told us that the new independent statistics office would have no new efficiency or relocation targets, although the Government would “make sure there is a discipline on the sorts of efficiencies that we expect of departments and public agencies”.¹⁴⁶

Our conclusions

108. According to the Minister, the new non-ministerial department will have no new efficiency or relocation targets. However, it is not clear from the consultation paper whether or not the Government will require the proposed new independent statistical office to assume responsibility for the ONS’s existing efficiency targets for 2007–08 and existing relocation targets for 2010. If the non-ministerial department is to be expected to meet the ONS’s existing targets, it is not yet clear how the Government expects to hold the new non-ministerial department to account for these targets. We recommend that the Government clarify these points in its response to our report.

144 Office for National Statistics, *Departmental Report 2006*, para 32 & para 41

145 Q 278

146 Q 279

6 Parliament's scrutiny role

The Government's proposals

109. The Government's consultation paper states that "it is the proper responsibility of Parliament to hold the Government to account", but that "the production of statistics is an executive function", as "statistics are a public good".¹⁴⁷ The Government therefore proposes "to reinforce with legislation the existing independence of the National Statistics system, rather than make statistical production a part of Parliament".¹⁴⁸ **We agree with the Government that the production of statistics is an executive function, and we are content that Parliament's role should be limited to that of scrutiny in respect of the new independent statistics office.**

110. The Government's proposes that the new independent statistics office should have "full and direct accountability to Parliament ... in the same way as other independent institutions, such as the Bank of England, the Financial Services Authority and the competition regulators".¹⁴⁹ The Government has identified three mechanisms by which Parliament already performs a scrutiny function in relation to statistics: the select committee system; the laying of reports; and Parliamentary Questions. The Government's consultation paper invites Parliament "to consider how it can use these mechanisms to reinforce its role in scrutinising the performance of the reformed statistical system and in holding the new board to account".¹⁵⁰

111. The Bank of England, the Financial Services Authority (FSA) and the competition regulators are accountable to Parliament in broadly similar ways. Both the Bank of England and the FSA must present a report to HM Treasury on the achievement of their statutory objectives each year; this report is subsequently laid before Parliament by a minister. Parliamentary Questions relating to the Bank of England or the FSA are directed towards, and answered by, the Chancellor of the Exchequer. This Committee regularly calls members of both bodies to give evidence on their performance.¹⁵¹ The various competition regulators (for example, Ofcom and Ofgem) report to Parliament via the ministers and select committees most closely associated with their fields.¹⁵²

Select committee scrutiny

112. The Government's consultation paper recognises that it will be for Parliament to decide how best to employ the select committee process to scrutinise the proposed

¹⁴⁷ *Independence for statistics: A consultation document*, para 4.9

¹⁴⁸ *Ibid.*

¹⁴⁹ *Independence for statistics: A consultation document*, para 4.38

¹⁵⁰ *Ibid.*

¹⁵¹ Financial Services and Markets Act 2000, Schedule 1; Financial Services Authority website, <http://www.fsa.gov.uk/Pages/About/Who/Accountability/Parliament/index.shtml>; Oral evidence given to Treasury Committee by Sir Callum McCarthy, Chairman and Mr John Tiner, Chief Executive Financial Services Authority, HC 655-I, 8 November 2005; Bank of England Act 1998, Section 4

¹⁵² In the case of Ofcom and Ofgem, Department of Trade and Industry ministers report to Parliament on these bodies, and the Trade and Industry Committee scrutinises them on behalf of the House of Commons. See Box 6 for details of the Ofsted model.

statistical framework and to hold the board, in particular, to account. Under the current system, this Committee has the lead role in the House of Commons in holding the ONS to account, and the Economic Affairs Committee has the lead role in the House of Lords, although all Parliamentary committees can invite whomever they choose to give evidence.

5 Under the proposals set out in the consultation paper, the Government anticipates that Parliament:

would regularly call the Chair [of the board] and the Chief Statistician before them, and possibly other board members, in the same way as for the Financial Services Authority and the Bank of England’s Monetary Policy Committee.¹⁵³

10 113. Lord Moser told us that he was “quite concerned” about how Parliament would deal with the new non-ministerial department. He argued that the statistical system covered more than just economic statistics and that therefore select committees other than the “purely economic committees in the Commons and Lords” would need to be involved.¹⁵⁴ He told us that he also hoped some way would be found “for the Lords to be involved in
15 this whole process”.¹⁵⁵

114. The Director of Registration and Corporate Services at the ONS suggested to us that a separate statistics select committee could be established to hold the independent statistics office to account:

20 I think there is another option that one might have a separate statistics committee devoted entirely to this, but I think this is a matter for Parliament and, as the proposals develop, we would hope you would provide some guidance on that.¹⁵⁶

Our conclusions

115. **We expect that the House will consider what form select committee scrutiny of the new independent statistics office should take at an early stage of the legislative process.**
25 **Provided that Treasury ministers continue to have residual responsibility for the new independent statistics office, we would expect that this Committee would continue to take the lead role, on behalf of the House of Commons, in calling members of the board and the National Statistician before it to answer questions relating to the performance of the office, its funding and appointments to the board.**

Laying reports before Parliament

116. The Government’s consultation paper states that “the publication of reports by the board on its activities and outputs will be the foundation for effective public and Parliamentary scrutiny”.¹⁵⁷ In the current system, the ONS and the Statistics Commission produce annual reports which are laid before Parliament by Treasury ministers. The

153 *Independence for statistics: A consultation document*, para 4.39

154 Q 227

155 Q 229

156 Q 196

157 *Independence for statistics: A consultation document*, para 4.40

Government’s consultation paper proposes that the new independent board would be required to publish an annual report, which “would be laid before Parliament directly by the board, rather than via a minister”.¹⁵⁸ The Minister told us that ministers could be taken out of the “reporting and accounting process” in “a number of ways”:

5 in many ways it is for Parliament itself, including a leading view from this Committee, [to decide] how Parliament wants to develop its own scrutiny and reporting requirements of the new system.¹⁵⁹

117. In practice, all papers laid before the House of Commons must be laid by a Member or, in a few agreed cases, by the Clerk of the House.¹⁶⁰ The Government itself has
10 previously recognised the constraints on a body in reporting directly to Parliament. The then Minister for Young People, Children and Families, Rt Hon Margaret Hodge MP, told the Joint Committee on Human Rights in June 2004 that “the way in which what is in effect a non-departmental public body reports to Parliament is traditionally through the Secretary of State who has a responsibility for the NDPB”.¹⁶¹ She said that her
15 understanding of the conventions was that, if a report were to be considered by Parliament, it had to be considered “through the vehicle of Secretary of State”.¹⁶²

118. The Clerk of the House told us that “relatively few” categories of papers had been laid by him in the past:

20 They have included the reports of the Comptroller and Auditor General (the National Audit Office) and of the Parliamentary Commissioner for Administration (the Ombudsman), both of whom are officers of the House; certain papers generated within the House (such as the Sessional Returns), and Church Measures.¹⁶³

The Clerk told us that more recently he had agreed to also “lay reports from certain health
25 bodies where the Act required that they be laid before being provided by the Secretary of State”.¹⁶⁴ He said that he had also recently agreed to lay reports from the Information Commissioner “in the light of the independent status of his office”, and he told us that “in principle” he would be willing to lay reports from the new independent statistics office, “provided that it was established with an equivalent independence from Government”.¹⁶⁵
30 In this context, he noted that under the Government’s proposals, “a large proportion of statistics [would] continue to be produced in government departments and agencies rather than in [the] ONS itself” and that “the annual reports of other Non-Ministerial Departments are laid by government Ministers”.¹⁶⁶ The Clerk said that, before making a

158 *Ibid.*

159 Qq 252–253

160 *Erskine May’s Treatise on the Law, Privileges, Proceedings and Usage of Parliament*, 23rd edition, 2004, p 262

161 Oral evidence taken before the Joint Committee on Human Rights on 23 June 2004, HL (2003–04)161/HC (2003–04) 537, Q 104

162 Oral evidence taken before the Joint Committee on Human Rights on 23 June 2004, HL (2003–04)161/HC (2003–04) 537, Q 105

163 Ev 55

164 *Ibid.*

165 *Ibid.*

166 *Ibid.*

firm commitment, he would “obviously” want to take account of our conclusions on the independence of the statistics office as proposed by the Government.¹⁶⁷

Our conclusions

119. The Government proposes that the new independent board’s annual report
 5 “would be laid before Parliament directly by the board, rather than via a Minister”. It is
 not clear what the Government has in mind with this proposal. In practice, all papers
 laid before the House of Commons must be laid by a Member or, in a few agreed cases,
 by the Clerk of the House. We can therefore only assume the Government is suggesting
 10 that it would be for the Clerk of the House to lay the board’s annual report before the
 House. It is, of course, for the Clerk himself to decide whether it would be appropriate
 for him to agree to lay the board’s annual report. However, it seems to us that it would
 be more in line with current practice if the new board’s annual report was laid by
 ministers from the department which assumes the residual responsibilities of
 Government in relation to the new independent statistics office. This appears to be
 15 current practice in respect of other non-ministerial departments and does not appear
 to compromise their independence. Consequently, we consider that the new board’s
 annual report should be laid by a Treasury minister.

Parliamentary Questions

120. Under existing arrangements, the National Statistician answers Parliamentary
 20 Questions by letter. These letters are formally presented to the House of Commons and the
 House of Lords by a Treasury minister and printed in Hansard. The Government’s
 consultation paper states:

25 These arrangements could remain in place in future, or formally presenting such
 statistical answers to each House could be done via the Chairs of the committees
 responsible for statistical matters. Treasury ministers would, of course, retain
 responsibility for answering questions specifically related to the Government’s
 statistics policy.¹⁶⁸

121. The Minister explained that this suggestion was somewhat exploratory:

30 that is an idea we are floating in the consultation document to see, in particular,
 whether there is a parliamentary appetite for altering arrangements as they have
 always taken place.¹⁶⁹

He said that the idea behind the proposal was again to “emphasise” that the Government
 was “looking to take the practice and the perception of ministers being involved in an
 accounting process out of the frame”.¹⁷⁰

167 *Ibid.*

168 *Independence for statistics: A consultation document*, para 4.41

169 Q 254

170 *Ibid.*

122. The Clerk of the House told us that the answering of Parliamentary Questions by the Chairs of the committees responsible for statistical matters would “raise some practical problems.”¹⁷¹ First, a judgement would have to be made as to whether the answer to a Question would fall “partly or entirely within the responsibility of the National Statistician”:

If Questions continue to be addressed to ministers, then ministers make that judgement, answering Questions to the extent that they are responsible, and referring the remainder to the National Statistician. If, on the other hand, Questions were to be tabled to Chairmen of Committees, any part of the answer which was thought to be outside the responsibilities of the National Statistician could not be given in this way, but would have to be sought by a further Question to the responsible minister.¹⁷²

Secondly, he considered that the role suggested in the consultation paper would place select committee Chairmen in an “equivocal position”:

Although a fully independent ONS would not be a ministerial creature, it would be very odd to have representatives of a Select Committee system, whose purpose includes the scrutiny of such bodies, taking responsibility in the House for information supplied by the ONS. Some, perhaps most, Chairmen might be reluctant to be put in such a position.¹⁷³

The Clerk suggested that it was “easy to imagine a situation where the reference of a Question to the National Statistician for reply might be politically contentious”.¹⁷⁴ He referred to the example of a Member believing that the responsibility for answering a Question lay with ministers and therefore feeling that passing the responsibility to the National Statistician was tantamount to avoiding an answer.¹⁷⁵ The Clerk concluded that overall, the alternative answering route suggested in the consultation paper would “at the least be cumbersome”, but might also have “considerable practical disadvantages”:

It would seem preferable to keep the present arrangements in place. Using the convenience of a ministerial [Parliamentary Question] to get information from the statistics office into the public domain would not in itself call into question the independence of the office; and a reply formula might be devised which made that clear.¹⁷⁶

Our conclusions

123. We agree with the evidence submitted by the Clerk of the House on the proposed arrangements for dealing with Parliamentary Questions which fall within the responsibility of the new independent statistics office. There is no precedent for

171 Ev 57

172 *Ibid.*

173 *Ibid.*

174 *Ibid.*

175 *Ibid.*

176 *Ibid.*

Committee chairmen to be conduits for answers from outside bodies as the Government proposes, and we are concerned that any such move would conflict with their interest in scrutinising such bodies. Members might experience difficulty in directing questions if answers were to be presented by the “Chairs of the committees responsible for statistical matters”: in the House of Commons it is not entirely clear which committee best matches that description, while in the House of Lords there is no Committee with responsibility for statistical matters. We therefore recommend that the existing arrangements remain in place, with Parliamentary Questions being directed to the National Statistician via the relevant minister, who will assess the extent to which he or she is responsible for answering before referring the remainder to the National Statistician and, subsequently, presenting the answer to the House of Commons and the House of Lords and arranging for it to be printed in Hansard.

7 Pre-release of statistics

The Protocol on Release Practices

124. The *Framework for National Statistics* states that it must be “clearly apparent to users” that National Statistics have been produced and are presented without political interference.¹⁷⁷ The *National Statistics Code of Practice Statement of Principles* sets out the principles which should be observed in presenting National Statistics. These are detailed in Box 8.

Box 8: Code of Practice principles for presenting National Statistics

- National Statistics will promote equality of access.
- Final responsibility for the content, format and timing of release of National Statistics will rest with Heads of Profession (in devolved administrations, the Chief Statistician) acting in consultation with the National Statistician.
- National Statistics will be released separately from statements by Ministers about the figures. Ministerial statements will not be released before the statistics.
- Where privileged early access is determined by Ministers, details will be documented and publicly available.
- Release arrangements will be open and pre-announced. Release will be orderly and as early as possible after compilation.
- Timing will not be influenced by the content of the release or set in such a way as to create a presumed advantage to any particular group or individual.
- As much detail as is reliable and practicable will be made available, subject to legal and confidentiality constraints.

10 Source: Office for National Statistics National Statistics Code of Practice: Statement of Principles, September 2002, Principles 2(h), 4(a), (c) (d) (e) (f) (g)

125. The broad principles set out in the *National Statistics Code of Practice* are supported by a series of protocols which describe how these principles are to be implemented in practice. The *Protocol on Release Practices* specifies that:

- 15 • For statistics that are not market-sensitive, privileged early access will be no longer than five working days before release.
- Where privileged early access is provided for market-sensitive statistics, it will begin 40.5 hours (and not more than 40.5 hours) before release, that is at 5 pm on day one in advance of release at 9.30 am on day three.¹⁷⁸

Alleged breaches of pre-release of statistics

20 126. The Government has identified three categories of early access to statistics that currently exist within the UK system:

177 Office for National Statistics, *Framework for National Statistics*, operational from June 2000, p 12

178 Office for National Statistics, *National Statistics Code of Practice: Protocol on release practices*, September 2002, p 13

- access to administrative and management data, which may be circulating amongst officials and Ministers in advance of their release as National Statistics, because they form part of the department’s daily business;
- access to statistics by officials, as part of the compilation and quality assurance process; and
- access by Ministers and officials to the final data in advance of publication, to enable Ministers to account for the policy implications of statistics at the time of publication and, in certain circumstances, be in a position to announce policy decisions immediately after the release of data.¹⁷⁹

10 127. Several witnesses suggested that this third category of pre-release access officials raised the prospect of political interference in the presentation of official statistics. The Statistics Commission’s *Annual Report 2005–06* detailed nine suspected instances of abuse of pre-release access by ministers and government officials. Of the nine, the Commission concluded that one had been a full breach of the Code of Practice, one had been a minor
15 breach, one had been an accidental breach and one had not been a breach. In one instance the Commission said that it was “concerned about the amount of pre-release access given within policy departments” and in another case the Commission questioned the Home Office’s interpretation of the Code. In addition, the Commission reported on two non-National Statistics releases by the Department of Health (DH) which could were not
20 covered by the Code of Practice, but which had breached the DH Code compliance statement.¹⁸⁰

128. The Commission told us, however, that the procedure for investigating breaches was not sufficiently robust. When investigating breaches, it had experienced “some difficulty” in obtaining responses from departments.¹⁸¹ The Commission commented that, if it did
25 not receive the required information from a department, it was difficult to be certain about whether a breach had occurred, “especially in this highly ambiguous situation of whether something is a breach of an ambiguous Code”.¹⁸² The Commission felt that there were “many cases” where there had been “representations of the statistics saying one thing—and often before the statistics have come out in the public domain”.¹⁸³

30 129. Simon Briscoe argued that weaknesses in the current method of investigating supposed breaches by ministers of the Code of Practice meant that the official number of confirmed breaches underestimated the true extent of the problem:

if an individual raises the suspicion of a leak with the National Statistician or ... the Statistics Commission, they will write a letter to the department, which normally

179 *Independence for statistics: A consultation document*, Box 4, p 25

180 Statistics Commission, *Annual Report 2005–06*, Cm 6857, July 2006, Annex D

181 Q 137

182 *Ibid.*

183 Q 141

promises to conduct an internal review and comes back and says, surprisingly, that there is no evidence that there was a leak.¹⁸⁴

He provided an example of what he saw as an abuse:

5 one [example] from last year, was on animal testing where the Government had set itself targets to reduce year on year the number of animals involved in testing. The annual figures which came out last year showed a second successive year of increase. The figures were released during the day, but ... that morning's Today programme [on BBC Radio 4] had a very nice story about how there were very many good reasons why animal testing was a good idea ... this was a story which, according to
10 the journalist involved, was prompted by the department. So I think there is an awful lot of softening up that goes on.¹⁸⁵

130. In 2004, the independent Phillis review of government communications concluded that there was “no need for the 40 hours of advance notice of National Statistics that Ministers receive”.¹⁸⁶ The review found that while there was no evidence that this right had
15 been abused, it was “open to the perception of abuse”, and was “far longer than the period of notice that the executive in the United States receives of such key economic data”.¹⁸⁷

Options for reform

International models

131. The Government' consultation paper states that “the principle of early access to data
20 for Ministers is widely accepted internationally, with many countries—including Australia, France, Ireland, New Zealand and the US—having in place some form of pre-release regime”.¹⁸⁸ In evidence to us, however, the RSS said that pre-release access in these countries was much more limited than in the UK, and that there was no pre-release access at all in Austria, Denmark, Finland, Norway or Poland.¹⁸⁹ Box 9 summarises the position in
25 some of those countries which have pre-release.

184 Q 21

185 Q 22

186 The Phillis Review, *An Independent Review of Government Communications*, January 2004, p 25

187 *Ibid.*

188 *Independence for statistics: A consultation document*, Box 4, p 25

189 Ev 103

Box 9: International practice on pre-release access to statistics

Australia: Ministers and supporting officials are allowed pre-embargo access to statistics where it is expected that they would need to make public comment soon after release. This practice is limited to a relatively small number of publications. Pre-release access is limited to 3 hours prior to embargo time.

France: Some ministers are given pre-release access to the most important key economic statistics (for example, inflation, trade, unemployment) up to (but not exceeding) one hour in advance.

Ireland: Ministers are given pre-release access of one hour to the most important statistical series, and 48 hours for the Annual National Accounts.

United States: The President, through the chair of the Council of Economic Advisors, has pre-release access of 30 minutes. Civil servants may not comment publicly on data until at least one hour after release.

Source: *Royal Statistical Society*, Pre-Release Access to National Statistics: International Perspective

132. The Chief Statistician of Canada explained to us that pre-release practices in Canada were “extremely restricted” to:

- 5 those statistical series where there is a very strong and powerful reason for pre-release to exist ... essentially ... key economic indicators which can move markets and which might require early intervention in the markets and therefore preparedness to counter some bad news or particularly strong news ... social data are
- 10 totally excluded ... pre-release is given to bureaucrats at two o'clock the previous day, in the afternoon, and our releases come out the next morning to everyone at 8.30, so it is less than 24 hours, and ministers are only given those data at five o'clock in the afternoon after the markets are closed.¹⁹⁰

Placing restrictions on pre-release

133. The ONS considered that three aspects of pre-release were capable of reform:

- 15 [First] there is a whole raft of series where you could argue there is no justification for having pre-release access. The second area is cutting back enormously the number of people who actually get it. Thirdly, reducing the time. And I think associated with those measures is a much more coherent and consistent approach to this across government.¹⁹¹

- 20 134. Simon Briscoe told us that he favoured “relevant ministers” seeing the data “maybe half an hour or an hour before it is being released”.¹⁹² Lord Moser argued for a similar restriction:

- 25 Pre-release should basically be abolished ... I think perhaps something over one hour, so that the minister can be prepared to answer questions about the figures; but that would be the maximum in my view ... I would leave it to the new board to

190 Q 106

191 Q 189

192 Q 15

decide whether there should be any exceptions. My own view is to start from no exceptions.¹⁹³

135. The Statistics Commission also supported the abolition of pre-release. In its annual report, the Commission argued that abolition of pre-release was of “more fundamental importance than whether the [ONS] is made into a non-ministerial department”.¹⁹⁴ As an
5 alternative to abolition, Professor Rhind proposed to us the release of data to opposition spokespeople at the same time as it is released to ministers:

Our preference would be to have no pre-release, but we could envisage various
10 different models, where, for example, statistics might be embargoed for a number of hours beforehand but made available not only to ministers but perhaps also to opposition spokesmen ... what is critical, I think, is how long they are released in advance and how they are embargoed and what the penalties are.¹⁹⁵

136. The RSS argued that abuse and the perception of abuse could best be overcome by directing all releases through a specific press office within the new independent statistics
15 office. It said that, currently, press officers working in government departments were being asked to carry out two different functions in relation to statistical releases: first, they were required to produce the statistical release and explain the statistics in a quasi-objective manner; and secondly, they were being asked to promote the policy objectives of the minister. The RSS argued that it would be much better for all National Statistics to be
20 released “through some central physically separated location” where the statisticians from the various government departments could come and make themselves accessible to journalists.¹⁹⁶ The RSS said that the statisticians would then be

accountable for the statistical production ... accountable for the methods and
25 definitions which are used, and ... accountable for explaining the significance of the statistics and what could be drawn from them [but that they] would not have responsibility for interpreting the implications of that policy.¹⁹⁷

137. In addition to undertaking this proactive role of interpretation, the RSS called for the National Statistician to be empowered to have a reactive role, allowing her to “comment on the interpretation of statistics and comment on gross misinterpretation of statistics” by
30 others, offering her own “proper interpretation”, where necessary.¹⁹⁸

Administrative data

138. The Chief Statistician of Canada, Dr Fellegi, addressed the first category of pre-release access identified by the Government, that of access to administrative and management data, which are, by definition, available outside of the statistical system. In these cases, Dr

193 Qq 222–223

194 Statistics Commission, *Annual Report 2005–06*, Cm 6857, July 2006, p 7

195 Q 138

196 Q 62

197 *Ibid.*

198 Q 63

Fellegi recommended strong discouragement of pre-publication comments, “if possible via a legislated code of behaviour applicable to all government personnel”.¹⁹⁹

The Monetary Policy Committee

139. In addition to ministers and government officials, pre-release access to some market sensitive data is provided for the Governor of the Bank of England. The current Governor, Mr Mervyn King, recently explained to the Treasury Committee that, under “formal arrangements” with the ONS, he sees official statistics on the economy 36 hours before their release, but that no one else on the Monetary Policy Committee (MPC) has such access, except where, within that 36 hour period, a meeting of the MPC is due or an emergency meeting of the MPC is called.²⁰⁰

The Government’s response

140. The Minister told us that he accepted that pre-release arrangements contributed to “the perception of interference in statistics”.²⁰¹ He argued, however, that actual cases of abuse were “very few and far between”.²⁰² He defended the principle of pre-release, commenting that ministers were “required” and “expected” to be accountable for the decisions they made and able to “understand and respond immediately to challenges that might come from the production of statistics”.²⁰³ He said that the principle of pre-release was “quite widely accepted internationally”, once again citing the examples of Australia, New Zealand, the United States, Ireland and France, although he acknowledged that the details of the pre-release access might differ in those countries.²⁰⁴ He concluded that the practice of pre-release was “important” but said that the Government would be “prepared to look at” the detail of the pre-release arrangements.²⁰⁵

Our conclusions

141. We have received evidence from a number of witnesses questioning the appropriateness of the existing arrangements for pre-release access to statistics in the UK. Witnesses have questioned the number of statistics available for pre-release, the number of people receiving pre-release access and the length of the advance access provided. Pre-release access to statistics is currently managed by the *Protocol on Release Practices* which supports the *National Statistics Code of Practice*. We expect the new statutory code of practice proposed by the Government to be similarly supported by a new statutory protocol on release practices.

199 Ev 84

200 Oral evidence given to the Treasury Committee by Mr Mervyn King, Governor of the Bank of England and MPC member, HC 1185-ii, 29 June 2006, Q 114

201 Q 287

202 *Ibid.*

203 *Ibid.*

204 *Ibid.*

205 *Ibid.*

142. We understand the Minister's concern that ministers should have pre-release access to official statistics, in order to allow them to give a substantive and considered response to statistics upon release. However, we have heard nothing to convince us that it is necessary for ministers to have access to statistics 40 hours prior to their release.

5 We consider that ministers would still be in a position to respond meaningfully to statistics given a considerably shorter period of pre-release. We note that our conclusions match those of the 2004 Phillis Review in this respect, and that the time provided for pre-release access is much shorter in countries such as Australia, France and the United States than it is in the UK. We therefore recommend that the
10 Government ensure that the statutory successor to the Protocol on Release Practices is drafted so that ministers receive pre-release access to all data other than market-sensitive data no more than three hours prior to release. In the case of market-sensitive data, we recommend that ministers receive pre-release access on the day prior to release, after the markets have closed.

15 143. In addition to ministerial access, it seems to us that it may also be in the interests of a properly functioning democracy to give the relevant opposition spokespeople a degree of pre-release access. We recommend that the Government ensure that the statutory successor to the Protocol on Release Practices is drafted so that opposition
20 spokespeople receive pre-release access on a similar basis to ministers, but no more than one hour prior to release, rather than three hours. This would place opposition spokespeople on a similar footing to ministers at the time of release, and should enable a broader political debate to take place on any given dataset. We recommend that the Government consider incorporating this point in the statutory successor to the Protocol on Release Practices.

25 144. In addition to changes to ministers' pre-release access, we consider further reform is needed in respect of civil servants' pre-release access to statistics. We consider that the statutory successor to the Protocol on Release Practices should cover the use of data prior to official release by all government personnel. Such a protocol should serve to discourage abuse of pre-release and, in particular, to ensure that non-statisticians do
30 not comment on administrative data prior to release.

145. Finally, in the interests of improving public confidence in official statistics, we recommend that the independent statistics office release alongside National Statistics its own considered and non-partisan interpretation. Any implications for Government
35 policy could then be subsequently explained by the relevant minister or government department. In order to discourage misrepresentation of National Statistics by ministers and government departments and, more widely, the media and other groups, we recommend that the National Statistician should continue to have the authority to monitor and police those who misuse and misrepresent statistics.

8 Devolution and UK-wide statistics

Concordat on Statistics

146. Statistical work in devolved policy areas is the responsibility of the chief statisticians in the Scottish Executive and the National Assembly for Wales, and the chief executive of the Northern Ireland Research and Statistics Agency. The *Memorandum of Understanding* between the UK Government and the devolved administrations, published in 2001, includes an appended *Concordat on Statistics* setting out the arrangements for UK statistical work.²⁰⁶

147. The Government's consultation paper proposes that the Concordat and existing arrangements will be retained and that it will be a matter for the devolved administrations to decide what measures, if any, are necessary for them to implement in order to take account of the Government's proposed reforms.²⁰⁷

Coherence of UK-wide statistics

Fragmentation of statistics

148. We heard from many witnesses who told us that the UK-wide statistical system was fragmented and that there was a lack of consistency and coherence in the provision of UK-wide statistics. Simon Briscoe observed that the ONS had:

put out one release which had a total for England, Wales, and Northern Ireland together, which is a very unusual combination of countries.²⁰⁸

He said that the lack of coherence was “bad from the national point of view” and he questioned the quality of the figures sent by the UK to international bodies “when often we know that such figures do not exist”.²⁰⁹ The RSS told us that while “it was hoped at the outset that UK statistics would not be jeopardised by devolution” this had “not been borne out in practice”²¹⁰. It said that the UK statistical system as a whole did not “support the legitimate needs of users in devolved territories by providing consistent, comparable statistics across the UK” and that the Concordat was “not clear and practical enough”.²¹¹

149. The Statistics User Forum provided us with examples from both the commercial world and public services of users being disadvantaged by the lack of comparable data in different regions of the UK. It told us that there were “quite a lot of organisations” who were interested in making comparisons within the UK:

²⁰⁶ *Memorandum of Understanding and Supplementary Agreements*, Cm 5420, December 2001

²⁰⁷ *Independence for statistics: A consultation document*, paras 4.46–4.47

²⁰⁸ Q 23

²⁰⁹ *Ibid.*

²¹⁰ Ev 75

²¹¹ Ev 75; Q 49

They want to look across the whole of the UK as to which parts of the UK they might invest in and in practical terms if it is terribly easy to get data for England but pretty difficult to get it for Scotland and Northern Ireland, the analysts will sometimes just turn a blind eye and focus on the areas where it is easier to get data for [...]

5 If we look at neighbourhood statistics and the idea of targeting investment in areas of neighbourhood renewal, at the moment we are in a situation where we have different analyses of indices of deprivation in different countries of the UK and one cannot get a consistent measure of whether parts of Glasgow are worse than parts of the East End of London.²¹²

10 150. Simon Briscoe described the absence of comparable UK-wide data as “unfortunate” for the devolved assemblies:

15 Where there are policy areas that a devolved assembly has decided to take a different policy stance, say Scotland from England, I think it is a shame that we do not have harmonised data so that we can actually see what the impact of the different policies are. If we cannot see the results of that little bit of experimentation, then nobody is going to be any the wiser about which policies were best.²¹³

20 151. The RSS argued that there was an “urgent need to engage the devolved administrations” in recognising the failures of the present arrangements, both in terms of producing consistent, coherent UK-wide statistics and in terms of allowing the devolved administrations to compare themselves with other parts of the UK.²¹⁴

152. We discussed this issue of fragmentation with the Chief Statistician of the Scottish Executive, Rob Wishart. Mr Wishart explained that, as Chief Statistician in Scotland, his primary focus was on meeting the needs of users in Scotland rather than on ensuring that Scottish statistical series dovetailed with series produced by other UK administrations:

25 Users of Scottish information have a set of needs, some of which will be the same as users in other parts of the country. Since devolution, in particular, we have done a huge amount of work to improve the range and quality of statistics for Scotland on issues like education, and that is about meeting the needs of people in Scotland and, indeed, any clearly identified needs from elsewhere in the world for that matter, but
30 it is very much about understanding and responding to the needs of users for better statistics on Scotland.²¹⁵

The UK Census

35 153. As an example of the problems associated with compiling UK-wide statistics, Simon Briscoe pointed to differences across the different administrations in the compilation of the 2001 Census. He told us that the ONS had been “enfeebled” by the 2001 process and had

212 Qq 84–85

213 Q 23

214 Ev 75

215 Q 160

only managed to produce a limited set of UK-wide figures.²¹⁶ He said that for other census data, users had to “fumble around on three different websites to try and cobble together a figure for the UK”.²¹⁷

5 154. The ONS website indicates that, in the 2001 Census, different versions of the religious identity question and the ethnic group question were asked in England and Wales, in Scotland and in Northern Ireland “to reflect local differences in the requirement for information”.²¹⁸ John Pullinger, Chair of the National Statistics Working Party at the RSS, was involved in the production of the 2001 Census. He told us that he believed that the project had encountered difficulties because of a lack of codification of what was required
10 at the UK level. He said that those involved had “started off with the best of intentions to produce the book of United Kingdom statistics” but that a census was “clearly a very sensitive topic”:

15 The Scottish Parliament decided to make some changes. That was not in itself a problem, but when the Welsh Assembly saw that the Scottish Parliament had made some changes, they wanted some changes, and the thing began to fragment because the forces pulling it apart were stronger than Pullinger sitting in a room in Whitehall with his counterparts. They were stronger than we were ... so in fact we had three different censuses.²¹⁹

20 155. Mr Pullinger felt that the “lack of the codification in a formal sense” did not enable officials at the UK level to ensure that the production of UK-wide figures was a priority for officials in each of the administrations:

my counterpart in Scotland ... ultimately his leadership was coming from the Executive and from the Scottish Parliament, rightly, and there was no counterweight saying, “Actually, there is a UK dimension to this as well”.²²⁰

25 Mr Pullinger’s suggestion seemed to be that legislation was required to provide such a “counterweight”.

156. Since the 2001 Census, the three Registrars General of England and Wales, Scotland and Northern Ireland have signed an agreement with respect to the 2011 Census which includes a commitment that:

30 Common questions should be agreed wherever possible, diverging only in response to clear user needs, with such divergences minimised and the scope for cross-comparison maximised.²²¹

However, the progress report on the agreement, issued by the ONS in April 2006, noted that commonality on the ‘ethnicity’ question set had so far “been hard to achieve because of

216 Q 24

217 *Ibid.*

218 Office for National Statistics website, www.statistics.gov.uk/cci/nugget.asp?id=293

219 Q 51

220 *Ibid.*

221 *The Conduct of the 2011 Censuses in the UK: Statement of Agreement between the Registrars General*, February 2005

apparent differences in the composition and views of the minority ethnic populations in Scotland and England”.²²²

157. The National Statistician told us that the ONS was working with the different administrations to achieve “a consistent set of UK outputs” which would be disaggregated by the four devolved administrations in the 2011 Census.²²³ However, she considered that there was no necessity for “all the methods and questionnaires to be exactly the same” because of the need to be “sensitive to the different requirements in different countries”.²²⁴

Co-ordination of UK statistics

158. We discussed with witnesses various mechanisms for improving the co-ordination of UK-wide statistics or, indeed, for ensuring that current levels of co-ordination will not decline if the Government’s proposals were introduced.

159. The Statistics Commission told us that, although there were a number of “informal internal working groups” that considered aspects of UK-wide statistics and their harmonisation, the Commission was currently the only pan-UK body overseeing the UK statistical system.²²⁵ The Government’s proposals envisage transferring the auditing and scrutiny function of the Statistics Commission to the independent governing board and winding up the Commission.²²⁶ The Commission emphasised the importance of the new board having “some kind of similar function [to the Commission] across the piece”.²²⁷ Rob Wishart told us that the amount of work the Statistics Commission had been able to do in Scotland had been “fairly limited”.²²⁸ He said that the Scottish Executive would be “very keen” to discuss the implications of the winding up of the Statistics Commission and the role of the Government’s proposed new independent board in relation to Scotland, and that there were “clearly benefits” in having a common scrutiny arrangement across the UK.²²⁹

160. The RSS outlined the approach taken in Australia, where crime statistics had previously been collected differently across individual police jurisdictions:

They have come up with effectively a Concordat, but it is an agreement signed up to by the various jurisdictions. In this case it is the legislative [branches] of the various states in Australia and the National Statistician of Australia which say, “We agree that the National Statistician will chair a committee, coordinate and make sure the results are right for Australia as a whole, and these are the terms in which we make

²²² *The Conduct of the 2011 Censuses in the UK: Statement of Agreement between the Registrars General – Progress report*, April 2006

²²³ Q 191

²²⁴ *Ibid.*

²²⁵ Q 135

²²⁶ *Independence for statistics: A consultation document*, para 4.48

²²⁷ Q 135

²²⁸ Q 155

²²⁹ *Ibid.*

that agreement. These are what we will do as individual police commissioners and as individual state authorities”.²³⁰

5 The RSS suggested that a similar, “formal and precise agreement” could be a way forward in the UK. Such an agreement could set out what it is that the senior statisticians of Scotland, Wales and Northern Ireland are prepared to work on with the National Statistician, so that “everyone is clear what they will do and what they will not do”.²³¹

161. Simon Briscoe suggested that the new independent statistics office should have “a much stronger coordinating role” than the ONS currently has.²³² Ruth Lea agreed, and suggested that the National Statistician should be given enhanced powers:

10 If we are to maintain, or indeed even create the integrity of the United Kingdom statistics, then you are going to have to say to the National Statistician at the ONS, “You are going to have some overall powers for this”, otherwise it simply will not work.²³³

15 162. A number of witnesses believed that the Concordat needed reviewing in the light of experience. Rob Wishart said that there was “no doubt” that the Concordat and framework needed some updating, “both in the light of devolution, the experience over the last period, but also the current issues”.²³⁴

The Government’s response

20 163. We discussed with the Minister the apparent lack of coherence in UK-wide statistics. He felt that this was “not a new problem” but accepted that the problem was “perhaps ... being emphasised by statistics being part of the devolution settlement”.²³⁵ He argued that, despite the Concordat, there would be inevitable variations across the administrations:

25 The Scottish law, health and education systems are different. Some of their outputs are different. Some of the information, monitoring and statistical requirements will therefore be different, and that is a consequence of the devolved function and the differential decisions that are made.²³⁶

30 164. The Minister nevertheless agreed that it was important to try to maintain compatible datasets and comparability and that, to this end, the Government would be “very keen” to “look at renewing and perhaps reforming and strengthening the concordat”, although only to the degree that the devolved administrations were willing to do likewise.²³⁷ He made clear that the Government did not wish to “interfere with the devolution settlement” and

230 Q 49

231 *Ibid.*

232 Q 25

233 Q 29

234 Q 161

235 Q 281

236 *Ibid.*

237 *Ibid.*

that “fundamentally”, therefore, the devolved administrations had “the responsibility and the scope to develop and run their statistical system as they choose”.²³⁸

165. The Minister told us that, if the Government’s proposals were implemented, the National Statistician would continue to be responsible for the production of the majority of
 5 UK economic statistics as well as a number of statistical series for which the ONS was currently responsible—either because the statistics were required under international obligations or because they covered areas that were not currently devolved. However, the National Statistician would have direct authority for only those statistics relating to England:

10 The area where clearly there are the differences and the difficulties are those devolved policy areas where the activities [undertaken] may be different according to the devolved administration and, therefore, the statistics and data available or collected. Here, the role the Chief Statistician for England will have, dealing with her counterparts—as she does at the ONS at the moment, to try to make sure that we
 15 secure as great a degree of comparability, where that seems necessary—would also continue.²³⁹

Our conclusions

166. **The benefits of having coherent UK-wide statistics are self-evident.** It is of course right that each UK administration should produce statistics which reflect its local
 20 circumstances and meet the needs of local users. Equally important, however, is that the basic data which is needed at UK level is capable of being compiled in a coherent form across the administrations, in order to ensure that there is a set of UK-wide numbers, that this allows users to compare and contrast the impact of policies in different parts of the UK and that the UK is able to provide accurate figures in accordance with its international
 25 obligations.

167. **Based on the evidence we have received, there are clearly problems with gathering comparable UK-wide statistics.** For example, variations in the data collected as part of the 2001 Census resulted in what one witness described as “three different censuses”. **Such
 30 problems undermine any meaningful assessment of the success of devolution because they make it difficult to measure the impact of differing government policies implemented across the administrations—in the fields of health and education, for instance.**

168. **We are concerned by the apparent fragmentation of some statistics across the UK. We recommend that the Government use the opportunity offered by its present
 35 consultation process to examine what it can do, both unilaterally and in co-operation with the devolved administrations, to improve co-ordination of the collection and production of statistics across the UK’s different administrations. One step which the Government could clearly initiate is a review of the 2001 Concordat on Statistics, which sets out arrangements for the UK statistical work agreed between the devolved**

238 Q 283

239 Q 282

administrations. We therefore welcome the Minister's commitment, on behalf of the Government, to review the Concordat on Statistics, particularly in light of his suggestion that, while this fragmentation has been an issue for some time because of differing local circumstances and requirements, devolution has led to an inevitable intensification of the problem. We recommend that the Government negotiate a revised Concordat with the devolved administrations, that the National Statistician, in consultation with the chief statisticians for Scotland, Wales, and Northern Ireland, be given responsibility for drafting a revised Concordat and that the new independent board be given responsibility for monitoring the implementation of the revised Concordat. In this context, we are encouraged by the 2011 Census agreement signed by the three Registrars General of England and Wales, Scotland and Northern Ireland.

169. Finally, it is important that the UK-wide scrutiny and audit function currently undertaken by the Statistics Commission is adequately replicated under the Government's proposals. We recommend that the new independent board be given responsibility for oversight of the statistical system throughout the United Kingdom.

9 Access to statistics

Access to administrative data for government statisticians

170. Several witnesses raised the subject of access to administrative data. Eurostat, the Statistical Office of the European Commission, defines administrative sources as “sources containing information that is not primarily collected for statistical purposes”.²⁴⁰ Such sources are distinct from survey sources. The Government’s consultation paper acknowledges the potential benefits of allowing access by statisticians to administrative data held by departments, but balances those benefits against the need to ensure sufficient safeguards are in place to protect individuals’ privacy:

10 Important arguments have been made against data-sharing generally; in particular, that it may breach individual privacy rights. Parliament’s Joint Committee on Human Rights, for example, has on occasion expressed the view that sufficient safeguards should be in place to prevent sharing of data from contravening Article 8 of the European Convention on Human Rights respecting personal privacy. Any
15 move to extend data access for statistical purposes would need to be accompanied by specific safeguards for privacy rights and enhanced data protection provisions.²⁴¹

171. The ONS told us that legislation on access to administrative data was something that it was “very keen to see happen”.²⁴² The ONS has said elsewhere that the UK has “vast data resources” which the GSS “has the professional competence and capacity to exploit”, but that the lack of express statistics legislation guaranteeing statisticians access to the data resources of central and local government meant that statisticians were “obliged to work within a complex and changing legislative framework to gain access to data obtained by others in government”.²⁴³ The ONS has argued that “administrative records may be the only cost effective way of regularly obtaining information about small groups in household or business populations”.²⁴⁴ It has identified a number of economic and social benefits which would arise from increased data-sharing, including the production of new statistics and the reduction of the burden on respondents. It argued that data-sharing could lead to “improved statistical quality” and “much greater efficiency in terms of cost and timeliness”.²⁴⁵

172. The former National Statistician, Len Cook, in his response to the Government’s consultation paper, identified a number of risks associated with a lack of access to administrative data:

240 Eurostat, *Business Register Recommendations Manual*, First Publication, March 2003, Ch 20, para 20.3

241 *Independence for statistics: A consultation document*, para 4.27

242 Q 181

243 Office for National Statistics, *Data Sharing for Statistical Purposes: A Practitioners’ Guide to the Legal Framework*, September 2005, p 3

244 *Ibid.*

245 *Ibid.*

Unless there is access to tax records the (Allsopp²⁴⁶) proposals for regional economic statistics, and redesigning British economic statistics, will not reach their final goal. The risk of population estimates containing significant errors at a local authority level will continue without access to administrative records. Statistics about ethnic populations exist mainly through the once every ten year population census, until access to administrative records is provided to ONS.²⁴⁷

Mr Cook concluded that providing the GSS with the authority to have access to administrative records and to protect all statistical records would be “the largest possible improvement to the quality of British statistics” that could be enabled by legislation.²⁴⁸

173. Access to administrative data by statistical institutions is provided by law in many countries, including Australia, Canada, Germany, Ireland and the Netherlands.²⁴⁹ Responding to the Government’s consultation paper, the Australian Statistician said that the Australian Bureau of Statistics’ access to taxation data had enabled it to reduce “compliance cost on the business sector by over 40% over the last 10 years”.²⁵⁰ The Chief Statistician of Canada told us that part of the Canadian Statistics Act provided Statistics Canada with “unrestricted access” to all administrative records held by any level of government and any organisation private or public:

Of course, the other side of that coin is extremely strong confidentiality guarantees, which are spelled out and which allow no exceptions. Not even the intelligence community, not even the police, not even the courts in the course of a prosecution can have access under the Statistics Act.²⁵¹

174. The ONS also suggested that public concerns over the sharing of data might not be insurmountable. It cited research by the Department for Constitutional Affairs, showing that the public expected data to be shared across Government, provided that those granted access to the data used them “for a purpose consistent with its original collection”.²⁵²

175. The Minister told us that the legislation represented an opportunity to deal with some of the questions around data access, in particular access to administrative data.²⁵³ He said that, “as a minimum”, the current arrangements would need to be entrenched in legislation and told us that the Government had “clearly signalled” its interest in hearing views during the consultation process about the extent to which these arrangements could be developed

246 The Chancellor of the Exchequer asked Christopher Allsopp in February 2003 to undertake a review of statistics for economic policymaking, examining the information needed to support the Government’s key regional policy objectives, and whether official economic statistics had properly reflected the changing economic structure of the UK. The Review Team began its work in June 2003, published its First Report on 10 December 2003 and its final report on 31 March 2004. See Christopher Allsopp, *Independent Review of Statistics for Economic Policymaking*, March 2004

247 Consultation response to *Independence for statistics* from Len Cook, 13 June 2006

248 *Ibid.*

249 *Independence for statistics: A consultation document*, para 4.26

250 Consultation response to *Independence for statistics* from the Australian Statistician, para 14

251 Q 110

252 Office for National Statistics, *Data Sharing for Statistical Purposes: A Practitioners’ Guide to the Legal Framework*, September 2005, p 5

253 Q 290

further.²⁵⁴ He said that the Government was also seeking views on how confidentiality, particularly of “micro data” which could identify individuals, could be safeguarded.²⁵⁵

Our conclusions

176. There appears to be strong feeling in the statistical community about the need to provide government statisticians with access to administrative data. We accept that such access could bring about the economic and social benefits set out by the ONS and others. However, as the Government has pointed out, these benefits must be balanced against important privacy rights. We recommend that the Government use the opportunity offered by the forthcoming statistics legislation to allow government statisticians greater access to administrative data. The Government should ensure that appropriate safeguards are put in place to ensure that the integrity and security of personal information is not compromised, and that access extends no further than statisticians working in specified parts of government. We refer the Government to the relevant Canadian legislation which appears to provide a useful model of appropriate safeguards.

Confidentiality

177. The Government’s consultation paper also deals with confidentiality of data in the context of the National Statistician’s current obligation to protect the confidentiality of people and organisations from the unauthorised disclosure of information held about them for National Statistics or other statistical purposes. The Government proposes to maintain this obligation and set as a core objective for the new board—regardless of possible changes on data access legislation—the obligation to protect the confidentiality of data provided.²⁵⁶

178. The former National Statistician, Len Cook, raised concerns about this aspect of the Government’s proposals in his response to the Government’s consultation paper. Mr Cook argued that protection of household survey records not covered by the Census Acts or the *Statistics of Trade Act* was currently ensured only by “custom and practice, and the vigorous protection of this through the courts by ONS officers”. Mr Cook commented that that the capacity to protect properly gathered information in the UK was therefore “declining” and that “solutions for the protection of records [needed] a statutory basis”.²⁵⁷ Mr Cook called into question the Government’s proposal to make protection of confidentiality a core objective of the independent board rather than of the National Statistician:

For the board to have this responsibility ... will quite wrongly remove from the National Statistician his/her authority and independence on this important matter.

254 Q 290

255 *Ibid.*

256 *Independence for statistics: A consultation document*, para 4.28

257 Consultation response to *Independence for statistics* from Len Cook, 13 June 2006

The future legislation must provide for the statistician to have the obligation in law to protect the confidentiality of all statistical records.²⁵⁸

Our conclusions

5 179. We are concerned to hear that the previous National Statistician considers that the capacity to protect properly gathered information in the UK is declining. We recommend that the Government take this opportunity to consider whether the protection of people and organisations from the unauthorised disclosure of information held about them for National Statistics or other statistical purposes requires a statutory basis. We further recommend that the Government consider
10 whether it is appropriate that statutory responsibility for protecting confidentiality should rest with the independent board, given the possible implications for the authority and independence of the National Statistician.

Access to government statistics for users

15 180. The Statistics User Forum told us that statistics derived from administrative sources were “terribly important to a lot of users”.²⁵⁹ The Forum raised the issue of Government agencies and departments controlling data through exclusive rights and third party contracts. It told us that “a great number of users of statistics” described the lack of access to Ordnance Survey map background data as “a matter of considerable frustration”.²⁶⁰ The Forum explained that Ordnance Survey, local government and the Post Office had come
20 together in 2005 in an attempt to establish a national spatial address infrastructure, but that their attempts had foundered, not because of technical inadequacies, but because of “arguments about intellectual property rights and money”.²⁶¹ The Forum told us that, from a users viewpoint, the liberal approach to data access practised in the United States had “immense attractions”.²⁶²

25 181. The Forum also referred to dissatisfaction among users with the ONS website. The Forum said that even professional users did not always find it easy to find the right series and that librarians told them that non-professional users were “unable to use the website without help”.²⁶³ The Forum told us that the ONS had been informed of these problems and that it understood that the ONS was now making provision for a new website, but that
30 progress had been “very slow”.²⁶⁴

182. The ONS’ website received an average of 700,000 visitors a month between April 2005 and January 2006, up from an average of 533,000 a month in the same period in the

258 Consultation response to *Independence for statistics* from Len Cook, 13 June 2006

259 Q 68

260 Q 89

261 *Ibid.*

262 Q 91

263 Ev 98

264 Ev 98

previous year.²⁶⁵ The *Departmental Report 2006* states that the ONS aims to further improve the website's functionality over the next year.²⁶⁶

Our conclusions

- 5 **183. We note the concerns of the Statistics User Forum regarding access to government statistics, including access to data on the ONS website. We invite the Government's comments on these concerns. The current review of the independence of statistics offers a good opportunity for the Government to consider making datasets held by government agencies and departments more freely available to third parties.**

265 www.statistics.gov.uk

266 Office for National Statistics, *Departmental Report 2006*, p 9

10 Conclusion

184. Levels of public confidence in official statistics in the UK are worryingly low. The Government's consultation paper represents a welcome acknowledgement of the need to distance statistical production and control from politicians. However, the proposals appear to be in their early stages and require considerably more work. As the proposals stand, there is a lack of detail about how they would work in practice and a need for further assessment of the implications of the various changes proposed.

185. Our main concern with the proposals is their scope: they are too narrow, and fail to deal with statistics outside the ONS. Public confidence in the ONS is already higher than it is in most other government departments, so reform of this part of the statistical system is likely to have less impact on public confidence than would reform of statistics produced within other government departments. The Government proposes strengthening the National Statistics system by establishing a statutory duty for the new independent board to assess all existing National Statistics against a new statutory code of practice. We are concerned that, by taking this approach while continuing to allow ministers control over the designation of National Statistics within their departments, the Government risks both undermining public confidence in official statistics and missing an opportunity to improve public confidence. Rather than providing an incentive for ministers to seek to obtain the National Statistics 'kite-mark of quality' for all statistics in their departments, the proposed legislation may act as a disincentive, as ministers may choose to avoid thorough scrutiny and loss of control by refusing to put their statistics forward for National Statistics accreditation.

186. The Government's decision to legislate on statistics is likely to represent a once-in-a-generation opportunity to reform the statistical system in the UK. For this reason, it is vital that the Government takes on board the views of the statistics community, both as expressed to it in the course of its consultation process and as reflected in the findings of this report, to ensure that the legislation it introduces has the maximum impact on public confidence in official statistics. It is public confidence that will provide the ultimate measure of the success of the Government's reforms.

Conclusions and recommendations

1. The Treasury Committee has previously called for the introduction of a Statistics Act and a clearer delineation of the responsibilities of ministers, the National Statistician, the Statistics Commission and others in relation to National Statistics in order to guard against political interference in the production and dissemination of official statistics. We therefore welcome the Government's recognition that greater independence in the statistical system is required, and commend it on publishing its recent consultation paper as a means of continuing the reform process which it started in 1998. (Paragraph 16)
2. We also welcome the Minister's acknowledgement of the importance of addressing the existing low levels of public confidence in statistics. Regardless of the detail of the Government's final proposals, we consider it essential that the Government ensures that its proposals secure both sufficient independence and sufficient perceived independence in the statistical system. It is crucial that the Government carefully considers the way in which it communicates the independence of statistics to the public, with the aim of ensuring that public trust in official statistics is significantly improved. (Paragraph 17)

The Framework for National Statistics

3. We accept the Minister's point that it can be difficult to define and quantify data produced outside of the Government Statistical Service and we recognise that some data is produced for internal use only. For this reason, we accept that it may not be feasible to apply a code of practice to all official data. We believe, however, that it would be helpful if a clearer distinction could be made between data which is produced for the public domain and data which is used for internal purposes within departments. (Paragraph 27)
4. We note the evidence we have received from witnesses who described the National Statistics system as confusing to both professional users and the wider public. We agree that the current model is confusing. We are concerned that the creation of National Statistics has resulted in the emergence of a two-tier system, which has tended to undermine public confidence in official statistics. We recommend that the Government seek to address the problem by setting down clear criteria for what categories of statistics should be classified as a 'National Statistic'. (Paragraph 28)
5. We note that the Home Office has been able to provide figures for the proportion of all its official statistics which are designated as National Statistics. We recommend that the Government publish the equivalent figures in respect of all government departments, in order to inform parliamentary scrutiny of the expected legislation. (Paragraph 29)
6. We acknowledge the benefits of the current decentralised statistical system, as set out by the Government and endorsed by the Office for National Statistics and others in the statistics community. Given the apparently high levels of support for the current

system, we do not suggest bringing all of the Government’s statistical operations together into a single office. (Paragraph 33)

7. However, we note the Minister’s acknowledgement that the decentralised system affords government departments, and potentially ministers, more influence over statisticians than would a centralised system. We agree with the Royal Statistical Society that a decentralised system risks perceptions of political interference and that “compensating mechanisms” are therefore required. We recommend to the Government that, although statisticians should remain close to policy colleagues in departments, they should have formal responsibility to the National Statistician for any statistics they produce which are intended for the public domain. We also recommend that the Government examine the adequacy of the ‘Chinese wall’ arrangements which are currently in place in departments—between departmental statisticians and the rest of the department, including ministers—and that it puts in place improved arrangements, if necessary. (Paragraph 34)
8. We note the concerns of several witnesses that the Government’s consultation paper fails to address the independence of statistics outside the ONS. We are not convinced by the Minister’s assertion that National Statistics “represent the most important sources of data” for explaining “what is going on in the economy and in society”, because they do not include some of the most frequently-quoted data on health, crime and education. (Paragraph 43)
9. We agree with the Chief Statistician of Canada that the public is unlikely to distinguish between statistics originating from the ONS and statistics coming from other government departments. We are therefore concerned that, by addressing only the independence of the ONS in its consultation paper, the Government may have missed an opportunity to improve public confidence in official statistics. We recommend that the Government examine including protocols in its forthcoming legislation that would be applicable to all official statistics. (Paragraph 43)
10. We acknowledge the Minister’s argument that ministers are ultimately responsible for the outputs of their departments and that they may therefore have some incentive to see their departmental statistics awarded the National Statistics kite-mark of quality. We are nevertheless concerned that retention of this control by ministers would undermine the perceived independence of the system. The promise of a more thorough audit would not appear to offer a strong incentive for ministers to designate statistics within their departments as National Statistics. If the Government proposes to retain the basis of the current National Statistics system, we recommend that decisions about designation should rest with the independent board, not with ministers, in order to ensure that decisions about what constitutes a National Statistic are made objectively and consistently by a body external to the government departments concerned. (Paragraph 44)
11. We note the Statistics Commission’s concerns regarding the clarity and enforceability of the existing Code of Practice. We therefore welcome the Government’s proposal to establish a statutory code of practice, and its assurance that drafting the code would be a matter for the independent board without involvement from ministers. The introduction of a new statutory code of practice

would offer the opportunity to establish a code which is unambiguous, able to be understood by a wide range of readers and sufficiently precise as to be readily enforceable. We are pleased to hear that the Statistics Commission intends to put forward proposals for a new statutory code of practice in the next few months. (Paragraph 50)

12. We have considered the Minister's justification of the current anomalous treatment of the Retail Prices Index, whereby the Framework for National Statistics gives the National Statistician responsibility for "developing and maintaining statistical standards, definitions and classifications" of all statistics other than the RPI. We question whether the degree of Government exposure from changes to the RPI is such that the Chancellor of the Exchequer needs to retain control of its scope and definition, particularly given that equivalent indices in comparable countries are not treated as 'special cases'. We invite the Government to explain more fully why it considers that the RPI should be treated differently from other key macroeconomic statistics. (Paragraph 56)

Governance of the independent statistics office

13. We support the Government's proposals that the independent governing board should have a "strong non-executive presence" among its membership. However, we are concerned about the Government's apparent intention to invest the board with executive powers. We would prefer that the Government ensure a clear statutory separation between the role of the National Statistician in the executive (or operational) delivery of statistics, on the one hand, and the board's responsibilities for the oversight and scrutiny of the statistical system as a whole, on the other, and we recommend accordingly. (Paragraph 63)
14. If, after considering our recommendation, the Government decides to proceed with the proposals in their current form, we recommend that it establish a separate scrutiny body in addition to the board. The establishment of such a body is in line with the recommendations of the Statistics Commission's 2004 report, *Legislation to build trust in statistics*. (Paragraph 64)
15. We have considered the appropriateness of the Government's proposal to appoint all board members in accordance with the Office of the Commissioner for Public Appointments' Code of Practice. The proposal would mean that ministers would be offered a final choice from at least two recommended candidates. We acknowledge the concerns expressed by some witnesses that ministerial involvement in the process of appointing members to the new independent board could give rise to the perception of political interference. On balance, however, we consider that the proposed adherence to OCPA guidelines is sufficient to ensure independence. We agree with the National Statistician that public perceptions about the independence of the board will depend more upon the actions of board members than upon the way in which they are appointed. (Paragraph 68)
16. The Government's consultation paper does not make any reference to the secretariat of the independent board. The ONS has suggested two distinct models: one in which the board shares a secretariat with the National Statistician; and another in which the

secretariats are separated. We recommend that the secretariats of the independent department should maintain clear separation between executive and regulatory functions. (Paragraph 70)

17. We are concerned that the consultation paper does not clearly set out the responsibilities of the National Statistician. We agree with the Chief Statistician of Canada that the Government's proposals need "major strengthening" in this area. (Paragraph 75)
18. We believe that the professional authority of the National Statistician over the executive delivery and co-ordination of statistics should be clearly and unequivocally provided for in legislation. The proposed responsibilities of the National Statistician as set out by the Chief Statistician of Canada and the RSS seem to us to be sensible and we recommend that future legislation take adequate account of these proposals. The National Statistician must be given the professional responsibilities and statutory authority necessary to perform the roles of chief executive of the statistical office. (Paragraph 76)
19. We recommend that the title 'National Statistician' be retained. (Paragraph 79)

Establishing a non-ministerial department

20. We have considered the arguments for transferring the new non-ministerial department from HM Treasury to the Cabinet Office. On balance, we conclude that the residual responsibilities of Government in relation to the new independent statistics office should remain with HM Treasury, although we do not agree that the Government can credibly argue that locating the new department outside the Treasury would detrimentally affect the Treasury's ability to coordinate, and measure departments' progress against, public service agreements and efficiency targets. The residual responsibilities of ministers in respect of the new non-ministerial department are likely to be limited, and we therefore do not believe that the precise location of the new department is particularly important. However, if HM Treasury is to retain residual responsibility for the new department, we recommend that the Government consider carefully how it will demonstrate that its proposals will result in a genuinely independent statistics office. What is important is that the new department should be perceived to be more independent than the present arrangement. (Paragraph 89)

Funding arrangements for the non-ministerial department

21. It is important that the Government consider the detail of the process whereby the new statistics office's budget will be set, and the extent to which Parliament might be involved with this process. We look forward to the Government producing detailed proposals, and recommend that it outlines these proposals in its response to this report. (Paragraph 94)
22. We welcome the Government's proposal to set the funding of the independent statistics office outside the Spending Review process. However, there is very little detail in the consultation paper about how these funding arrangements will work in

practice, and, in oral evidence, the Government was unable to provide us with any further detail or clarification. (Paragraph 99)

23. We share the concerns of the Statistics Commission and the Chief Statistician of Canada that the proposals, as they stand, could undermine the new independent statistics office's ability to determine its own work programme. However, we agree with the Government that some constraint must be placed on the funding of the new independent statistics office's work programme, in order to safeguard public spending. On the question of the appropriate frequency of the periodic review of the new office's budget, we recommend that the Government adopt a minimum period of five years between reviews, in order to allow the statistics office to operate with reasonable certainty. (Paragraph 100)
24. We share the concerns expressed by some of our witnesses, that the Government's proposal to retain the census within the Spending Review process may well limit the new independent statistics office's ability to undertake long-term planning for future censuses. We recommend that the Government re-examine the implications of this proposal, bearing in mind the importance of enabling proper long-term planning of the census to take place. (Paragraph 105)
25. According to the Minister, the new non-ministerial department will have no new efficiency or relocation targets. However, it is not clear from the consultation paper whether or not the Government will require the proposed new independent statistical office to assume responsibility for the ONS's existing efficiency targets for 2007–08 and existing relocation targets for 2010. If the non-ministerial department is to be expected to meet the ONS's existing targets, it is not yet clear how the Government expects to hold the new non-ministerial department to account for these targets. We recommend that the Government clarify these points in its response to our report. (Paragraph 108)

Parliament's scrutiny role

26. We agree with the Government that the production of statistics is an executive function, and we are content that Parliament's role should be limited to that of scrutiny in respect of the new independent statistics office. (Paragraph 109)
27. We expect that the House will consider what form select committee scrutiny of the new independent statistics office should take at an early stage of the legislative process. Provided that Treasury ministers continue to have residual responsibility for the new independent statistics office, we would expect that this Committee would continue to take the lead role, on behalf of the House of Commons, in calling members of the board and the National Statistician before it to answer questions relating to the performance of the office, its funding and appointments to the board. (Paragraph 115)
28. The Government proposes that the new independent board's annual report "would be laid before Parliament directly by the board, rather than via a Minister". It is not clear what the Government has in mind with this proposal. In practice, all papers laid before the House of Commons must be laid by a Member or, in a few agreed cases,

by the Clerk of the House. We can therefore only assume the Government is suggesting that it would be for the Clerk of the House to lay the board's annual report before the House. It is, of course, for the Clerk himself to decide whether it would be appropriate for him to agree to lay the board's annual report. However, it seems to us that it would be more in line with current practice if the new board's annual report was laid by ministers from the department which assumes the residual responsibilities of Government in relation to the new independent statistics office. This appears to be current practice in respect of other non-ministerial departments and does not appear to compromise their independence. Consequently, we consider that the new board's annual report should be laid by a Treasury minister. (Paragraph 119)

29. We agree with the evidence submitted by the Clerk of the House on the proposed arrangements for dealing with Parliamentary Questions which fall within the responsibility of the new independent statistics office. There is no precedent for Committee chairmen to be conduits for answers from outside bodies as the Government proposes, and we are concerned that any such move would conflict with their interest in scrutinising such bodies. Members might experience difficulty in directing questions if answers were to be presented by the "Chairs of the committees responsible for statistical matters": in the House of Commons it is not entirely clear which committee best matches that description, while in the House of Lords there is no Committee with responsibility for statistical matters. We therefore recommend that the existing arrangements remain in place, with Parliamentary Questions being directed to the National Statistician via the relevant minister, who will assess the extent to which he or she is responsible for answering before referring the remainder to the National Statistician and, subsequently, presenting the answer to the House of Commons and the House of Lords and arranging for it to be printed in Hansard. (Paragraph 123)

Pre-release of statistics

30. We understand the Minister's concern that ministers should have pre-release access to official statistics, in order to allow them to give a substantive and considered response to statistics upon release. However, we have heard nothing to convince us that it is necessary for ministers to have access to statistics 40 hours prior to their release. We consider that ministers would still be in a position to respond meaningfully to statistics given a considerably shorter period of pre-release. We note that our conclusions match those of the 2004 Phillis Review in this respect, and that the time provided for pre-release access is much shorter in countries such as Australia, France and the United States than it is in the UK. We therefore recommend that the Government ensure that the statutory successor to the Protocol on Release Practices is drafted so that ministers receive pre-release access to all data other than market-sensitive data no more than three hours prior to release. In the case of market-sensitive data, we recommend that ministers receive pre-release access on the day prior to release, after the markets have closed. (Paragraph 142)
31. In addition to ministerial access, it seems to us that it may also be in the interests of a properly functioning democracy to give the relevant opposition spokespeople a

degree of pre-release access. We recommend that the Government ensure that the statutory successor to the Protocol on Release Practices is drafted so that opposition spokespeople receive pre-release access on a similar basis to ministers, but no more than one hour prior to release, rather than three hours. This would place opposition spokespeople on a similar footing to ministers at the time of release, and should enable a broader political debate to take place on any given dataset. We recommend that the Government consider incorporating this point in the statutory successor to the Protocol on Release Practices. (Paragraph 143)

32. In addition to changes to ministers' pre-release access, we consider further reform is needed in respect of civil servants' pre-release access to statistics. We consider that the statutory successor to the Protocol on Release Practices should cover the use of data prior to official release by all government personnel. Such a protocol should serve to discourage abuse of pre-release and, in particular, to ensure that non-statisticians do not comment on administrative data prior to release. (Paragraph 144)
33. Finally, in the interests of improving public confidence in official statistics, we recommend that the independent statistics office release alongside National Statistics its own considered and non-partisan interpretation. Any implications for Government policy could then be subsequently explained by the relevant minister or government department. In order to discourage misrepresentation of National Statistics by ministers and government departments and, more widely, the media and other groups, we recommend that the National Statistician should continue to have the authority to monitor and police those who misuse and misrepresent statistics. (Paragraph 145)

Devolution and UK-wide statistics

34. The benefits of having coherent UK-wide statistics are self-evident. Based on the evidence we have received, there are clearly problems with gathering comparable UK-wide statistics. Such problems undermine any meaningful assessment of the success of devolution because they make it difficult to measure the impact of differing government policies implemented across the administrations—in the fields of health and education, for instance. (Paragraphs 166 and 167)
35. We are concerned by the apparent fragmentation of some statistics across the UK. We recommend that the Government use the opportunity offered by its present consultation process to examine what it can do, both unilaterally and in co-operation with the devolved administrations, to improve co-ordination of the collection and production of statistics across the UK's different administrations. One step which the Government could clearly initiate is a review of the 2001 Concordat on Statistics, which sets out arrangements for the UK statistical work agreed between the devolved administrations. We therefore welcome the Minister's commitment, on behalf of the Government, to review the Concordat on Statistics, particularly in light of his suggestion that, while this fragmentation has been an issue for some time because of differing local circumstances and requirements, devolution has led to an inevitable intensification of the problem. We recommend that the Government negotiate a revised Concordat with the devolved administrations, that the National Statistician, in consultation with the chief statisticians for Scotland, Wales, and Northern Ireland,

be given responsibility for drafting a revised Concordat and that the new independent board be given responsibility for monitoring the implementation of the revised Concordat. (Paragraph 168)

36. Finally, it is important that the UK-wide scrutiny and audit function currently undertaken by the Statistics Commission is adequately replicated under the Government's proposals. We recommend that the new independent board be given responsibility for oversight of the statistical system throughout the United Kingdom. (Paragraph 169)

Access to statistics

37. There appears to be strong feeling in the statistical community about the need to provide government statisticians with access to administrative data. We accept that such access could bring about the economic and social benefits set out by the ONS and others. However, as the Government has pointed out, these benefits must be balanced against important privacy rights. We recommend that the Government use the opportunity offered by the forthcoming statistics legislation to allow government statisticians greater access to administrative data. The Government should ensure that appropriate safeguards are put in place to ensure that the integrity and security of personal information is not compromised, and that access extends no further than statisticians working in specified parts of government. (Paragraph 176)
38. We are concerned to hear that the previous National Statistician considers that the capacity to protect properly gathered information in the UK is declining. We recommend that the Government take this opportunity to consider whether the protection of people and organisations from the unauthorised disclosure of information held about them for National Statistics or other statistical purposes requires a statutory basis. We further recommend that the Government consider whether it is appropriate that statutory responsibility for protecting confidentiality should rest with the independent board, given the possible implications for the authority and independence of the National Statistician. (Paragraph 179)
39. We note the concerns of the Statistics User Forum regarding access to government statistics, including access to data on the ONS website. We invite the Government's comments on these concerns. The current review of the independence of statistics offers a good opportunity for the Government to consider making datasets held by government agencies and departments more freely available to third parties. (Paragraph 183)

Formal minutes of the Treasury Sub-Committee

Tuesday 18 July 2006

Members present

Mr Michael Fallon, in the Chair

Ms Sally Keeble
Mr Andrew Love
Kerry McCarthy
Mr John McFall

Mr George Mudie
Mr Brooks Newmark
John Thurso
Mr Mark Todd

Independence for statistics

The Sub-Committee considered this matter.

Draft Report (Independence for statistics), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 4 read and agreed to.

Paragraph 5 read, amended and agreed to.

Paragraphs 6 to 13 read and agreed to.

Paragraph 14 read, amended and agreed to.

Paragraphs 15 and 16 read and agreed to.

Paragraph 17 read, amended and agreed to.

Paragraphs 18 to 26 read and agreed to.

Paragraphs 27 and 28 read, amended and agreed to.

Paragraphs 29 to 42 read and agreed to.

Paragraph 43 read, amended and agreed to.

Paragraphs 44 to 49 read and agreed to.

Paragraph 50 read, amended and agreed to.

Paragraphs 51 to 55 read and agreed to.

Paragraph 56 read, amended and agreed to.

Paragraphs 57 to 62 read and agreed to.

Paragraph 63 read, amended and agreed to.

Paragraphs 64 to 69 read and agreed to.

Paragraph 70 read, amended and agreed to.

Paragraphs 71 to 74 read and agreed to.

Paragraphs 75 and 76 read, amended and agreed to.

Paragraph 77 read and agreed to.

Paragraph 78 read, amended and agreed to.

Paragraphs 79 and 80 read, amended, combined and agreed to (now paragraph 79).

Paragraphs 81 to 88 (now paragraphs 80 to 87) read and agreed to.

Paragraph 89 (now paragraph 88) read, amended and agreed to.

Paragraphs 90 and 91 read, amended, combined and agreed to (now paragraph 89).

Paragraphs 92 to 95 (now paragraphs 90 to 93) read and agreed to.

Paragraph 96 (now paragraph 94) read, amended and agreed to.

Paragraphs 97 to 99 (now paragraphs 95 to 97) read and agreed to.

Paragraph 100 (now paragraph 98) read, amended and agreed to.

Paragraph 101 (now paragraph 99) read and agreed to.

Paragraph 102 (now paragraph 100) read, amended and agreed to.

Paragraphs 103 to 109 (now paragraphs 101 to 107) read and agreed to.

Paragraph 110 (now paragraph 108) read, amended and agreed to.

Paragraphs 111 to 113 (now paragraphs 109 to 111) read and agreed to.

Paragraph 114 (now paragraph 112) read, amended and agreed to.

Paragraphs 115 and 116 (now paragraphs 113 and 114) read and agreed to.

Paragraphs 117 and 118 read, amended, combined and agreed to (now paragraph 115).

Paragraphs 119 to 121 (now paragraphs 116 to 118) read and agreed to.

Paragraph 122 (now paragraph 119) read, amended and agreed to.

Paragraphs 123 to 128 (now paragraphs 120 to 125) read and agreed to.

Paragraph 129 (now paragraph 126) read, amended and agreed to.

Paragraphs 130 to 144 (now paragraphs 127 to 141) read and agreed to.

Paragraphs 145 to 148 (now paragraphs 142 to 145) read, amended and agreed to.

Paragraphs 149 to 162 (now paragraphs 146 to 159) read and agreed to.

Paragraph 163 (now paragraph 160) read, amended and agreed to.

Paragraphs 164 to 169 (now paragraphs 161 to 166) read and agreed to.

Paragraphs 170 and 171 (now paragraphs 167 and 168) read, amended and agreed to.

Paragraphs 172 to 187 (now paragraphs 169 to 184) read and agreed to.

Paragraph 188 (now paragraph 185) read, amended and agreed to.

Paragraph 189 (now paragraph 186) read and agreed to.

Summary read, amended and agreed to.

Resolved, That the Report, as amended, be the Second Report of the Sub-Committee to the Committee.

Ordered, That the Chairman make the Report to the Committee.

Several papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the Appendices to the Minutes of Evidence taken before the Sub-Committee be reported to the Committee.

[Adjourned till a date and time to be fixed by the Chairman.]

Formal minutes of the Treasury Committee

Tuesday 18 July 2006

Members present

Mr John McFall, in the Chair

Angela Eagle	Mr George Mudie
Mr Michael Fallon	Mr Brooks Newmark
Ms Sally Keeble	John Thurso
Mr Andrew Love	Mr Mark Todd
Kerry McCarthy	

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Independence for statistics

The Committee considered this matter.

Draft Report from the Sub-Committee (Independence for statistics) brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 186 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Tenth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134 (Select committees (reports)).

Several papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the Appendices to the Minutes of Evidence taken before the Sub-Committee be reported to the House.

[Adjourned till a date and time to be fixed by the Chairman.]

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Oral evidence

Taken before the Treasury Sub-Committee

on Wednesday 24 May 2006

Members present:

Mr Michael Fallon, in the Chair

Mr Colin Breed
Mr David Gauke
Mr John McFall

Mr Brooks Newmark
John Thurso
Mr Mark Todd

Witnesses: **Mr Simon Briscoe**, Statistics Editor, *Financial Times*, **Ms Ruth Lea**, Director, Centre for Policy Studies, and **Professor Alison Macfarlane**, Professor of Perinatal Health, City University, London, gave evidence.

Q1 Chairman: Could I welcome the three of you to the first session of our inquiry into statistics and ask you to briefly introduce yourselves for the benefit of the shorthand writer, please.

Mr Briscoe: I am Simon Briscoe. I am the statistics editor of the *Financial Times*.

Ms Lea: I am Ruth Lea. I am the Director of the Centre for Policy Studies.

Professor Macfarlane: I am Alison Macfarlane. I am Professor of Perinatal Health at the City University and a statistician working in the Midwifery Department.

Q2 Chairman: You are very welcome and thank you for coming to help us with this inquiry. Perhaps I should emphasise that you need not all feel that you all have to answer each question, because we have got quite a lot to get through, so if you could ration it around. You do not all have to answer each question. Could I start with you, Simon Briscoe. If we took the proposals and adopted them *en bloc* which the Government has put forward, how independent would statistics really be?

Mr Briscoe: I think it is quite difficult to answer that, because the proposals to me just look so shambolic it is not quite clear what they mean. There are so many different interpretations of each paragraph. So if you were to take a very optimistic approach towards it, if you did believe that the Government is very keen on giving independence, that there is a very strong board, then it might well not be a setback, it might be roughly the same as it is now. But I think the way it is cast at the moment, taking it at face value and all the track records, I think it would actually be a step backwards.

Q3 Chairman: We will come on to some of the detail. Ruth Lea, any comment on that?

Ms Lea: I am not as pessimistic as that. I think the Treasury's document is a step in the right direction, but it does need adaptation. The Treasury talks about having a non-ministerial department for the ONS. I think that is a very good move. A non-ministerial department which would be directly accountable to Parliament with a strong independent board, I think those are positives, but

there are two or three things which do need to be looked at. One is the actual allocation of responsibilities between the board on the one hand and the ONS on the other. I think the board clearly has to be about scrutiny and advice and independent of ministers, and the ONS with the National Statistician as its chief executive has to be about delivery. I think the second thing I would say is that there is a very key thing here about departmental statistics. The Treasury's document is almost entirely about the ONS but of course, as we know, the whole framework of National Statistics (of which the National Statistician is the head) is also about departmental statistics and overwhelmingly it is the departmental statistics which tend to be controversial. So there clearly needs to be a serious consideration for an enhanced role for the National Statistician with departmental statistics. I think that is absolutely vital, and of course I can go on to discuss that now or we can discuss it later.

Q4 Chairman: We will come on to all these issues, but I just wanted a general view. If we took the proposals as they are, Professor Macfarlane, and enacted them like that, how independent would statistics be?

Professor Macfarlane: I would agree, particularly with Simon, that a lot of the things, particularly the role of the board, have not been well thought out. Particularly in my area of health statistics there are a lot of other lines of communication which have not been taken into account, and nor have lines of responsibility, including the fact that a lot of the statistics are actually collected through the National Health Service and not through government departments. I think the UK issue has not been fully considered, for example, whether departments in Scotland, Wales and Northern Ireland would get more independence via responsibility to the devolved administrations and how this would relate to the compilation of UK statistics.

Q5 Chairman: We will come to the devolved issue a little later. Just coming back to Ruth Lea's point, which I think Sam Briscoe has almost

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touched upon, if ministers continue to be responsible for the statistics produced by their departments we will not have an independent statistical service, will we?

Ms Lea: I think that is true and I think that is something you have to grapple with. When I talked about the increased influence of a National Statistician there are two ways you can go. The first way is that you have to have centralised compilation and delivery of the statistics, but I am persuaded that there are costs as well as benefits in doing that because there are advantages in having statisticians in the departments near to the policy-makers and near to the administrative machinery. If I may say so, I have been there and bought the tee-shirt so to speak. But if you do not go down that route, in other words if you still have a decentralised system where a lot of the statistics are compiled in the departments they cannot, I think, strictly be independent. But you can improve credibility and you can improve independence, and that I think you can do by enhancing the role of the National Statistician, which I think is a very, very crucial way here. There are, I think, two ways in which you could do it. Firstly, you could actually give her a great deal more statutory influence over the way data are compiled and collected within the departments and also make sure that the heads of profession within the departments are beefed-up. I think some of them are far too junior, if I may say so. I think the second thing one should consider is that when it comes to the actual release of data you do not let ministers have the press releases two days beforehand so that they can get their spin ready, but you actually have the data released through the ONS independently without ministerial comment. That does not mean to say the statistics would be completely independent of departments, they could not be, but at least I think you would start tackling some of the credibility and trust problems which surround quite a few of the figures now.

Q6 Chairman: When you described the proposals as “shambolic”, Simon Briscoe, was that one of the aspects which troubled you, that ministers would still be responsible for their own statistics?

Mr Briscoe: I think it is one of the aspects which has to be dealt with. So long as you have got the departments releasing statistics and pre-releasing those which they choose to with whatever spin they want to, I think it is going to be very difficult to get levels of trust up. I think you could see the existing members of the Government’s statistical service working in departments if they had a stronger code of practice to work to, they could quite happily work for their ministers, but if you like, when the figures are heading towards the public domain they cross a dotted line which becomes the responsibility of the National Statistician and the Office of National Statistics. I think that is one possible way it could be handled. In the sense in which I feel this is shambolic, if you want me to explain that, the Treasury, if it wants to, is able to explain things a lot more clearly

than this document does, so you have to wonder why the document is written how it is. I just wonder if there are two principal motivations on the part of the Treasury. One is to get rid of the Statistics Commission, because certainly under its current chair and chief executive it has been a little too energetic, I suspect, for the liking of the Treasury and other ministers. It has been showing us what really goes on in government departments and that is rather an unpleasant message. Secondly, I suspect the Treasury is worried about how the ONS is spending the money. As you are aware, there has been quite a large injection of extra cash into the ONS, and as one user, I have not yet seen any of the benefits for that. The ONS does not really seem to be very open about telling us where this money has been spent and there are certain worries that it might well not have been spent very efficiently. So if you imagine that the Treasury wants to get rid of the Statistics Commission and it wants some way of monitoring the ONS, in other words not just letting the National Statistician do whatever she wants to do, then I think virtually everything which is written in the document is consistent with that and what they have had to do to make it even remotely palatable is to try and lay on top of that some idea of independence for government statistics, but it just does not hang together, I am afraid.

Q7 Mr Gauke: Do you think that making the ONS independent will have a significant impact upon public trust for statistics? I do not know who wants to start on that. Ruth?

Ms Lea: I think the ONS in some ways, as we have said, is a government agency of the Treasury at the moment, is it not? Making it a non-ministerial department, as I said in my opening remarks, I think would be a good start. The other thing I would say, very much picking up on what Simon says, is that he has a tendency to make the Treasury sound like a terrible old bogey man, which I think is partly true, having worked in that distinguished department. I think a serious point is that even if the ONS becomes a non-ministerial department, it will nevertheless still be attached to a department and you would find that the members of the board would probably be appointed by the Chancellor of the Exchequer, who is at the moment the Minister of Statistics, which I read with great bemusement over the weekend. There is a very, very strong case, I think, for putting the ONS under the Cabinet Office, which is a much less powerful policy-making department and also, of course, it has a much broader remit as the Cabinet Office. Indeed, the old Central Statistical Office¹, which was one of the predecessors of the ONS along with the General Registry Office, the OPCS, was under the Cabinet Office and at the time when it was put under the Treasury by Kenneth Clarke in 1996, I did think it was a retrograde step. The Treasury is an enormously powerful department. It is not a good idea to have a statistics department under it.

¹ *Note by witness:* The CSO went under the Treasury in 1989. The CSO and the OPCS were merged to form the ONS in 1996, with the ONS under the Treasury.

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Q8 Mr Gauke: I was thinking also specifically about the public perception here and whether any of these changes would make much of a difference to the public perception about the reliability of statistics?

Mr Briscoe: I think on balance it might for the ONS if we had legislation. If the department was seen to be responsible, if we had a sensibly structured board which was purely overview rather than executive (as it seems to be in the document at the moment), then I think it probably would help for the ONS. But as someone else said a few minutes ago, the real danger areas within government statistics are not in the ONS. It is crime, it is education, it is health and it is areas which are not the ONS's responsibility. So I think if you read this document purely for the ONS then I think that would be fine, but you would then be leaving this vast area of statistics which is not covered, and that would not be helped.

Professor Macfarlane: Even if the ONS had more influence over the independence of the outputs, the collection of statistics is the whole process from deciding what is collected, which may be restricted by budgetary and policy objectives. If people have got to meet a target and they are going to have a restrictive budget to collect statistics then they will restrict their data collection to the policy target. There are also questions about the mechanisms by which you collect statistics. In England many of the data, leaving aside surveys and those collected via civil registration, are collected through the health service, so they are conditioned by the National Programme for IT, Connecting for Health, about which people have many concerns. Then they are collected locally rather than by the Information Centre, and I am sure you will hear more next week about that. There are many different stages in the process, so greater independence for ONS would not itself affect that, of course. Again as you will hear next week, the head of the Information Centre is directly accountable to Parliament, but her counterparts in the other three countries of the UK are not, so there is inconsistency there.

Q9 Mr Gauke: My assumption there that there has been a decline in public confidence in statistics, do you think that is right, and are there any particular reasons why that is? Is it because of increased use of targeting and monitoring in that sense? Is it because politicians are not trusted as much as they were? If there has been a decline in confidence in statistics, why is that?

Ms Lea: I think it is because of ministerial involvement. Staying with the departmental figures for the moment, for example crime figures, they are highly controversial and contestable, but when they come out from the Home Office it always comes out in a statement from the Home Secretary saying, "Crime has fallen." Well, it has in some ways, but of course violent crime, the crime which people are interested in, has actually worsened. So it is the ministerial spin on the departmental figures which I think has led to a decline in confidence. That is not to say that previous ministers did not do this, because they did. The second thing I would say when it comes to the ONS is that I actually do think there

is a problem there as well, mainly because of the influence of the Treasury, and that is that many times I have looked at the figures for Network Rail, for example, and the figures for Network Rail should be on the public accounts, seriously I believe they should be, and indeed when it comes to the calculation of the National Debt, should the PFI liabilities be there as well? These things matter because they are relevant, of course, to the second of the Chancellor's fiscal rules. So I think it is a couple of things here. It is what is happening with the departments and it is what is happening with the Treasury influence over the ONS, and that has, I think, caused a fall of trust in what the ONS and what the rest of the statistics are actually doing.

Q10 Mr Gauke: Would you agree with that?

Mr Briscoe: I think that is part of it, but you are right, it is coinciding with a decline in trust in a lot of other public institutions and politicians in general, and I think the targeting regime has had an impact as well. I am quite a fan of statistics being used for targets and I think they genuinely add something, but where you have a government minister setting the targets, being in control of the collection and the release of the data to monitor them and then changing a target when they cannot bend the data to meet the previous target, it is a system which is hardly designed to increase trust.

Chairman: All right. We are going to suspend the Committee for 10 minutes for a division, so we will suspend until 14:56. Thank you.

The Committee suspended from 2.46 pm until 2.56 pm for a division in the House

Chairman: We will resume, if we may, because we are expecting another vote.

Mr Gauke: I think I have done enough, unless anyone else has got anything else to add.

Q11 Mr Newmark: The Phillis Review has argued that there is no need for ministers to receive 40 hours advance notice of official statistics, but the Government has said the principle is widely accepted. Do you think ministers should have any advance notice, and what length of time would you consider reasonable?

Ms Lea: I think I have already answered that. I made it very clear I thought ministers should have nothing to do with the release of data at all, whether it comes out of the departments or not, because inevitably when they have time—

Q12 Mr Newmark: You do not think they should have any advance notice whatsoever?

Ms Lea: No. I think with the data they should not be involved at all, and I would like to actually see it come out of the Office of National Statistics because of course the Director of the ONS, who is Karen Dunnell at the moment, is effectively the head of the National Statistics framework, which includes all the statisticians within all the departments. I think it should be very, very clearly an executive function of the ONS and ministers should just keep out, because as I was saying

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earlier, if you are really wanting to get more trust and credibility into these departmental figures you are either going to have to centralise them completely, which I suspect would be a real problem, or you are going to have to give the National Statistician and the ONS a great deal more authority.

Q13 Chairman: Let us hear from the others on this.

Professor Macfarlane: I would agree with that as well. Under the present system where there is a statistical press release put out before the minister's but the minister has had time to organise the spin to selectively pick out the convenient bits out of the statistical release and to set up news management, in contrast to which the statistical release will be deadpan. I understand that statisticians are sometimes a bit nervous about what they put in their press release because of the Minister's possible reaction. That is another reason why theirs should be released more independently. They will still have a lower profile of other people who are trying to respond to the spin the minister has got. I am often in the position of explaining this when I have journalists contacting me saying, "I've got these figures and is what the minister says right?"—no one else has got a chance to get into the news bite because the spin has already happened.

Q14 Mr Todd: I just wonder how realistic this world is, bearing in mind that a large chunk of these statistics will be drawn from the minister's own department. Is there some Chinese wall system which would prevent them understanding the preparation of the statistics which are happening within their own department? Please explain.

Ms Lea: The ministers, of course, are in charge of what happens in the departments, but if they are serious about trying to get credibility back into these figures—and I think we should do, quite honestly—you have to think of ways around it. After all, we are talking about potential legislation, so it would presumably be in the legislation, but if you do actually shift the release of the press release to the ONS and make sure it is a statement which comes out from the ONS, then you just say that there is no ministerial statement on that press release.

Q15 Mr Todd: I think that is fine, but what I was trying to say was that surely the origin of these statistics lies substantially within the brief of the ministers responsible? It is hardly likely they would know nothing about the process which led to their eventual publication?

Ms Lea: But they are very good at putting spin on the interpretation.

Mr Briscoe: I think there probably are examples where you might find that a minister would get a whisper of what was going on with the figures. I am trying to think of an example. If you think about the figures which come into the Home Office from the police authorities, it might well be that the minister would have picked up from a number of chief constables what the figures were in their areas,

but there is a difference between a minister knowing what the flavour of a number is in a few of the police authorities and knowing what the headline figure is which is going to be published. One of the principles with the National Statistics is that the data are published as soon as they become available, so they are not hanging around in a finished form in a department for weeks. They are meant to be published as soon as they can be. So that would reduce the amount of time. To answer the original question, I think I would happily argue the case that relevant ministers could see the data maybe half an hour or an hour before it is being released, but the idea that 40, 50 or 60 people in all sorts of departments should see it two days before is ridiculous.

Q16 Mr Newmark: So certainly not the 40 hours that people have been talking about?

Mr Briscoe: No, we should not be able to learn about the data on the *Today* programme when the data is being released later that day.

Q17 Mr Newmark: Moving on in a related question, the Phillis Review has said that while there is no evidence that this right has been abused, it is open to the perception of abuse. All three of you have said that there is abuse going on, in particular I think Ruth has. Can you provide maybe one or two highly abusive examples which come to mind?

Ms Lea: This is all smoke and mirrors and suspicion, but smoke and mirrors and suspicion are actually highly damaging. The one I have already quoted, of course, was the fact that the liabilities of Network Rail are not on the public accounts and the liabilities of the PFI and PFI projects are not counted towards the National Debt. If you take these two sets of liabilities, you are talking about £45 billion and if you allowed for then that over the next forecast period by, say, the financial year 2010, even on the Chancellor's own projections you would actually miss the sustainable investment rule, which is the second of his rules. So, as I say, it is smoke and mirrors and suspicion, but the suspicion has to be from just about every economist in the City that these particular items have been left off the public sector accounts in order to meet the rules.

Q18 Mr Newmark: So your concern is how the Treasury then would manipulate figures in order to achieve the sustainable investment rule?

Ms Lea: Yes.

Q19 Mr Newmark: Because you may well be aware that my view about off balance sheet financing is that more and more is going off balance sheet. The Chancellor has argued in this room, or one of these rooms, that if all these off balance sheet items were put on the balance sheet then he would break the sustainable investment rule.

Ms Lea: Well, he would.

Mr Newmark: Is that a reason for manipulating the figures?

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Chairman: I am sorry, we are going to have to halt again for 10 minutes. You can reflect on your answer and we will resume at 15:12. Thank you.

The Committee suspended from 3.02 pm until 3.12 pm for a division in the House

Q20 Chairman: Let us resume. Somebody was about to answer that last question.

Professor Macfarlane: I wanted to make a point. Another question of credibility is the whole issue of badging some statistics as National Statistics and others as management information or department research. The other things do not abide by the Code of Practice, but the public does not know the difference. I would certainly want the Code of Practice to apply as widely as possible as good practice for statistics. There may be slightly less abuse if these things are selected by an independent statistical service, but it does not solve the underlying problem that the public does not know any difference. If a minister makes a statement on numbers then it is not clear and if the Code of Practice is not in action you cannot check on it. I will give you an example. The DCMS commissioned a survey from MORI on the state of live music last year. There was a ministerial press release in the summer saying, "Live music is in a wonderful state, 1.7 million gigs," without relating it to the population or time. The report only came out six weeks later and it was not a National Statistic. It also turned out to fall rather short of optimal standards, but there were six weeks when the Minister's claim could not be checked because the minister had released this non-National Statistic in advance of the statistical publication on which his claim was based.

Q21 Mr Newmark: I just need a specific example of somebody abusing that time of 40 hours before. We have sort of gone on a tangent a bit. I am talking about the manipulation of statistics, which is different. What the Phillis Review has said is that they do not really see any abuse, although they recognise it is open to abuse. All three of you have alluded to some sort of abuse within that 40 hour time period, so if you have got a specific example which comes to mind?

Mr Briscoe: I think there are examples and one of the reasons why you will never get chapter and verse and proof on this is that if an individual raises the suspicion of a leak with the National Statistician or now the Statistics Commission, they will write a letter to the department, which normally promises to conduct an internal review and comes back and says, surprisingly, that there is no evidence that there was a leak. So that is why we do not have hard evidence, but there are plenty of examples where there is such a strong suspicion, and a number of these have been listed in the annual reports of the Statistics Commission, and I would refer to those.

Q22 Mr Newmark: Is there a particular department which may be worse at doing that than others?

Mr Briscoe: The Statistics Commission did highlight three or four departments which were more prone to abusing the rules more than others. I can give you a couple of examples, one for the Treasury since we are talking about them. Unemployment was declining for many, many years, month on month. Four or five years ago, whenever it started its upturn someone in the Treasury made a phone call to a reporter on the *Today* programme the day before the figures were being released and the *Today* programme the following morning ran a story talking about the upcoming rise in unemployment. Surprisingly, then at 9.30 there was the first rise. One could argue that the market impact of that, and probably the political impact, was reduced by the leak. A totally different example I can remember, one from last year, was on animal testing where the Government had set itself targets to reduce year on year the number of animals involved in testing. The annual figures which came out last year showed a second successive year of increase. The figures were released during the day, but again that morning's *Today* programme had a very nice story about how there were very many good reasons why animal testing was a good idea. Again, this was a story which, according to the journalist involved, was prompted by the department. So I think there is an awful lot of softening up that goes on.

Chairman: Thank you very much.

Q23 John Thurso: I wanted to ask about the potential impact in relation to Devolution and the Devolution settlement. Simon Briscoe, in your "Britain in Numbers" you said: "The nation's statistical framework has always been somewhat fragmented," and then you went on to say, "but since 1997 ministers in Westminster and the devolved administrations have allowed the devolution agenda to damage the national coherence of data . . ." How big is this problem?

Mr Briscoe: I think it is pretty fundamental. Firstly, I just feel that the United Kingdom should have figures available for the United Kingdom and not have to make use as a proxy figures for England, or England and Wales. The ONS did put out one release which had a total for England, Wales and Northern Ireland together, which is a very unusual combination of countries. I think it is bad from the national point of view. I dread to think what the real quality is of the figures which are sent from this country, supposedly UK figures, to international bodies when often we know that such figures do not exist, what sort of estimation is made to derive those figures. I also think it is unfortunate for the devolved assemblies. Where there are policy areas that a devolved assembly has decided to take a different policy stance, say Scotland from England, I think it is a shame that we do not have harmonised data so that we can actually see what the impact of the different policies are. If we cannot

see the results of that little bit of experimentation, then nobody is going to be any the wiser about which policies were best.

Q24 John Thurso: A very minor point, but in Scotland we have a Parliament rather than an Assembly. Broadly, the principle of devolution is that what can be devolved should be devolved. Is it the problem that it is the quality of the gathering of data, if we take Scotland as the example, or is it that the data is incompatible because it is drawn up to a different specification and therefore cannot be joined together with that which is assessed in England, or is it a more fundamental problem?

Mr Briscoe: I think it is more fundamental. I have seen the Chief Statistician for the Scottish Executive in a public forum essentially saying that he does not really care about the ONS. His remit is to produce the figures for Scotland and he will produce what he likes on whatever basis he chooses. Where it is convenient, he might allow some level of coordination, but I think it is quite a fundamental principle that part of the consequence of Devolution was to almost encourage a difference. We saw that most fundamentally in the 2001 Population Census. I think it is just such a shame that the ONS was so enfeebled by this process that it was only possible to produce one book which had UK figures in, otherwise you have to fumble around on three different websites to try and cobble together a figure for the UK.

Q25 John Thurso: So would it be fair to say the problem is with the Concordat itself and would, for example, one suggested remedy be to actually make the ONS a cross-border authority so that it did have a locus in both countries?

Mr Briscoe: I forget the phrase used in this consultation document for the Concordat, but I think it is that the various devolved countries, parliaments, will work together except in the cases where it does not suit them. What sort of Concordat is that? It is a waste of time writing it down on a piece of paper if that is the rule.

Professor Macfarlane: I would point out that, again with the example of health data, this has got a much longer history. The Scottish Board of Health, the Welsh Board of Health and the English Ministry of Health date back to 1919 and they have been collecting data separately at least that long, and we have had the same position with civil registration since the nineteenth century. Particularly in health when I have had the experience of being involved in European health monitoring activities and tried to produce UK data for a very basic set of maternity indicators—I have gone round the houses, liaising with people in the four countries and sent in data derived from 18 separate datasets. Even then there was a number of holes. I think it is important that the ONS has a much stronger coordinating role and here is a good example, a volume of health statistics for the United Kingdom, which has been collaboratively published recently. It also has a huge number of holes, subjects where people voluntarily working

together cannot produce data for the United Kingdom. So I think the production of UK statistics is not just simply a question of dealing with the consequences of devolution, but is something which needs much stronger coordination.

Q26 Mr McFall: If I could just add to that. I am interested in your testimony, Mr Briscoe. You are from the *Financial Times*. I have had your colleagues on the phone all week and I have had them on the phone today since the Monetary Policy Committee Report. They are there like scavengers, looking for every single bit of information and here are you painting a Utopian picture of what statistics can be, that the politicians are not going to get it right, but even in your testimony here the statisticians do not get it right either. I quote: “If the statisticians could not reach agreement”—on the 2001 Population Census—“among themselves, ministers let the nations down by not stepping in,” to help. So here are the ministers and the politicians damned, here are the statisticians damned, so my question is, let us get back into the real world here about what do we expect from our statistics? We are living in a political environment and you are working for a newspaper which is on the phone to us every time looking for every scrap and if we gave a wee bit on statistics, by God it would be the front page of the *Financial Times*.

Mr Briscoe: I think you are right. I am not here to defend the activities of journalists, but journalists like a scoop and if they can get the figures early they will take it. I do not criticise my colleagues on the *Today* programme for running stories which they have got early, but they only ran those stories early because they were given the data. Where did the data come from? It came from the ministers or their political advisers.

Q27 Mr McFall: They were probably on the phone like the *Financial Times* has been this week. They have been on twice to me today.

Mr Briscoe: Well, are you able to say no to people?

Q28 Mr McFall: Yes, I said no. I told them to get lost!

Mr Briscoe: People should be able to keep secrets.

Q29 Mr McFall: No, no, but it does matter and I think it is the real world that you are looking for, Ruth.

Ms Lea: I was going to say, I think there is a very serious point here. Just generally on Devolution, speaking as a user of statistics, apart from anything else, it is extraordinarily difficult to get compatible statistics for the regions of the United Kingdom, and it was always the case, because I remember way, way back, 25, 35 years ago, looking at unemployment data and some would be for the United Kingdom and some for Great Britain. So it is not a completely new problem, but I hear what you say, too, because I think having had Devolution there has been a tendency for the separate countries to go their own ways so far as

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procedures are concerned, and of course they will come up with different solutions, you are absolutely right, because a Scottish statistician will think it should be done this way and a Welsh statistician will think it should be done that way. But if we are to maintain, or indeed even create the integrity of the United Kingdom statistics then you are going to have to say to the National Statistician at the ONS, "You are going to have some overall powers for this", otherwise it simply will not work.

Q30 Mr McFall: Could I refer back to the Concordat, because it says here, if I am quoting it right, "administrations will not be required to provide information to each other about the statistical advice which has been given to policy makers or Ministers..." So that Concordat is fundamentally flawed and the only way we can get things going is for the National Statistician to have a UK-wide remit including the devolved administrations.

Ms Lea: Yes.

Q31 Mr McFall: In many ways we have got to pull back. Is that right?

Ms Lea: That would be my conclusion, if you want integrity of the United Kingdom statistics.

Chairman: We will come back to this issue. I have got to protect the timetable for our other witnesses.

Q32 Mr Gauke: Could I just ask about the Code of Practice. Do you think the current code of practice should be strengthened in advance of it being put on a statutory footing?

Ms Lea: I personally do not feel desperately strongly about the Code of Practice. I think it is okay as it stands. I think far more important is actually the independence of the organisations, the ONS and the National Statistician. So rather than try and re-draft Codes of Practice to talk about integrity and trust and all these things, you actually have to put the building blocks in place for having a much more independent statistical service before you do that.

Q33 Chairman: Do you agree with that?

Mr Briscoe: Yes, I think I would probably agree. The Code of Practice and all the other protocols that go with it is a small mountain of paperwork which took years to produce and I agree with Ruth that if people want to sort these problems out they will regardless of these Codes.

Chairman: All right. We are going to have to leave it there, because we have four other witnesses to hear this afternoon, but can I thank the three of you very much. We will go straight on to the next session now, please.

Witnesses: **Professor Tim Holt**, President, and **Mr John Pullinger**, Chair of the National Statistics Working Party, Royal Statistical Society, gave evidence.

Q34 Chairman: Professor Holt and Mr John Pullinger, welcome. Could you identify yourselves formally, please.

Professor Holt: Yes. My name is Tim Holt. I am the President of the Royal Statistical Society.

Mr Pullinger: I am John Pullinger. I am the Chairman of the Royal Statistical Society's National Statistics Working Party.

Q35 Chairman: Could I start with you, Professor Holt? You say in your document that it falls well short of what is required. What amendments would you see as necessary, what improvements?

Professor Holt: First of all, the system does need to span the whole of the Government's statistical service. The document as produced by the Treasury really focuses on ONS and really gives not as much attention to the wider statistical system as it should. It is essential to have a coordinated statistical system. It is essential that the individual government departments are not sort of narrow fiefdoms, if you like, automatons producing statistics within their own domain. It is important that there should be consistent statistics produced both for the UK, but also a lot of cross-cutting issues. For example, if you take something like social deprivation where we want statistics on small neighbourhoods, then those statistics will be drawn from sources in health, education, employment,

unemployment, and so on, all the way across the scheme. Therefore, one needs, if you like, some common purpose and some consistency of coordination in order to be able to fulfil those particular kinds of matters.

Q36 Chairman: Who should retain overall responsibility for deciding and communicating statistical policy in a government under this framework? Is it right that it should stay with the Treasury?

Professor Holt: I think any separation first of all of ONS and the Treasury in the way which is being proposed, any step in that direction would be welcome. Where the responsibility then sits within government for the residual matters, I think there are strong arguments for looking at the role of the Cabinet Office rather than the Treasury in that respect. The CSO, of course, reported to the Cabinet Office until the mid 1980s and that, I think, would be quite beneficial.

Q37 Chairman: John Pullinger, if I could bring you in here, you have suggested that the proposals for independence should cover all official statistics in order to strengthen public confidence and to avoid a two-tier system. How would that work in practice?

Mr Pullinger: I think the problem, as has been highlighted by the witnesses earlier, is that the public does not distinguish. The public sees statistics and finds it very hard to understand why this one is a National Statistic and this one is not. So the starting position we take is how best to restore public trust, and the best way to restore public trust is to focus on those statistics which the public rely on to make judgments about whether a policy is working or not working. So you determine it from that basis. What is the public interest here? If the public interest is knowing something about animal welfare or health service waiting lists, that should be what determines what goes into it, rather than at present where individual ministers in individual departments have made their own quite separate decisions as to which things should be in or not. So we have something of a patchwork at the moment and we have described it as a two-tier system because that is what it is. We have the situation where monthly waiting lists are not national statistics but quarterly waiting lists are. It is very difficult for anyone outside the system to understand the logic of that.

Q38 Chairman: You think the decision on scope should be left to the National Statistician rather than to individual ministers in different departments?

Mr Pullinger: Yes, but I do not think I would put it quite like that. The way the Government statistical service has worked for over 30 years now is that where an official statistic has been created which follows good professional standards, the logo or kite mark has been put on that release so that the public can see this is something which has been prepared according to statistical principles rather than just another statement that the minister has made with numbers in, and that, I think, is a distinction which the people are prepared to understand. Politics is clearly a rough business and ministers will always use numbers to support their arguments, and I think the public will accept that, but they will not understand why some numbers have got this stamp on them and some numbers have not. So rather than saying it is the National Statisticians who decide, we are saying that those things which are produced through statistical principles should be seen as statistics and clearly differentiated as such.

Q39 Mr Newmark: The Royal Statistical Society has made it clear that there should be a clear separation between the operation and delivery of National Statistics and the oversight role of the board. Have you seen this work in practice?

Professor Holt: We do think that the delivery of the system, first of all the responsibility within ONS, should be the responsibility of the Chief Executive, who is the National Statistician, and that the managerial and technical responsibility for producing the delivery of the statistics should rest with the National Statistician. If anyone is going to be answerable for any particular technical decision, Network Rail or any other, then Parliament and

everyone else needs to know who that person is and that person should be the National Statistician. It is important also that the National Statistician has a culminating function across the rest of the Government's statistical service, as we have indicated. The role of the board we see as being an oversight role ensuring that statistics are produced according to the current practice, that the integrity, if you like, of the system is maintained, that the environment within which statisticians work is sufficiently protected from inappropriate political interference and that the board should have that responsibility and should be able to monitor and audit that throughout the system equally, and it should be accountable to Parliament and report to Parliament on that responsibility. Very much it is concerned with maintaining the public interest and ensuring that the public interest is safeguarded in that narrow sense but also in the wider sense of what statistics are produced, the extent to which the statistical system as a system is meeting the public need, and the public need of course includes the needs of government, but it includes the needs of all tiers of government as well as users outside of government itself. John, have you anything to add to that?

Mr Pullinger: Only just to kind of crystallise it. There are two separate functions here. There is one, which is the accountability for delivery of the system, and there is the other one which is the accountability for scrutinising it and making sure that is done. I think that is a very straightforward simple principle of governance that I think it is essential we safeguard.

Q40 Mr Newmark: The Government is proposing to change the title of the National Statistician to Chief Statistician. Do you think this new title adequately describes her role as Chief Statistical Adviser to the UK Government, Professional Head of National Statistics, Head of the UK Government's Statistical Service and Senior UK representative in international statistical forums?

Mr Pullinger: No, it is fine as it is.

Q41 Mr Newmark: So it is all cosmetic, this name change?

Mr Pullinger: Yes. It is fiddling. In fact, in some ways it is worse than fiddling because the title Chief Statistician has traditionally in the civil service context been used for the most junior of the senior civil service members of the statistical profession. I am sure it will continue, but—

Q42 Mr Newmark: So you are saying he could have been called Statistician Tsar, or something like that?

Mr Pullinger: Fantastic.

Q43 Mr Newmark: Statistics Tsar?

Mr Pullinger: National Statistician is fine. There are things which need to change. Let us not fiddle with things that do not.

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Q44 Chairman: We have a three nation amendment, the Devolution difficulty which we discussed earlier.

Professor Holt: You could overcome that by designating the other statisticians as Scottish Statistician or Welsh Statistician to give them an identification which clearly identified themselves.

Q45 Chairman: Could I just be clear, Professor Holt, about your view of the independent board. You have said because it is an independent board and executive body, it itself would need oversight by something like the Statistics Commission. Given the board is actually going to be independent and accountable to Parliament, probably to this Sub-Committee, I am not clear why it cannot take on the role and responsibilities of the existing Statistics Commission. Could you just flesh that out a bit?

Professor Holt: The existing Statistics Commission is not executive at all in terms of the production of statistics. It has a non-executive role. It is an advisory function entirely. If we move to having a board for ONS (and it is ONS that we are talking about here), if you empower that board with executive decisions about the actual statistical production side, then there is a question of how do you then hold that board to account?

Q46 Chairman: So you would have to have two?

Professor Holt: You would have to have some other mechanism, some commission mechanism or something which would then hold that board to account. Our view is that that is not the way to do it. Our view is that if you separate off the statistical production side and make the National Statisticians and the Chief Executive ultimately responsible for that, with the board having this oversight function, then you get that separation and then that board can act on behalf of Parliament and report to Parliament and effectively would be Parliament's mechanism for holding the entire system to account.

Q47 Chairman: So you would have a board and an agency, if you like?

Professor Holt: Yes, but I am very happy for the two to work quite closely together. I am entirely happy that the board obviously would be largely made up of non-executive members and that those non-executive members, as non-executive members, would have good access to what was happening inside ONS and throughout the system. So I am not saying that they should be two entirely separate bodies, but they should have very clearly separated roles and functions.

Chairman: Okay. That is clear.

Q48 John Thurso: Can I come back to this question of Devolution. I know you have heard the previous evidence, so rather than rehearse the question, can I ask if you broadly agreed with it?

Mr Pullinger: Yes, and I will pick up the point about National Statisticians in other countries. The RSS held a meeting on these proposals in Wales on Monday which I spoke at, and that was a very

interesting opportunity just to rehearse these issues with them. I suppose for me two critical things came out. The first one was that Devolution is a fact of life. There is every likelihood under any system that it would be right for there to be a National Statistician of Wales, of Scotland and of Northern Ireland and we should not see any of these proposals trying to impose, re-impose, draw back from Devolution and create a UK solution. It would not work, even if it was a good thing to do. But that said—and this echoes which other people have said earlier—it is absolutely critical if we are to judge whether Devolution itself has been a success for us to be able to compare whether health policy in Wales, Scotland and England is actually achieving better results for its citizens. That is a critical thing for the people of Scotland to understand, are the policies undertaken by the Scottish Parliament and the Scottish Executive actually delivering better health for Scottish people compared with what is going on in England and Wales. The point is, you cannot really tell that very well now because everyone is doing it to different standards.

Q49 John Thurso: You lead me absolutely to the question I really wanted to ask, which is that we have established the problem. What, in your view, is the solution? We have devolved and some of us are very much in favour of Devolution, and that is fine. So we do not want to take anything away from Scotland or Wales, but we have a clear national need to produce coordinated statistics where what is in country one and country two can be put together to give a UK picture. What are your ideas for a solution?

Mr Pullinger: I was having a look at the Devolution Concordat when the others were speaking and trying to draw inspiration from it. I suppose the short point of it is that it is not clear and practical enough. I have been looking at ways around the world where similar situations arise and one which we mentioned in our evidence is not quite an analogous situation but it is potentially a solution and it is the solution the Australians have adopted in the first instance in relation to crime statistics, but the same kind of thing was happening. In this case police jurisdictions were doing different things and there was a loss of public confidence and a crying need to impose some standards. They have come up with effectively a Concordat, but it is an agreement signed up to by the various jurisdictions. In this case it is the legislature of the various states in Australia and the National Statistician of Australia which say, "We agree that the National Statistician will chair a committee, coordinate and make sure the results are right for Australia as a whole, and these are the terms in which we make that agreement. These are what we will do as individual police commissioners and as individual state authorities." Something like that, which is quite a formal and precise agreement of how the National Statisticians of Scotland, Wales and Northern Ireland are prepared to work with the National Statistician of the United

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Kingdom so that everyone is clear what they will do and what they will not do. This could be a way forward.

Q50 John Thurso: So the critical point is that the basic data which we need at a UK level is collected and compiled in compatible forms in each country so that they go together to form a uniform set of statistics and that each devolved country beyond that can produce any other statistics which they wish, but we have to have a minimum set of statistics which can be compiled across a common field in each of the nations?

Mr Pullinger: Exactly so. An example which came up in the meeting in Wales on Monday was housing standards, where there are different standards in each of the countries now, and the numbers are quite different because they have been designed to monitor those housing standards and there is nothing which goes across the piece to enable you to judge between different ideas for how you want the housing standards. If we were to have a system whereby there was agreement over what should be common, which would judge what housing standards were really like and each jurisdiction had its own detailed information to help it judge its own targets and standards, then you have got potentially an ideal system.

Q51 Mr McFall: I want to go back to Mr Briscoe's submission to us on the Britain in Numbers, when he spoke about the 2001 Population Census and he said that neither the statisticians nor the politicians got it right. There is something more fundamentally wrong here than just suggesting the National Statistician chair a meeting of people from Scotland, England and Northern Ireland. So what is it that is more fundamentally wrong?

Mr Pullinger: I suppose I need to declare an interest given my previous role in relation to the 2001 Population Census, because I was the person who chaired those meetings! So it is a wonderfully frank question! What happened with the 2001 Census? We started off with the best of intentions to produce the book of United Kingdom statistics. At the stage when the questions were being agreed in the various parliaments, I can recall coming here and we had debates on what the questions should be. A census is clearly a very sensitive topic. The Scottish Parliament decided to make some changes. That was not in itself a problem, but when the Welsh Assembly saw that the Scottish Parliament had made some changes, they wanted some changes, and the thing began to fragment because the forces pulling it apart were stronger than Pullinger sitting in a room in Whitehall with his counterparts. They were stronger than we were unable to pull it together, so in fact we had three different censuses. We had a Scottish census, a Northern Ireland census and an England and Wales census, and I think the lack of the codification in a formal sense—and I think this is a critical point—that was signed up to politically did not give each of us, as officials, the cover to say, "But we must have United Kingdom figures,"

because my counterpart in Scotland, whom I know very well and is, I think committed to doing these things, but ultimately his leadership was coming from the Executive and from the Scottish Parliament, rightly, and there was no counterweight saying, "Actually, there is a UK dimension to this as well".

Q52 John Thurso: I have been banging away about this, but it seems to me, and my question to you is, is this really an absolutely fundamental issue which needs to be resolved?

Mr Pullinger: Yes, I think it is.

Professor Holt: Yes, and if I may say, not just in the context of ensuring that numbers add together to form a UK set of numbers which are consistent but also in terms that John Pullinger has referred to, of being able to compare and contrast, if you like, the impact of different policies in different parts of the United Kingdom to the welfare and benefit of the whole of the United Kingdom.

Q53 Mr Todd: The National Statistician also collects all our details for births, marriages, deaths, and so on. Is that just an anomalous position and we should find an appropriate home for it in this new world, or is there a strong reason for that continuing to be the responsibility of this office?

Professor Holt: Historically it comes from the creation of the post of Registrar-General in 1837.

Q54 Mr Todd: That is not a sound reason for it continuing.

Professor Holt: No, it is not. I think you have got to separate off the registration. I am sorry, I do not mean that in an organisational sense. I think as a question one has to separate off the organisation and delivery of the registration services from the issue of the very importance of those records to support the whole of the population statistics programmes and various other things, which actually feed into the national statistical programme, so that there is a very strong integration between the registration service and the input that then makes into the National Statistics programme. Whatever happens, we must not end up in a situation where that is destroyed. So I the decision is taken to actually separate off the administration and running of the registration service as a service, then we must ensure that the National Statistician and the statistical professionals have access.

Q55 Mr Todd: So you would separate out the function of handling the local registrars and what they get up to from the ownership and quality control of the data which is generated by those actions?

Professor Holt: Yes. There is no reason those two should go together.

Q56 Mr Todd: You have no particular view as to where the registration function itself should reside? That is something the Government can sort out for itself?

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Professor Holt: Only to ensure that if that happens the Registrar-General, who happens to be the National Statistician—the legislative responsibilities of the Registrar-General as a statutory post for statistical matters must be transferred to the National Statistician. So there is a question of creating the National Statistician as a statutory person in order to take over those responsibilities from the Registrar-General.

Q57 Mr Todd: I think we have already discussed the issue of the Registrar-General's role in maintaining the census and some of the issues which have been resolved in that.

Professor Holt: Yes.

Q58 Mr Todd: So I will move on to the point you have raised about the role of statisticians in government departments, where the Government has proposed that effectively those remain within the responsibility of individual departments. I think you have already explored this sort of dual standard of statistics. Could I turn to the point I put to the earlier witnesses in which I just question how realistic a separation of functions is in the real world of running a department where I think in your own evidence you have accepted that data collection can be carried out for internal management purposes, for the purposes of communicating about particular policies within departments, and so on. Separating it out and putting this Chinese wall in does not seem realistic entirely to me.

Professor Holt: If one wishes to maintain the decentralised nature of the statistical system as it is—and there are arguments for doing that, strong arguments for doing that—then a consequence of that, if we are concerned about public confidence in the statistics which are produced, is that one has to find compensating mechanisms which will deliver the benefits of having statisticians close to policy colleagues and to ministers in terms of policy development and monitoring on the one hand, but also to ensure that when it comes to producing statistics for public consumption there is confidence and public confidence in the way in which those are produced and the assurance that those are separated. There are lots of cases where we have Chinese walls. There are lots of cases in accounting firms and all sorts of places where there are Chinese walls between different functions. It is not unrealistic to say that one of the things which we need to put in place if we are to retain the benefit of a decentralised system is a system of Chinese walls whereby professionally the statisticians producing these numbers within policy departments as public consumption figures should actually have a responsibility to the National Statistician.

Q59 Mr Todd: But at what point does one know whether those pieces of data which they are collecting actually are for public consumption, because it may well be that these are part of a policy preparation and process where it is not known whether this will be placed in the public

domain, and then in due course it becomes so? So I must admit I would not envy those who have to manage such a complex division of responsibilities in one person's mind.

Professor Holt: The vast majority of the statistics which come into the public domain are produced on a regular basis. We know they are coming out, we know when they are coming out and we know what they are based upon. It is easy to identify those as being the statistics which are being actually produced largely for public consumption, and the crime statistics or the waiting lists statistics, all these sorts of things, fall into that category. If these are the statistics which are going to be used to hold ministers and the public service at large to account for the way in which public services are delivered and for the way in which public policy works, then it is reasonable to expect those to be treated in the way—

Q60 Mr Todd: This would be a regularly reviewable list of statistics of that kind and you could say, "Those are the ones we are talking about," and those are the ones which you should keep "clean" and others you would expect to respond to line managerial requests to prepare statistics on a variety of different issues?

Professor Holt: It is often the case that statisticians in policy departments will prepare perhaps alternative "What if?" scenarios. "If we were to enact this policy, what do we think the consequence would be? If we were to enact that policy, what would that consequence be?" Clearly, only one policy is going to be arrived at and that process of going through that sort of "What if?" scenario is not going to fall into the public domain, unless all evidence to ministers is publishable, therefore we are not talking about that sort of thing. What we are talking about are things which are used by the public to monitor Government performance.

Q61 Mr Todd: Could I just ask one last thing on this. There seems to be some view that public scepticism about statistics has been formed around relatively recent practices. I seem to remember being taught the phrase, "Lies, damn lies and statistics" many, many years ago. I am fifty-one. Is this a recent concern, or is it one which you in your profession have been used to feeling the whip on from time to time?

Professor Holt: We have layers of scars to show for it, yes. Clearly it is not a new concern. It has been a concern, the aphorism from Disraeli goes back to the nineteenth century, and indeed the Royal Statistical Society was concerned in the nineteenth century and the whole of the twentieth century about the environment in which statistics are produced and discussed, so it is not new in that sense. Where I think it has perhaps sharpened—and I think this is actually to be celebrated in a way—is that a large proportion of Government policy and a large proportion of the delivery of public services is now being held to account through a very wide range of statistical information. That puts the statistics right in the hot

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bed, if you like, of the political debate and actually that is good because the statistics ought to actually have a substantial impact upon public debate and upon policy development and monitoring. So in a way the world has become tougher to some degree, for a good reason, I think—if it has become tougher—but it has always been pretty tough.

Q62 Mr Gauke: Could I just return to the subject of ministerial access to statistics prior to release. You have argued that no science statistical production team should do so. Does that apply in all circumstances, and should that apply to all statistics or just national statistics? How would you go about doing that?

Professor Holt: We think that virtually all of the official statistics should be national statistics, so we would not see this distinction. In that sense we agree with the people you have had here as witnesses earlier today. That in a sense answers that question, because then what we are saying is that the release and pre-release of those should be managed. The release first of all. When statistics come out from policy departments they are invariably accompanied by a policy statement from the minister or a press release from the minister, but equally the press officers handling that release are in a sense being asked to juggle two different functions. They are being asked to juggle the function of producing the statistical release and explain the statistics in some sense quasi-objectively and at the same time promoting the policy objectives of the minister; quite properly, it is their function. We would separate those two. We would argue that it would be much better for all national statistics, which in our term is all official statistics virtually, to be released through some central physically separated location where the statisticians from the Home Office, the Department of Education, or whatever it happens to be, would come and would be accessible to journalists, and they would be accountable for the statistical production and accountable for the methods and definitions which are used, and they would be accountable for explaining the significance of the statistics and what could be drawn from them. They would not have responsibility for interpreting the implications of that policy. Journalists who wanted that could go back to the—

Q63 Mr Gauke: Would they have a role in, if you like, policing the interpretation in the sense of if somebody, whether it be Government, Opposition,

journalists, whatever, were in some way misinterpreting the statistics? Would they have a role in saying, “Actually, this is wrong. This is right,” sort of an arbiter as to how those statistics should be interpreted?

Professor Holt: Yes. The possibility must always exist that the National Statistician should comment on the interpretation of statistics and comment on gross misinterpretation of statistics. So if a National Statistician sees a particular set of statistics being blatantly misrepresented, then the National Statistician should have the authority and the freedom to comment on that and not to say, “Bloggs had this wrong,” but to say, “This is actually a proper interpretation of this statistical picture.” If the National Statistician did that for every time statistics are misquoted, they would not do any other work at all! So this is a responsibility which has to be dealt with in some measured way, but when it is a gross misinterpretation I think there should be the possibility of comment, yes.

Q64 Mr Gauke: Could I just move on to the Census. I think you have criticised the idea of funding the Census through the usual spending review. Given that comprehensive spending reviews take place every three years or so, why is that insufficient planning for a Census?

Professor Holt: It is insufficient because first of all there is the ongoing planning, and research and development for the Census, which is an ongoing activity and it is crucial that that does not get mixed up with some peak operational costs, and so on. So there is that separation. But the abnormally large costs, which are associated with Censuses—if you are going to plan sensibly for a Census you actually need to know the budget picture well before that three year horizon. You cannot wait until two years before Census day to find out what the annual spending review is actually going to allocate you for that. There are also issues about handling that between years, because typically the Census is about 1 April, or thereabouts, and so there are real issues about managing that expenditure pattern, and it would be much, much better if that expenditure pattern covered a much longer horizon and actually was determined much earlier. It is actually inefficient for Government and for the Public Purse to leave that judgment too late.

Chairman: We are going to have to leave it there, too, because we have two other witnesses to get in this afternoon. Thank you both very much.

Witnesses: **Mr Keith Dugmore**, Chairman, and **Ms Jill Leyland**, Society of Business Economists' representative, Statistics User Forum, gave evidence.

Q65 Chairman: Mr Dugmore and Ms Leyland, welcome to the Committee. Could you identify yourselves formally, please.

Mr Dugmore: Yes. My name is Keith Dugmore. I chair the Statistics User Forum and I have a particular interest in local data and the comparison of areas throughout the UK.

Ms Leyland: I am Jill Leyland. I represent the Society of Business Economists, so obviously I have an interest in economics statistics, on the Statistics User Forum.

Q66 Chairman: Just tell us in a couple of sentence what the Statistics User Forum is. How is it involved in this process? Are you consulted on this document?

Mr Dugmore: Yes. Jill did the consultation with our members. We now have 17 user groups who are involved and it has been creeping up in recent times. They span quite a range of topics, people who are interested in transport, health, the labour market, and so on. Others come from a particular area of activity, such as market research and local authorities, so it is quite a mixed and diverse group, but I think it is characterised by the fact that it covers a whole range of interests in statistics and those of us who are in it are all enthusiasts and active users of statistics, in many cases using them for decision-making out in the wider world in local authorities or business.

Q67 Chairman: Okay. We do not want to reprise the evidence we have already taken, which I think you may have listened to, but are there any other issues, major issues, to users which you have not heard explored or ventilated this afternoon?

Mr Dugmore: I think one which springs to mind—and Jill has got a chance to think about this—access, as we would put it, in that in order to make statistics useable to the wider world, particularly occasional users, the information has to be in a form which can be easily grasped and understood. You should not have to be a technical expert to use it. So, for example, I have been particularly interested in the discussion about UK-wide statistics. There is naturally concern, if we take the Census as an example, about which topics were asked and whether there is compatibility within the UK, but then from a user's viewpoint there is the issue that if I do want statistics for the whole of the UK can I just get them in one place, or do I have to go to different websites to find them? If I do do that, are they actually labelled the same sorts of topics and are they in the same formats? So if you think of wanting to download some data onto your PC these practical issues of access are absolutely vital and are the difference between information being used and not being used.

Q68 Chairman: That includes access to administrative data across local government, presumably?

Mr Dugmore: Yes. Shall I say statistics derived from administrative sources are terribly important to a lot of users and so we might be looking at information derived from the Department of Work and Pensions, or Health, or another topic which I think is coming up is local debt with county court judgments, and in all these sorts of cases one is wanting to be able to grab nice, simple, easily accessible data sets and understand what they are.

Q69 Chairman: Jill Leyland, could you tell us what the role of users should be, in your view, in the more independent system which the Government wants to set up? How should users be incorporated in it?

Ms Leyland: Obviously there is no one single way in which users could be incorporated in it, but we do feel there is a need for some formal inclusion in the Government's process of the statistics system, in particular, of course, the proposed non-ministerial department.

Q70 Chairman: You suggested just a consultative kind of process or a forum, or whatever. Is that sufficient?

Ms Leyland: No, and I think one suggestion, which may not be the only one, would be a sort of formal committee of the board, for example. We do not think it is probably enough just to have one person on the board who represents users because one person can get overruled, but a committee which can make recommendations, which can actually go public if necessary, would be appropriate. I think it is probably worth saying that there is a lot of interaction between the government statisticians and users at an individual level. All our user groups would interact and that works very well, but that is at a sort of working level. I think it is in the sort of governance, direction and scope. If I can take one example from the economics side, the UK for a number of reasons was quite slow in the 1980s and 1990s in following the shift of the economy towards services and away from manufacturing and in sort of generating the statistics needed to enable that activity to be captured adequately.

Q71 Chairman: Are there examples from other reformed statistics, operations in other countries, of how a users' forum would work, or a users' committee?

Mr Dugmore: Yes, I think there is experience to be gained from other countries and certainly Canada and Australia have been mentioned, though I am particularly interested in the Nordic countries and Finland, but I must admit I am not an expert on what is done overseas.

Ms Leyland: The EU is also building in information.

Q72 Chairman: Does Eurostat have a similar body, a users' forum?

Ms Leyland: I understand that. Ian Maclean, who I think is sitting here, is someone who is extremely knowledgeable about international matters and

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legislation and how things work in other countries. He and Ulric Spencer did a report for the Statistics Commission on this subject and we defer to them.

Q73 Mr Newmark: The Statistics User Forum has argued that the Government's proposal provides insufficient scrutiny of that independent board. Which solution do you favour, allowing the board an oversight only function or retaining an organisation such as the Statistics Commission?

Mr Dugmore: I think we feel that if the board is to have an active role there needs to be essentially some form of audit or longstop saying, "Is it doing well or not?" We have mentioned the National Audit Office as one such mechanism, but I think the Statistics Commission would be another alternative well worth looking at, but I think our important point is that if users are to have an active part within the board, and so on, ultimately there does need to be somebody who is exercising oversight.

Ms Leyland: Could I add to that, because I think there is a couple of other points. It is important that not only is there actual scrutiny but that there is seen to be scrutiny, which I think is possibly the disadvantage of leaving this to the board, because that would not necessarily be perceived separately. The other point, which is I guess a question for you, is that if Parliament is to have the oversight of the system (and that is something we will welcome), clearly your time is limited and there may need to be some body which can investigate for you.

Q74 Mr Newmark: Money is also limited, so how would a strengthened order body be funded?

Ms Leyland: The Statistics Commission, as I understand it, if I have looked the figures up correctly, has a budget of about £1.3 million. That does not seem to me to be an excessive budget and that could be devoted to the new body. The last thing we would want to do is to have any form of audit, regulator, or anything that is too expensive because we would rather spend the money on the statistics, but a small amount like that. One other point is that it is important to have scrutiny which is perceived to be tough and perceived to be independent to support the National Statisticians. They do sometimes get an unfair press and when you have got a situation like Network Rail, whether that was a good or a bad decision, I think that sort of decision—perhaps I am speaking of my personal view here, but I think I am not the only person to think it—would be referred automatically to audit so that it could be, as it were, endorsed (or not, as the case may be)

Mr Dugmore: I think it helps with the perception of trust.

Ms Leyland: Yes, it does. It is the perception of trust.

Q75 Mr Newmark: What role, if any, should ministers actually play in the appointments process?

Ms Leyland: I think we would want the appointments process to be as independent, and again perceived to be as independent as possible.

Q76 Mr Newmark: Should that be similar to the NHS Independent Appointments Commission?

Ms Leyland: I am not familiar with that.

Q77 Mr Newmark: Okay, but independence is important?

Ms Leyland: Not just ministerial. I mean, it could be cross-party, or something wider than that.

Mr Dugmore: Yes, I think it should be seen to be as independent as possible. It is all about the perception of trust in the wider world.

Q78 Mr Newmark: On that sort of independent appointments commission would you expect there to be user presentation on the board?

Mr Dugmore: I think so. Essentially, I suppose, we tend to see the users as customers. I think it is very easy for a lot of this to be viewed through the eyes of suppliers and mechanisms, and so on, but ultimately it is the people out there who are using it who are, we would think, the important ones.

Q79 Mr Newmark: So it would add to the trust factor if there was some sort of user representation?

Mr Dugmore: Yes.

Q80 Mr Newmark: As well as being user-friendly, hopefully.

Mr Dugmore: Yes.

Q81 Chairman: You analysed very well in your submissions this issue of us emerging with two classes of statistics, if you like, the ones which are officially badged as National Statistics and then all the other, and you talk about the risk of ending up with these two different classes. I am not quite clear about your solution. You seem to be saying that all you have got to do really is just improve the standard to which the second category is produced. Is that sufficient? You would in essence beef-up the Code of Practice or make sure that they complied with it?

Mr Dugmore: Yes, I think that is the case, that the Code of Practice needs to be beefed-up, but I think it is also important to recognise that I think for the great majority of users in the wide world, first of all they do not draw any distinctions as to where statistics come from within Government, it is just Government official data and they do not have any subtleties about which departments in particular, and from then on they are essentially wanting to get what they can across a wide range of topics of interest to them. They want to be in a position to think that all of the statistics are reasonably reliable and confirm to a Code of Practice, so distinctions as to which ones are National Statistics and which ones are not do not cross a lot of users' paths, I think.

Q82 Chairman: No, but that distinction would persist under the new arrangements?

Mr Dugmore: I think we see them as all official statistics.

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Ms Leyland: The consultation document proposes that they would persist, yes. We see that as something which is wrong, because I think it also seems to be a very arbitrary distinction at times.

Q83 Chairman: Sure, but under your model if some statistics did not meet this higher threshold of the beefed-up Code of Practice, then what would happen to them? They would still be there, would they not, and they would still be departmental, statistical—

Mr Dugmore: Yes, I think they would, and there are statistics which emerge through local government and through agencies which are out and beyond the GSS.

Ms Leyland: But the aim should be that all statistics should be produced according to the Code of Practice. This does not necessarily mean that they have to be highly accurate. You cannot always get accurate statistics. You make them as good as you can and you cross-check when you can and you are honest about any shortcomings. I think it should be possible to have a Code of Practice which applies to all statistics, whether they are administrative statistics or collected for the purpose.

Q84 John Thurso: You will be surprised to hear I would like to pursue a question about Devolution. I know you were here through the previous two lots of witnesses, so can we cut a lot of the questions by just asking you, do you broadly agree with what was said, particularly the comment made by John Pullinger and Professor Holt that this is a fundamental?

Ms Leyland: Yes.

Mr Dugmore: Could I just pick up one extra point on that? I think we thoroughly agree and think that this is absolutely core to the assessment of this. One other aspect is that there are quite a lot of organisations who are interested in doing a lot of comparisons within the UK, and it is just as important to them. So if you were looking at large financial services bodies, or retail companies who are thinking, “Which customers should I be targeting and where should I invest?” I think Marks & Spencer this morning said that they have made about £700 million this year. They want to look across the whole of the UK as to which parts of the UK they might invest in and in practical terms if it is terribly easy to get data for England but pretty difficult to get it for Scotland and Northern Ireland, the analysts will sometimes just turn a blind eye and focus on the areas where it is easier to get data for.

Q85 John Thurso: You have neatly pre-empted the question I was going to ask, which is what is the impact from the users’ side of this clear mis-match that we have established, and you have given one example. Are there others?

Mr Dugmore: I suppose the example I have given is from the commercial world, but it should also equally apply for investments in public services. If we look at neighbourhood statistics and the idea

of targeting investment in areas of neighbourhood renewal, at the moment we are in a situation where we have different analyses of indices of deprivation in different countries of the UK and one cannot get a consistent measure of whether parts of Glasgow are worse than parts of the East End of London. So again looking at UK-wide investment, being able to do such comparisons is vital.

Q86 John Thurso: Yes. Interestingly, if we ever decided to move away from the Barnett formula to a genuine needs-based funding in deprived areas within the nations, we have no tools with which to be able to do that. In the Treasury’s consultation document there is very little about devolved administrations but they cover it at 4.46 and 4.47 and broadly it simply says, “We like the system as it is and we are going to stick with it.” I find it very difficult to understand, as somebody who knows absolutely nothing about statistics and had an entirely humanities education, that all the witnesses who come before us, who are clearly people who all know exactly what they are talking about, have all been unanimous. I have never sat on a committee where so many witnesses have agreed. It seems to me quite surprising that the Treasury would not have picked up on this. How do you account for that? I know you do not have to, but would you like to take a flyer at it?

Ms Leyland: I am not sure I would want to comment about the Treasury. I think it is because it is a longstanding problem and it is something which has been lived with. It predates Devolution, as I think Alison pointed out. It has probably been made a little worse by Devolution and in a sense it is sort of baked into the cake, given the legislation.

Mr Dugmore: I think that is probably right. I think it is probably, as I would characterise it, a sort of supply/supplier’s view, “This is the structure we have got. We have got to work within it,” and it is not sensitive to the fact that there are people out there who are the actual customers and users of statistics saying, “Why on earth can I not grab the same thing for Northern Ireland as I can for Devon and Cornwall, or whatever?”

Q87 John Thurso: So to be fair to the Government, this is not a problem which is a consequence of Devolution, it is a problem which has been brought into focus by Devolution?

Mr Dugmore: Yes.

Ms Leyland: Yes.

Q88 Mr Todd: Mr Dugmore, you made a remark right at the start which prompted some interest in me when you discussed access to data. One of the dimensions which we have not explored is the way in which government agencies or departments may directly control data either through exclusive rights of some kind (a classic example of that would be Ordnance Survey) or through an exclusive third party contract, and you mentioned county court judgments, where I believe that does apply and there is an exclusive contractor who provides data

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for those seeking to use that particular set of information. Is that an area which you have some concern about?

Mr Dugmore: I am really pleased you have mentioned that, actually, because to some extent it might appear to be outwith this, but I think it is very important.

Q89 Mr Todd: I think it has some relevance.

Mr Dugmore: Yes. In the case of county court judgments, I think perhaps all is not lost, because some statistics from those are shortly to be included on the ONS statistics website, so some of this is being brought back into the Government world and they have published the statistics. In the case of Ordnance Survey, amongst a great number of users of statistics who I talk to it is a matter of considerable frustration in that as soon as you are looking at statistics for small areas you want map background data. Also, you typically are interested in address files and post codes and we have been in the situation where there was a proposal last summer for a national spatial address infrastructure, a definitive list of addresses throughout the country. Ordnance Survey, local government and the Post Office were brought together with the idea of concocting this, but it all fell apart, not on technical grounds but over arguments about intellectual property rights and money, who got what and who could stop the other chap getting something. So from an outsider's viewpoint, the technical resources are there, which will be extremely useful, but it has not been possible to join up parts of Government.

Q90 Mr Todd: All these statistics you have mentioned are within public ownership and are contributed to by us as citizens.

Mr Dugmore: Yes, but I think the Post Office is a limited company with one shareholder and Ordnance Survey is a trading fund, but again people just view them essentially as arms of Government.

Q91 Mr Todd: Is there a role which a Statistics Commission or some other body which might be set up through this particular step—because, to be honest, this is an opportunity through an Act of Parliament to establish a tighter rein over the way in which statistics are monitored and developed in this country. Is there an opportunity here to look at the way in which the state manages our data and makes it available to users like yourselves or ordinary citizens like myself?

Mr Dugmore: I think there is, in that there is a risk of drawing the boundaries very narrowly and saying essentially we are talking about just numbers and tables, but people who use numbers and tables are interested in maps and address lists, and so on, and looking at international comparisons I think the United States, somewhat surprisingly, has an attitude that all this is pretty well free and in the public domain.

Q92 Mr Todd: They are the classic liberal model.

Mr Dugmore: Yes, and from a user's viewpoint that has immense attractions.

Q93 Mr Todd: Let me return to the question I was supposed to be asking, which was about public perceptions of statistics that you, as users, obtain. Do you find that public perceptions of the reliability of that information has declined, or have you always accepted them, because I think you heard my remark that scepticism about statistics is not a novel thought?

Mr Dugmore: Perhaps if I have a quick word and then Jill will chime in as well. I think there are concerns, but I do not have a great deal more to add than what was said earlier on about the issue of standards, and so on. I think it is important to recognise that there are also quite a lot of users in the wider world who are not especially concerned about release times, release dates, and so on. They are interested in, "Can I get hold of some information on ethnic minorities' income levels," or whatever and they are not aware it was published on a particular day or that a minister got involved. They are end consumers who gather up statistics.

Q94 Mr Todd: For example, as a business user, you would not find that the fact that there has been a certain amount of kerfuffle over a minister releasing this information early or something would be a particularly material issue in the reliability of the data itself?

Mr Dugmore: It would be of great importance to some users, but other users would not regard it as important. It is a very mixed bag.

Ms Leyland: You wanted our views on whether the confidence or lack of confidence has grown. It is hard to say, I think. I think part of it is because there has been so much in the newspapers and in the media generally about issues like school performance tables, waiting lists, so it has brought it all into focus. The ONS has done, I think, a couple of surveys of confidence, but that is only relatively recent and those sorts of surveys you have really got to do for a while to establish a track record and see how they are evolving. But certainly there always has been scepticism. If you mention you are a statistician to anybody, "Oh, lies, damn lies and statistics," you know. It comes back. It is hard wired into people's conscientiousness. I think, too, there is also a certain scepticism always about Government. Up to a point it is healthy in a democracy, but—

Q95 Mr Todd: Indeed.

Ms Leyland: But there are concerns definitely at the moment. Whether they are better or worse than in the past is a moot issue, but there are concerns.

Q96 Mr Todd: Would an independent board make a difference, do you think? I think you mentioned a sort of whistle factor, of someone being able to

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say, "We object to this particular set of statistics," or a previous witness did.

Mr Dugmore: I think the trust will just be increased the greater the distance there is between any perception of political interference really.

Chairman: All right. We are going to leave it there. Thank you very much. I am sorry we kept you waiting for your session. We have kept you longer than would otherwise have been the case, but it has been very helpful to us. Thank you very much.

Wednesday 7 June 2006

Members present:

Mr Michael Fallon, in the Chair

Mr John McFall
Mr Brooks Newmark
John Thurso

Mr Mark Todd
Peter Viggers

Witness: **Dr Ivan Fellegi**, Chief Statistician of Canada, Statistics Canada, gave evidence.

Q97 Chairman: Good morning, Canada.

Dr Fellegi: (via video link) Good morning.

Q98 Chairman: Welcome to our Sub-Committee. Thank you very much for offering to give evidence today.

Dr Fellegi: It is a pleasure to be invited.

Q99 Chairman: Could you outline for us, as you see it, the key differences between the Canadian system and the UK system and what you feel the advantages are in your system.

Dr Fellegi: I should start by saying that I am certainly not recommending the Canadian statistical system to the United Kingdom. Statistical systems are basically natural outgrowths of history. Canada has a history of having a highly centralised statistical system, where practically all statistical data collection and a good deal of analysis, and of course dissemination, emanates from the central statistical agency, ie Statistics Canada. What I do recommend, however, is the arm's length relationship that we have to the Government. While we report to Parliament through a minister, there is a long tradition of our ministers getting mandate letters from the Prime Minister when they are appointed. By the way, we do not have a separate minister; we have a minister who has a major portfolio other than statistics and for whom Statistics Canada is essentially a reporting arrangement to Parliament. In the mandate letter the Prime Minister expresses his or her desire that the traditional arm's length relationship will be respected, and it certainly has been throughout our history. The British system, if I understand it correctly—and I think I do understand it—is starting from a very different history.

Much of what is in the White Paper I agree with, but there are three major areas where I think significant changes would be advisable, based on my very long experience in official statistics.

Q100 Chairman: Could you explain to us those three areas.

Dr Fellegi: The first of the three areas concerns proposals dealing with the decentralised part of the statistical system; that is, the part that is outside the Office of National Statistics. I have several comments that I would like to make about those proposals. The second area of substantial improvement that I think is needed is that the current White Paper, in my view, envisages an exceptionally weak role for the Chief Statistician

and I have some concrete suggestions to remedy that. The third area again touches on the decentralised components of the statistical system and the fact that there is really a practically non-existent boundary between the statistical activities in those ministries in which they are located and the remaining activities of the same ministries. If you allow me, I would like to go into each of those three areas. Is that all right?

Q101 Chairman: Certainly.

Dr Fellegi: Thank you. I will start with my first set of comments dealing with the decentralised part of the statistical system. The general principles that are enunciated in the White Paper are ones that I think should indeed underpin a strong statistical system and I strongly agree with them. But, in practice, most of the concrete tools suggested by the White Paper, tools that are needed to give effect to these principles, are extended only to the ONS. However, I think they should apply to the entire National Statistical System. In particular, first of all, the role of the proposed new board is very limited *outside* of the ONS. While it would have statutory authority to enforce a new code of practice outside of the ONS, its only tool to do so would be an audit function and the power to “name and shame”—which is really not much different from the tool currently available to the current Statistics Commission. My second point is that, under the proposals, the scope of the National Statistical System is left for individual ministers to determine. They would decide whether “their” statistical activity ought to be part of the National Statistical System. I would suggest that you may want to ask yourself what incentive ministers would have to favour opting in. Surely, the likelihood that, should they do so, their statistical activity would be subject to audits is not a very strong incentive to opt in! Thirdly, the board would be given a role under the proposals to “maintain an overview of the broad coverage of the statistical system” in order to ensure that it “meets key user needs,” yet the White Paper states also that “responsibility for the production and dissemination of any statistics produced outside of the statistics office will be for the producing departments and agencies” and presumably this would include setting priorities. In my view, unless the board has some formal authority within a core budget to set priorities *throughout* the National Statistical System, it clearly cannot make a contribution to ensuring that the system as a whole meets user needs. Indeed, the White Paper outlines

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an admirable method of providing funding for statistical activities (and to ensure that this method is not a back door way to impose inappropriate political control over statistics), but, it is proposed only in respect of what is currently the ONS. If such a limited application of the proposed funding system is indeed what is proposed, then all the principles put forward in the White Paper—which I strongly approve and which are in favour of independence, transparency, flexibility and efficiency—would not be enforceable outside the ONS. This would be a grave problem: after all, trust is the key issue behind the White Paper and the main motivation for it; yet, I believe that the trust issue is just as strongly affecting the statistical system outside the ONS, than it affects the ONS itself.

The second area where I think major strengthening is needed is the weak role that is assigned by the White Paper to the Chief Statistician. The White Paper sets out the proposed main functions of all the key actors: the board, government statisticians in general, and Parliament. However, it fails to have a separate section on the role of the proposed new Chief Statistician. That is a major shortcoming that I suggest the eventual legislation ought to remedy. I have set out my recommendations in more detail in writing but I would like to summarise them very briefly now. I have suggestions both respect to what I think his or her functions ought to be and what tools are needed to be provided in order to for him or her to be able to carry out the necessary functions with respect to the entire statistical system, both within and outside the ONS. What are these roles that I think the Chief Statistician should explicitly have in legislation? First of all, absolute control over the statistical methods used throughout the statistical system, not just within the ONS. Within the ONS this would be exercised by the Chief Statistician through direct executive authority. Outside the ONS it ought to be exercised through the conduct of quality audits of the decentralised parts of the statistical system. Of course this absolute control over statistical methodology could be delegated, but it would be up to the Chief Statistician whether he or she would choose to delegate. Such audits would provide one of the needed tools that he or she needs to have in order to maintain confidence in the system. The second tool I think he or she needs to have would involve absolute control over the timing and content of statistical releases, whether originating from the ONS or from other departments. This of course is crucial for trust. The third tool that I think the Chief Statistician should have is a role of broad management of the statistical system. This would involve, of course, the day-to-day management function of the ONS itself. Outside the ONS, however, he or she still needs a level of authority and I propose that this could be provided to the Chief Statistician by giving him or her the authority to appoint (and reassign) the top two levels in the decentralised part of the statistical system. The power of appointment for the top two levels and the power of reassignment are essential tools, without which the Chief Statistician can be just disregarded by the key players of the statistical

system outside the ONS. Next, the Chief Statistician should be explicitly designated as the public spokesperson for the entire statistical system. Finally, the Chief Statistician should enforce the statistical code of practice throughout the system, not just within the ONS. This should include a provision that statistics will be disseminated from all statistical collections at the earliest date; namely, that there are no confidential or “buried” statistical programs; everything that is collected is available to the public. These are the sort of broad executive *responsibilities* that I think the Chief Statistician should have. In addition, I also recommend that the Chief Statistician should have two very important *advisory powers*: first, to recommend to the board priority statistical areas for development or improvement as well as areas the scope of which should be reduced or eliminated outright; and, secondly, to recommend to the board statistical programs that ought to be subject top quality audits.

Q102 Chairman: Thank you very much. Could I ask you, finally, from the chair, are statistics trusted in Canada?

Dr Fellegi: I, of course, have a prejudice, so I will confess to it up front. However, I have do not recall a single manifestation during the last 20 years of a lack of trust in any of our releases here.

Chairman: Thank you.

Q103 Peter Viggers: You have re-emphasised your view that the Government’s proposals need to apply to the entire National Statistic System rather than just the Office of National Statistics. What would be the consequence of the Government failing to do this?

Dr Fellegi: I think it would be seen as tinkering, if you do not mind my bluntness. In my perception, while the ONS is not totally free of the issue of trust, the primary problems are centred actually outside the ONS—and I mean perceptions, not necessarily realities. I have not had time—I have not been asked—to investigate what lies behind those issues of public concern about trust, but I know that it is there. Yet, I want to emphasise that the issue of trust in statistics is one that is crucial for its usefulness. Why? Because information is a very soft commodity—users cannot quality assure statistics directly—so they will only use it if they trust the providers. In effect, if the public does not trust statistical information, it will ignore it, in which case the whole exercise is a waste. Furthermore, and this is very important in support of my points about the decentralised parts of the system, the public does not differentiate between information coming from one part of government versus another. So in order to remedy the issue of trust as it affects the ONS but not the rest of the statistical system is somewhat of a meaningless exercise. I know I am using strong language, but I really do believe that the public will not be able to differentiate between what we might call the “remedied” part of the statistical system and the “non-remedied part”. They will paint the entire system with the same broad brush.

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Q104 Peter Viggers: Do you agree with the Statistics Commission that the proposals here required the National Statistician to play too many roles: departmental manager, interdepartmental coordinator, chief adviser, independent adviser on public interest? How does the role you envisage here compare with your own?

Dr Fellegi: I do all of those things and I have survived for 20 years, so I guess it is doable. I really do not buy that argument. The Prime Minister, to quote an extreme example, has much broader responsibilities than those that the Chief Statistician would have under my proposals and yet he carries them out—in some countries better than in others, but in many countries excellently well. With proper delegation and proper understanding of the functions and the judicious application of power, I think those functions can be carried out indeed very well.

Q105 Peter Viggers: You think it is necessary to have career control over the top two levels in your department? Where did this model come from? Is it your creation or did you take it from somewhere else? Why is it so important?

Dr Fellegi: I guess it is a fair question. It is my creation at one level, but I have studied decentralised statistical systems in many countries of the world and each one needs to have *some* tool if it is to remain functional, some tool of coordination which makes the central coordinating authority sufficiently powerful in order to be able to carry out the needed functions. I was searching for the appropriate tool. What gives teeth to the function of Chief Statistician and to the board? According to my proposals, the board would acquire the needed power if it had control over a core statistical budget covering not just the ONS, but also encompassing the full range of *core* statistical activities of government. The Chief Statistician's authority is best derived from the personal authority to appoint. Incidentally, I did not entirely invent this arrangement, because something like this is part of the French system, which is highly decentralised among several ministries, but which maintains a highly centralised personnel management.

Q106 John Thurso: You have talked earlier in your submission today about timing being crucial to trust in statistics. In your written submission I note that you propose that pre-release be restricted to a maximum of 24 hours. Is that the normal period in Canada? Is that ever abused in any way?

Dr Fellegi: It is actually not the normal period in Canada. In Canada, the period is shorter. First of all, the pre-release is extremely restricted: it affects only those statistical series where there is a very strong and powerful reason for pre-release to exist. It is essentially restricted to key economic indicators which can move markets and whose management might require early intervention in the markets. Social statistics are generally not pre-released. Pre-released information is given to bureaucrats at two o'clock on the afternoon prior to release, (all our releases occur at 8.30 in the morning). So, as you can

see, our pre-release period is less than 24 hours. Furthermore, ministers are only given those data at five o'clock in the afternoon after the markets are closed—less than 16 hours prior to release.

Q107 John Thurso: In a decentralised system, such as we have here in the UK, how realistic do you think it is that statisticians would be able to release figures without the minister becoming aware more than that 24 hours ahead?

Dr Fellegi: I did not have time to cover this issue in my oral testimony but I did deal with it in my written comments. Indeed, I suggest that, for at least the half dozen largest parts of the decentralised components (labour, health and a few others) a statistical institute should be created inside the ministries that house these functions. Having separate institutes within the appropriate ministries would permit the creation of a potential wall between the statistical activity of a ministry, and the rest of its normal functions. Such a wall could be reinforced by the Chief Statistician's power to appoint the top two levels within those statistical "institutes". I think that it is important that the careers of the top statisticians in the decentralised parts of the system should not depend on their loyalty to the ministry; but rather they ought to depend on their professional contributions.

Q108 John Thurso: Can I ask about funding. How can an independent statistical office ensure that it has the necessary funding in order to get data collections that are in the interests of its users and not simply in the interests of the government? Obviously a government will happily fund what it wants but an independent data collection may have other requirements.

Dr Fellegi: That is why I am very strongly in favour of what is recommended in the White Paper but is recommended only with respect to the ONS: that is providing a core budget over which the priorities would be assigned by the board. In my oral and written comments I suggest very strongly that that idea be extended to the entire statistical system. There should be a core budget voted for it, over which the board sets the priorities. Incidentally, I think that this overall priority setting should be the primary function of the board: it should be a non-executive board with strong powers to set priorities and to be the final arbiter of the non-political independence of the entire system. Then, of course, over and above such a core budget, and particularly as it relates to the decentralised parts, but also in the centralised part, there is ample opportunity for the particular ministries to fund additional initiatives that they want to see carried out. Incidentally, that is the way we operate in Statistics Canada. We have a core budget of about Canadian \$400 million and we get an additional amount in cost-recovered funds from different departments who want to see us carry out certain statistical activities. The latter in a typical year amounts to another Canadian \$100 million. So about 20% of our budget comes from client funded work.

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Q109 John Thurso: Could I ask you specifically about the census. How is that funded in Canada? Is it separated from ordinary funding as the UK Government have proposed?

Dr Fellegi: Yes, it is separated. It is a separately funded activity.

Q110 John Thurso: What is the Canadian experience with respect to statisticians' access to administrative data? What safeguards are in place to protect privacy rights?

Dr Fellegi: That is an extremely important question. The Canadian Statistics Act gives unrestricted access to Statistics Canada to all administrative records held by any level of government and any organisation, private or public. We exercise that. Of course, the other side of that coin is extremely strong confidentiality guarantees, which are spelled out and which allow no exceptions. Not even the intelligence community, not even the police, not even the courts in the course of a prosecution can have access under the Statistics Act—and there has never been a violation of this aspect of the Act. Incidentally, that is one additional reason why I recommend that there should be an institutional wall between a decentralised component of the statistical system and the ministry housing it: such a wall would make it possible to share within the statistical system confidential information without the fear that it might leak out into the administrative part of government.

John Thurso: Thank you.

Q111 Chairman: I have two final questions, Professor Fellegi. I want to be clear whether there is an equivalent of the National Statistics badge in Canada. Are all official statistics subject to the same level of quality control or do you have any different grades?

Dr Fellegi: There is a measure of quality control over all our products, but they do not receive the same level of quality control: it depends on their importance and their sensitivity. In effect, the amount of resources we devote to quality controlling different outputs varies, depending on the uses that are made of the data.

Q112 Chairman: Why is it that the Government still authorises the content of agricultural statistics and indeed the content of the census?

Dr Fellegi: The Government authorises only the content of the population and agriculture census—not the agriculture statistics programme, only the census.

Q113 Chairman: So there is no content of any statistics that is reserved, as here the Retail Price Index is reserved for the Chancellor of the Exchequer.

Dr Fellegi: No, sir. Could I add to the previous comment?

Q114 Chairman: Of course.

Dr Fellegi: The authority that is given to Statistics Canada is exercised with a tremendous amount of consultation with other government departments. This is not a dictatorial kind of arrangement. We would be out of business if we did not serve the public interest, including very much that of the Government. So our control over content is carried out with a tremendous amount of consultation and sensitivity, but, indeed, ultimately I prescribe the content of statistical programmes.

Q115 Peter Viggers: Could I ask you, as an independent and objective expert outsider having studied the proposals of the British Government, how likely you think the present proposals would be to restore the respect and trust of people in statistics in this country?

Dr Fellegi: If it does not extend the admirable principles of the White Paper beyond the ONS, and if it leads to individual ministers deciding what is in scope for the official statistical system and what is not, then I think it will be seen as tinkering, frankly. I know I am using a very strong word, but I do not think such an outcome would solve the problem of trust at all.

Q116 Chairman: Professor Fellegi, that concludes our questioning. I want to thank you for giving evidence to us this afternoon and also for your written submission on which you have elaborated today. Thank you very much. Good morning, Canada.

Dr Fellegi: Thank you.

Witnesses: **Professor David Rhind**, Chairman, **Sir Derek Wanless**, Vice-Chairman, and **Mr Richard Alldritt**, Chief Executive, Statistics Commission, gave evidence.

Q117 Chairman: Could I welcome Professor Rhind and his colleagues back to the Sub-Committee. Could you introduce yourselves formally, please.

Professor Rhind: Thank you, Chairman. I am David Rhind, the Chairman of the Statistics Commission. On my left is Sir Derek Wanless, the Deputy Chair, and on my right Richard Alldritt, the Chief Executive of the Statistics Commission.

Q118 Chairman: Thank you very much and thank you for coming to assist us. David Rhind, Simon Briscoe told us that the proposals looked

“shambolic” and were possibly a cover for removing too energetic a Statistics Commission. Do you share that view?

Professor Rhind: The Statistics Commission, as we have said to you earlier, Chairman, has always sought to make points without worrying too much about whether we became terribly popular. I think Simon Briscoe's view is a somewhat colourful view of the circumstances. In 2004 we made a report on the case for legislation and we proposed three models that we thought could work. Our favoured model actually involved our own abolition and

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replacement by a statutory commission, so I do not think we feel very precious about this. As to the reasons for our removal, I think that is a matter for newspapers to speculate on.

Q119 Chairman: But the solution the Government have come up with is not your solution. Is it better than having no solution?

Professor Rhind: The model they have come up with is a variant on our third choice model, which we believe could be made to work. I think it would be fair to say that the Commission still believes that an independent scrutiny role would be cleaner and more easily believed to be independent than the model that the Treasury has come up with. That said, we think the model can be made to work, providing the very real tensions that are involved in this are recognised and the structure is set up in the right way.

Q120 Chairman: On the specific issue of the board, you recommended having a statutory commission and you did not want to see the Commission and the ONS board merged into one body. Why do you think the Government rejected that recommendation?

Professor Rhind: I think they felt there would be a risk of real tensions between the two different bodies and that there might be warfare break out between them. I think our concern is the obvious one, that the board being responsible in some sense for the operations of ONS, but at the same time being responsible for scrutiny across the whole system, including ONS, seems to us a very real tension. If I may say so, we are completely at one with Ivan Fellegi about the need for a very clear and careful and independent scrutiny across the whole system, not just ONS. Our experience has been that many of the problems that have arisen—not all of them but many of them—and the newspaper comments and the unhappiness in many parts of the public, arise not solely from within ONS but, in many cases, much more frequently from other parts of the system. So whatever comes out has to address the totality of the system, in whatever form, recognising that we have a very devolved system, where statisticians and different government departments work closely with economists, other analysts and even policy people—which is, I think, a little different from the situation in Canada.

Q121 Chairman: Your point is that, if you have a single board which is both provider and supervisor, that cannot enhance the perception of independence.

Professor Rhind: I think you could set up various Chinese walls and subsets within there. I think it would not be straightforward to sell the idea to the public—and perceptions are very important to all of this. We think it could be made to work, but it would not be easy and it would certainly take a long time. The Canadian National Statistician I think pointed out that he had had legislation and this had been operating since 1918 or thereabouts. Certainly there were periods in the 1970s when the reputation of his

fine organisation was lower than now, but the important thing is that nothing is very short term in this particular area and the arrangements we have just been discussing seem to us to require quite a long time to be accepted.

Q122 Mr Todd: As you have already said, your preference is for arrangements to cover all official statistics rather than just the ONS's. Does one not then get into a definitional problem of what is an official statistic anyway, bearing in mind, as you have said, the embedding of statisticians in the normal functioning activities of a government department?

Professor Rhind: I think that is absolutely right. That is particularly acute, of course, when increasingly a number of statistics are coming from administrative systems which are embedded in particular departments. We think there are a number of ways you can ameliorate that problem. The publication of statistics by the ONS and by the National Statistician, when they have been looked at and in some sense quality assured and approved, and publication through a central channel, might be a central means of buttressing confidence, I think. But I do not deny that the administrative system complication is one that no one, I think, has a good solution to yet.

Q123 Mr Todd: So you do not endorse the star rating system—or perhaps you were, in that remark you made: passing it through ONS means that you get a little imprimatur which says this is okay.

Professor Rhind: The crucial thing, I think, is to have a code of practice about how these things are produced and, more than that, how they are disseminated and a process for conveying information fairly.

Q124 Mr Todd: You would prefer a code of practice to a more robust legislative framework.

Professor Rhind: We would seek a statutory code of practice. The present code of practice is in many respects rather aspirational and difficult to judge whether things match it or not. If I were to make a couple of quotations from it, the sort of thing that is in there is “the value of administrative data in producing national statistics will be recognised”. Another one is “statistical data will be treated as valuable and irreplaceable.” There are some better bits, but essentially what we do not have at the moment—

Q125 Mr Todd: Honeyed words.

Professor Rhind:—is any set of criteria which will give confidence that what is being produced is being done in a way which is . . .

Q126 Mr Todd: How would you imagine the statutory code of practice would be drawn up? Would it be based around—striking out, perhaps, some of those rather softer phrases that you are talking about—the code of practice that is there now?

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Professor Rhind: In an attempt to be helpful, the Commission will be making some proposals in the next few months. If a board is set up, we would hope that the board would hit the ground running rather than having to create a new code of practice over many months. But the principles are pretty clear—indeed, it has to start with certain principles. There are a number of things we can draw on from the existing code of practice, but we have to make it much clearer, somewhat more prescriptive, written in plain English, but, equally, it has to apply not just to statisticians but to the entirety of departments and agencies producing official statistics.

Q127 Mr Todd: Lastly, is there an argument for saying that, if this is not aimed at the wrong target, it is aimed at a rather too narrow a target, and that the issue is how government agencies and their possession of data, gained normally from citizens, relates to citizens and the world outside, and ensuring that people are given proper access to data? Because I am sure you are familiar with the arguments of people over exclusive arrangements in government, and third party suppliers who are favoured and so on. Is that opportunity being missed, perhaps, in our obsession of whether a particular minister is given a certain amount of time to worry about statistics or not?

Professor Rhind: I have been speaking rather a lot. May I invite my colleagues if they have particular views on that?

Sir Derek Wanless: The things that are important can be classified but there are not that many opportunities to put a structure in place which seeks to address the problem and therefore you have to address the issues you touched on as part of what we are now trying to do—and that is what our statutory commission as a preference tried to do. It tried to address directly the issue of trust in the whole range of official statistics. I do not think it is that difficult to recognise if information produced by a government department is to quality as a statistical output or not. If that is the extent of the worries, then we would have succeeded in getting the rest across.

Q128 Mr Todd: Not quite. It is more the exclusive arrangements that government departments and government agencies have of controlling their own data and how they present it to us as citizens rather than permitting others to interpret. The classic example is the United States, which has a much more liberal framework for the possession of government data and its use by citizens and third parties.

Professor Rhind: For the federal government. It is not always true in the states.

Sir Derek Wanless: The important thing, I think, is the text that accompanies any statistical series. Certainly, as one of our proposals, the text would be something that the statisticians produce. When figures were produced and released to the world, including to ministers, the text would not be a political text. It would be a text about the numbers, the reliability of numbers, what purposes they are fit for and so on.

Q129 Mr Todd: I had understood that point. I am more thinking about the appropriate relationships between statisticians and those who provide statistics and the world outside. If I wish to buy statistics for the use of developing some product of my own, having an appropriate relationship with which I can do that—and at the moment that does not exist—

Professor Rhind: Forgive me, Chairman. My sense is that it is relatively easy to do that in the statistics world, not always in some others. But I think the general point we would make—and I think it is an important one—is that we see statistics being produced by government not just for government—important as that is, for helping to set policy and to monitor success—but as in the public interest, to give the public confidence that things are open, transparent and are going well.

Q130 John Thurso: Ruth Lea, in her evidence to us, said there was a very, very strong case for the ONS to be under the Cabinet Office rather than the Treasury. I know that you have certainly suggested that the Government should consider this. Could you set out for me the advantages that you see in that arrangement?

Professor Rhind: This arrangement or something akin to it was what pertained in the 1960s when Lord Moser was the Chief Statistician. I think your Committee, Chairman, is going to see Lord Moser next week. I think he will be extremely eloquent on this particular topic and we have been somewhat influenced by his particular view. Indeed, Ivan Fellegi's comment to the effect that every time a new minister comes into office he receives a letter from the Prime Minister, I think was a nice example of prime ministerial patronage, if you like, which could easily be replicated. We are really saying: What are the disadvantages of this being sighted under the Treasury? There are a number of those, some of which are serious at some moments in time and some of which are less serious. The obvious one is, of course, that economic statistics are of great interest to the Treasury but many other statistics are nothing like as interesting to the Treasury, so I think their ambit is somewhat more restricted. The Treasury has a great advantage in having somewhat more control over resources, perhaps, than other departments, so that is an advantage. But, I wonder, could I turn to the Chief Executive and ask if he can you recall the other arguments that we have made.

Mr Alldritt: One of our concerns is to ensure that there is effective planning of statistical work and to meet future statistical requirements right across government. Many of those issues involve not just a single department but cross-departmental concerns, and the Cabinet Office in many ways seems a more natural coordinator of statistical planning than the Treasury does. That is perhaps one issue.

Professor Rhind: A prime example of something that flows across government departments are migration statistics, which have huge impacts upon the nature of population census, the numbers we use for many purposes. That can only be rectified, at present problems, by actions by the Home Office, by ONS

and by a variety of other government departments as well. Those were the sorts of reasons we thought commanded a move of that sort.

Q131 John Thurso: It would be fair to say that it is more a question of the best home for it rather than a specific concern that being in the Treasury is bad for it.

Professor Rhind: Yes.

Q132 John Thurso: One of the things you highlighted is the difficulty of removing resourcing decisions from ministerial control, given the need for an independent statistical office to respond to the Government's changing data demands. What method of funding would best support independence and consequently boost public confidence?

Mr Alldritt: I think the big constraint here is what is possible. Dr Fellegi was describing an arrangement whereby there might be a central statistical budget. It is hard to see how that would work within the Whitehall funding structure. We assume that the Home Office will continue to fund Home Office statistics, and that, with that constraint, the role that the independent board would have to play would be to ensure there was transparency in the decision making within departments such as the Home Office and between departments, and that something that is not available now, which is the rationale for either expanding statistical activities or limiting them, was in the public domain and subject to parliamentary scrutiny.

Q133 John Thurso: It seems to me that there are some statistics that we all agree need to be delivered at a national level. Those surely can be delivered on a fairly long-term basis and will not regularly be changed. There are quite clearly other statistics which may be of interest to a particular department or minister at a particular time when facing a particular problem and may have a requirement. Do you think—slightly reflecting on the evidence we heard from Canada, where Professor Fellegi said that they get money from other sources—that there might be a model, whether it be in-house or a part of ONS, whereby there was a purchase arrangement rather than a funding arrangement?

Professor Rhind: There are indeed at the moment, I think I am right in saying, cases where ONS is commissioned by bodies to do work of that sort, so it does exist. There is, of course, another source of money that the Canadians have and that is that they actually sell some of their statistics, going back to Mr Todd's comment earlier. But I do not think that is a very large fraction of their income.

Q134 John Thurso: The Royal Statistical Society told us that the funding arrangements for the census should remain part of the Spending Review progress. What is your view on funding arrangements for the census?

Professor Rhind: The census is a huge, lumpy part of statistical activity in the UK. I think the last time it was of the order of £250 million; this time it is likely

to be substantially more, for a whole variety of reasons. Accommodating that one-off blip within standard funding arrangements is clearly not easy, not least because, whilst a census occurs every 10 years, the preparations for it extend quite a long time beforehand and quite a long time thereafter. It seems to me and to my colleagues to be rather a difficult one to accommodate within, say, a three-year spending horizon, and it really has to be thought of as an enterprise from beginning to end rather than the first three years, middle three years or couple of years at the end.

Q135 John Thurso: We heard evidence at our last session regarding the impact of devolution on statistics, and, in particular, the fact that many of the devolved nations have different priorities according to the ministerial demands that they have, which is absolutely appropriate. The point was made to us that with regard to the national census there were differences. Is funding an issue in that at all, or is that a red herring?

Professor Rhind: I do not know whether funding is an issue in that but I understand you are talking to the people who would know soon afterwards. But, if I might just talk about the devolved elements of all of this: statistics is a devolved function but clearly there are some things one would want to have to do and make some comparisons across the piece. It seems to be rather difficult to make comparisons on a number of health variables across the UK. There are indexes of multiple deprivation for each and every one of the countries, but they are different, slightly different. There are some areas where you can argue of public interest and having something consistent across the piece. How that is best done, I think there are a number of ways you could do it. At the moment, I think I am correct in saying, other than informal internal working groups, the only pan-UK enterprise in statistics is the Statistics Commission, which is the commission for each of the countries. We hope very much that, whatever the arrangements are coming out of the Treasury activities, there will be something akin to that. The board, for example, we think, should have some kind of similar function across the piece.

Q136 Peter Viggers: I would like to ask about breaches of the code and leaks and spin, which must no doubt be the bane of your lives. There have been occasions of breaches of the code, and the conclusion you put in your last annual report was that most breaches of code were due to "accidental premature release of data or lack of awareness of the Code by non-statistician within a department . . ." Do you think that is a robust judgment or were you being easily pleased?

Professor Rhind: I do not know we were pleased about it. We felt this was a situation which was somewhat too commonplace and we were not utterly convinced that the Statistics Commission saying rude things to people would make the situation better, because many of the problems that

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have arisen have been early releases of quiet conversations to newspapers and so on. I am sorry, I have lost my thread.

Mr Alldritt: The reason that piece you quote is rather restrained is, at least in part, because the code itself only has a small number of bits which are clear-cut in terms of what the requirements on departments is. For example, the code says that consulting users is a good thing but there is no specific requirement on what consultation is. On some of these very important issues like consultation and dissemination of statistics there is not a clear requirement on departments, so for us to say publicly that a named department has failed to adhere to the code is extremely difficult when the department in many cases says it has acted entirely in compliance with its own interpretation of the code. That is why we attach considerable importance to a code that is more prescriptive.

Professor Rhind: That is a point I was seeking to make. At the moment everyone can make their own interpretation of the code, which, as we said earlier, was somewhat ambiguous, so saying this is a clear breach of the code and this is unacceptable is a bit difficult.

Q137 Peter Viggers: Is the method of investigating breaches such that it is likely that there will be clearance of the procedure that was adopted? Is the investigation procedure itself sufficiently robust?

Professor Rhind: Not at the moment. We have found at times past some difficulty in getting the responses from departments, and I think if you do not get the information you require then it is somewhat difficult to be certain, especially in this highly ambiguous situation of whether something is a breach of an ambiguous code.

Q138 Peter Viggers: The Phillis Review argued that there was no need for ministers to receive 40-hours advance notice of national statistics. How realistic is it to assume that statistics can be released by departments without any interference by ministers? I just wonder what people think political advisers are for.

Professor Rhind: There are clearly some data sets where considerable care must be taken, and the market sensitive ones to which Ivan Fellegi referred I think come in a slightly different category from some others. Our preference would be to have no pre-release, but we could envisage various different models, where, for example, statistics might be embargoed for a number of hours beforehand but made available not only to ministers but perhaps also to opposition spokesman and even to newspapers. There are a variety of different options on that, and what is critical, I think, is how long they are released in advance and how they are embargoed and what the penalties are. As I say, our preference would be for no pre-release, but we recognise that that may have some difficulties for the operations of government.

Q139 Mr Newmark: I would like to go back to Professor Rhind's answer, when you were losing your train of thought.

Professor Rhind: I am sorry.

Q140 Mr Newmark: No, you said something important which I think had to do with an implication that there was some sort of misbehaviour, almost, by ministers in using information. While I appreciate there may not be a specific code of practice, there has to be some form of code of behaviour within which ministers are expected to behave when they receive certain bits of information. When we had a meeting here on 24 May, we were given some pretty good examples of the abuse of the system in which there was some softening up process. I am curious on your thoughts on that. I appreciate the point you made. You said "accidental premature release of data . . . by non-statisticians . . ." but my gut reaction—and I think this comes back to public trust in statistics—is that there is some sort of ministerial interference that goes on in manipulating figures and trying to get them out earlier, rather than what I would call the professionals within the Statistics Office. I am curious as to what your perception at least is of that perception of mind and the public's.

Professor Rhind: The important thing is to get ministers to accept that no political capital should be made out of statistics before they are in the public domain. We recognise, of course, that—

Q141 Mr Newmark: You must admit it has been going on.

Professor Rhind: I think there are many cases where there have been representations of the statistics saying one thing—and often before the statistics have come out in the public domain—and in many cases statistics have come out, we think very unfortunately, without some form of statistical commentary accompanying them. We do not believe that simply releasing statistics, perhaps with one or two technical footnotes, is enough in all of this. We believe the statisticians should accompany their statistics with some sort of statement, perhaps using their best judgment, which says that the trends in this data are such that, given the area that we know will be in the data, you cannot say that this is a complete change one way or another. Certainly we do not think statisticians should stray into policy areas, but we think they have a real need to say something about the quality of their data. A combination of that—more explicit statements and better release practices—and a code which applies not just to statisticians but to all members of departments, including ministers, should make the situation somewhat better.

Q142 Mr Newmark: Effectively, shrinking that time horizon should reduce abuse of the system perhaps. Is that what you are saying?

Professor Rhind: Certainly shrinking the time horizon would be a helpful contribution, but what we do not want to do, of course, is to make matters

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impossible for people, so that is why we have given some more thought to the sorts of mechanisms that I have enunciated a few moments ago.

Q143 Chairman: We are at the end now. Sir Derek, you have been very patient and quiet, but I just want to get your views and experience of that central issue at the beginning of the need to have a board that is independent of the provider. How strongly do you feel that, Sir Derek?

Sir Derek Wanless: I feel that when we have raised our legislation proposals we have used the best solution for the UK now. It is not the only solution, and structural solutions of that sort do not solve problems, it is about the people who are operating, but there will be tensions in the single board which will be difficult to manage and may well not address the central issue, which is the one of public trust:

because the issue that we thought of as we went through this was the issue of trust, and issues like pre-release matter enormously in terms building trust. Issues like the role that the board would have if its functions were much clearer in terms of scrutiny, it would then be very much clearer for that board to make authoritative statements to you, to other Parliamentary committees and for those committees then to deal on the basis of those statements, provided that the group had all the facilities which made it possible for it not just to rely on self-assessment, which is essentially what we have been having to do since we have existed, but rather in terms of a full audit of why things have been done the way they have been done and why they were published in the way they were published. So, we have tried to produce not the only solution but the solution best fitted to what we need now.

Chairman: Good. Thank you very much.

Witnesses: **Mr Rob Wishart**, Chief Statistician, Scottish Executive and **Professor Denise Lievesley**, Chief Executive, Information Centre for Health and Social Care, gave evidence.

Q144 Chairman: Welcome to the Sub-committee. Could you introduce yourselves formally, please?

Professor Lievesley: I am Denise Lievesley, I am the Chief Executive of the Information Centre for Health and Social Care.

Mr Wishart: I am Rob Wishart, Chief Statistician of the Scottish Executive.

care information that we collect is not the Statistics Canada but other departments in Canada. So, even within a mainly centralised system, and certainly with Canada being a federal system, there are fairly large provincial statistical offices; so there are still benefits, particularly in terms of the relationships to users and the specialisation of having a more decentralised system.

Q145 Chairman: Thank you very much for coming to assist us in our inquiry. One of the issues that concerns us, obviously, is the previous strength of the system as essentially a decentralised organisation. Can you still argue that that outweighs the potential benefits from actually centralising all statistical activity into one single office?

Professor Lievesley: I think we do need to recognise the strengths of the centralised system, the strengths in terms of the power and the confidence, the professional identity of statisticians, the ability to manage the codes of conduct appropriately. On the other hand, I think we also need to appreciate that specialised agencies such as my own, the Information Centre, can deliver greater benefits to users and can help those users to make sense of an increasingly complex world. So, in the case of my own centre, we build expertise in terms of health and social care data, we have really strong links with both the suppliers and the users of data, we are ensuring that the significant investment in the IT programme for health is going to reap information benefits; so there are strengths and weaknesses. Just as a comment, in my previous job I was Director of Statistics in the United Nations and for the last four years I have been based in Canada. Dr Fellegi was a member of my governing board and I benefited enormously from his wisdom. There is not, in fact, any such thing as a totally decentralised system or a totally centralised system, there is a continuum, and the counterparts in Canada in terms of much of the health and social

Q146 Chairman: Rob Wishart, would you like to add to that?

Mr Wishart: Yes, indeed, I fully agree there are benefits in both. I think I would distinguish between decentralised and devolved. Clearly, in our case, it is devolved arrangements. The key benefit to us is proximity to policy making, and that is a mutual benefit. I think we feel that we can do a lot in terms of the relevance of statistics, ensuring statistics are used effectively and, indeed, properly within government and it is an important means of sharing knowledge. We work a fairly integrated analytical services approach with economists and researchers, so there is a considerable amount of interface. At the same time the professional independence of statisticians remains important, but these are the benefits from our point of view. I wholly agree, there are considerable benefits of the centre and its specialist expertise. Indeed, we have a microcosm of that within the Scottish Executive where we have a central office as well as decentralised units within the departments.

Q147 Chairman: You describe one of the benefits as being close to ministers and the policy makers in the Scottish Executive, but what is the converse of that? How free are you from ministerial control or interference from the Scottish Executive? How free are you?

Mr Wishart: We are free in terms of the code of practice which safeguards the professional independence of statisticians. Clearly, there are

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decisions that are made by ministers in terms ultimately of resources, in terms of the scope of statistics, but I would say that we enjoy a considerable degree of professional independence and the full rigours of the code are respected within the Scottish Executive.

Q148 Chairman: Who should you report to under the new arrangements, do you think? The new National Statistician, or somebody else?

Professor Lievesley: I currently report to Parliament as the Chief Executive of the Information Centre, and I believe that should continue.¹ I do have a board, an independent board that has been established, which has a chair and five non-executive members who have been appointed by the NHS Appointments Commission. They have the responsibility for oversight and for scrutiny, and that board should have the rights to call upon the National Statistician or the Statistics Board to come in and to audit, to appraise our methods. I think we should be open and transparent in terms of our professional methods and they should have the freedom to do that. Indeed, I think also the Statistics Board should have the rights to determine that they wish to carry out audits of the work carried out within the Information Centre, but at the moment the procedure is that we are an independent body, and I see us as continuing to be an independent body but a very critical part of a coherent statistical system.

Q149 Chairman: So the only change that you would see in all this huge upheaval and new legislation and everything else is that you would keep your independence but the board would simply be allowed to organise your audit?

Professor Lievesley: We already have very, very close co-operation across the statistical system of a professional nature, and we have responsibility for following the codes of conduct that are established by the statistical system.

Q150 Chairman: I understand that, but what is the point of setting up an independent national statistician if you are not going to report to him or her, if you are still going to report, in this rather odd way, to Parliament? That is what I need to get at.

Professor Lievesley: One of the advantages of the decentralised system is taking responsibility for the area of statistics that we have responsibility for so we are accountable to a board that ensures oversight and scrutiny of our work relevant to users and suppliers of our statistics.

Q151 John Thurso: Can I pursue that point. You heard, I think, the evidence from the previous witnesses.

Professor Lievesley: Yes.

Q152 John Thurso: There was a preference for a two-tier system, with one tier sort of being the referee and the other tier, being the operator, as it were. Your board does both, I assume. It is both the overseer and deals with the operations. Is that correct?

Professor Lievesley: No, I have responsibility for the delivery of the information services, so it is a classic division within the Civil Service system. We are actually a special Health Authority of the National Health Service, but it is a classic division in that I have responsibility for the division, for the delivery of the information services, and I report to Parliament. My board has responsibility for ensuring the accountability of the process, the probity of the process. It has a number of committees. It has one of on information governance, it has a risk and audit committee, and so they have responsibility for ensuring that our work is of relevance to the broad community, including the Department of Health, but the broad NHS and social care communities, and ensuring that we have followed correct procedures. I see the Statistics Board as being very analogous to the Information Commissioner. The Information Commissioner currently has responsibility for a whole network of really quite complex sets of legislative procedures and good practice guidelines with respect to data protection, data access, freedom of information. We have responsibility for ensuring that we follow those procedures. At any point in time, the Information Commissioner can come in and audit us with respect to those procedures, either at the request of our board or because they have received some complaints or have some concerns; so I actually see it as being a very similar relationship in that respect. I think where there is an addition is that, as an integral part of a coherent statistical system (and we have talked about joining up statistics across the devolved bodies but it is also important that we do across the different areas of statistics), obviously we have a responsibility for working with the National Statistician to ensure that there is a coherent system, to work in co-operation, to ensure that the National Statistician is happy, is content with our priorities and our working methods.

Q153 John Thurso: Can I ask very briefly how your board is appointed. What the appointment process is?

Professor Lievesley: Yes, they are appointed by the NHS Appointments Commission, and they are not information experts, they cover a range of different areas of expertise. We have a clinician, for example, we have people from business, from commerce, we have a member from within government, and those appointments are really in order to ensure that our programme of work takes into account the user community and that we are following proper procedures.

¹ *Note from Witness:* It should be noted that I am also accountable to the Secretary of State for Health.

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Q154 John Thurso: Mr Wishart, in your written evidence you state that the Scottish administration is responsible for statistics on all matters that are not reserved in Scotland and which otherwise fall within its competence, which obviously follows the 1998 Act. As Chief Statistician of the Scottish Executive, what are the mechanisms in place to ensure that you are accountable for the decisions you take and for the work of statisticians across the Scottish administration, and, within that, could you tell us whether you report to an oversight board or anything like that in the same way?

Mr Wishart: My accountability within the Scottish Executive is ultimately to the Permanent Secretary of the Scottish Executive, and, in fact, it is through the head of analytical services. Beyond that, however, I have professional accountability to the National Statistician. The arrangements for the Statistics Commission, in terms of their scrutiny role, and, indeed, their full role, apply to Scotland as well and we have extensive arrangements to consult users and providers within and beyond government. That is obviously less formal, but those are how we come to a view on needs.

Q155 John Thurso: You heard in the previous evidence that the Commissioners expressed the view that their kind of UK role, which you have just referred to, would be very desirable to carry on with whatever the future holds. Would you concur with that?

Mr Wishart: I think we would be very keen to discuss the role of the new body in terms of Scotland. I think the Statistics Commission themselves would happily say that the amount of work that they have been able to do in Scotland has been fairly limited. I think our ministers have confirmed that they would support effective scrutiny arrangements, and I think it is a matter of deciding what those most effective scrutiny arrangements would be, but there are clearly benefits in a common arrangement across the UK. Equally, it is important that the scrutiny arrangements properly address all the issues that need to be addressed in Scotland.

Q156 John Thurso: If I can give you the background to all the questions I should be asking about devolution, it is that I spent many, many happy hours up the other end in committee stage on the Scotland Bill, as it then was, and I know that a vast amount of detail went on and went through, and there were certain areas we got wrong. Some areas we got wrong in that we did not devolve things and we have subsequently devolved them and some of the concordats and the cross border authorities. I was fascinated to discover the devolution issues in statistics, which I had been blissfully unaware of. I am just trying to understand them. That was just to let you know where I was coming from. There is no implied criticism of anybody; it is just a fact-finding mission. In that vein, can I ask you, if the

Government's proposals are adopted in their current form, what do you think the implications are for Scotland?

Mr Wishart: The implications for Scotland? I think the major implication is that we will need to review the arrangements currently set out in the national statistics framework and in the statistics concordat in relation to the position in Scotland and, indeed, the position between administrations. We clearly are discussing these issues with UK government, and those discussions will continue. At present, as you may be aware, our ministers have set out an initial position, but there is a lot of discussion still to be had.

Q157 John Thurso: I am interested you say "our ministers". How much is this a ministerial decision and how much should it really be a discussion between professionals without, if you like, dare I say, interference from policy-makers?

Mr Wishart: I think formally these are decisions that require to be taken by ministers, and from an official's point of view. I think it is important that we have a system that ministers are confident in and that they will be comfortable with and manage to adhere to. Clearly, we are advising ministers on these issues, we are in discussion with our counterparts in the UK and, indeed, in other devolved administrations. It is substantially informed by professional issues, but ultimately it is very clearly the position that these are decisions that ministers will have to take, at least in the first instance.

Q158 John Thurso: Simon Briscoe, in what has already been described this afternoon as his "colourful" evidence to us (and I think one of the questions I asked him was about the impact of devolution), made clear that the problem of the fragmentation of statistics is not the cause of devolution, but devolution has brought it into sharp focus—what existed before has become more focused—but he did seem to suggest that the statistics-gathering bodies in Scotland are now fairly uninterested in doing anything that is not the remit of the Scottish Executive and gave us the impression, to a certain extent, that your colleagues and yourself more or less do not care what happens at Westminster, that is for Westminster to worry about, which seemed to be slightly odd. Can I ask if that was an accurate reflection of your thoughts?

Mr Wishart: It seems slightly odd to me as well. No, it was not an accurate reflection. The paper that I presented to the Statistics User Forum is publicly available and I am happy to make a copy available to you, but it is on the web, in fact.

Q159 John Thurso: I have actually got some bits of that. You have made quite clear where the divergence is and you have made quite clear where the needs of ministers in Scotland have to be met, all of which is absolutely proper. I maintain that, as long as we are a UK and Scotland is not actually independent, there is also a need to fit some figures together. I give you two examples. One, which we

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have heard, is the indices of multiple deprivations, where clearly it is very useful to be able to have the same descriptive across all the nations. The other is, if anybody ever decided (and I hasten to add I am not making this suggestion, it is purely theoretical) to move away from the Barnett formula and move instead to a formula that was needs based on a much more regional basis throughout the UK, if we did not have good statistics that fit together through all the component parts, we would not be able to make good policy decisions. Do you agree that there is a perfectly good requirement for some devolved issue statistics to be collated at a national level so that people can compare and contrast properly?

Mr Wishart: Absolutely. I do not think you need to persuade statisticians that comparing sets of numbers is a good idea. That is one of the things we like to do. There is clearly a need for UK statistics and, indeed, comparable statistics across the UK in terms of not just the countries but the regions of England. We gain a lot from understanding the relationship between Scotland and different parts of the UK. So, absolutely. There are, in addition, well recognised requirements to meet international obligations and there are a whole set of issues that clearly do require statistics at UK level. So, there is absolutely no question about the need for such statistics.

Q160 John Thurso: I may have this out of context, but you have said in your paper that on topics where statistics are devolved there is little appetite amongst Scottish users to engage in UK structures and, indeed, little cause. As I said, I am trying to find out what people think. There is absolutely no criticism implied in any way. Given what you have just said and that statement, could you flesh it out so that I understand it?

Mr Wishart: Yes. Therefore, talking about education statistics, users of Scottish information have a set of needs, some of which will be the same as users in other parts of the country. Since devolution, in particular, we have done a huge amount of work to improve the range and quality of statistics for Scotland on issues like education, and that is about meeting the needs of people in Scotland and, indeed, any clearly identified needs from elsewhere in the world for that matter, but it is very much about understanding and responding to the needs of users for better statistics on Scotland.

Q161 John Thurso: I think you are making an excellent case. The sense that I am getting is that the concordat would certainly benefit from revisiting and revision in the light of nearly seven years of devolution, both for Westminster discovering what it is like to have a devolved government and for Scotland's discovering what it is like to have its own government and to actually work out what should be the appropriate deliverables that each set of users might reasonably expect.

Mr Wishart: I think there is no doubt the concordat and framework need some updating, both in the light of devolution, the experience over the last period, but also the current issues.

Q162 John Thurso: I have one last Scottish question, if I may, and it is not the West Lothian question. In the 2001 Census those of us who live in Scotland were asked quite a different set of questions about ethnicity and religion than those living in England and Wales, and under proposals for the 2011 Census, Scotland could again be putting forward different questions on ethnicity, religion, sexual orientation which will not be asked in England and Wales. What is the impact of regional variations in the census questions on the provision of comparable UK-wide statistics and do we need to actually promote more consistency?

Mr Wishart: As you may be aware, the three Registrars General have, in fact, published an accord which states the degree of co-operation and harmonisation which they are seeking on the 2011 Census. Clearly, the census, as has been earlier pointed out, is a substantial exercise and a costly exercise. It is important that it meets the full range of statistical needs that exist at UK level and within the UK. It very much then depends on particular issues. Clearly, if you ask something in the census about educational qualifications which are different in Scotland, then the degree of comparability is going to be an issue. Where there are classifications such as ethnicity, in that case we are responding very specifically to quite vociferous comments from ethnic minorities about the way in which they are classified. That may or may not be the same as the way people wish to be classified in England, or Wales, or Northern Ireland. In practice, though, as I say, it does depend on the issues. The numbers of ethnic minorities are smaller in Scotland and it may be that what we work towards is a degree of harmonisation to allow comparability. It very much depends on the issues.

Q163 John Thurso: Is funding an issue, in the sense that obviously you are funded out of the block grant. The more work you do, the more block grant you use, to a certain extent, although very broadly. Should, therefore, there be a provision at the national level, if at a national level there is a requirement, that there is a method of paying you for that extra work?

Mr Wishart: That would be good. I think it does vary again, but I do not think there have been any demands made on us by the UK Government that we have not yet been able to meet. If there was a massive increase in the statistical requirements of the UK Government, then clearly, I think, financial implications would need to be discussed, but I am not conscious of that being an issue certainly in the recent past.

Q164 Chairman: Without pressing you on the advice you may have given during this whole process, I want to be clear. What you have been saying today is that, because of the differences in

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Scotland and because your users have different requirements, you really want to see the code updated and revised, because of the passage of time and these new developments, rather than moving to a Statistics UK model that would make everything much more consistent and uniform?

Mr Wishart: No, what I was saying was that I think the code needs to be updated, as, indeed, does the framework. One of the options we are clearly actively considering is continuation of the current system whereby we are part of a UK framework and a UK code and our ministers have signed up to all those arrangements. Continuing those arrangements through the current changes in the UK Government is clearly one of the options being actively pursued.

Q165 Peter Viggers: I would like to ask about public confidence in statistics, which is very much tied up by the use and possible abuse of statistics. How much advance notice of official statistics do you give, respectively, to your ministers in the Department of Health and in Scotland?

Professor Lievesley: The first thing I would like to say is that we believe passionately in the importance of the integrity of information and to have information that is trustworthy and trusted. At the moment there is pre-release access that is provided to ministers. It depends a great deal upon the particular data that we are talking about. We have procedures in place that monitor exactly who has access and for what purpose and we keep under review that process. It is certainly longer than the couple of days that has been described to date. I am very pleased to say that, in my experience in my first 10 months or so in the job, we have not had a major set of problems in this respect. There has been one pre-release, one inappropriate release of data, and I immediately put information on the public record in relation to that, but in general I think that we have built up a system where we manage the release of statistics and we also manage a statistical analysis, interpretation of those data,

which is a balanced interpretation, that goes out as a press-release with those data. Those are managed within the Information Centre, so the Information Centre is ring-fenced in respect of that.

Q166 Peter Viggers: And in Scotland?

Mr Wishart: We work fairly closely to the guidelines set out in the code of practice, which is five days in normal circumstances and 40.5 hours for market sensitive statistics.

Professor Lievesley: We also follow the code of practice. We do not have any market sensitive data.

Q167 Peter Viggers: Let us not be squeamish about this. I am not trying to make a cheap party political point at all. I am speaking as a former minister. Selective use of statistics is endemic in the system, is it not, as it stands at the moment?

Professor Lievesley: Selective use of statistics will always be endemic in the system. The point is that we are putting data out into the public arena for people to use in a variety of different ways, and I may not agree necessarily with the use of data made by a whole variety of different people, depending upon their perspectives. The point is that we actually have procedures in terms of managing the integrity of what goes out, so ensuring that the statistics go out in a transparent and appropriate way and that they go out with our commentary on those data, a balanced commentary on those data, not a political commentary on those data, and so it is that that we are managing. Of course there will be subsequent selective use of the statistics, but what we are trying to ensure is that, when the data go out, they go out at the same time to everybody with a balanced interpretation. We follow the code of conduct. Were the decision to be made that there was more restricted access, then we would follow that and, indeed, our board has discussed the fact that we will have a very robust reaction to any leaks that take place.

Chairman: We have to draw a line there. Thank you both very much for coming to help us this afternoon.

Witnesses: Ms Karen Dunnell, National Statistician, Mr Dennis Roberts, Director, Registration and Corporate Services, and Mr Mike Hughes, Director, National Statistics and Planning, Office for National Statistics, gave evidence.

Q168 Chairman: Can I welcome you back to the Sub-Committee. Could you introduce yourself and your team formally, please?

Ms Dunnell: Karen Dunnell, the National Statistician, and this is my colleague Dennis Roberts, who is the Executive Director of ONS responsible for corporate services and registration service, and Mike Hughes, who is the Executive Director responsible for national statistics policy.

Q169 Chairman: Thank you very much for coming today and for being so patient this afternoon. You are right at the centre of this. When did you first hear that the Chancellor was going to make National Statistics independent?

Ms Dunnell: There have been many discussions about the independence of statistics. Indeed, the framework document in 2000 was the beginning of that, and, of course, the review of the arrangements was due in 2005, which was the year I was appointed, and when I was appointed I was told that something was going to happen on independence, so it did not come as a complete surprise at all.

Q170 Chairman: That was in the summer; so you had a few months to get your head round what might happen?

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Ms Dunnell: Yes.

Q171 Chairman: You have been involved since that point, presumably, in helping the Government draft its proposal?

Ms Dunnell: Absolutely. We work very much as a team. Two of my Executive Directors have been on the steering committee, Mike and another colleague, and Dennis has run all the work that we have done internally, so it has been very much a joint effort.

Q172 Chairman: Have you reached any early conclusions as to how much needs to be done to provide for a transition to the new arrangements? Have you done work on that?

Ms Dunnell: I will hand over to Dennis in a minute, because he is looking after that, but, yes, work is in train through this consultation period.

Mr Roberts: This is one of the issues which we ourselves have given thought to, and also we have had guidance from the non-executive members of the ONS Board, many of whom have lived through similar transitional circumstances. It is important, I think, as Professor Rhind said earlier, that as we reach the actual date for the changeover things are in good order so that the new governing board can get off to a flying start. This applies to some of the aspects which are particularly new, such as the assessment function for statistics as set out in the consultation document. We, are already giving some thought as to how we might start to pilot some of the procedures during the time until the arrangements come into effect so that we will be able to advise the governing board at an early stage on how they should introduce the new arrangements, and we are giving similar thoughts to the other new aspects which are set out there.

Q173 Mr Todd: Your figures for 2005 show that only 17% of the public believe that official figures are produced without political influence, only 14% believe that the Government use figures honestly. Does that matter?

Ms Dunnell: We believe it does, yes, because we spend our whole life producing these things. They are extensively used by both government and local government and various groups out there, and, therefore, it is very important that they are trusted; so one of our key goals is to do something about that.

Q174 Mr Todd: Is it a new problem?

Ms Dunnell: No, I do not think it is a new problem.

Q175 Mr Todd: You remember Disraeli's quotation?

Ms Dunnell: We do, and unfortunately, of course, that is one of the things we have to live with in our society, that any time anybody ever questions statistics that quotation, which I will not repeat, is quoted again, and so I think that is how the public and the media see it.

Q176 Mr Todd: The symbiotic relationship between statisticians and politicians is hardly a new topic?

Ms Dunnell: No.

Q177 Mr Todd: Would you welcome having a policing role with the ability to highlight abuses of statistics by politicians and others, since politicians are not alone in this thought?

Ms Dunnell: Yes, I do welcome it. In fact, we have it at the moment because we have a code of practice and, if we have a breach of the code, we investigate it. Mike, would you like to say a bit more about that process?

Mr Hughes: I am afraid to say I have to disagree with David Rhind, with whom I normally have a fantastic working relationship, because we have an agreement with them where, whenever there is a perceived breach, his staff talk to mine and that is investigated thoroughly and we report back to them. In fact the number of those breaches is very small. I think the major part of the problem here is that in almost all cases they relate to statistics that come from administrative sources, and ministers in departments need that information as part of the normal on-going management of their processes. It is very difficult, and it is one of the major lacunas of the original code of practice that we did not deal effectively with administrative data. We have actually got some work ongoing at the moment. We were planning before we knew about the legislation to produce a protocol on this to see if we could find a way of managing it. Many of these perceived breaches are ministers actually rehearsing information they get as part of their administration of departments rather than through the statistical lines. In reality, and in terms of statistics that come from surveys and inquiries, the incidence of breaches is very, very small.

Q178 Mr Todd: You probably heard David Rhind being very politely dismissive of the code of practice, I thought. Do you share that view?

Ms Dunnell: No, I think that one of the major developments that has happened in the last five years since we had the existing framework document is the development and publication of a very comprehensive code of practice. That is not to say that I think it does not need constant review, and one of the things we were going to do anyway was to look at it, make sure it does not have any gaps in it and, also, I believe it can be made much easier to understand, because he did refer to some ambiguity in it, and I think we can deal with that by better drafting.

Q179 Mr Todd: Should it be statutory?

Ms Dunnell: The idea that there is a code which is statutory, yes, I think so, but I do not think we want the detail of the code to be statutory because I think it needs to evolve with changing times.

Q180 Mr Todd: What proportion of official statistics is classified as national statistics? Bearing in mind your comment about administrative data, it must be petty difficult to work out.

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Ms Dunnell: Yes. About four in five of all GSS statistics at the moment are national statistics. If you take away the ONS ones, then it is slightly less. Of those statistics produced by other government departments, about one fifth are not national statistics.

Q181 Mr Todd: You have previously told the Sub-Committee that legislation on access to administrative data, indeed you have just referred to it earlier, would be enormously helpful. That is not encompassed in these proposals. Should it be?
Mr Hughes: The document does allude to the possibility of this being considered, and this was something which we placed a lot of emphasis on in our discussions with Treasury colleagues, and so I think ministers will want to consider that very carefully in the light of all the evidence and contribution which your Committee makes. It is something which we are, for obvious reasons, very keen to see happen. This is a unique opportunity, with this particular piece of legislation, to perhaps get something done on this.

Q182 Mr Todd: This is a once in a generation opportunity to tackle issues relating to access to public data and statistics?

Mr Hughes: Yes.

Q183 Mr Todd: Surely it should address something more than obsessions with whether ministers are saying things out of turn or not, should it not?

Mr Hughes: Yes, we believe that the opportunity for statistical legislation, as you say, is not going to happen very often. We are very grateful for this opportunity and we are working as hard as we can to get this particular part of it in there.

Q184 Mr Todd: This is an opportunity to examine a much more liberal regime over public centre data and statistics and making those more freely available to the public and third parties to use as they think fit?

Ms Dunnell: I think one has to be very careful with this. Obviously, we want all the statistical information that the public and business, and so on, provide and to be as available as possible, but one of our other roles, of course, is to protect the confidentiality of the data, and so I think this has to be done in quite a controlled way under very specific arrangements.

Q185 Mr Todd: Bearing in mind a lot of data collection relies on the co-operation of the public in the first place.

Ms Dunnell: Yes.

Q186 Mr Todd: In some cases they would not mind having their data back, rather than being charged for it or placed in some exclusive framework which makes it less easy for them to get to it?

Ms Dunnell: No, I think that is right. In fact, one of the things that we have tried to do in the last five years is make all the statistical data that is available across the system easily available, so all of our

developments on the website, for example, I think, are very important. The whole development of neighbourhood statistics has put a huge amount of both local and national statistical information onto an easy to access website, and, of course, we have stopped charging anybody for access to data; so I think those are part of our very fundamental principles.

Q187 Peter Viggers: You were present, I think, when we heard Dr Fellegi say that the present proposals were really tinkering?

Ms Dunnell: Yes.

Q188 Peter Viggers: A number of witnesses have argued with us that ministers should not receive access to national statistics before they are published. Do you think the Statistic Office can ever really be regarded by the public as independent if government ministers continue to enjoy pre-release access to statistics?

Ms Dunnell: It is a very good question and it is something, of course, that we have spent a lot of time thinking about, but it is also a practice which, I think our Scottish colleague explained, is very deeply embedded in our system, and what the document is looking for and what we are proposing is a constraining of the pre-release access, because I think that would be much more acceptable.

Q189 Peter Viggers: Would you perhaps elaborate on how it would be constraining?

Ms Dunnell: Mike, would you like to do that?

Mr Hughes: I think it could be done, as the consultation document says, probably in three particular areas. Picking up what Ivan Fellegi said earlier, there is a whole raft of series where you could argue there is no justification for having pre-release access. The second area is cutting back enormously the number of people who actually get it. Thirdly, reducing the time, and I think associated with those measures is a much more coherent and consistent approach to this across government. I have great sympathy with David Rhind's remarks about the code at the moment, because the code is an articulation of good practice rather than saying, "You should be doing this or that." So it is left to individual departments to decide how they choose to interpret it. So, a much more coherent and consistent approach to this, an approach that is regulated through the assessment and audit process; these are all the sorts of things that we believe could fall within the ambit of the reductions that Karen has talked about.

Q190 Peter Viggers: Will there ever be true objectivity and the respect that follows that if the statisticians share the same offices with the policy advisers?

Mr Hughes: I have been in ONS for three years at the end of my career, but I have spent my whole lifetime as a government statistician in departments, and I was the head of profession for the DETR and then, latterly, transport. Where the statisticians bring real added value is in the

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discussion of the policy issues to make sure that those policy issues are founded on evidence-based policy and making sure the information is right. I feel that is one of the great strengths of the British system. The ability for the statistician and the head of profession in each department to have some kind of protection through a statutory code is a perfectly acceptable way of working, and I think if you actually take the statisticians out of that environment, they are going to be far less valuable and far less effective than they are now. That is a personal opinion, but I know it is one that many of my heads of profession colleagues share.

Q191 Peter Viggers: We have heard from a number of witnesses who have expressed concern at the extent of the fragmentation of the 2001 Census and the impact it has had on the provision of comparable UK-wide statistics. In what ways does the concordat on statistics need to be strengthened in order to limit the extent of fragmentation?

Ms Dunnell: One of the reasons why we have now established, as Rob Wishart said, a new concordat between the three Registrars General for the 2011 census is exactly because of some of the fragmentation that did happen in 2001, and, in fact, this was something that I led with the Scottish Registrar General in my previous job when I had more direct responsibility for the census. The whole point of what we are trying to achieve there is to have a UK set of outputs, which we did not have last time. It was very difficult. We had to construct, after the event, a UK data set. So, the whole idea is to have a consistent set of UK outputs which will be disaggregated by the four devolved administrations, but what that does not mean necessarily is that all the methods and questionnaires have to be exactly the same. As Rob says, we have to be sensitive to the different requirements in different countries, but the whole point of the way we are now running the census through a UK Census committee is to ensure that at the end of the day, however the differences along the way are, we can still meet that remit of having UK outputs as consistent as possible, and I think that will be a major development for some time.

Q192 Peter Viggers: The Royal Statistical Society has suggested that the Government's proposals to fund the census through the usual spending review are not acceptable. Do you think that the Government's proposals on the Census will enable the Statistics Office to deliver effective long-term planning for this very important census?

Ms Dunnell: What I do know, I think as a previous witness has said, is that the Census has to be dealt with separately, because what we are hoping to get is a sum of money and a rather longer term commitment to that sum of money, and that does not fit the Census model. What we are very much working towards in the Spending Review process is acceptance by government (and this has already begun, of course) of the longer term costs, because we are estimating costs right up to 2013 now and what we need to get is an assurance that that project

census will be funded. Whatever way it happens, I do not think it really matters. What we need to know is that we are going to get that money. Of course, the census is very much something for the whole of government, and I think that that is recognised.

Q193 Peter Viggers: There has been quite a lot of concern expressed about the Government's proposals not being sufficiently definitive of the independent governing board, and the possible problems with the board assuming executive functions in the delivery of statistics. What role would you wish to see the independent governing board perform in relation to the running of the Statistics Office?

Ms Dunnell: I think that setting up a new governing board is a major opportunity actually to really increase the importance of statistics and the statistical profession across the UK. I think the board's main role will be to have a lot of strategic debate about what statistics are for in the UK, who they are for, whether or not they are covering the right areas, whether they are meeting our international and other requirements. I think they will need to ask questions about the way that they are funded, whether they are funded adequately, et cetera, et cetera (so a very strategic point of view), and I think that that will be a great addition to statistics.

Q194 Peter Viggers: Will you be sharing facilities in terms of overlap of staff? Will you be providing the board with secretarial back up? Will they have their own facilities in this regard?

Mr Roberts: I think that is one of the issues we have identified we need to work through. There are, as you indicate, two models there. One is for the board to share the same sort of secretariat as the chief executive, and that is practised in some organisations. In other organisations, such as the BBC, they have taken exactly the opposite approach and decided that the governing board should be very distinct from the chief executive. We need to work through those different models to see what is most appropriate in these circumstances, and that work has not been done yet. It has been identified as something which we need to do over the next few months and something that we will be working on.

Q195 Peter Viggers: How far down the road are you on identifying the kind of people you would expect to see on the independent board?

Mr Roberts: I think that is the same. What we have identified is that we need, as the chair of the board, someone who will be able to speak in public, to be a public representative and just a spokesperson for the importance of statistics, not for the statistics themselves—that is the role of the chief executive—but someone who will stand up for statistics, and that will be quite a large role. So, one is looking for a significant public figure for dealing with that. Beyond that we are looking for people who will produce a rounded board, bringing together

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different expertise from across the whole range of users and providers and those with an interest in statistics across the UK.

Q196 Peter Viggers: Its answerability to Parliament. I am interested in this in terms of the answerability of the Electoral Commission to Parliament through the Speakers Committee of which I am a member. What thought has been given to that?

Mr Roberts: The consultation document has, quite rightly, said that this is a matter for Parliament itself to say what that accountability should be. It suggests that it might report, as the ONS currently reports, through the Treasury Select Committee as one option. I think there is another option that one might have a separate statistics committee devoted entirely to this, but I think this is a matter for Parliament and, as the proposals develop, we would hope you would provide some guidance on that.

Q197 John Thurso: John Pullinger, in his evidence to us, made the interesting suggestion that each of the nations should have their own national statistician to reflect the reality of devolution. There would, therefore, be a national statistician for Wales, for Scotland and Northern Ireland. What title do you feel that you should have if that were to come to pass?

Ms Dunnell: I hope it does not come to pass. Personally I would rather stick with the title that I have got now, because I think that "chief statistician" is something that has been used across other government departments and in devolved administrations and will be quite puzzling to people, but that is something, obviously, that we have got to think more about and discuss with colleagues.

Q198 John Thurso: If each of the devolved nations appointed their own national statistician, not to increase their work in any way but to simply reflect the importance and the reality of devolution, and you continued in your existing role, how would you best describe your own role if you were given ultimate professional responsibility for all UK official statistics?

Ms Dunnell: I think, in a sense, the devolved administrations, of course, have got a leader anyway, and Rob is one of them, and the other the administrations have them and they work very, very closely with all the other heads of professions in all the other government departments as part of the sort of governing body, if you like, of the Government's statistical service, and that is a group which I chair, which meets very regularly. Basically, that works through all having a common agreement about what we are aiming for in terms of serving customers, serving governments, serving international organisations, and, of course, they all subscribe to the code of practice. So, that is something that we talk about all the time. They are also very, very concerned at the moment with the development of the profession as a whole, which,

as you know, is a big part of a cross government drive to improve professional skills in all ways. The GSS and the devolved administrations are very much part of all that in a very joined up way, and we have many other examples, which have developed greatly actually over the last five years, of working together to produce coherent statistics. For example, when we did the neighbourhood statistics project, we set up a formal four nations group to make sure that small area statistics were delivered in a similar way right across the UK. The Census example we have already talked about. We have just, for example, produced a book of UK health statistics, and earlier in the year I announced the setting up of a new National Statistics Demography Centre, which is bringing together all the work across government on population estimates, projections and demography more generally. So, what we are trying to do is gradually take on more and more parts of the system and have a much more UK approach to them.

Q199 Chairman: Can I clarify one point in the document. The Government envisages your office as a non-ministerial department, and it gives examples of others, like Ofsted, OFT or Ofgem. Each of those, of course, has a relationship with the Minister. The minister makes the appointment, can issue directions and so on, and I am assuming from the document, are you, that this non-ministerial department will still come under the ambit of the Treasury?

Mr Roberts: It is assumed we will need a minister responsible for statistics legislation to oversee the working relationship.

Q200 Chairman: The board appointments will be made by the minister?

Mr Roberts: Indeed. At the top level there is always a need for a minister to deal with Parliament about the legislation under which any organisation works. What is then intended, for the non-ministerial department in the consultation document, is that ministers would appoint the chair of the governing board and the chief executive, ie the chief statistician or the national statistician. The minister would appoint those two persons.

Q201 Chairman: But the perception will still be, therefore, that you are reporting, or accountable, or funded by the Treasury. I am asking Karen Dunnell this question. Why should you not, as others have argued, be accountable now to a more independent body like the Cabinet Office, for example? Is there not an issue that you are going to be accountable to the very body that funds you?

Ms Dunnell: I think, at the end of the day, we have to accept that national statistics, in whatever form and certainly in the form that is proposed in the consultation document, will have to be funded, and eventually, of course, funded by the Treasury. We do not want to get into a situation where we are asked to kind of recoup the cost of the system. So, at the end of the day, that is where the money comes from. I think there have been discussions

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about whether the Cabinet Office is more appropriate. I myself do not think it matters particularly. What really matters is the setting up of this board and making that a really effective independent body, because I think that we will in a sense, as the office and the statistical system, be seen to be reporting to that board and, through that board, to yourselves in Parliament, and I think that is what we have to get to happen. Eventually, of course, the money is going to come from the Treasury.

Q202 Chairman: You see the point I am making. The criticism, presumably, will be what is the difference between the present system? The ONS appointed and funded by the Treasury; the new board appointed and funded by the Treasury?

Ms Dunnell: Yes, except that the board will be appointed in the usual publicly acceptable way and it will have quite a wide range, I expect, of non-executive members on it, and I know from discussions that this is the Chancellor's opportunity that he has taken now to make a big step towards independence, and I am sure that he will find the people, chose the people in the right way, but it is up to all of us, either on the board or in the statistical system, to emphasise all the time the independence of what we do.

Q203 Chairman: Thank you very much.

Ms Dunnell: Thank you.

Chairman: We will pursue that with the Minister next week. Thank you for your attendance today.

Wednesday 14 June 2006

Members present:

Mr Michael Fallon, in the Chair

Mr Colin Breed
Mr David Gauke
Ms Sally Keeble
Mr Andrew Love
Kerry McCarthy

Mr John McFall
Mr Brooks Newmark
John Thurso
Mr Mark Todd
Peter Viggers

Witness: **Lord Moser KCB**, a Member of the House of Lords, gave evidence.

Q204 Chairman: Lord Moser, can I welcome you to the Sub-Committee this afternoon, and thank you very much for assisting with our inquiry. I believe that you may wish to make a short opening statement to us—or not?

Lord Moser: I do not think it is necessary.

Q205 Chairman: Perhaps I could begin then. You were quoted in the press—but you may have been misrepresented—as describing the Government’s proposals as “deeply flawed”. What would you identify as the chief flaw?

Lord Moser: I do not remember saying that, but you must presumably be referring to a quote. I approve of the Government’s proposals, of the Chancellor’s proposals, in principle. I think that the details in the consultation paper need quite a lot of work on them. I cannot remember saying that they are deeply flawed, but you never know.

Q206 Chairman: What are the areas you think do need more work?

Lord Moser: The main issues which certainly need more work are the obvious ones, which I think almost every witness who has come before you has talked about—so you must be a bit bored. Number one, that the independence—which I do approve of—must in some way or other apply to the entire system of statistics. This is the key area. It is also the area on which I will focus in the Lords tomorrow. This is not something that can just be confined to ONS. In fact, in my view ONS is the best part of the system. It least needs any kind of reform. I also have always taken the view, ever since I was in charge and even before, that it is a single system. That is my greatest concern, therefore. The next greatest concern, which links with that, is that the proposed board, which I do approve of, must be non-executive—not executive. Then there are other issues. Those, I think, would be my two main problems. Along the line there is the issue of pre-release, which again everybody has talked to you about and I will certainly focus on in whatever else I say.

Chairman: I am sure my colleagues will have questions on all those.

Q207 Peter Viggers: When I heard an announcement, which I heard simplistically as that the control of statistics would be made independent, I was pleased and really quite excited.

However, there are two areas of distinction, are there not? That is, between departmental statistics, which as I understand it will, in the present proposals, remain within the departments themselves, and another distinction, which is that between statistics that are National Statistics and statistics that are not National Statistics. I fail to understand how such a system could be effective. I do not know if you are able to help me understand this.

Lord Moser: Thank you for that question. Can I take them in the reverse order? The issue of national statistics did not exist in my day, when I was the head of the whole thing. That was introduced, if I remember correctly, in the last major reforms—the framework reforms. The idea was that you had one group of statistics, the so-called national statistics, which are subject to serious quality control from the centre, even if they come out of departments. Then you have another group of statistics which are, so to speak, departmental statistics. At the moment, the minister of a department—say, Education—decides which are to be departmental and which are to be national. The view I take—which again I will refer to in passing in the Lords tomorrow—is very straightforward. If this system remains, which is what is proposed in the Treasury document, if we retain a system of National Statistics versus departmental statistics, then it is crucial in my view that the decision as to which is which rests not with the minister, as now, but with a board—the new board. In my view, however, that system should be abolished anyhow. I see no merit whatever in the distinction between national and departmental statistics. I see only demerit, because it gives the minister the chance of saying, “This is the group which is entirely under me”. With waiting lists at the moment, some waiting list statistics are departmental; some are national. This increases public distrust. So I would abolish the distinction. That is on your second question. The first question is really the one that is at the centre of my concerns. I have always taken the view—which is the view of every head statistician throughout the world—that government statistics, which should simply be called “official statistics” not “national statistics”, are a single entity. They are all linked together, not only within the national accounts but also to each other. Therefore, they must organisationally be treated as a single entity—which is why almost

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every other country has them all in one department. In my day, we discussed endlessly whether we should go to a single department. I discussed it with the three Prime Ministers I served. We always ended up by saying, “No, let us keep to our decentralised system, because it ensures the relevance of statistics to policies”. However, it must be run and led as a single system from the centre—and that means the National Statistician, as she is now called, and the board. It must be treated as a single system.

Q208 Peter Viggers: You have expressed a concern about lack of confidence in statistics, even distrust in some circles. If the proposals as currently put forward were to be implemented, what do you think they would do in terms of confidence in statistics?

Lord Moser: The whole trust issue, as the Committee of course knows only too well, is a very complex issue. One part of it is that figures go wrong—like the 1988, I think it was, national accounts which underestimated growth, and the Chancellor of the time blamed policy decisions on that mistake. So occasionally mistakes will be made. Quite often they are actually revisions, which are inevitable. That does not help trust. In my view, however, it is a very minor aspect of the trust problem. The real trust problem is the way the statistics are used, above all by ministers, and the fact that ministers are able to get at the figures so far ahead of time—which was not allowed in my day. It is the fact that they can spin what they put alongside the figures—done more for comment—and all that kind of thing. The public do not so much distrust figures: they distrust the people who use the figures and the institutions, and all of that. Also, this is the only country in which there is a major trust problem. I have discussed this endlessly with other official statisticians. It does not exist in Canada, Australia or Sweden. It is a feature of the fact that our public distrust politicians, distrust authority, and do not like figures. We have a national problem.

Q209 Mr Newmark: Perhaps I could comment on that. I think that part of the problem, as you have identified, is lack of a joined-up single system, a lack of independence, and probably the fact that politicians are delivering the message, not an independent body. Those are the issues that you have identified. What powers should the National Statistician and the independent board have over the statistical system, and how should these powers be divided between the two?

Lord Moser: This is genuinely difficult. Perhaps I may answer in terms of how it was done in my day, because I think it was done reasonably well—not because of me, but also my successors. Number one, clearly the National Statistician, as I will continue to call her and as she should be called—she should not be called Chief Statistician, that is a mistake—obviously has direct executive control over the Office for National Statistics. I do not think that is the problem. The problem is what

authority or power does she have over, let us say, the Department of Health statistics. It is a very difficult issue. The way it was done in the old days—and I think it is still meant to be done—is, number one, the National Statistician is the head of profession. So she appoints or helps to appoint the key statisticians in the Department of Health, in consultation with the minister, *et cetera*. She is a reporting line for the statisticians in each department. That is the first thing, and it is very important. Secondly, ultimately the buck stops with her—as it did with me. If there is a major problem, say with waiting list statistics, she tries to influence—I tried to influence my person in that ministry, my statistician, to do things differently. Quite often one succeeds, because maybe there is a better way and he has to persuade his minister that there is a better way. If I do not succeed with him, I have a go at the permanent secretary and say, “Look, the way the waiting lists are collected or analysed is misleading. We need to have a change”. Sometimes that works. Sometimes there is a committee which deals with all social statistics with lots of departments, and I try there. If the worst comes to the worst and I did not succeed through influence—it is not power, it is influence—through the statistical networks, then I went to my boss. This is important. My boss was the Prime Minister. It is crucial that the board, or whatever ministers are still involved in the whole business—I do not believe that there will be no ministers involved, because it does not work—ultimately, if there is a real problem, they are the end of the solution line, and then usually it did get solved. In terms of legislation, therefore, the challenge that you must be grappling with is, if the legislation is to cover the entire system—which I regard as absolutely essential—a way has to be found of defining, first, the powers of the National Statistician and, secondly, the powers of the board in relation to the departments, obviously in consultation with the minister involved and the permanent secretary. It is not easy but it can be done.

Q210 Mr Newmark: Do you favour the establishment of a non-executive board with oversight only? Is that what you are saying, or would you retain control through an external audit body, such as the Statistics Commission? I am curious as to what powers you would give this board.

Lord Moser: The powers derived from legislation.

Q211 Mr Newmark: But the powers that they have—should they be one of oversight?

Lord Moser: If one needs one word, it is scrutiny; it is advising the public, advising Parliament.

Q212 Mr Newmark: So it is an external audit body effectively? It has more of an audit function. That is really what you are saying.

Lord Moser: It is not a body that can decide on how to collect particular figures. It is not an executive body. That must be the National Statistician. I do not believe in committees running

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organisations anyhow. It will by definition be powerful, because of its composition, chairmanship, and so on, but also because it is backed by statute.

Q213 Mr Newmark: Do you think that ministers should play any role at all in appointing board members?

Lord Moser: If it was left to me, I would have the Prime Minister being given that responsibility.

Q214 Mr Newmark: You do not think that it should be an independent board of people, some sort of independent committee, that appoints this?

Lord Moser: Let me make myself clear. Of course the board is, above all, not only non-executive but totally independent. However, the board has to be brought about. The document proposes that the Treasury, the Chancellor, appoints the board members. I do not have strong views about that.

Q215 Mr Newmark: You do not think that it should be an independent panel deciding, though, i.e. removing it one step from the Chancellor or Prime Minister in deciding who should actually be on that board? An appointments committee—call it what you will.

Lord Moser: I do not feel strongly about that. I would totally trust the Chancellor or the Prime Minister in appointing the members of the board. It has to be very high-powered. I think the structure that is proposed makes a lot of sense.

Q216 Peter Viggers: When I came fresh to this subject, I did not realise that there was a difference between National Statistics and other statistics, and that quarterly waiting lists in the National Health Service are National Statistics and monthly waiting lists are not national statistics. Should there be one standard for official statistics? Should there be a code to which they must comply, which would make them all official National Statistics?

Lord Moser: As I say, if it was left to me I would abolish the concept of national statistics. I would replace it by what we have always had and what every other country has: official statistics—call them what you like. The great mistake is to have a category of statistics which are left totally to the ministers' hands. It is a formula for lack of trust, because anybody who looks into it can see that the minister has decided that those particular things do not go anywhere near ONS; they are totally for him or her to decide on. That, to me, is a very basic flaw. However, I missed the first part of your question.

Q217 Peter Viggers: It was merely a preliminary comment, that I had not realised the difference between national and other statistics. I think that you have answered the question, Lord Moser.

Lord Moser: The problem is that nobody out there knows the distinction. What they do know is that there are a lot of statistics in the departments which the minister has total control over. To answer an earlier question, to my mind the Chancellor's

initiative is totally welcome. The concept of independence is totally welcome. It has to be coupled with some subtle way that it covers the entire system. As soon as you do that, you make real progress; but it does not solve the trust problem totally. For example, pre-release issues have to be solved.

Q218 Mr Newmark: You keep referring to the lack of trust in using statistics and you keep using the health service as an example, on waiting lists. Does it not come down to a problem of definition and clarification: that one person's definition of a waiting list itself is different than might be used elsewhere? It is this consistency that you want throughout the whole system: that if we use the phrase "waiting list", it means the same thing to the person who runs the department as well as the Chief Statistician.

Lord Moser: I do not think that the lack of trust problem is as subtle as that. The lack of trust problem is the public conception that politicians, ministers, and others play around with these figures to suit their policies.

Q219 Mr Newmark: So you feel that you can actually manipulate figures without necessarily manipulating definitions?

Lord Moser: I would not use that word, sir. I would never use the word "manipulate". I could quote you a lot of examples from my own personal experience where ministers, far short of manipulating or wanting to manipulate, put what would nowadays be called a slight spin. It is not easy to interpret figures, and it should really be left to the statisticians. In my 10 years there were two occasions when I actually resigned my post because ministers did try to manipulate figures. I am not going to say which they were if I am asked, but there were two. It happens occasionally, but I do not think that it happens nowadays because there is too much attention in the press.

Q220 Mr Todd: The consultation document leaves slightly unclear whether the Treasury will continue to have the overall responsibility for the Office for National Statistics. Do you have a view as to whether the Treasury is the correct location or whether another location in government is sensible?

Lord Moser: That is a very key point. Point one, it is not conceivable that the system is totally, so to speak, remote from Whitehall or from ministers. At the very least, a minister has to answer in Parliament. So there has to be the minister in the background. In the old days—and I do not say in the good old days, because lots of things are much better now than they were then—the reporting line was through the Cabinet Office to the Prime Minister. This is a very real link. I served three Prime Ministers. I would see the Prime Minister quite regularly and he would take serious interest. That obviously was a great strength, especially vis-à-vis other departments. So it was much less difficult to influence other ministries when it was known that behind me was the Prime Minister.

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Those are the days gone by, however. The only problem with the Treasury as the home, and continuing home of ONS and so on, is nothing subtle or mysterious; it is simply that there is a conflict of interest. The Treasury has an overriding interest in economic statistics—in all the economic statistics. Many of the most important statistics relating to our society relate to things like education, health and all the other social areas which are not the direct interest of the Treasury. So I would still prefer some route which links the operation more closely to the Cabinet Office than to the Treasury. Whatever is done on that, however, the important thing is that the code, which was referred to earlier, has to be very powerful; the board has to be very powerful, because what the public sees is the behaviour of the board and what is in the code, and it is that which leads to trust.

Q221 Mr Todd: You gave us a brief historical reflection without attributing the events to particular individuals. From that, I take it that there were occasions when you served in government when you felt that statistics were not properly used by ministers. Does that suggest—together with the remarks of Disraeli—that to some extent this subject is nothing new, and we may be getting a little over-exercised about some aspects of this, without taking a proper historical reflection?

Lord Moser: I have heard the Disraeli remark so often in my very long life! The point about statistics is that it is a subject that many people are frightened of and most people are uncomfortable with, but it is a very professional subject. I was a professor of statistics, and we statisticians live by integrity. Otherwise, we do not exist. The problem is to ensure that that integrity comes through transparently to the general public. There the problem is that sometimes the interest of the actual figures and the interest of the ministers using them are not the same. I will quote to you—because it was not in my day but before my time—a Chancellor of the day who wrote to my predecessor, Sir Harry Campion, on a paper which gave the latest balance of payments figures. The Chancellor wrote at the top—and this minute exists, by the way—“Director, these figures are not compatible with my policies. Please recalculate!” Obviously they were not recalculated and the Chancellor of the day had the reply he deserved. But of course there is a temptation. Politicians do a different job from the statisticians. The whole strength of the Chancellor’s initiative seems to me to be to find ways of increasing the distance between the statisticians and the politicians.

Q222 Mr Todd: So you accept that this perfection of seeking accuracy and objectivity has to be viewed through a prism of, to some extent, presentation and occasional misuse, and that a bit of this lack of trust is an inevitable part of governance. To conclude, you presumably would

therefore not be very sympathetic, based on what you have said, to the idea of giving Opposition spokespeople equivalent access to a minister; because that, from what you have said, may even make matters worse rather than better.

Lord Moser: As long as my answer is linked to my previous answer—and I have not really talked about this—I will certainly propose, and I will say this tomorrow in the Lords, that pre-release should basically be abolished. Given that, I think the same applies to the Opposition. I see no justification—and there is no other country that has our system—for giving ministers or anybody the kind of pre-release we have at the moment, which is over a day. I think perhaps something over one hour, so that the minister can be prepared to answer questions about the figures; but that would be the maximum in my view—one hour pre-sight of any figures.

Q223 Mr Todd: With presumably some exception on market-sensitive data perhaps?

Lord Moser: Personally, I would leave it to the new board to decide whether there should be any exceptions. My own view would be to start from no exceptions.

Q224 John Thurso: Lord Moser, various witnesses have drawn to our attention the fragmented nature of statistics across the United Kingdom as between the different home nations. One said that it was not so much a consequence of devolution but that devolution had brought this into focus. How important do you believe it is that at the UK level there should be a set of compatible statistics?

Lord Moser: I think that it is absolutely vital. I do not know how to bring it about. Certainly in my day and for many years it was not an issue. I am not sufficiently clear about the legal position to say how this could be dealt with in the proposed legislation, which is what it is all about at the moment. I was head of the United Nations Statistics Division; I was head of European things, and so on. We must have UK statistics. The National Statistician and her staff will always try to ensure compatibility with their friends and colleagues in Edinburgh, *et cetera*. Should I have said Glasgow? No, I think that I should have said Edinburgh.

Q225 John Thurso: You were right with Edinburgh!

Lord Moser: Apart from that obvious professional behaviour of sticking together, I do not know how it can be done; but we must end up by having UK statistics.

Q226 Chairman: We have to leave it there now, Lord Moser. Thank you very much indeed for attending this afternoon and helping us.

Lord Moser: May I raise one other issue for two minutes?

Q227 Chairman: Of course.

Lord Moser: I am quite concerned how Parliament is intended to deal with this whole thing as a final authority. Although it is rather an offensive line on

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which to end, there is much more in the system than economic statistics. If the Select Committees that deal with this are not the purely economic committees in the Commons and the Lords, I think that would not fit the rest of what we should have in mind. Some thought has to be given on how Parliament actually deals with the wide range of statistics, not just economic statistics.

Q228 Chairman: Thank you for that. We certainly will address that when we come to report. At present, the Treasury Committee is responsible because ONS is a Treasury body.

Lord Moser: I understand that.

Q229 Chairman: So we do not just have oversight over economic statistics; we look at the ONS and the Statistics Commission as a whole. However, it is certainly an aspect we will need to consider in our report.

Lord Moser: The issue is, when there are important social policy issues which other committees deal with, some way has to be found. I hope also that some way will be found for the Lords to be involved in this whole process.

Chairman: Certainly. Lord Moser, thank you very much.

Witness: **John Healey MP**, Financial Secretary, HM Treasury, gave evidence.

Q230 Chairman: Minister, can I welcome you back to the Sub-Committee. Would you formally identify yourself, please?

John Healey: Good afternoon, Mr Fallon. My name is John Healey. I am Financial Secretary to the Treasury.

Q231 Chairman: Thank you for assisting us. I believe that you have a short opening statement to make, is that right?

John Healey: "A short opening statement" might be flattering the scribbles I have in front of me here, but there were two or three things that I wanted the chance to say first, if I may, and I thank you for the opportunity to do so. First of all, thanks for inviting me to give evidence to the Committee. Second, we in the Treasury very much welcome this Committee's inquiry and look forward to the recommendations that you might make following the inquiry. You have been running your inquiry alongside our own consultation on this document *Independence for Statistics*. Our consultation closes today. We have had over 40 responses to the consultation so far. We will publish all those responses, subject to the confidential acceptance that respondents have given us. If it would assist the Committee, Mr Fallon, I am happy to try to make those responses available earlier to the Committee, if it would help your inquiry as you come to consider your recommendations. I have something to say about the substance of what is proposed in two areas, very briefly if I may. In 2000 the set of reforms that we introduced at that stage brought probably the most far-reaching changes to the statistical system in the UK for 30 years. They were designed to create greater independence in the statistical system. What we now propose to do, following the Chancellor's announcement in November, is to take these reforms further and to entrench independence in the legislation. Our purpose is as follows. Despite the fact that the quality of UK statistics is widely regarded as up with the best in the world and despite the fact that there are few hard examples of abuse in the system, nevertheless there are widespread perceptions of political interference that undermine the degree of confidence that we would want to see in the

statistical system. So we are now proposing to legislate for greater confidence; we are proposing to legislate for independence from ministers; and we are proposing to legislate for arrangements in which Parliament will play a much more direct part in holding the statistical service to account; to hold it to account for the quality, integrity and also the efficiency of the statistical system in future.

Q232 Chairman: Can I just be clear about the process? Are you anticipating legislation in the next session, or will there be a draft bill? What is your plan at the moment?

John Healey: The consultation closes today. We will publish, as I have said, all the responses we get. We will then look to respond to the consultation and we will also look to respond to the recommendations that this Committee makes. We are keen not to lose the momentum that has been created by the Chancellor's announcement last November and the consultation underway at the moment. We are therefore looking at the moment to legislate at the earliest possible opportunity.

Q233 Chairman: Will that be by draft bill initially, or will you go straight to a standard kind of bill?

John Healey: We have not settled that immediately, but I am keen to make sure that we can legislate without a loss of momentum; that we can do so at the earliest possible opportunity. I think that both the public debate that we have been able to encourage since the Chancellor's announcement and the outline of our proposals in the consultation document here give us a good basis to move to preparing the legislation, and then seeing it scrutinised through its process in Parliament.

Q234 Chairman: You referred to the debate, Minister, but some of the debate has been quite critical. The Statistics Commission described a number of your proposals as "unclear or unsatisfactory". Simon Briscoe of the *Financial Times* described your proposals as "shambolic". The Chief Statistician of Canada told us that if the proposals do not go beyond the ONS he felt they would amount to no more than "tinkering". What do you say to the charge that you missed the

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opportunity to have a much more wide-ranging reform of statistics? That what you are doing is too limited?

John Healey: Two broad responses to that, and then I am happy to deal with any details. First of all, we set out the principles and the broad plan of reform in the consultation document and, with respect to some of the details, clearly it is right for us to pin down in response to the consultation when we assess the responses that we get. Secondly, the debate that is going on now—I hope the Committee's inquiry can help play a part in this—will help to make it clearer to people exactly what we are proposing. Some of the comment—not all, but some—perhaps did not fully appreciate the detail of what is planned. There clearly will be people who take issue with some of what we are proposing, but it is difficult to find anybody who disagrees with the principle that we should now move to legislation. It is something which this Committee itself has recommended to us in the past. It is difficult to see anybody who disagrees with the intention to legislate to take ministers largely out of the process of accountability. It is difficult to find anybody who disagrees with the approach of, for the first time, having a formal process of assessment of the quality and integrity of national statistics, independently adjudged, under the stewardship as part of the duties of this new board, instead of simply having national statistics that are designated as such and which are supposed to conform to the current code of practice.

Q235 Chairman: You describe that your aim is to get this more independent of ministers, but the document is rather coy about the exact status of the non-ministerial department which you are going to set up. It presumably still comes under some minister, in terms of funding and appointing members of the board, and so on; but you are not explicit that that will still be the Treasury—or will it in fact be the Cabinet Office? Under whose shadow will the non-ministerial department fall?

John Healey: If I may say so, I think that you are mixing three things up there. First of all, the nature of a non-ministerial department—which is what we are proposing for the new Statistical Office. Secondly, the questions around funding, to which clearly there is some serious consideration to be given, and we have proposals in that field to try to maximise independence. Thirdly, the residual role that inevitably there must be within government in relation to statistics, and whether that should remain as it is now with the Treasury, or whether there are arguments for placing it elsewhere. So I think that there are three separable elements to that. If you would like me to deal with them, I can.

Q236 Chairman: No, I just found the document a little coy. You gave other examples in the document of existing non-ministerial departments and you referred, for example, to Ofsted or the OFT. All of us in the House understand that for Ofsted—its budget, the appointments to Ofsted—

it is all handled through the Department for Education. With OFT, there is the responsibility to the DTI. However, you are not explicit as to whether the overarching responsibility will still be with the Treasury or whether it might be the Cabinet Office, for example. Why are you coy on that?

John Healey: I do not believe that we are being coy.

Q237 Chairman: Which is it then?

John Healey: Let me be clear then. First of all, a non-ministerial department does not account to ministers. At the moment, the Office for National Statistics accounts for its function, its delivery and its performance to me, as the minister responsible. I then account for its operations to Parliament. A non-ministerial department—we are proposing to replace my role as minister with the board—would report and be accountable to the board, and the board would account for the discharge of its duties to Parliament directly, taking ministers entirely out of the process. On funding, there are concerns about the funding arrangements for any non-ministerial department that is responsible for statistics. What we propose to do is to take this new basis for the ONS—the statistical service—out of the normal Spending Review process. We propose to put it on a special funding arrangement, based on period review and with increases according to a set formula. In other words, it has a certainty and independence of funding, which is atypical within the process of government—as, Mr Fallon, you will in particular be aware—and takes it out of the normal Spending Review round. In relation to the question of any residual responsibilities and where they sit within government, our view—but we are waiting to see what other views come up in the consultation—is that it is probably appropriate for the Treasury to retain that interest. That is for several reasons really. First of all, if you look at the nature of the national statistics that the ONS is responsible for—responsible for about 250 national statistics—around about 150 of those are economic. The statistics that tend to be economic tend to be produced more regularly compared to, say, population surveys. They tend to be more important; they tend to carry greater impact and command more attention. The second thing is that if one is concerned about the role—and this is clearly one of the purposes of statistics, to help the public and others hold the Government to account for what we promise to do—then the Treasury, probably of any department, has the most strongly developed audit function. We have a direct interest in performance against public service agreements; we have a direct interest in departments delivering value for money and, within the Treasury, we also have the experience of dealing with statistical issues. Without being hard and fast about it, therefore, it seems to me sensible to leave with the Treasury whatever residual responsibilities need to be with ministers. As I say, however, we will examine the views that come in through the consultation.

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Q238 Peter Viggers: I was very pleased when I heard that independence was to be given to statistics. My heart has been sinking ever since, when I realise that the Treasury will be tightening its grip. Can I conflate several comments that have been made, minister? One is the proposal that there should be an operational professional body dealing with the oversight of all statistics and maintaining high professional standards. That is the first issue. The second issue is that there should be a body which is clearly independent and can provide oversight to the whole system. Are you seeking to divide those two? Do you really think that the second of those bodies will look as if it is independent?

John Healey: I think that it will not just look as if it is independent; it will be independent. Because I am very concerned by your opening remark, can I ask you to explain how you believe these proposals mean that the Treasury is tightening its grip? If that is the case, it is certainly completely counter to what is intended and I would like to understand that, because I do not believe that in any detail of the proposals there is an aspect of the Treasury tightening its grip on the statistical system.

Q239 Peter Viggers: I spent the last week preparing evidence for the Committee on Standards in Public Life relating to the Speaker's Committee on the Electoral Commission, and there is a truly independent body. I do not see any comparable level of independence in this so-called non-ministerial department which is being proposed.

John Healey: That is helpful. This is not based on the Electoral Commission model; this is not based on the model of the National Audit Office. There were those who argued we should be looking at independence based on the National Audit Office model, directly accountable to Parliament. That is not a model we have accepted, really for the following reasons. It is quite important for us as parliamentarians to be clear about the principles here. The first reason is this. Parliament's proper role is obviously to hold government to account for what it does. As part of that role, it is quite right that the NAO is set up and serves and reports directly to Parliament, because what it does is to help Parliament ensure that the money it has voted to the Government is being used properly and there is good value for money. So it has a very particular role in supporting Parliament's proper scrutiny and accountability function in relation to the executive. If you look at the question of national statistics, the purpose, the value, the users of national statistics, go very much wider than Parliament. In those circumstances, the production of statistics is to a large extent an executive function, serving and producing a public good. In those circumstances, the NAO model—of a body of Parliament reporting directly and only to Parliament—in our view is simply not appropriate. That is why we have not gone down that sort of route. In terms of what we do propose and why I believe that this will be independent, we are looking to legislate in a significantly comprehensive way for the roles and

responsibilities of this independent board and of the Chief Statistician within the new system. We are looking to legislate for some of the important parts of the *modus operandi* of the board: so the number and composition of the board; the right to establish and delegate work to committees; the core relationships of the board in relation to the Chief Statistician and to the Office for National Statistics. We are proposing to legislate for the requirement of the board to produce a code of practice; to develop and maintain that; to consult in doing so; and to use that to assess, for the first time, the national statistics for their quality and integrity. Finally, we are looking to legislate to create a duty for the board to advise government on serious concerns about the operation of the system and the wider coverage of the system. To that extent, therefore, although there is a particular focus on national statistics and the integrity and the quality of national statistics, this board will also have a statutorily based responsibility for all statistics—which was one of the points that you put to me.

Q240 Peter Viggers: Your repetition of “national statistics” means, I assume, that you will continue with two tiers of statistics. Do you think that will help to promote confidence, or will that be a manner of retaining confidence?

John Healey: Mr Viggers, I am not quite sure what you mean or see as two tiers. The nature of statistics is this, and actually it is much more varied than simply two tiers. What are currently termed official statistics are essentially the large number of statistics that are produced by government. These are statistical outputs of a varying nature, from databases, to management data that is in departments, to one-off research projects, produced by government officials that are not necessarily Government Statistical Service staff. It is very hard, first of all, to define those and, secondly, to quantify them. Within that, it is possible to identify and quantify the statistics and statistical outputs of the Government Statistical Service. These number around 1,450. Within that, you have national statistics, identified and designated as such, numbering around 1,180. They are possible to define; they are possible to identify and, for the first time, our plans are to require the board to ensure that these are assessed and independently adjudged, to meet the provisions of the code that it will be responsible for developing and maintaining. Within that 1,180 of national statistics, around about 250 are produced by the Office for National Statistics. In other words, you have a very rich, wide-ranging and varied statistical picture in the first place. The question then—about which I think you are obviously, and rightly, concerned—is the question of scope. Where in that range of statistics is it right to turn this particular legislatively based attention? It seemed to us that the sensible starting place was that 1,100–1,200 or so national statistics, currently designated as such, because they represent the most important sources of data that tell us what is going on in the economy and in society, and tell us the degree to which government is meeting the

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commitments and undertakings that it produced. I would suggest to you that it is in those areas where the need for most regular, robust and comprehensive statistics is required. That is the reason we are suggesting that this is a system which should have that at its core. Clearly, however, it is a system that could evolve—including the scope and the reach of the system as it develops.

Q241 Peter Viggers: Do the representations you have received echo those that we have received, which is that there should be a code of standards which covers all statistics? I hear what you say, but I think that the world outside does not understand the distinction between different kinds of statistics—and neither do I.

John Healey: It is probably quite hard to have a code of practice that covers absolutely any statistics, any statistical outputs, or any data that may be generated within government. I have tried to explain that. I think it is right that we have an independently produced code of practice and that a designated set of the most important statistics—in our proposals the national statistics—are properly assessed and adjudged to meet the standards of quality and integrity that we want from them; done independently and under the auspices of the board, and all entirely without the involvement of ministers.

Q242 Mr Breed: At the back end of last year it was reported that the Treasury had reviewed the framework for the national statistics. You did not actually publish that review. What were the reasons for not publishing the review?

John Healey: The Chancellor's announcement and the consultation document are precisely the output of the review that we undertook, and the review that, when we introduced the *Framework for National Statistics* in 2000, we said that we would do after five years. In effect, therefore, this is your review. This—*Independence for Statistics*—contains our review of the performance of the framework over the five years. Our plan is now to strengthen that further and entrench the independence in legislation.

Q243 Mr Breed: Were there any recommendations in that review that you decided not to take forward into the consultation process?

John Healey: It was not a review that produced recommendations; it was a review that allowed us to assess the performance of the reforms that we put in place in the year 2000 and, off the back of that, set out for wider public debate and scrutiny proposals for strengthening the independence of statistics still further.

Q244 Mr Breed: So there were no recommendations as such?

John Healey: No, the recommendations are set out in the proposals that are in here.

Q245 Mr Breed: Those are fully the ones that were part of that review process.

John Healey: Yes, those are the conclusions that we draw from the review that we have done; the performance of the framework over the five years; the view we now take of what needs to be done further and, for the reasons I have explained, to entrench that independence in legislation.

Q246 Mr Breed: You have already said that today is the last day and you are going to publish all the responses to that review.

John Healey: Correct.

Q247 Mr Breed: You said earlier on that you were perfectly happy with the independence of the drawing-up of the statutory code of practice that would be drafted by the National Statistician and approved by the independent board and the parliamentary committee. It has been suggested to us by the Chair of the Statistics Commission that, while ministers should be consulted, the Commission felt that their approval was not a "prerequisite". Are you quite happy that ministers will not have any role in the drafting or approving of the new statutory code of practice?

John Healey: I think the process that we intend is very clear. This will be a code which there will be a legal duty on this new board to develop and then to maintain. In all likelihood, the preparation and drafting will be led under the auspices of the Chief Statistician but it will be for the board to direct that; it will be for the board to approve that; and it will be for the board to modify that subsequently as it thinks fit, depending on how it works. None of those functions will be a matter for ministers.

Q248 Mr Breed: They will be consulted obviously and therefore have their own views reflected into the code of practice by the board as such, but they will have no direct role as regards the drawing-up of the code of practice.

John Healey: No, that will be a responsibility for the board. As I indicated earlier, I would see a duty on it to consult, but consult widely and certainly well beyond government, in its preparation and approval of that code.

Q249 Kerry McCarthy: You have already told us, Minister, that almost 300 of the statistics produced by the Government Statistical Service are not designated as national statistics. Then you have referred to these other statistics that are produced by departments which are difficult to define or quantify. Does it not concern you that so many statistics are beyond the professional scrutiny of the senior statistical adviser and that they will continue to be outside that regime, under the new proposals?

John Healey: The short answer is no, it does not, as long as we have what generally would be regarded as the most important statistics within the designation of national statistics and within this new system, where they are independently and properly assessed and then adjudged to be of the sort of quality and integrity that we require of them.

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Q250 Kerry McCarthy: In terms of making that decision as to what is classed as a National Statistic, is there not some conflict? We have heard evidence in relation to the figures for NHS waiting lists, for example: that the monthly statistics are not National Statistics and the quarterly ones are. Do you think there is scope for reviewing what is designated as a national statistic?

John Healey: I said earlier that there is scope for the system to evolve, and I would see it in these terms. First of all, in principle it is right that the decision to want to see a particular dataset or production of statistics designated as a National Statistic should rest with ministers. In the end, we are responsible for the outputs; we are responsible for the resources, the allocation of those, and the operation of the departments that will produce them. That is the first thing. The second thing is, with the added status that I think this independent process will give to the nature and the confidence in National Statistics, there will increasingly be—for ministers who are concerned about the confidence people can have in the statistics that cover the key areas of activity their department is responsible for—an incentive for them to want to see them within the system.

Q251 Kerry McCarthy: For example, I think at the moment about 12% of the figures the Home Office produces are National Statistics, and the Home Secretary said to the Home Affairs Select Committee that he could not remember a fact or figure that he had been given since his appointment that was not “revised quickly within a very short period of time”. Do you think that this new regime will help restore some of the confidence in the statistics that are being produced at the moment?

John Healey: I think that it will, because it is designed to do precisely that. Perhaps I can give you a view from myself as a minister, irrespective of the Home Secretary. If I am a minister responsible for a particular policy area which is of great importance to me, to the wider department or the Government, then I am likely to want to be confident about the data that I get on what is happening, how it is being delivered, and how it is being managed and monitored. In those circumstances, you can probably see that there may well be merit and an incentive for ministers to see whether they should be submitted—in a sense that will be the process—to the board for inclusion as national statistics. In order to be so, they would have to be produced according to the code that the board will draw up; they will then have to be assessed against that code. That assessment function will be undertaken and the results reported directly to the board, because it will be for the board ultimately to judge and approve a particular statistical output or dataset as a National Statistic. As the corollary to that, I would expect the board to have the capacity—and it actually would in some circumstances at some points—to withdraw designation of a National Statistic if it does not judge the quality or integrity of those statistics to be up to the code.

Q252 Kerry McCarthy: Could I ask a few technical questions about the suggested new arrangements? It says in the consultation document, “under the new arrangements, the annual report would be laid before Parliament directly by the board, rather than via a minister”. How would that work?

John Healey: At the moment, the Office for National Statistics, or indeed the Statistics Commission, produce an annual report. It is a report formally to the Chancellor of the Exchequer. In practice, because the Chancellor delegates his statistical responsibilities to me as Financial Secretary, those are reports to me and then I lay those reports to Parliament. What we are proposing is taking the ministers out of that reporting and accounting process.

Q253 Kerry McCarthy: Is it not the case at the moment that all papers laid before the Commons have to be laid either by a Member or, in some instances, they are laid by the Clerk of the House? So would it be via the Clerk of the House? The board would present them through him?

John Healey: It could be done in a number of ways. You will see that in the consultation document—having declared as I did at the outset part of the intention of these changes is for a more direct scrutiny and accountability function in the role to be played by Parliament—in many ways it is for Parliament itself, including a leading view from this Committee, how Parliament wants to develop its own scrutiny and reporting requirements of the new system.

Q254 Kerry McCarthy: You also say in the proposals that responses to statistical Parliamentary Questions “could be done via the Chairs of the committees responsible for statistical matters”. What is the thinking behind that?

John Healey: In a sense, that is an idea we are floating in the consultation document to see, in particular, whether there is a parliamentary appetite for altering arrangements as they have always taken place. What is the idea behind that? The idea is simply, again, to emphasise that we are looking to take the practice and the perception of ministers being involved in an accounting process out of the frame.

Q255 Mr Gauke: Can I turn to the issue of which will be the leading department in this area? I hear what you say about the fact that the Treasury has a lot of experience with regard to statistics, and the nature of the Treasury’s activities. One could also argue that the flip side of that is that a lot of the controversies over statistics relate to the Treasury. Are you not in any way attracted to the argument of the Cabinet Office having a role here, given that the Treasury is a much more political, if you like, policymaking department, as this Committee has heard, rather than the Cabinet Office which has much more of a cross-departmental role?

John Healey: First of all, I do not really accept your starting contention there. I said at the outset that actually the hard evidence and the number of

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examples where there have been abuses or short-circuits within the existing system were very few and far between. You will know, Mr Gauke, the Statistics Commission investigates apparent breaches of the code of practice at the moment. In 2004-05 they investigated six—on pre-release, for instance. Three of those were accidental; three of them were contraventions of the code, but in each case the Commission regarded that the steps that were being taken gave them confidence for the future. On the issue about the Treasury or the Cabinet Office, in the end I think that people will come to their own judgments. I do not want to repeat myself, but we have the experience of dealing with it. With statistics within government, many of the statistics—particularly the Office for National Statistics—the majority of the National Statistics that they produce are economic. The importance of those statistics and the frequency of them generally are higher than other departments. Particularly in terms of the role the Treasury has within government and across government for value-for-money concerns and performance targets, the interest we have in the highest possible standards, and the quality and integrity of statistics, means that we have a very active interest in that.

Q256 Mr Gauke: If the drive behind giving statistics more independence is apparently to improve its credibility—I hear what you say about where there are breaches, but if the drive is to increase credibility—would you not recognise the argument that, where the Treasury is very often in the middle of that argument, it is not an ideal position also to be the department that is scrutinising the statistics? The Statistics Commission, who you have referred to, have themselves argued that consideration should be given to the Cabinet Office taking over this area.

John Healey: I do not know if implicit in your contention there is that you somehow give it to a weaker or a less active part of government—which seems to be implicit in some of the arguments some people are making in this territory. In the end, I think that you deal with the question of whether there is the right degree of independence by setting up the framework, based in legislation, in a way that ensures that there cannot and will not be any inappropriate interference—and that is precisely what we are setting out to do.

Q257 Mr Gauke: If statistics were moved to another department, do you think that would in any significant way weaken the ability of the Treasury to dominate the Government?

John Healey: To dominate the Government?

Q258 Mr Gauke: To dominate the Government. Do you think it is key to the Treasury?

John Healey: I would not suggest for a moment, Mr Gauke, that we dominate the Government. We have a very important role at the heart of government.

Q259 Mr Gauke: All right—to influence other departments. Do you think it is significant?

John Healey: I think that you would have to put that to other parts of government. Generally, in my experience—and those of you round the table who have been ministers would recognise this—performance is important, funding is important, and at the heart of both features of government is the Treasury.

Q260 Mr Gauke: Would you be concerned that the Treasury would be weakened if it lost control of statistics?

John Healey: I do not think the Treasury would be weakened at all. The important question and the central question is this. Are the statistics that are being produced within and in some cases for, but not exclusively, government, soundly based? Are they meeting the sorts of needs that we have for that sort of data? That would be the most important factor.

Q261 Mr Newmark: How is the Government's proposal that statisticians outside the statistics office remain within the formal line management of their departments, and therefore ministers, compatible with your stated intention of establishing a statistical system that is genuinely independent of government?

John Healey: The first point in looking at this question is that we have, and we have had for a century or more, a highly devolved system of statistical production in this country.

Q262 Mr Newmark: Yes, but that has led to the current lack of confidence there is in statistics, which is why we are having this debate.

John Healey: No, on the contrary. There are some very important strengths in having a system where you have an important cadre of professional statisticians based in departments. In those circumstances, two things flow from that. First of all, it means that the operation and other officials in those departments have ready access and influence with those statisticians in the way that they go about their work. That is important. Secondly, from the statisticians' point of view it means that they are closer to the data sources. In some cases they are closer to the consumer. They are also closer to the policy imperatives for which statistical systems need often to be devised in order to be able to track.

Q263 Mr Newmark: Yes, but they are also close to the ministers, and you cannot say that there is not some sense of relationship to influence which actually develops.

John Healey: The appointment of any civil servant is not, and never is, a matter for ministers; but it is a matter for the department. In terms of their professional role as statisticians, it is quite right that they have—particularly the cadre of the professional statisticians' group within the GSS—that professional accountability and a reporting line directly to the Chief Statistician. They have

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that at the moment. They would have that in the arrangements that we propose. In terms of the standards to which they work, their professional integrity, and operations and status, it is important that they maintain that. What we have not proposed and do not propose to do—given the historical way that we have set up our statistical production in this country—is somehow to consolidate all statistical work and all those working on statistics within government in a single department, such as the ONS.

Q264 Mr Newmark: We have touched on other issues relating to that at different points. Why is the scope and definition of the Retail Price Index the responsibility of the Chancellor?

John Healey: I am aware that this is a matter that the Treasury Committee has looked at before. It is a responsibility of the Chancellor, and it is a unique arrangement within the range of statistics. Essentially, it is—

Q265 Mr Newmark: How do you justify it? It seems to be the only thing he seems to be still controlling.

John Healey: It has traditionally been the responsibility directly of the Chancellor, essentially because of its unique place and its unique role. It is used for policy, for legislative, for contractual purposes. It is used for up-rating pensions and benefits. It is used for indexing tax thresholds. It is used for calculating the level of the index—

Q266 Mr Newmark: Therefore, all the more reason why there should be a greater level of independence for it.

John Healey: Up to this point, there has been a very strong view that—particularly with its potential effect on gilts and the contractual responsibilities government has in relation to some gilts issued, particularly before 2001—the degree of government exposure from changes to the RPI made it appropriate to leave the ultimate say on any changes to the Chancellor. You may or may not be aware that there have been four changes to the RPI since 1997. In each case those have been formally agreed by the Chancellor, and they have very heavily been drawn on the professional and statistical advice of the Chief Statistician and others.

Q267 Mr Newmark: The Statistics Users Forum basically says that this anomaly should end, and the Society of Business Economists has said, “Continuing to make an exception of the RPI is anomalous and should be rescinded”. Other professional bodies have made similar comments. Therefore, my question to you is this. Will the Government now consider treating the RPI in the same way as other key macro-economic statistics, by transferring this responsibility to the National Statistician, or is the Chancellor still intent on keeping a hold on this?

John Healey: I have explained why the situation is as at present—

Q268 Mr Newmark: I heard your historical explanation.

John Healey: Today is the end of the consultation period. We have undertaken to look carefully at the responses on any of the range of issues on which we have consulted that come in as part of the consultation process. We will do that and we will draw any conclusions for the future that seem appropriate.

Q269 Mr Newmark: That is not answering my question. My question is this. Is the Chancellor likely to consider changing this anomaly?

John Healey: I have said that today is the last day of the consultation that we have set out here. We have undertaken to treat very seriously the views that come in through that consultation. I have not read the responses to the consultation yet. I have explained that there are over 40 of them. We will do that in the coming weeks, and we will make any judgments that seem to us appropriate and right for the future, and report those to this Committee and to others.

Q270 Peter Viggers: You have said that the Government proposes that the funding of the independent office should be outside the normal Spending Review. Who would make a bid for funds, and how would the decision-making process work—in a bit more detail, please?

John Healey: Our proposal is that we would set the funding for the board and the ONS—the two main component parts of the system—periodically. We would set those, with increases according to a formula. We would do that outwith the regular Spending Review cycle. We have also said that, within that, where government places additional significant statistical demands on the system, then we would fund those.

Q271 Peter Viggers: Bids are made to the Chief Secretary of the Treasury normally, I believe, and there are bilaterals between ministerial departments and the Chief Secretary. Who would be the ministerial champion of the offices?

John Healey: In a sense, we have taken ministers out of this. There will be the Chief Secretary, and the Treasury ultimately will make decisions on funding, as we have to do. I would imagine that the board will produce the business plan, the business case, the proposals for the activity, and therefore the funding required—drawing very heavily on the Chief Statistician and her expertise there. That will be negotiated and settled directly with the Treasury.

Q272 Peter Viggers: If the people talking to the Chief Secretary are not happy, who do they appeal to?

John Healey: I would hope that we would get to a situation where we would arrive at a settlement that allowed the new board and the statistical service to undertake the duties that we wanted them to undertake. However, just to be clear, this will not be a blank cheque for them; there will be the same

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sorts of imperatives on value for money and efficiency that you, as a Parliamentary Committee, would expect us to insist on.

Q273 Peter Viggers: The Royal Statistical Society urged that there should be some kind of parliamentary input. Have you worked out how that might be made?

John Healey: The short and honest answer is no. However, if proposals of that nature are put to us, either through the consultation process or through this Committee, then we would consider that. I have made it clear that in many ways the consultation document is an invitation to Parliament to work out how it wants perhaps to adjust and reform its own scrutiny processes, in order to exercise what will be a much more important and direct part in making sure that this new system meets the sorts of levels of efficiency, integrity and quality that we require of it.

Q274 Mr Love: In case I am the only one who has not said it before, I certainly welcome the document, the consultation, and I am very pleased to hear that you will listen carefully to what this Committee has to say on the matter. Following up on the previous questions, may I press you a little bit? As I understand it, when the Government requires additional statistical information it will provide that through the budget for this organisation; but when the organisation or the board itself want to develop the statistics that they provide, they will need to find that within existing allocations. Have you given consideration to what scope that will leave them to develop their own programme and, effectively, their independence?

John Healey: The short answer is no. I think that is a matter down the track, but it has to be right in principle that government accepts that, where we are putting significant new statistical responsibilities or burdens on the board and the ONS, we should be prepared to fund those. Equally, however, it is right that we cannot simply say, "Listen, anything that you come up with we will somehow underwrite the costs of". Therefore, where the board itself comes up with new statistical outputs or arrangements, then it is right to look to them to find the funding for that activity within the budgets that have already been agreed.

Q275 Mr Love: There has been quite a lot of comment about what happens if they produce information that is, shall we say, somewhat critical, in particular of government initiatives or programmes. What guarantees are we giving that you will not use the opportunity to reduce budgets in order to curb this sort of independence of the organisation?

John Healey: It is hard to see, given that there has to be a process of public money being allocated to this body, for there not to be some periodic process where those allocations are made. We are taking this process out of the normal Spending Review process. That gives it a degree of special treatment. I would expect that process to be pretty open and

transparent. I would expect Parliament—and Mr Viggers has indicated this—to take an active interest in that process. In the end, the guarantee of operational and policy independence will be set out in the legislation that we propose to introduce in order to set up the board and the new system.

Q276 Mr Love: There has been quite a lot of concern expressed about the Census. There have been many comments made that, because of the unique spending pattern of the Census which occurs round about April, and which of course is very focused and concentrated—and there is other spending both prior to and afterwards in terms of research and development—it has been suggested that to do it in the way you are suggesting would inhibit the proper development of the Census. How do you respond to that?

John Healey: I would clearly be concerned if it was going to inhibit the preparation and delivery of the Census. I have not seen evidence that it will. I have heard people making those observations. Our difficulty is this. The cost of the 2001 Census was over £200 million. The current budget of the Office for National Statistics is £175 million. The spend for the Census is not only extremely large in terms of the ONS's spend; it is also very lumpy. It tends to come not in April, as you suggest, Mr Love, but particularly close to the run-up to any Census period in quite a concentrated timescale. In those circumstances, it is not very easy to see how you build that in sensibly, into what I think people would generally recognise as a sensible desire to see a degree of predictability and certainty in the funding for this system and the statistical office. That is why we are proposing to take it out of that Spending Review process and make it subject to its own periodic review, with a reliable formula that can set the year-to-year budgets within it.

Q277 Mr Love: We will be looking carefully at the formula that you come up with.

John Healey: You would not be the only ones!

Q278 Mr Love: Could I ask one final question, related to the ONS being included in the comprehensive Spending Review and the announcement that the Chancellor made about the efficiency savings? As I understand it, there are significant efficiency savings being asked in relation to the Efficiency Review, and of course the Relocation Review of Sir Michael Lyons is also appropriate here. Are the proposals to go independent impacting on those negotiations or are those negotiations having an impact on your discussions about independence?

John Healey: There are several things there. First of all, the Office for National Statistics is a part of the current Spending Review period. It had its settlement as part of the SR 2004. As part of its settlement, like every other department and agency, essentially it has signed up to certain deliverable efficiencies and indeed some relocations, as you say. The proposals that we are now making for the funding of the new system, depending on the timing

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of the legislation—if we can move to legislate as soon as possible—what we would be looking for and I would be looking for is a financial settlement for the Office for National Statistics in the new system that we could settle according to the plan that we have set, outwith the next Spending Review period. In relation to whether independence is affecting the relocation plans, the relocation targets or the efficiencies, in broad terms, no, it is not at the moment. The ONS has a responsibility to deliver the efficiencies and the relocation targets that it has signed up for, because that is a part of the overall settlement in the SR 2004.

Q279 Mr Love: Can I be clear that, when it becomes independent, through the next Spending Review it will not be subject to any efficiency or relocation targets, as it has been in this particular review?

John Healey: I have been very clear earlier on that, despite looking to put in place a special and separate arrangement for funding, we would still expect—and I think that this Committee and Parliament would expect—that we make sure there is a discipline on the sorts of efficiencies that we expect of departments and public agencies.

Q280 John Thurso: In our first evidence session all three witnesses—who I would broadly describe as the user groups—raised the question of the fragmented nature of UK statistics, particularly with regard to devolution. One of them stated that the 2001 population census—the most fundamental of statistics—was so fragmented that very few outputs are available for the UK as a whole. When I pressed on this, they said that it is not so much that devolution created the problem but that it has brought it into a fairly sharp focus. I want to make it clear that I am not in any of this challenging the devolution settlement itself; but it does seem that there is a real problem in producing joined-up UK statistics. Is this a problem the Government is aware of, and do you have any remedies that you might propose?

John Healey: We also have no intention of reopening the devolution settlement.

Q281 John Thurso: No, we can leave that aside.

John Healey: Let me be equally clear and emphatic about that. You are right, Mr Thurso, it is not a new problem. In Scotland, they have been producing certain sets of statistics separately and independently for 100 years or so. It is not a new issue, therefore, but perhaps it is being emphasised by the statistics being part of the devolution settlement. Yes, we are aware of it. We have sought to deal with some of the statistical difficulties that that throws up in two ways. First of all, the *Framework for National Statistics*, you may remember, contains a chapter on each devolved administration and their statistical approach. Also, we have settled as part of the Memorandum of Understanding between the UK Government and the devolved administrations in 2001 a concordat on statistics. Essentially, this is a commitment by

the administrations to work together to produce agreed, coherent, reliable, and as comprehensive as possible sets of statistics. However, there will inevitably be variations, as there have been for some time. The Scottish law, health and education systems are different. Some of their outputs are different. Some of the information, monitoring and statistical requirements will therefore be different, and that is a consequence of the devolved function and the differential decisions that are made. We have been discussing quite closely with the devolved administrations, in particular the leading professional statisticians, how we ensure that we can maintain, as far as we can, an ability to see compatible datasets and comparability, where we can achieve that. To the degree that the devolved administrations are willing to look at renewing and perhaps reforming and strengthening the concordat, we would be very keen to do that.

Q282 John Thurso: That was going to be my next question, namely that all of the concordats were written at a time when devolution was a new horizon and a new adventure, and to ask you if the Government would be prepared to look at rewriting the concordat, to make it more appropriate. I think you have answered that. What responsibilities do you think should be given to the National Statistician in overseeing the coherence and consistency of the UK-wide statistics—if any?

John Healey: The majority of economic statistics are produced centrally by the Office for National Statistics at the moment. The National Statistician has oversight and will continue, as Chief Statistician, to do so. Many of the stats of the Office for National Statistics also have an underlying element that the devolved administrations feed into. I would hope and expect that that would continue. The ONS regularly receives around 250–300 datasets from the devolved administrations, which go into the compilation of the statistics the ONS is responsible for. There is also that area of statistics that, as the UK Government, we are obliged by international obligations to supply. Once again, the agreement we have in place with the devolved administrations allows us to fulfil those international obligations. In all those areas I would expect to see a continuing, important, professional lead role for the Chief Statistician. The area where clearly there are the differences and the difficulties are those devolved policy areas where the activities may be different according to the devolved administration and, therefore, the statistics and data available or collected. Here, the role that the Chief Statistician for England will have, dealing with her counterparts—as she does at the ONS at the moment, to try to make sure that we secure as great a degree of comparability, where that seems necessary—would also continue.

Q283 John Thurso: At the moment, the Statistics Commission have a UK-wide remit. Do you propose that the new board would maintain that UK-wide remit, in terms of a kind of overall quality audit?

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John Healey: Nothing in the new arrangements will interfere with the devolution settlement. Fundamentally, therefore, devolved administrations—because it is a devolved function—have the responsibility and the scope to develop and run their statistical system as they choose. Clearly there are the shared imperatives, which we have just touched on, about comparability and consistency. When we introduced the code of practice as part of the 2000 reforms, broadly the devolved administrations accepted, signed up, and generally followed that. I would hope that we could get to a similar situation, but ultimately it will be for the devolved administrations to decide the degree of buy-in and involvement they have in the new system that we will legislate for.

Q284 John Thurso: It seems to me, both through this dialogue and through previous evidence from other witnesses, that a new concordat may well be highly desirable, and that such a concordat will clearly be quite important. Would it be possible for that to be consulted upon before it is finalised? Is that a possibility in the system?

John Healey: I see no reason at all why it should not be. I could see the significant advantages if it was properly and publicly consulted upon. Certainly within government we would need to consult very carefully across government. Particularly as it would essentially be in the statistical area—it would be a sort of formal agreement between the UK Government and the devolved administrations—it would be difficult to see that process completed without quite serious consultation.

Q285 Mr Todd: One of the sensitive areas which we have frequently had touched on is the access of ministers to statistics before they are released. The Statistics Commission favoured moving to a position in which there is no pre-release disclosure to ministers, and indeed that equivalent access is given, if there is any pre-release, to Opposition spokespeople. What is your response to that?

John Healey: I probably have three responses to that. First of all, you will have seen in the consultation document, Mr Todd, that we have included the question of pre-release to see what views we might get as part of the consultation and we will look at those carefully.

Q286 Mr Todd: We have not heard anyone say, “We’re happy as it is”, but you may within your consultation. I do not know.

John Healey: We may. We may get people saying, “This is a good system. It should be left untouched”. We may get some people saying that, on principle, this is a system which is not acceptable and—

Q287 Mr Todd: We have chosen our witnesses poorly if there are people in that first group!

John Healey: . . . or we might get people saying, “There is a sensible case for pre-release, but it could be reformed in a way that would make it tighter and perhaps inspire more confidence”. If there are suggestions about reforming the pre-release system, therefore, we will clearly look at those. There are two further things that I would want to make clear. First of all, I would certainly accept that the pre-release arrangements contribute to the perception of interference in statistics. In fact, the cases of abuse of the system and actual interference in the production, and indeed even in the release of statistics, are very few and far between. Nevertheless, there is a perception there. Part of the drive to legislate now to entrench the independence is to try to deal with some of the problems that are still there in perception. Finally there is the question—and this is a question that people must make their own judgments about—of is there or is there not a case for any form of pre-release arrangements? In my view, the principle of pre-release is justified largely because—particularly in today’s world, with the sorts of imperatives and pressures—ministers are required, expected, as part of our duty to be accountable for the decisions and what is going on in government, to understand and respond immediately to challenges that might come from the production of statistics. In those circumstances, I think it is right and sensible that there is some degree of pre-release. Second, I think that the principle of pre-release is quite widely accepted internationally. The details may be different but the principle of pre-release is accepted. It is accepted in Australia, New Zealand, the USA, Ireland and France. So I think that the principle of pre-release is sensible and defensible. The practice of it is important; the details of it we will be prepared to look at; and we are looking forward to the views we get through the consultation on that.

Q288 Mr Todd: There is a little bit more than a perception of abuse, because when we questioned the Statistics Commission on their investigations into claimed abuse they made a rather ambiguous remark, in which the word “ambiguous” appears quite a number of times. “We have found at times . . . some difficulty in getting the responses from departments, and I think if you do not get the information you require then it is somewhat difficult to be certain, especially in this highly ambiguous situation of whether something is a breach of an ambiguous code . . . I think there are many cases where there have been representations of the statistics saying one thing—and often before the statistics have come out in the public domain . . .” That was a remark made to us, which did not give that ring of confidence which you have expressed, which is that there may be a perception but perhaps not a problem. They feel that the regulatory process they carry out is incomplete and perhaps rather hobbled by the code that they are using.

John Healey: The Statistics Commission will have to explain the evidence they give before the Committee. If I heard you right, Mr Todd, they

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said that there was often a problem. Actually, the number of breaches which the Statistics Commission is responsible for investigating is small in number. I gave an indication of the 2004–05 figures, and it looks as if the 2005–06 figures are fewer than that. If the Statistics Commission are not getting the information from departments that they require, I would expect that to be the sort of thing that they would draw attention to and report as part of their general duty, as they are currently constituted to draw to ministers' and others' attention where they see problems with the operation and integrity of the system at present.

Q289 Mr Todd: You feel that they have not done that? Obviously they have made a remark which is scarcely a ringing endorsement of their own function in this role.

John Healey: My point is more that the number and the nature of breaches of the code on pre-release are rather few and far between. Of the six they investigated in 2004–05 they found three were accidental. Three were breaches, but they were content, as I understand it, about the action that was taken to deal with them.

Q290 Mr Todd: Can I turn to a different topic? We have asked questions of a number of witnesses on the access to data which is the basis on which assembly of statistics is achieved. We have had comments about the difficulties, sometimes varying difficulties, of obtaining core data from departments for independent statisticians and third-party business users then to develop their own series of information sources for their own purposes. Would not this legislation be a good opportunity to set that straight and make much clearer how core data can be obtained for use by third parties?

John Healey: The legislation evidently is an opportunity to deal with some of the questions that are around data access, in particular access to administrative data. The issues around access to administrative data are quite complex. However, we have clearly signalled our interest in hearing views during the consultation process of the extent to which the current arrangements—which will obviously need as a minimum to be entrenched in legislation—could be developed further. Also, how at the same time some of the appropriate safeguards on confidentiality, particularly of micro data that can identify individuals, can be safeguarded—because that is obviously the flip side to that.

Q291 Mr Todd: So there is an open mind on this topic. Because the way in which this debate has been conducted in large part has been almost “Westminster village” stuff: of how to stop politicians being horrible with statistics, when there is a broader community who rely on access to data and use it for their own purposes, who would love to be included in the broader remit of this bill.

John Healey: There is a broader community with interest in access to administrative data. There is also an interest within the statistical professionals, particularly in the ONS, in access to some data that other government departments have at the moment that they do not. There are potentially benefits. There are potentially benefits on the business side for reduction in some of the survey requirements and the burdens of responding there. There are also benefits in terms potentially of statistical quality, which would allow the ONS and others to develop much more finely grained data and analysis, which would contribute in many ways. However, there are these knotty and residual or core questions, which revolve around how you make sure your safeguards are properly in place to ensure that. We have said that we will consider, and we will, the views that come back to us through the consultation process.

Q292 Mr Todd: Finally, stuck within this process is the Register Office function, which the Government is suggesting transferring to no particular destination, but away from where it resides now. Do you have a feeling of where it might be relocated? We have had a signal from statisticians that their only discomfort in this is in ensuring that the core data which the Register Office function does collect remains easily accessible to those who need to use it. I do not think that we have had anyone saying, “No, no, we wish to keep the function of the registration of marriages and deaths as an important activity of the statistical function of government”.

John Healey: No, we do not have a fixed view on this at the moment. It seems to us—and we have indicated this in the consultation document—that where formally there are statistical responsibilities currently identified as the responsibility of the Registrar General—who happens to be one and the same with the National Statistician—it is sensible for those such as the Census to be properly with the Office for National Statistics in the future. However, because there are functions of the Registrar General overseas areas that are not necessarily statistical, which require the involvement of ministers, then it seems sensible to us to be expecting to separate that function out and locate it elsewhere than within the current ONS. There are certain policy functions, particularly around the registration roles of the GRO, which necessarily involve ministers. There are also legislative functions around that which directly involve ministers which in our view do not make it appropriate, in the new statistical world, for it to sit with an independent statistical office.

Q293 Ms Keeble: I want to ask a bit more about the development of new statistics, in particular to help to support evidence-based policymaking. So, if you like, the small-scale statistics—and you have mentioned the need for more fine-grained statistics—on which the neighbourhood renewal programme depends, or research for some stats to measure productivity in the public sector. How would you see those being developed under the new

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system that is being proposed? Would you see ministers commissioning them and, if so, would it then be from the independent office or would it be from their own departments?

John Healey: In general terms, if there was a strong policy or government need for statistics, then clearly government and the lead department in all likelihood would want to commission those. The judgment would probably have to be in two stages. First of all, are they best commissioned from the Office for National Statistics, as the central statistical service, for instance in the way that the development of the neighbourhood statistics and the Neighbourhood Statistics' website have been done? Or are they best commissioned and developed within the department itself, given that our Government Statistical Service does have a presence, professional expertise, and heads of profession in each department? The second issue facing ministers in circumstances like that, it seems to me, would be, "Are these important enough—these statistics that we want to develop—for them to be classified and given the seal of approval as national statistics?", in which case there would be a question of proposing those to the board; probably having them provisionally designated as national statistics, but assessed and approved by the board as national statistics because they meet the code that the board has drawn up.

Q294 Ms Keeble: I think that this issue about independence, integrity, credibility and so on, is a really difficult one. Does that not mean that you will have two tiers of statistics? One which is produced by the ONS and which is seen to have integrity, independence, and this, that and the other; and the other, which might be greatly used for functional purposes but would be seen to be dodgy or tainted or something, because they do not quite make the grade. Will it not mean that there will always be a dispute about political statistics and non-political statistics—which is actually what this whole debate is about, is it not? People dispute the statistics that deal with the politically most contentious issues.

John Healey: First of all, I accept that we have a situation at the moment where, if you look at the omnibus survey commissioned by the ONS and the Statistics Commission, 62% of the public think that ONS statistics are more trustworthy than those produced within government departments. That is precisely the reason why we are looking to bring in a new system for national statistics, in which they are not just declared to follow a code of practice but are independently assessed as such, and independently adjudged and approved as such. A system which will reach into the departments where the majority of the key statistics—in other words, the national statistics, as I have explained to the Committee—will still be produced. What I hope, therefore—and this is the intention of the new system—is that independent assessment and health check, if one likes, is equally applicable to what the ONS produces as it is to the national statistics that are produced within the departments. The only way

of approaching that differently would be to say, "All National Statistics have to be produced by the Office for National Statistics". You would have to take out the production of a large range of statistics from government departments, if you pursued the concern that you have to a logical conclusion.

Q295 Ms Keeble: Can I come back on this point once more, because it is a really key one. Supposing you have an issue about measuring poverty, for example. This is a really key issue because, on this, all our rates, council tax subsidies and suchlike are calculated, are they not? Large amounts of government money go on that. If there is a really big dispute about what constitutes poverty—for example, how you factor in ethnicity or measure sparsity, what happens to rural poverty or, for instance, having been a councillor in Peckham, there might be an acute concentration of poverty which, in terms of London-wide statistics, completely disappears, with the Office for National Statistics saying, "That's not poverty" or "We wouldn't accept that that's a way to measure poverty", and a great body of opinion, which would probably be politicians, saying, "Oh, yes, it is"—how would you deal with that?

John Healey: But is not that precisely what this system—and perhaps I have not made myself clear—will actually deal with? What matters is not who is producing the statistics; what matters is precisely how they are produced. In other words, is the information, the data, gathered, collated and produced in a way that meets the professional standards, which would be set independently in this code of practice and assessed and adjudged independently of government? That is the quality check, the confidence check, that this new system promises. It is there, available to what ONS produces, as indeed to datasets and stats that come out of departments.

Q296 Ms Keeble: All the procedures in the world cannot take away the fact that at some point people have to make decisions and assessments. To take a really practical example, when Ofsted was set up it did league tables which measured school performance; it took kids' assessments. Your party did it. When we were not MPs and running these councils, the schools all cried foul and said, "Those aren't valid, because they don't take value added into account". Some years down the line, you then get value added included. It is disputes like that, which are about ways of measuring things. However much you try to sanitise it, there are political judgments in there. Would you accept that, however hard you try, independence will not be able to resolve some of those really difficult political issues?

John Healey: I think that it will help considerably. I said a while back that if I am the minister responsible for a policy area and I am looking for data to be generated in that area that tells me how it is going and which I can use to tell Parliament and others how we are doing, clearly I have the option of doing that within the department. If there

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is a dispute or a challenge to the way that that data is produced, how much confidence people can have in it, whether it is professionally robust and reliable, I am in a relatively weak position if my argument is essentially one of contesting a judgment made by a professional statistical service like this. From my point of view as a minister, there is quite an incentive for me to say, "This is important. It will help me and it will help confidence in what we are doing if it is brought into the national statistical framework and assessed as that".

Q297 Chairman: I am still not quite clear, Minister, if your real answer is that all these statistics will hopefully now be produced to the same high standard through the code of practice, as to why you will still end up with two classes of statistics. If you rightly are enhancing the perception of national statistics, is not the danger that you will still have this kind of category II of government statistics? Lord Moser—and it is unfair to refer his evidence to you because you were not here—simply did not understand why there could not be a single definition of statistics.

John Healey: I did try to explain before that the nature and range of statistics produced by government that are official statistics are virtually unbounded. The question is can you devise a system, and would you want to devise a system, that somehow gave a quality assurance check on all those? Our judgment is no. Then the question comes: what are the statistics that you give priority to? It seems a sensible starting point, particularly compared to other countries—although they calculate them differently and we have significantly more national statistics that would fall within this framework than perhaps others—to say, "This data is important and it is particularly important for holding the Government to account, or because it tells us the most important things that we need to know about, where the economy and society are changing".

Q298 Chairman: I understand that but, in creating these A-list statistics—the alpha statistics—and enhancing the way they are branded, you are

almost admitting that there is a whole chunk of official statistics that cannot be quality-assured to the same standard. It seems to me that you are actually weakening the perception of those statistics that will not be National Statistics.

John Healey: They could be quality assured if there was a decision that they should be brought into that system. What I am arguing, however, is that there is a huge range of data that is produced—in some part as one-offs, sometimes in the natural course of just running departments—that probably does not warrant that sort of status and scrutiny.

Q299 Peter Viggers: You mentioned that 62% of the population had more confidence in national statistics.

John Healey: The ONS-produced statistics.

Q300 Peter Viggers: That seems to me to imply that you think that the population at large understand the difference between National Statistics and other statistics. I would wager you a £5 note to a sucked orange that 99% of the population do not understand the difference between National Statistics and other statistics. In our briefing notes we have 11 detailed pages, lists of schedules, of statistics which are not National Statistics. I did not know this until I got involved in this particular subject.

John Healey: Which ones of those, Mr Viggers, do you think should be National Statistics?

Q301 Peter Viggers: It is the Statistics Commission's analysis of official statistical outputs not designated National Statistics. There is a massive schedule. I simply endorse the Chairman's point.

John Healey: It is a question of perception. You may well be right. I was reporting the findings of an ONS-Statistics Commission survey. They asked the question and the 62% was the response they got. I do not think that they probed the underlying understanding of the difference between ONS-produced statistics and GSS statistics.

Chairman: We will have to leave it there, Minister. Thank you very much.

Written evidence

Memorandum submitted by the Chief Statistician of the Scottish Executive

1. My evidence is focused on the Sub Committee's interest in "the role of statisticians working outside the Office for National Statistics, in central government and the devolved administrations"—in relation to the Scottish Administration, including how the Scottish Administration works with UK Government on matters of UK wide interest.

A. EXECUTIVE SUMMARY

2. The Scottish Administration is responsible for statistics on all matters that are not reserved in the Scotland Act and which otherwise fall within its competence.

3. Most Scottish Administration statisticians work as part of integrated Analytical Services Divisions within Departments and they are mostly equivalent to those who will remain within government in the UK proposals.

4. Scottish Ministers agreed to become a part of the National Statistics Framework from its outset. The vast majority of Scottish Administration statistics are produced subject to the National Statistics Code.

5. There is a considerable amount of inter administration co-operation, set out formally in the Framework and the Statistics Concordat but taking place in a wide range of formal and informal ways. We would wish to see that continue.

6. We concur with the UK Government's statement about devolved responsibilities contained in the Consultation Document on Statistical Independence and are content with the arrangements currently in place to consider issues arising of joint interest.

7. Scottish Ministers have not yet come to a view on the full range of action they will take on the issues raised by the UK Government's proposals and related matters arising out of the need to review the application of the National Statistics Framework in the Scottish Administration.

B. SUMMARY OF CURRENT ARRANGEMENTS FOR PRODUCTION OF STATISTICS IN THE SCOTTISH ADMINISTRATION

8. The Scottish Administration is responsible for statistics on all matters that are not reserved in the Scotland Act and which otherwise fall within its competence.

9. Most Scottish Administration statisticians work in Executive Departments, line managed as part of integrated Analytical Services Divisions, working closely with policy colleagues. In that sense and in terms of the type of statistics they produce, they are mostly broadly equivalent to statisticians working in UK Government Departments. A few staff work in executive agencies such as Inspectorates. All are professionally accountable to the Chief Statistician and are members of the Government Statistical Service (GSS).

10. In addition:

- There is a fairly small central Office for the Chief Statistician which produces statistical information and analysis for corporate purposes and supports the Chief Statistician in his role of setting and ensuring implementation of professional standards and practices, recruitment, deployment and professional development of staff and advice to Ministers on policy on statistics.
- The General Register Office for Scotland (GROS) produces demographic statistics and is responsible for the Census of Population. The Registrar General is statistics Head of Profession for his office.
- Health service statistics are produced by the Information and Statistics Division (ISD) of NHS National Services Scotland which is an arms length agency and not part of GSS, under a service level arrangement with the Scottish Executive Health Department.

C. CURRENT ARRANGEMENTS UNDER THE NATIONAL STATISTICS FRAMEWORK AND CODE OF PRACTICE

11. Scottish Ministers agreed from the outset to be a part of the National Statistics Framework. The Framework document includes a chapter setting out the specific arrangements in the Scottish Administration. This was augmented by a later agreement by Scottish Ministers and the Statistics Commission to extend the latter's remit to Scottish Administration statistics.

12. Scottish Ministers also agreed to adopt the Code of Practice. A Compliance Statement on implementation of the Code and associated Protocols was published¹ in common with other participants in the National Statistics Framework. Whilst the Executive reserves the right to determine its own more

¹ Available at <http://www.scotland.gov.uk/Publications/2005/03/20843/54401>

detailed arrangements on implementation of the Code, in practice most of the differences are routine, reflecting the different organisational arrangements in the Scottish Administration, the different role of the National Statistician and some relatively minor operational differences.

13. The vast majority of Scottish Administration statistics are designated as National Statistics. The designation was extended to include health statistics produced by ISD at an early stage. The Executive decided that, as indicated in its Compliance Statement, all its official statistics will be subject to National Statistics principles as far as possible.

D. LIAISON BETWEEN THE SCOTTISH ADMINISTRATION AND UK GOVERNMENT DEPARTMENTS

14. Effective liaison between the administrations on statistics is seen to be important and has continued at a significant level since devolution.

15. It includes arrangements in place to consider the needs of UK wide users and the supply of information between administrations to allow them to meet their own requirements.

16. UK Government requires some Scottish Administration statistics to allow it to meet international obligations and a limited number to allow it to support its own reserved functions. It also produces a number of publications for more general use on a UK or GB basis. In most cases statistics used for such purposes have already been published by the Scottish Administration at least at headline level.

17. The Scottish Administration makes extensive use of statistics produced by ONS and other UK Government Departments mainly on the economy, business and the labour market, where these statistics inform devolved as well as reserved matters. In some cases the Executive makes use of and publishes more detailed analysis of such data for Scotland. These statistics are sometimes made available through what is in effect a joint publication process with coincident release, but the more usual pattern is for subsequent release of Scottish data.

18. Executive statisticians play a vital role in quality assurance of UK Government (mostly ONS) statistics in these areas. The more detailed analysis we carry out and our local knowledge are important inputs to quality assessment. We would view it as vital that such arrangements continue.

19. Beyond that there is a considerable sharing of best practice and expertise between statisticians in the administrations. The Executive is dependent on some GSS support activities mainly provided by the Office for National Statistics. In turn it also contributes to GSS developments.

20. The principles covering these arrangements are partly set out in the Concordat on Statistics and partly in the National Statistics Framework. There are also several service level and working level arrangements with UK Government departments.

21. At a practical level there are a variety of arrangements in place. There are UK wide structures that address National Statistics or Government Statistical Service matters. The Scottish Executive and GROS are active participants in many of these structures. Due to resource implications it is selective in terms of its involvement in specific GSS structures, but is at least a correspondence member on most.

22. There is also a considerable amount of joint working on many issues and many joint projects. For example:

- Work on the 2011 Census is being pursued within the framework of a Joint Statement by the Registrars General aimed at promoting consistent and coherent outputs across the UK².
- Development of Neighbourhood Statistics within the administrations has from the outset been developed through close links.
- Similarly developmental work such the Integrated Household Survey has been the subject to beneficial inter administration working.
- The Executive funds boosts to a number of UK or GB wide surveys, the largest being the Labour Force Survey.
- Work on the Atkinson review of measurement of government output has been pursued on a joint basis in Scotland.

23. The Executive is aware of the comments made by the Statistics Commission in response to the UK Consultation Document that “The arrangements for the devolved administrations should reflect the value of consistent information across the United Kingdom whilst supporting a focus on meeting local requirements where that is appropriate.” Such a commitment is reflected in the Framework and Concordat. We would be happy to participate fully in suitable enhanced arrangements.

² Available at <http://www.gro-scotland.gov.uk/statistics/census/censushm2011/background/uk-harmonisation.html>

E. THE SCOTTISH EXECUTIVE'S UNDERSTANDING OF THE IMPLICATIONS OF THE DEVOLUTION SETTLEMENT ON THE PROPOSALS FOR STATISTICAL INDEPENDENCE

24. At a broad level our understanding is the same as indicated in the UK Consultation Document—ie “that it will be a matter for the Devolved Administrations to decide what action they might take with respect to their own responsibilities given the Government’s proposed reforms. As agreed in the Concordat on statistics the Devolved Administrations will continue to work closely with the UK Government on this matter.”

25. We are content with the arrangements that UK Government have put in place to liaise with devolved administrations on the Consultation Document.

26. The changes proposed or suggested as options in the Consultation Document will have implications for the National Statistics Framework and Code. The Scottish Executive has not yet determined its initial position, but in any event, we would expect inter administration discussion on these issues to continue and are content with the arrangements in place for this.

Rob Wishart
Chief Statistician

May 2006

Note from the Clerk of the House of Commons

INTRODUCTION

1. This note is submitted in response to a request from the Sub-Committee for the views of the Clerk’s Department on the issues raised in paragraphs 4.40 and 4.41 of HM Treasury’s consultation document of March 2006 entitled *Independence for Statistics*. In relation to paragraph 4.40, I have consulted the Journal Office, which is the office in my department that has responsibility for the processes and procedures for the laying of papers before the House; and in relation to paragraph 4.41, I have consulted the Table Office, as the office responsible for dealing with parliamentary questions.

LAYING OF ANNUAL REPORT (PARAGRAPH 4.40)

2. The Government proposes that the board of the new Office for National Statistics would be required to publish an annual report which “would be laid before Parliament directly by the board, rather than via a Minister.” Papers may be laid before the House of Commons only by a Member (generally a Minister) or by the Clerk of the House “where there is no directly relevant ministerial responsibility.”³ There is therefore no current procedure by which the new body’s annual reports could be laid before Parliament directly by the board.

3. In the past the categories of papers laid by the Clerk of the House have been relatively few. They have included the reports of the Comptroller and Auditor General (the National Audit Office) and of the Parliamentary Commissioner for Administration (the Ombudsman), both of whom are officers of the House; certain papers generated within the House (such as the Sessional Returns); and Church Measures.

4. Recently I have agreed also to lay reports from certain health bodies where the Act required that they be laid before being provided to the Secretary of State⁴, and from the Information Commissioner in the light of the independent status of his office. In principle, I would be willing to lay reports from the new Office of National Statistics, provided that it was established with an equivalent independence from Government. In that context, I note that the consultation document proposes that the body should be established as a Non-Ministerial Department; and its staff will continue to be civil servants (paragraphs 4.11 and 4.13). It would appear that a large proportion of statistics will continue to be produced in government departments and agencies rather than in ONS itself (paragraphs 2.6 and 4.35–4.37). I note also that the annual reports of other Non-Ministerial Departments (such as those mentioned as comparators in paragraph 4.11) are laid by government Ministers. But the question of the independence of the statistics office under the system proposed in the consultation document is no doubt central to the Sub-Committee’s inquiry. I would obviously want to take account of the Sub-Committee’s conclusions on that issue before making a firm commitment.

³ Erskine May’s *Parliamentary Practice*, 23rd edition, page 262.

⁴ Health and Social Care (Community Health and Standards) Act 2003, Schedule 2, paragraph 11.

PARLIAMENTARY QUESTIONS (PARAGRAPH 4.41)

5. Paragraph 4.41 of the consultation document outlines the existing arrangements. If the answer to a Question falls within the responsibility of the National Statistician it is given by letter from the ONS to the Member concerned. The answering Minister sets out the text of the letter in his or her reply to the Question (which is thus printed in the Official Report).

6. The consultation document suggests that these arrangements might continue after the ONS becomes a statutorily independent body. It suggests an alternative: that “formally presenting such statistical answers to each House could be done via the Chairs of the committees responsible for statistical matters”. This would, I think, raise some practical problems.

7. First, a judgement must be made as to whether the answer to a Question falls partly or entirely within the responsibility of the National Statistician. If Questions continue to be addressed to Ministers, then Ministers make that judgement, answering Questions to the extent that they are responsible, and referring the remainder to the National Statistician. If, on the other hand, Questions were to be tabled to Chairmen of Committees, any part of the answer which was thought to be outside the responsibilities of the National Statistician could not be given in this way, but would have to be sought by a further Question to the responsible Minister.

8. Second, the role suggested in the consultation paper would place Chairmen in an equivocal position. Although a fully independent ONS would not be a Ministerial creature, it would be very odd to have representatives of a Select Committee system whose purpose includes the scrutiny of such bodies taking responsibility in the House for information supplied by the ONS. Some, perhaps most, Chairmen might be reluctant to be put in such a position.

9. Third, it is easy to imagine a situation where the reference of a Question to the National Statistician for reply might be politically contentious—for example, if a Member believed that the responsibility lay with Ministers and that this was tantamount to avoiding an answer. This could put the Chairman of the relevant Committee in an invidious and embarrassing position.

10. Overall, the alternative answering route suggested in the consultation paper would at the least be cumbersome, but might also have considerable practical disadvantages. It would seem preferable to keep the present arrangements in place. Using the convenience of a ministerial PQ to get information from the statistics office into the public domain would not in itself call into question the independence of the office; and a reply formula might be devised which made that clear.

11. The Sub-Committee might wish to consider whether there should be a means of direct Parliamentary questioning on broad matters of policy and funding, rather than the operational matters dealt with above. This exists in the case of the National Audit Office (through the Chairman of the Public Accounts Commission) and of the Electoral Commission (through the representative of the Speaker’s Committee). However, no such arrangements exist for the Non-Ministerial Departments listed in paragraph 4.11 of the consultation paper (the Food Standards Agency, the Charity Commission and independent regulators such as Ofsted). If a means of questioning on strategic ONS issues were required, then a Member able to answer in the House on such matters would presumably need to be a member of the Board described in paragraphs 4.17ff of the consultation paper.

Roger Sands
Clerk of the House

Memorandum submitted by the Health Statistics Users Group

EXECUTIVE SUMMARY

1. *Background*

The Health Statistics Users Group is a member of the Statistics Users Forum and this submission complements that submitted by the Forum. In particular, we support strongly the comments made about the need for legislation to secure the independence of the statistical service through accountability to parliament.

2 and 3. *The production of official statistics and the role of the Office for National Statistics (ONS)*

In supporting the Statistics Users Forum’s reservations, especially that it is unrealistic for the proposed Board of the Office for National Statistics to be simultaneously responsible for the delivery of statistics and for ensuring quality and adherence to standards. This model is particularly inappropriate for health and care statistics. In three of the four countries of the United Kingdom, much of the responsibility for data lies with organisations within the National Health Service and this leads to different lines of accountability. In England the chief executive of the Information Centre for Health and Social Care is directly accountable to Parliament.

In view of this, the role of the Statistics Commission should be retained and strengthened.

We agree that the role of the Registrar General for England and Wales should be separated from that of the National Statistician, but the role of the General Register Offices in administering registers should not be distanced from the production of statistics derived from their registers. In view of proposed developments in the use of registers to compile the census, we see an advantage in the censuses remaining in the same organisations as their corresponding General Register Offices. Changes in the role of Registrars General will necessitate amendments to the Population Statistics Acts and the opportunity should be used for a long overdue update of statistical aspects of this legislation.

4 and 5. *Improving quality and integrity and increasing public trust*

Greater independence for the statistical services should help improve the integrity of the data and a more positive identity should help counter public mistrust, but they will not do so in the absence of other changes. Even if taken out of ministerial control, the designation of selected series and datasets as “national statistics” is unhelpful as it legitimates suboptimal practice with respect to “management information” and “departmental research” and the public is unaware of the distinction between these. The target culture promotes selective use of statistics as “good news” which gives an unrecognisable picture of the positive and negative aspects of the health care system. Adequate resources are needed to improve the full process of compilation of statistics including planning, data collection, analysis, interpretation and dissemination as outputs cannot be viewed in isolation from this.

6. *United Kingdom health statistics*

To improve the extent to which health and care statistics can be constructed for the UK as a whole for use both internally and internationally, ONS should have a stronger role in co-ordination and facilitating collaboration between the many agencies involved, as well as in developing the Code of Practice.

7. *Examples from other countries*

The Nordic countries, especially Finland, are seen as leaders in good practice in the production of health and care statistics and the work of ISD Scotland is seen as being on a par with this.

1. BACKGROUND

1.1 The Health Statistics Users Group was established to bring together users and producers of official health statistics in the four countries of the United Kingdom. Because of the nature and extent of organisations involved in the production of statistics about health and health care, many members are both producers of statistics and users of those produced by others. In addition, organisations working at a local level in the National Health Service and local government are both users of national statistics and contributors of data to national systems. The group also includes members who do not produce statistics themselves but have been involving guides for other users.¹⁻³

1.2 The Group welcomes the Government’s consultation on *Independence for Statistics*⁴ and the Treasury’s enquiry. We support the overall aim of introducing legislation to make official statistics more independent. We are affiliated to the Statistics Users Forum and broadly support the generic points made in the Forum’s memorandum to the Committee. In particular, we note the lack of provision for taking account of the needs of users outside government and recommend that this is rectified when the legislation is drafted. Like other user groups affiliated to the Statistics Users Forum, the Health Statistics Users Group is run by a small group of volunteers. Lines of communication with government and NHS statistics departments are good, but more resources would improve our ability to reflect and represent the range of views held by users.

1.3 In proposing arrangements for greater independence, the consultation document does not take sufficient account of differences in the ways in which statistics on particular subjects are produced. This applies particularly to the arrangements for statistics about health and care. We therefore wish to make additional comments and recommendations to be read alongside the response from the Statistics Users Forum.

1.4 We are also responding to the concurrent consultation on *Informing healthier choices: information and intelligence for healthy populations*,⁵ which sets out the Department of Health’s strategy for public health information. It is disappointing that there is no cross-referencing between the two documents and we recommend that better links are made. *Informing healthier choices* lists provide information for the public as one of its three priorities, along with providing information support for implementing government policy and supporting the public health workforce. Despite the welcome acknowledgment in paragraph 4.9 of *Independence for Statistics* that “statistics are a public good, serving a wide range of users”, the mechanisms for doing so are not explicitly identified.

2. THE PRODUCTION OF OFFICIAL HEALTH STATISTICS

2.1 The ways in which official health statistics are compiled in the four countries of the United Kingdom diverge in a number of ways from the model assumed in the document as well as from each other. This should be taken into account when discussing the infrastructure to support proposals for independence and is outlined below.

2.2 Devolution has a long history in this area and long predates recent legislative changes. For most of its history, the General Register Office for England and Wales, established in 1837, has combined the administration of civil registration with analysis and publication of data derived from this and the conducting of the population census in England and Wales. Since 1948, it has been responsible for the NHS Central Register. The General Register Office for Scotland, established in 1855, has similar responsibilities, as does the General Register Office for Northern Ireland, set up in 1922, although the NHS register is organised differently in Northern Ireland.

2.3 Over time, the General Register Office for England and Wales developed further areas of health and population statistics in England and Wales, for example statistics on cancer registration and congenital anomalies. Some areas of data collection, for example communicable disease and hospital in-patient statistics were initially developed within the General Register Office and subsequently passed on to other agencies. After it became part of the Office of Population Censuses and Surveys in 1970 and the Office for National Statistics in 1996, the administration of registration was separated from primary analysis, that is the routine production of annual tables. This in turn has been split from the more exploratory secondary analyses which make fuller use of the data. In contrast, the General Register Offices for Scotland and Northern Ireland have retained responsibility for annual publications, but in Northern Ireland secondary analyses are undertaken by other parts of the Northern Ireland Statistics and Research Agency.

2.4 The administration of publicly funded health care, and the accompanying collection of statistics about this has developed separately in each of the four countries of the United Kingdom since the Ministry of Health covering England, the Welsh Board of Health and the Scottish Board of Health were set up in 1919 and separate arrangements were made for Northern Ireland on partition of Ireland in 1922.

2.5 Since the latter half of the 20th century, statistical activities have moved out of government departments and into the National Health Service. The precedent was set in 1974 when the Research and Intelligence Unit established in 1965 in the Scottish Home and Health Department became the Information Services Division (ISD) within the Scottish Health Service, although continuing to provide support to what is now the Scottish Executive Health Department.⁶ ISD has a strong reputation nationally and internationally for the quality of its data and analyses.

2.6 This model has influenced the formation within the NHS of Health Solutions Wales, part of the Health of Wales Information Service and the Information Centre for Health and Social Care established in England in April 2005. Although England and Wales have retained an analytical capacity within the Department of Health and the Welsh Assembly Government, the responsibility for most primary data collection lies in the NHS outside direct accountability to ministers and the Information Centre is a special health authority whose director is directly responsible to parliament. In addition, in England, some data collection formerly undertaken by the Department of Health is now undertaken by other agencies such as the National Patient Safety Agency and the Healthcare Commission.

2.7 In contrast, in Northern Ireland, the Information and Analysis Directorate, whose work encompasses both statistical and economic analyses, is part of the Planning and Resources Group of the Department of Health, Social Services and Public Safety.

2.8 The Channel Islands and the Isle of Man have different health care systems from the rest of the United Kingdom and have their own arrangements for health care statistics and also for civil registration. Because of their small size, their residents make use of some specific and mainly specialist services in England. These islands therefore take part in some relevant health information activities, for example the Confidential Enquiry into Maternal and Child Health.

3. THE ROLE AND GOVERNANCE OF THE OFFICE FOR NATIONAL STATISTICS

3.1 In supporting the Statistics Users Forum's views about the proposed role of the Board of the Office for National Statistics, we would point out that the assumptions on which the proposals are based conflict with the ways in which health and care statistics are collected.

3.2 As mentioned above, the Chief Executive of the Information Centre for Health and Social Care is directly accountable to parliament. The Information Centre also has a co-ordinating role with respect to other agencies with a role in health statistics in England. This cuts across the arrangements proposed in paragraph 4.20 for the Office for National Statistics to take responsibility for the quality and integrity of national statistics which it does not itself produce. Although it is appropriate for ONS to take the lead on updating and maintaining the Code of Practice, and in consulting users of statistics on changes, it cannot, by definition, have a monopoly in implementing it.

3.3 We agree that the post of Registrar General for England and Wales should be separated from that of head of the Government Statistical Service but we do not think it should be separated from the analysis and dissemination of data derived from registration currently undertaken by ONS. It also should not be separated from the role currently played by ONS of overseeing the very extensive use of the National Health Service Central Register for research purposes and the changes likely to take place in the latter with the implementation of the National Programme for IT in the NHS in England. In view of proposals to replace the census with a register-based system, it is more appropriate for it to remain with the organisation responsible for registers. Closer links should be made with the General Register Offices for Scotland and Northern Ireland, given their responsibilities for vital statistics and censuses.

3.4 Surveys make an important contribution to information about the health of the population and its use of health and social care. In general, they are commissioned by health ministries from survey organisations, including both ONS' social survey division and private sector organisations, which in some cases work in partnership with academic departments. Health surveys are commissioned for each country separately but other surveys relevant to health or including questions about health may cover more than one country. For example the General Household Survey, now incorporated into the Continuous Population Survey, covers Great Britain and the five-yearly Infant Feeding Survey covers the whole United Kingdom.

3.5 The diversity of the arrangements for producing health and care statistics reinforces the view expressed by the Statistics Users Forum that it is unrealistic for the proposed Board of the Office for National Statistics to be simultaneously responsible for the delivery of statistics and for ensuring quality and adherence to standards. We therefore support the retention and strengthening of the role of the Statistics Commission.

4. ENSURING THE QUALITY AND INTEGRITY OF NATIONAL STATISTICS

4.1 The integrity of national statistics is dependent not only on making adequate arrangements to ensure their independence but also on the availability of adequate resources to do work of a sufficient standard and develop statistics to meet the changing needs of society. We are concerned at the recent cuts in resources available for health statistics within ONS, compounded by the division of analytical activities between London and Newport and the loss of skilled staff who have not moved from London when their posts have been relocated elsewhere. As a result there seems little scope for new analyses developments in data dissemination, professional contacts have been lost and the use of data has been impeded. A parallel loss of skills has arisen from the relocation of statistical posts in the Information Centre from London to Leeds. Examples can be provided.

4.2 An important consideration in the production of health statistics is the need to strike a balance between the need to protect individuals from identification and the ability to use data to provide information to inform decisions about public health and health care. Over the past few years, ONS has implemented heavy-handed and cumbersome disclosure control measures. These have restricted both the availability of data, particularly those relating to health, for further analysis and also the integrity of some data. The long tradition of ONS by which it increased its ability for secondary analysis by collaborating with outsiders has increasingly been replaced by a situation where ONS staff spend time policing disclosure control measures designed to impede potential collaborators and outside users from accessing the data.

4.3 The problems arising from disclosure control are compounded by the outdated provisions of the Population Statistics Acts. The need for updating these has long been recognised,⁷ but legislative time has not been made available to do so. As these Acts will have to be revised to change the role of the Registrars General, the opportunity should be taken to revise and update their other provisions at the same time.

4.3 Both *Independence for statistics* and *Informing healthier choices* refer to the need to reduce the burden of data collection. This should be counterbalanced considering the extent to which this could be counterbalanced by feeding back useful analyses and information to people, especially those in the NHS who provide data. This would also contribute to improving quality by giving them the opportunity to identify possible errors in the data.

4.4 Particularly in England, where there is substantial investment in the National Programme for IT, statisticians and data analysts have had little involvement in decisions about how data are collected. These have largely been made by informatics specialist and IT suppliers. There is now a belated but welcome move towards greater public health and statistical involvement. This should be strengthened, particularly in view of the many problems arising in implementing the National Programme for IT, despite massive investment.

5. INCREASING PUBLIC TRUST IN STATISTICS

5.1 Concerns about ministerial and other political interference relate not only to release protocols, but also to the whole series of choices that are made about which statistics are and are not produced. Added to this, the prevailing target culture concentrates attention on limited areas of activity and related statistics and lead to neglect of other areas. As a result, target-based statistics present a picture at odds with users' own experience. The agenda can also be restricted by cutting budgets. When departmental ministers decide the scope of National statistics and departmental statistics programmes and resources, this allows scope to

restrict the agenda for the statistics to be collected to those which are likely show the government of the day in a favourable light and exclude those which are likely to be unflattering. Even if this does not occur in practice, it gives rise to the perception that political interference may occur. We therefore strongly agree that these decisions should not be taken by departmental ministers.

5.2 We agree with the Statistics Users Forum that the definition of “national statistics” is unhelpful and gives a licence for bad behaviour in release/non-release of “management information” and “departmental research”. The public does not appreciate the difference so all these activities should abide by the Code of Practice, which should apply not only to outputs, but to the whole process of collection, analysis, interpretation and dissemination of official statistics.

5.3 Giving a higher profile to statistical organisations in government and NHS and a more active use of statistical press releases will help to reinforce a separate and independent identity for official statistics and help to reduce mistrust and counter the selective use of statistics by ministers as “good news”.

5.4 Mistrust in ONS has been fuelled by a growing perception that ONS mistrusts outsiders. The use of disclosure control to impede access to data for analysis and exclusion of outside authors from ONS press conferences has compounded this. This is a matter to be addressed by the new National Statistician, rather than a subject for legislation.

5.5 Measures taken for disclosure control can lead to distrust among specific groups of users. For example, the medical profession distrusts cause of death data based on the initial causes of death written on death certificates rather than the revised causes modified in the light of pathologists’ and coroners’ investigations. Another example is local infant mortality rates which are based on small numbers of events but have a high policy profile. Published data analysed by registration year are inaccurate and lead to mistrust and should be replaced by more accurate data based on years of occurrence.

5.6 The launch of the Information Centre in England has been overshadowed by issues arising from contracting out a large tranche of its analytical work to a joint venture with a private sector company. The Dr Foster affair has clouded launch of the Information Centre for Health and Social Care in England. The Information Centre has retained control of data sources and primary outputs, but the resulting secondary analyses are not publicly available. This is despite a £20 million investment of public funds without a tendering process, a matter which has attracted considerable criticism. There are concerns about the lack of accountability of the Dr Foster organisation and we shall attempt to monitor the statistical quality of the work it produces. Meanwhile we recommend that analyses produced with public funds should be publicly available and commercial providers should be required to tender for public funds, as is usually the case with work commissioned from both private companies and academic organisations.

6. UK HEALTH STATISTICS

6.1 Because of the ways health and care statistics have developed separately in the countries of the United Kingdom documented above, it is difficult to derive statistics for the United Kingdom as a whole. There has been more harmonisation of registration and census statistics, as a result of collaboration between the organisations concerned. Similar collaboration is needed in respect of health and care statistics, although some differences are likely to continue as a result of differences in the ways in which care is organised. The gaps in statistics for the United Kingdom as a whole pose problems internally, but also lead to problems in contributing to international organisation and health monitoring activities in Europe.

6.2 The Office for National Statistics has recently produced a second volume of United Kingdom Health statistics⁸. This has been useful in drawing together compatible data where possible but has also illustrated the problems involved and the patchy coverage. We recommend that the ONS’ co-ordinating role be continued and expanded.

7. EXAMPLES FROM OTHER COUNTRIES

7.1 In many other countries, health and care statistics are collected outside the central statistical office. Even in Canada, where Statistics Canada is very centralised, Health Canada collects a considerable amount of data.

7.2 There are a number of examples of good practice, particularly in the Nordic countries which have a strong tradition of compiling good quality health data through the use of linked registers, while maintaining confidentiality. STAKES in Finland could be cited as a particular example of good practice. In this context, ISD Scotland is well respected internationally and has been considered as an “honorary” Nordic country.

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May 2006

Memorandum submitted by the Information Centre for health and social care

EXECUTIVE SUMMARY

- The Information Centre for health and social care (IC) is already constituted as an independent arms length organisation.
- Its governance structure provides a model for the independent production of National Statistics.
- More clarification is required on a number of HM Treasury's proposals.
- Reforms must improve public confidence.
- Early access to data should be reviewed.

CONTENT

1. This memorandum:
 - Provides background information about The IC (including its corporate objectives, services and official statistics).
 - Outlines governance arrangements for The IC.
 - Outlines The IC's role in building public confidence in official information and statistics.
 - Outlines a number of observations and issues relating to the Treasury's proposals.

BACKGROUND—THE INFORMATION CENTRE

2. The IC was established as an independent organisation on 1 April 2005. It brought together functions previously in the Department of Health (DH), NHS Information Authority (IA) and West Yorkshire Strategic Health Authority. The IC is independent, and has a fully operating board (see below) and is located in Leeds. The Chief Executive is a statistician. The IC's constitution and governance structures have similarities to the proposal encapsulated for the ONS in the Treasury's consultation document.

3. The IC employs 350 permanent staff in the collection, management, analysis and publication of health and social care information; and uniquely its staff are NHS employees and not Civil Servants (although some transferred from the Government Statistical Service [GSS] and are currently employed under civil service terms and conditions).

4. The organisation is working to change the information culture to ensure the public can readily access quality information about health and social care; and also strengthen the capacity for informed decision making and policy making in the NHS front line. It is fully committed to building public confidence in official statistics relating to health and social care. The IC is also working to reduce the burden placed on the frontline in making data returns by co-ordinating information requirements across a wide range of bodies. Key corporate objectives for The IC include:

- Providing information of integrity.
- Providing effective access to information.
- Developing an information culture.
- Supporting policy development and research.

The IC's Services

5. The IC provides a diverse range of information services including for example: the production and publication of National Statistics (NS) and other Official Statistics; National clinical audit services; Casemix services (including the development of Healthcare Resource Groups to support Payment by Results); work on the customer interface to the NHS care record Secondary Uses Service (SUS); Health informatics standards and networks; Review of central data returns by NHS organisations; and Prescribing Support Unit. Further information is available on the internet at: <http://www.ic.nhs.uk>

The IC's Official Statistics

6. The IC is one of the biggest organisations outside ONS that produces official statistical information. Each year The IC issues approximately 30–40 discrete National Statistics (NS) releases. Most of these are annual publications, although some are biennial or triennial.

7. The IC produces and publishes a diverse range of statistical information (both NS and non-NS), including for example: statistics on NHS contraceptive services, admissions of people to hospital with mental health conditions, information on the NHS workforce, data on GP practices including remuneration, vacancies and patient care, immunisation statistics, Health Survey for England and pharmacy and prescribing information. Further information about The IC's annual publications is on the internet at: <http://www.ic.nhs.uk/pubs>

GOVERNANCE ARRANGEMENTS FOR THE IC

8. The organisation was set up as a special health authority by the Secretary of State for Health by Statutory Instrument (The Health and Social Care Information Centre—Establishment and Constitution—Order 2005, Statutory Instrument 2005 No 499) on 1 April 2005. As an independent arms length body it has particular governance structures.

9. The **Board of the Information Centre** consists of a Chair, five Non-Executive Directors, a Chief Executive and three Executive Directors. They have primary responsibility for key objectives and developing policy and strategy. There are three Board sub-committees on Audit and Risk, on Information and Statistical Governance, and on Remuneration, all chaired by Non-Executive Directors.

10. The **Chairman** is personally responsible for ensuring that The IC's policies are compatible with those of the Secretary of State for Health and for probity in the conduct of The IC's affairs.

11. The **Chief Executive** is responsible for ensuring that the requirements of Government accounting are met and that proper procedures are followed for ensuring the regularity and propriety of the public funds administered by The IC.

12. **Non-Executive Directors** have the responsibility to constructively challenge and contribute to the development of strategy; to scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance; to satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and to ensure the board acts in the best interests of the public and is fully accountable to the public for the services provided by the organisation and the public funds it uses.

13. **Executive members** have corporate responsibility for ensuring that The IC complies with statutory or administrative requirements for the use of public funds; for establishing the overall strategic direction of The IC within the policy and resources framework agreed with the responsible Minister; and for ensuring that the Board operates within the limits of its statutory authority and any delegated authority agreed with the DH.

14. The Board carries out business in a transparent fashion with public Board meetings and papers being made public via The IC website: http://www.ic.nhs.uk/boardpapers/ICfolder_view

THE IC'S ROLE IN BUILDING PUBLIC CONFIDENCE

15. The IC places considerable emphasis on its role and responsibilities in building public confidence in all Official Statistics (ie including those beyond health and social care information). Moreover, its independent status and governance arrangements means it is uniquely well placed to build public confidence. In particular it has four main strengths that are critical to this:

- (a) The IC works closely and directly with a wide range of stakeholders inside and outside of Government. By doing so, it is delivering and developing information for a wide range of user needs and thus improving public confidence.
- (b) Non-Executive influence on The IC's Board and accountability of the Chief Executive supports independence. The Board and its sub-committees are committed to creating reputations for the integrity and independence for all The IC's services and statistical information products.

- (c) Developing and promoting common standards and best practice. The IC is developing a key role in the NHS and social care that parallels that of the ONS across the GSS. Developing data standards and promoting best practice supports more efficient and informed use of information that is collected across a federation of central and local organisations in health and social care.
- (d) It brings together staff, skills and expertise drawn from across health and social care involving a range of information services. New products and services must meet and respond to users' changing needs, and ensure information is of the highest integrity and fitness for purpose.

TREASURY'S PROPOSALS: OBSERVATIONS AND COMMENTS

16. The IC wishes to flag a number of issues that it believes require further discussion and reflection during the consultation process in order to contribute to the drafting and presentation of legislation. Many of these points directly affect The IC which operates as an independent special health authority.

ONS, Governing Board and Chief Statistician

17. The governance structure of The IC provides a model of an independent body producing NS which has a governing board and associated structures and arrangements for non-executive appointments.

18. Clarification is required regarding the specific roles and responsibilities of the proposed Chief Statistician and Independent Governing Board. More importantly, given its own unique status as an independent body and producer of National Statistics, The IC seeks clarification about how and when its Chief Executive will be accountable to the Chief Statistician and Independent Governing Board.

19. The IC welcomes the proposal that the Board will assess and designate National Statistics against NS Codes to ensure quality standards. We look forward to discussions about how quality will be assured.

National Statistics Briefing and Early Access

20. As an Arms Length Body it is essential we are seen to be truly and completely independent. In doing so public confidence and integrity are supported. To this end The IC welcomes a review of the current process of early-access to data.

Devolved administrations and independent bodies

21. There is a need to broaden the scope of the consultation to producers of all National Statistics and Official Statistics across the whole of the decentralised UK Official Statistics System. In health and social care there are a number of Arms Length Bodies who may produce National Statistics (eg the Commission for Social Care Inspection produce "Social Services Performance Assessment Framework Indicators").

Government Statistical Service

22. There is a need for a structure that acknowledges that individuals producing National Statistics may not be Civil Servants.

May 2006

Memorandum submitted by Professor Roger Jowell, City University

The two issues on which I feel most strongly are first, the need for the UK to fall into line with other major democracies by stopping the practice of extended prior disclosure of statistical results to Ministers. As the RSS paper on the subject reveals, the period during which Ministers in the UK have sole access to new statistics is a great deal longer than it is elsewhere. This allows bad news to be discounted in advance and generally encourages leaks. It is inimical to the independence of statistical time series.

The second issue is a resource issue. I think it is important that Parliament should have the primary say in the allocation of statistical resources. Otherwise potentially embarrassing statistical series might end up being starved of resources. Independence is much more likely to be sustained if it is protected by all-party governance than by the Executive alone.

May 2006

Memorandum submitted by Ruth Lea, Centre for Policy Studies

OVERVIEW

These are the following key points of my submission:

- There is an overwhelming need to restore the people's confidence in official data. Official data have, arguably, been undermined by the current Government's own behaviour. For example, there is the strong suspicion in the media and the financial markets that the absence of Network Rail's liabilities in the public sector balance sheet is because of pressure from the Treasury on the ONS.
- "Independence for statistics" is a fine phrase and of course it is a "good thing". But such is the public's cynicism that fine phrases mean nothing until they are translated into hard action.
- The Treasury's general proposals have some merit. The proposal that the ONS should be removed from Ministerial control and become a NMD answering directly to Parliament with a governing board should be supported.
- But the relationship between the ONS (headed by the all-important role of the National Statistician) and its proposed governing board needs clarifying. The proposals in the Treasury's consultation document are opaque to say the least. There needs to be a clear definition of roles. The governing board should have the non-executive scrutinising and advisory role and the ONS should be the executive, delivery arm of official statistics, headed by a statistician of the finest professional credentials. Clarity of roles is the first and most basic rule of governance.
- The decentralised nature of the Government Statistical Service (GSS) needs to be reconsidered. If public confidence is to be restored in "departmental" data on, for example, crime, education and health they will probably have to be taken out of their respective departments (HO, DfES, DH) and transferred to the ONS, under the National Statistician.

HM TREASURY: INDEPENDENCE FOR STATISTICS: A CONSULTATION DOCUMENT
MARCH 2006: DETAILED COMMENTS ON OPTIONS FOR REFORM AS LAID OUT
IN CHAPTER 4

Introduction

Objectives (4.1–4.4)

1. The Government's intention is to reinforce the quality and integrity of statistics produced in Government should be supported. But it could be argued that the Government itself has been responsible for the undermining of trust in official statistics in recent years. For example, the fact that Network Rail's liabilities (worth about £20 billion) are not counted towards the national debt is highly contentious. PFI projects (worth about £24 billion) are similarly not counted towards the national debt. The suspicion is that the ONS has been pressured by the Treasury to keep these liabilities off the public sector balance sheet to aid the Treasury in meeting its fiscal rules. The recent reclassification of London & Continental Railways (LCR) from the private to the public sector was an interesting precedent of what, arguably, should be done with Network Rail.

2. Another area of concern is that on the ONS's work on public sector output and productivity (covered in the Atkinson Report, final report, January 2005), the measurement of which is always problematic. Whilst it is not unreasonable to try and make adjustments for "quality" of output instead of just measuring outputs by the inputs (as was the traditional method), concerns arise when the "quality" adjustments include, for example, scores of GCSE results, when there is such concern about "grade inflation" in public examinations. In addition, given the fact that early ONS estimates of public sector productivity (and productivity of the health sector) showed falls for the years of the late 1990s and onwards, leads to the suspicion is that the Treasury is pressuring the ONS for data which show a "better" picture. The exercise risks being dismissed as "fiddling the figures". There is an analogy here with the redefinitions to the unemployment (claimant count) data of the 1980s.

3. Another area of disquiet concerns the data produced by departments (excluding the ONS), where the suspicion remains one of political interference. Mention has already been made of the highly suspect data on GCSE results from the DfES—the same department that has targets for improving pass rates for GCSEs. Similar suspicions, for example, surround crime data from the Home Office where redefinitions and twin sources of data (British Crime Survey and police data) only further serve to muddy the picture, confuse the public and cast a shadow on the integrity of the official data.

 Structure of legislation (4.5–4.6)

4. The analogy with the Bank of England is not a good one. In May 1997 a major decision was taken to hand the function of deciding interest rates over to the Bank from the Treasury. The Treasury's proposals for the ONS do not involve such a change of function for the ONS.

5. The consultation document refers to the proposed board's responsibility for "statistical quality and integrity". But it is not clear whether this refers to delivery or scrutiny. The board should be concerned with the non-executive role of scrutiny (and advice) and National Statistics should be concerned with the executive role of delivery. This distinction is a vital (and basic) aspect of good governance.

Benefits of decentralisation (4.7–4.8)

6. Whilst noting the benefits and dis-benefits for decentralisation, there must be disquiet about having statisticians in departments under Ministerial control. I've already referred to education and crime data. If independence of statistics is to mean anything the same "independence" proposed for the ONS should be provided for departmental statistics. The question then becomes whether this is possible. If it is not, and I would question whether it is possible, then the case for a centralised service, where all data are compiled independently, becomes overwhelming. The fact that Ministers are able to comment on data ("spin") issued by their departments is, in itself, a very good argument for a centralised service. The further Ministers are away from data delivery the better.

Accountability to Parliament (4.9)

7. The Treasury's proposals appear acceptable—but the proof of the pudding is in the eating.

Integrated independence (4.10)

8. This is a ghastly phrase, but I take it to mean that the proposed board and the ONS ("statistics office") would be both independent of Ministers and responsible for the scrutiny and delivery of the data.

Detailed options for reform

NMD (4.11–4.12)

9. This looks acceptable—though it is unclear what is the proposed relationship between the ONS (and the National Statistician) and data produced in departments. The governing board should basically NOT have an executive function—surely its role should be one of scrutiny and advice.

Civil service status (4.13)

10. Agreed.

Scope (4.14–4.16)

11. There is a clear need for a Code of Practice. But there is probably a case for the National Statistician to revise the Code and have it approved by the proposed governing board and Parliament.

12. It is difficult to see how the proposed board could fulfil the role of "ensuring quality and integrity across the system", when departmental data compilation and delivery is still under departmental Ministers. And it would be difficult, if not impossible, for Parliament to hold the board to account for the "system as a whole" (I assume they are referring to the whole of the Governmental Statistical Service (GSS).) There is no mention of the National Statistician in this section—there should be. He/she is crucial to the whole exercise.

The Board

The Board (4.17–4.23)

13. Under this section, could I draw together the concerns I have already voiced about the proposals. They are: firstly, there appears to be a confusion between delivery and scrutiny; secondly, the board's primary function should NOT be an executive one (this should be for the ONS); thirdly, the difficulties of the board's "ensuring quality and integrity" across the National Statistics system, when the departments (and other agencies) are responsible for data production outside the ONS.

14. There is a need for a clear separation of roles between the National Statistician (to be responsible for delivery of development and programme of the ONS) and the proposed board (to agree the programme and hold the National Statistician to account). Perhaps I am misreading the consultation document—but the tenor of the document seems to be undermining the authority of the National Statistician.

Minimising business burdens (4.24–4.25)

15. Whilst recognising the need for data for business, survey forms can undoubtedly be a burden for business—especially at a time when they have been burdened with extra complicated business and employment regulations and an increasingly complicated and arcane tax system. The CBI’s remark concerning the reduction of duplication is wholly to be endorsed. An integrated, centralised ONS could well reduce the business burden.

Data access and protecting confidentiality (4.26–4.29) and pre-release (Box 4)

16. There is a strong case for providing administrative data for statistical purposes, subject to protecting confidentiality.

17. The practice of pre-release—especially to ministers who can then manipulate the “news agenda”—should be curtailed and minimised. The proposal that all data releases should be released from the ONS has great merit.

Board structure

Board structure (4.30–4.31)

18. There is no need for the chairman to be a statistician. But whether he/she is or is not, it is vital that he/she is not seen as a competing voice of executive authority on the delivery of statistics. That voice should be, unequivocally, the voice of the National Statistician. The board chairman should not be in the position to second guess and undermine the authority of the National Statistician. The consultation document appears to be curiously silent on this critical issue. There is a very clear need to sharpen up the proposed demarcation of accountabilities and responsibilities of the board chairman and the National Statistician. This is a vital governance issue if there is to be confidence in the new system.

19. If the board is to have authority it must have people of stature in key fields (crime, education, health) who know what data are required in their fields and thus be able to provide authoritative advice. They do not need to be statisticians—indeed it may be better if they are not.

Chief Statistician (4.23)

20. Of course this role must be filled by a statistician of the highest calibre. And I speak as a professional statistician of many years experience.

21. There is absolutely no reason to change the title from National Statistician to Chief Statistician, which has other connotations as surely HMT understands. Of course, the post-holder should be the Chief Executive of the ONS (as a NMD), Chief Statistical Adviser to the Government at Permanent Secretary level, and on the governing board. And the National Statistician should unequivocally be in charge of the delivery of data.

Independence issues (4.33–4.34)

22. Agreed.

Government statisticians (4.35–4.37)

23. The consultative document’s comments are uncontroversial. If, however, the GSS ceased to be a decentralised service there would clearly be knock-on effects.

Parliament (4.38–4.41)

24. Broadly agree with the proposals, but then proof of the pudding is in the eating.

Funding (4.42–4.45)

25. The proposal that extra funding would be provided for additional government-desired projects but not for other projects (proposed by the board) would not inspire public confidence in government statistics. Having decided the allocation of funding to the ONS, the government should not be seen to be providing extra funding for its own pet projects.

The devolved administrations (4.46–4.47)

26. I have no expertise in this area.

Additional consequences

The Statistics Commission (4.48)

27. Agreed that the Statistics Commission can be wound up, when the new arrangements are in place.

The Registrar General (4.49–4.51)

28. The proposals relating to the Registrar General appear sensible.

Legal ramifications (4.52)

29. The proposals in the consultation paper appear uncontroversial.

May 2006

Memorandum submitted by Ian Maclean⁵

SUMMARY

1.1 The definition of National Statistics in the Consultative Document (CD) is far too narrow, production based, not demand driven by needs of civil society to play an informed role in the democratic process, actively participating in debates on key public issues and empowered to assess the performance of the government of the day. The test is “what statistics are needed” to fulfil the citizens requirement to relevant as well as reliable official statistics (see 2.1, 2.2 below).

1.2 The EU Council is ahead of us with its Plan D—Democracy, Dialogue and Debate. (see 2.3–26 below.)

1.3 The proposed Board will be unique in its concentration of power. Structures to ensure that the needs of users are identified, evaluated and implemented are essential if public trust is to be gained and maintained (see 2.7, 2.8 and 2.10).

1.4 The appointment procedure in the CD is confusing. The first part of the paragraph describes an open selection procedure, the second part states Ministers will appoint (see 2.9).

⁵ Chairman, Dissemination Committee EU Statistics Advisory Council and past Chairman, Statistics Users Council, 1989–2004.

2. Scope of National Statistics (NS)

2.1 The Consultation Document (CD) Paragraph 1.3 accurately defines the role of NS, but then goes on to describe NS purely in production terms, as meeting strict integrity and reliability standards, losing sight totally of the reason why the concept of NS is so important. A recent book on the English Civil War describes in 1649 England was declared a “Commonwealth”—a free state where power flowed upwards from the people, not downwards from a monarch. The reality was very different, but there are echoes of this ideal in the current move to transparent government and the Freedom of Information Act, of which statistics should have been a part. Involving the public in debates on key issues in crime, education, health and the performance of the public sector is the essence of democracy in the 21st century. Statistics are an important element in achieving these goals, but to succeed NS must be demand driven. What official statistics does society need to participate fully in the democratic process? The Framework Document has the uplifting phrase—a window on the work of government. As described in the CD, NS are a very dark window.

2.2 Public disillusionment with the political process has many fall outs, including voter apathy and direct action. Involving the public in evidence based debate is one of the elements in the mix needed to reverse these trends. Statistics are not valued for their own sake, but because they are an essential element of decision making. So let us approach the scope of NS by identifying decisions that need to be underpinned by statistics.

2.3 Britain is not an island. Jokes about fog in the channel, Europe cut off apart the UK is in the slow stream when we discuss the role of official statistics in advancing democratic debate. The European Union through its various channels has, for several years, been actively advancing the role of official statistics. The integrity of official statistics was guaranteed as long ago as 1997 by clause 285 of the Amsterdam Treaty. A report on the proposal for an EU Citizens Charter in October 2002 listed the key issues for discussion as:

- The feeling that more must be done to encourage the EU citizen or voter to engage in the democratic process at all levels.
- The acceptance that, if citizens are to be in a position to judge the performance of those they elect, they have a right to access reliable and up to date statistics that make this possible.

The concept of an Information Society for all, based on access to statistics held by public sector bodies.

2.4 Then early in 2006 a White paper on an EU Communication policy stressed the need for institutions and governments to pay more attention to consulting the public and feeding their views into the policy making processes. The White paper is a complement to the Commission’s Plan D—Democracy, Dialogue and Debate. The DGINS Conference, Copenhagen, May 2005, also discussed the challenge of communicating statistics.

A proposal for an upgraded EU Statistics Advisory Council has just been prepared for ratification by the European Parliament.

2.5 The Statistics Advisory Committee shall deliver opinions and present reports on user requirements in the production and dissemination of Community Statistics to the European Parliament, the Council and the Commission and the Commission shall report to the Committee on a yearly basis on how it has taken account of the Committees opinions.

2.6 So the EU statistics law will explicitly recognise the need to service users outside Government. Are we going to be left behind again? There are two main options A Statistics Advisory Council separate from the Board but reporting to it, or build on paragraph 4.31 of the CD which states the Board Chair is responsible for “determining the structure of its committees”. If the former, the Advisory Council should be recognised and authorised by the legislation. If the latter the legislation should include a clause that one of the committees should be responsible for identifying and evaluating user needs.

Power Boarding

2.7 The attempt to operate with an external guardian—the Statistics Commission—was not a success. The National Statistician resented what was seen as a confrontational rather than a co-operative relationship and the Commission lacked teeth. The positioning of the Board inside the statistical system resolves this problem but at the expense of weakening the perceived independence of that system. An exchange, provided certain safeguards are in place, worth making for greater operational effectiveness and a unified assault on public mistrust in Statistics *per se*, a much wider and deeper problem than just re-branding selected official statistics as trustworthy. On their own, statistics are just numbers, they need sympathetic presentation to facilitate their use by the public in democratic debate. The ONS has regarded itself as a quarry to which you bring your own spade and shovel. The Board is in a strong position to start a product development programme to bring “statistics into focus” (the title of an EU series), converting a valuable raw material into essential aids for decisions. The Norwegian initiative “statistics for a general election” shows the way forward. Provided certain safeguards are in place is an important qualification. The problem of the invisible user still remains. The Board High Level Objectives—paragraph 4.17—repeats the production bias and introduces a disturbing concept, meeting user needs is mentioned, but in Freudian tones they are described as “key users” ie the Bank of England. Recommendation, replace “key” by “agreed”.

Under the Board structure there is an assessment function (4.33) which will assess National Statistics and the output of the ONS against the code through a unit that although located in the ONS will report directly to the Board.

2.8 Another recommendation, add a user needs identification and evaluation function to the Board structure. If it is not in place in the legislation it will be a long hard struggle to get it there.

2.9 Hail Caesar is the thought that crosses the mind when reading the brief for the chair, more a Lord King or a Tiny Rowlands than a figurehead and arguably a full time rather than a part time job. It is a crucial appointment, the top job in National Statistics and a very powerful national figure. The selection process for the chair we are told in several places in the “consultation document”, will be by “open and fair competition”, but paragraph 4.34 on the “Independent Selection Process”, is confusing. The first part confirms this view, but the second part states baldly that “the Government proposes that the Chair should be appointed by the Crown on the advice of Ministers”. The Government expects that Ministers will appoint the other non-executive members of the Board. This apparent contradiction presumably arises from a subtle distinction between appointment and selection, but the omens from the first selection/appointment process for the Statistics Commission are not good—over 1,000 applications, leading after Treasury sifting (what an expressive term) to a single interview session with nine candidates for seven places.

Lessons from other countries

2.10 I reviewed the practice of some 40 countries in a report for the Statistics Commission in 2002. The main observations are that apart from a handful of countries legislation is actively pursued but there is no agreement on content, long, short; detailed or just principles, you take your choice. There is, however, universal enthusiasm for a Statistics Council, ranging widely in size (eight in Ireland, 160 in France) and composition. The importance of wide ranging user representation is increasingly recognised with the Dutch model (27 designated user sectors) the most admired, The Chief Statistician is almost invariably a member and frequently the Chair. Ministers are also members, but the Councils are mostly advisory not executive. With its concentration of power the proposed UK Board will be unique.

May 2006

Supplementary memorandum from the Office of National Statistics

FOLLOW UP INFORMATION FROM THE EVIDENCE SESSION ON 7 JUNE 2006

PERCENTAGE/PROPORTION OF STATISTICS DESIGNATED AS “NATIONAL STATISTICS”

The number of statistical products* managed by the Government Statistical Service (GSS) varies over time. The following figures are “as at June 2006”:

The total number of GSS statistical products (designated as either “National Statistics” or “non-National Statistics”) is 1,450.

Total number of GSS products designated as “National Statistics” is 1,180.

Percentage/Proportion of GSS statistical products that are “National Statistics” is 81% (four out of five).

Note: There are no reliable figures on the number of statistical products that are produced by central government officials who are not members of the Government Statistical Service.

* Products = end-products ie statistical outputs such as Statistical Press Releases, Publications, Databases, etc. The description does not include statistical inputs such as statistical surveys, administrative sources and the like.

June 2006

Memorandum submitted by the Public and Commercial Services Union (PCS)

INTRODUCTION AND SUMMARY

1. The Public and Commercial Services Union (PCS) is the largest trade union within the Civil Service and the Office for National Statistics (ONS). PCS has 320,000 members with 2,000 of these employed by ONS. PCS members work throughout the organisation at all grades.

2. PCS welcomes the Select Committee’s inquiry, and is happy to supplement this written submission with oral evidence or further written evidence.

3. ONS are a key government department with a relatively high proportion of staff in roles requiring rare specialist skills. The department has committed itself to relocate 850 posts out of London and the south east by 2008, as part of the Lyons Review and also to cut 800 posts as part of the Gershon review. The department have also provisionally offered to relocate a further 150–250 posts out of London and the south east between 2008 and 2010.

4. Along with the other recognised trade unions in ONS (Prospect and FDA) we have consistently raised our concerns about the proposed cuts and relocations, inadequate funding levels, low pay rates and poor financial management within ONS.

5. PCS does not in principle oppose the idea of independence for ONS. We see it as an opportunity for a careful re-examination of the appropriate funding levels, management structure and lines of accountability.

6. We believe this move has the potential to give ONS the fresh start it needs. However, we also fear that without a full and honest evaluation of the current weaknesses within ONS independence could reduce the department's ability to deliver on its target of being a "world class statistical provider". PCS will also be providing a full response to the current Treasury consultation into independence for ONS.

7. This submission offers constructive commentary on:

- key factors to address regarding the independence of ONS;
- an independent governing board, the method of making appointments to it and provisions for its reporting and accountability to Parliament;
- the apparently low levels of public trust in official statistics; and
- the role of statisticians working outside the Office for National Statistics, in central government and the devolved administrations.

KEY FACTORS TO ADDRESS REGARDING INDEPENDENCE OF ONS

8. PCS believes that in order for independence to be a success, the organisation as it currently operates needs to be fundamentally reviewed. The trade unions jointly presented the Minister with our findings regarding financial mismanagement, poor business planning and the impact of the proposed job cuts and relocations programme in July 2005. We have since had regular meetings with him, however, we believe the issues below must be addressed to ensure the organisation operates effectively to deliver reliable statistics for the country.

9. *Funding levels*, including addressing issues of very low pay rates and a complex pay and grading structure. If the funds are not provided to address this as part of any transition arrangements it will become an expensive legacy to any new independent organisation.

10. *The on-going modernisation programme*. This has been the source of considerable investment; we believe at least £75 million. So far it has produced very few tangible benefits or savings and this view is supported by KPMG who reported their findings to the department. The programme is also behind schedule.

11. Considerable assumptions relating to staffing and funding levels are attributed to the successful completion of this programme. We believe there are doubts about when savings from modernisation will now materialise and if they can be realised given technical and legislative complications. For instance, the digitisation of records is behind schedule and the failure to amend relevant legislation using a Regulatory order has delayed this project; however, savings targets have not been amended to reflect these delays. Also, the ongoing modernisation programme is behind schedule with no adjustments made in relation to savings projections.

12. *The on-going relocation and cuts programme to provide a stable adequate workforce*. It is a cause of significant alarm that ONS have been unable to produce proposed staffing structures for each of their sites by grade between 2005 until 2008 at any stage of the on-going relocation programme.

13. The organisation has admitted that it over-stretched itself in the targets offered up to Lyons and Gershon and has received additional funding from the Treasury to fund redundancies, although we still believe this will prove inadequate to avoid compulsory redundancies, especially in London.

14. In particular the business plans for the relocation and cuts programmes have demonstrated a lack of competent financial and strategic management within ONS and also the lack of adequate scrutiny and accountability to prevent things going wrong.

15. As a result ONS have been making their structures fit their relocation and cuts target rather than following any credible business plan. This in itself has had a chronic effect on staff morale and has prevented progress in addressing any of its other strategic difficulties. For instance, ONS failed to secure additional funding for its 2005 pay remit which has resulted in difficulties retaining expertise in key grades and attracting new staff in Newport, as staff are being lost to other higher paying departments in the area such as the Prison Service.

16. *Securing the future of a viable presence in London and Titchfield.* There is now also a widespread concern about the viability and long-term commitment to any London site, which could potentially have an impact on ONS's ability to attract high calibre statisticians and researchers entering the civil service.

17. PCS understand the ONS Board are considering a paper called, "*A Vision for London*" and we are extremely disappointed that ONS have failed to consult with the trade unions on its content. We believe that, as well as low morale during a crucial transition period, the lack of certainty about the long term viability of a London site will impact upon the Government's ability to attract, develop and retain high numbers of quality statisticians across government. With the bulk of these key staff, at least at some point working in London the need to relocate to or from Newport presents a significant risk.

18. Likewise, staff at Titchfield remain concerned about their long term future and this is impacting upon staff morale. Titchfield is, amongst other things, the central site for the next Census and low staff morale and insecurity at this site can and will impact upon preparation for this crucial collection of population data.

19. *General Records Office.* The office based in Southport became part of ONS in 1996 when it was reorganised. PCS believes being part of ONS has brought no tangible benefit for the GRO. It has grown and performed very well in difficult circumstances over the last few years and contributes approximately £12 million per annum profit for ONS. However, we believe it could do better with better direction from senior management and if it was not burdened by poor ONS pay rates.

20. PCS would welcome the GRO being part of the Department for Constitutional Affairs rather than being set up as an independent agency. However, we recognise that any transfer of government staff and functions requires careful negotiation around harmonising pay and wider terms and conditions. The trade unions would expect to be fully involved in any process and retain full recognition in any new structure. We also recognise that adequate time and money will need to be allocated to this process to ensure smooth transition.

21. We are also acutely aware of the political, social and economically sensitive nature of the records that the GRO hold. Whilst the GRO continues to be a healthy and viable business we would see no logic in selling it off. This is a grave concern for our members working at the GRO in Southport.

22. We have previously raised concerns about the digitisation of births, deaths and marriage certificates and the potential risk of this work being conducted off-shore. We believe it is inconceivable that the guardianship of these records should pass to the private sector and see a need for government commitment through legislation to keep these records on UK shores.

AN INDEPENDENT GOVERNING BOARD

23. PCS believe it is essential that any new Board are highly visible within ONS. We feel the Board needs to be accountable to its users, including Parliament, on a regular and open basis as well as to staff.

24. We also believe that special consideration will need to be given to probity around future appointments from the private sector, particularly given the highly sensitive (and valuable) contracts linked to modernisation, including the on-going digitisation of all birth, deaths and marriage certificates which was awarded to Siemens.

25. We believe this will require very careful scrutiny from Parliament and would see merit in an Appointments Board being established which included all stakeholders.

THE LINK BETWEEN ONS AND BUILDING PUBLIC TRUST AND CONFIDENCE IN OFFICIAL STATISTICS

26. We have seen no credible independent statistical evidence about a lack of public trust in official statistics. What evidence there has been could easily reflect general levels of mistrust about all statistics, the Government and politics in general.

27. In particular we have seen no evidence that the public would trust ONS statistics more if they were an arms length independent agency, or indeed any evidence regarding how well the public understand the existing situation.

28. However, we believe that the greatest future risk to the credibility of output would be questions arising from the credibility of management and also scrutiny of parliament. Staff currently have little confidence in ONS managements' record of setting reasonable ambitions, delivering against targets, managing its finances, or putting in place robust audit and monitoring procedures. If these problems can arise within existing structures where the ONS Board are closely accountable to the Treasury, its Ministers and the Public Accounts Committee, PCS members are anxious about what could happen with greater freedom and "independence".

29. Furthermore, previous staff surveys have also highlighted a lack of visibility within ONS of the Board, contributing to a lack of confidence in them amongst staff.

THE ROLE OF STATISTICIANS WORKING OUTSIDE THE OFFICE FOR NATIONAL STATISTICS

30. As part of the Government's professional skills programme that enables staff to move between departments we believe the civil service status of staff must be retained, even if the department does become an independent agency.

CONCLUSION

The structure and accountability of ONS must change in order to deliver reliable statistics for the Government. However, PCS does have concerns regarding the proposal for independence of ONS. We remain committed to discussions and negotiations with management and politicians in order to structure an organisation that is adequately funded and staffed by fairly paid and properly trained people. We strongly believe the organisation needs to be accountable in order for staff, the public and politicians to retain its confidence in both the organisation and also the statistics government policy is based on.

May 2006

Memorandum submitted by the Royal Statistical Society

INTRODUCTION

1. This note summarises the Society's current views about the consultation paper issued by HM Treasury on Independence for Statistics. However, the Society is in the process of consulting all Fellows about the consultation paper and will finalise its position by 14 June.

2. The Royal Statistical Society has long called for legislation in statistics and has provided evidence on this subject in the past. Shortly before the announcement last year that the Government planned to introduce legislation, the Society published an updated "Vision for National Statistics" (attached) which emphasised the need for a rigorous legal framework.

3. Whilst there is much in the Government document that we welcome, we believe it falls well short of what is required if we are to create an independent statistical service and restore trust in UK statistics.

EXECUTIVE SUMMARY

4. The Government consultation essentially focuses on ONS and brings in the wider statistical system almost incidentally. It is important that this is rectified for two reasons. First, many of the most sensitive statistics are produced outside ONS and second, coherent statistics on many features of society require coordination across a range of departments. Additionally the consultation paper gives scant mention of users of statistics but it is essential that the statistical system takes account of their needs.

5. We believe that the key issue is to create an environment in which Official Statisticians, in ONS and elsewhere, can produce statistics for public dissemination to the highest standards that will be seen as trustworthy.

6. Our views on the points raised in the terms of reference for your inquiry are:

- We support the proposal to make ONS a non-Ministerial department, but more attention needs to be given to the funding arrangements.
- We support the idea of establishing a Statistics Board but it must be non-executive. The executive function of the National Statistician for delivery of ONS statistics and coordination of statistics across the system needs to be clearly set out in the legislation.
- A statutory code of practice designed to restore trust is needed. In addition release arrangements need to be reformed, confidentiality assured and access to administrative data granted for statistical purposes to improve quality and integrity.
- The Statistics Commission can be wound up, but only if the Statistics Board is non-executive.
- National Statistics should include all statistics produced by Government that are released for public consumption.
- Legislation is no panacea for improving trust. The behaviours of people inside and outside the system will be just as important. Improvements to release arrangements for statistics would be a powerful signal of intent.
- The professional line of accountability for GSS Heads of Profession needs to be strengthened. In respect of devolved administrations there is an urgent need for engagement on statistical reform.
- Essential features of good practice of other countries are: the critical role of the National Statistician for the National Statistical Office and for statistical coordination, and statutory access by the National Statistical Office to administrative records for statistical purposes.

GENERAL COMMENTS

7. First: the Government consultation essentially focuses on ONS and brings in the wider statistical system almost incidentally. This is a serious misconception since many of the most sensitive statistics are produced in policy departments or their agencies (eg Health, Crime, Immigration, Education). Indeed many of the factors that undermine public confidence in Official Statistics originate in statistics produced by policy departments. It is essential that legislative reform addresses the wider statistical system. The National Statistician must have effective leverage over the statistical activity in policy departments that leads to statistics released for public consumption.

8. Second: the preceding point does not only require that each statistical production unit operates effectively within its own department and in response to its narrowly defined user requirements. Coherent statistics on many features of society require a co-ordinated activity from a range of departments. This is obviously true in the case of UK statistics which must often span ONS, some policy departments and the devolved administrations. It is equally true of local statistics focussed on social exclusion, for example, that must draw on administrative and statistical systems spanning population, labour market, income and wealth, education and health etc. A strong coordination of the statistical production processes is essential together with strong influence on priorities that span departments.

9. Third: it is useful to reflect on what the proposed legislation is intended to achieve: put simply who or what is being protected from what? Principled Ministers from both administrations are on the record as stating that the statistical framework should protect official statisticians from “people like me” (loosely interpreted as Ministers, Special Advisors and policy officials acting, as they see it, in support of Ministers). A reading of the Government’s proposals might lead one to the view that the main priority was to protect the public from Official Statisticians. This is false: certainly Official Statisticians need to be accountable, but the key issue is to create an environment in which Official Statisticians, in ONS and elsewhere, understand their primary responsibility and can produce statistics for public dissemination to the highest scientific and professional standards that are seen to be trustworthy.

10. Fourth: Official Statistics are a public good, supporting the needs of a wide variety of users at different levels of government, as well as in industry and commerce, local authorities, education and public services as well as in the European Union and international bodies. It is vital that the statistical system recognises this and identifies and takes into account all users’ needs in preparing production and development plans.

11. The remainder of this evidence draws attention to our views specifically addressing in turn the terms of reference for your Inquiry.

THE OFFICE FOR NATIONAL STATISTICS

12. We support the proposal to make ONS a non-Ministerial Department within the civil service. However we are concerned that the budget setting mechanism for ONS should be quite independent of the annual spending review and be for a longer time horizon. The budget must include current funding needs together with an allowance for infrastructure renewal costs as well as any additional recurrent costs associated with the creation of the proposed Board and its functions. The budget should be arrived at through a joint HMT/Parliament proposal. The Treasury proposal to separate the Census budget from this arrangement is unacceptable. The ongoing Census research and development costs should be built into the ONS core budget. The abnormal and very large Census costs associated with the Census operation itself should be separately identified but this budget needs to be determined well before the normal annual spending review that covers Census day if cost-effective planning and operations are to be developed. Hence this budget should be determined within the longer term horizon of the ONS core budget rather than the annual spending review.

AN INDEPENDENT GOVERNING BOARD

13. We support the idea of establishing a Statistics Board to advise the public, Parliament and Government on the statistics that are needed and what needs to happen to make sure we get them. The Board should be impartial and authoritative and report to Parliament. However, the Government proposals need significant modification.

14. We believe that there should be a clear separation between operational delivery of National Statistics (the responsibility of the National Statistician) and the oversight role of the Board.

15. The National Statistician should have executive responsibility for ONS and a function to coordinate the statistical system as a whole. To be effective this coordination function should include the following system wide responsibilities:

- Ultimate authority over the statistical methods used.
- Ultimate authority over the timing and content of statistical releases.
- Authority to initiate quality reviews and to publish these.
- Professional leadership to those producing National Statistics.

- Agreeing appointments to the highest two levels of staff involved with producing National Statistics outside of ONS.
- Maintaining the statutory Code of Practice for National Statistics.
- Acting as the public spokesperson.
- Representing the UK in EU and international meetings.
- Organising effective user consultation mechanisms and taking account of users' needs in submitting to the Board high level plans for statistical production together with major priorities for significant statistical development. In fulfilling this function a transparent financial budget of the expenditure on statistical work throughout the system should be presented.

16. The Board should be non-executive in terms of the production of statistics and should ensure that the statistical system serves the wider public interest. It should:

- Consider the statistical plans and draw to the attention of Parliament and Ministers any imbalance or inadequacies.
- Keep under review strategic developments for the statistical system.
- Monitor, through whatever methods it deems necessary including independent audits, the professional integrity of the whole statistical system and adherence of statistical producers with the Code of Practice.
- Assure itself that the statistical system takes account of the needs of all users.
- Monitor the performance of the National Statistician in the discharge of his/her functions.
- Advise the National Statistician, Parliament and Ministers as appropriate.
- Report to Parliament.

17. Members of the Board should be non-executive and of the highest calibre.

18. If the ONS is to be seen as independent of Ministers it would send a powerful signal if the appointments of the Chair and the National Statistician were made by the Queen on the joint recommendation of the Prime Minister and leaders of opposition parties and first Ministers in devolved administrations.

ENSURING THE QUALITY AND INTEGRITY OF NATIONAL STATISTICS

19. The combination of a system of governance based on the broader public interest, including a Statistics Board of the kind we have suggested and a clear legal framework for the National Statistician and the ONS, should go a long way towards meeting the requirements for quality and integrity.

20. We also consider that a statutory code of practice designed to restore trust is needed. This code needs to alter the balance between those things that are the responsibility of statisticians and those things that are the responsibility of politicians and policy officials.

21. A good example is reform of the current release arrangements for statistics. These could be changed without legislation but a statutory code would place any changes on a much securer footing. The existing non-statutory arrangements have not improved matters six years after the launch of National Statistics.

22. It is essential that data collected for statistical purposes should only be used for statistical purposes (statistical analyses and outputs and related uses such as maintaining sampling frames). The responses from individuals or businesses should be kept confidential and access restricted only to those legitimately involved in statistical production. The only exception to this should be the release of Census records to the Public Records Office 100 years after the Census is taken.

23. There is one important matter in which the Government's proposals are extremely inadequate. Countries throughout the world are making more and more use of information contained in administrative systems for statistical purposes. This has many benefits such as improving the efficiency of the statistical system and allowing statistical estimates at finer levels of detail than surveys will often allow. The ONS and other parts of the statistical system should have access to administrative records for statistical purposes with the condition that any records so accessed will be afforded the same level of confidentiality protection as for the survey responses from individuals and businesses.

WINDING UP THE STATISTICS COMMISSION

24. If a Statistics Board along the lines we have proposed is established, then we consider that the Statistics Commission can be wound up. The Governing Board as proposed by the Government is an executive body and therefore if that model is pursued there will still be a need for a body like the Statistics Commission to oversee the Governing Board.

THE DEFINITION OF NATIONAL STATISTICS

25. National Statistics should include all statistics produced by Government (including its agencies and privatised functions) that are released for public consumption. At the very least it should cover those statistics on which the public and Government rely to make decisions and judgements about policy and the effectiveness of Government and public services.

26. Under a new model with a Statistics Board, that body will be well placed both to call for gaps to be filled and to support the National Statistician in refusing to accredit inadequate statistics.

27. In the current system it was assumed that over time Ministers would wish to include more statistical outputs as National Statistics. This has not been borne out over the last five years. If decisions about scope are left with Ministers (as intended in the Government's proposals) we are likely still to have patchy coverage (based on the views of individual Ministers rather than the significance of the information to public debate) and official statistics which inform only those aspects of an issue that the Government considers important. As proposed, Ministers are, in effect, being given the job of deciding whether the legislation should apply to them and their Department's statistical work.

THE APPARENTLY LOW LEVELS OF PUBLIC TRUST IN OFFICIAL STATISTICS

28. Public trust in statistics is low and we believe it is possible to improve matters. Legislation is no panacea and public trust in statistics is inevitably bound up with other issues of trust across the public realm. Good statistical legislation is a necessary but not sufficient criterion for improvement. The behaviours of people within and outside the statistical system will be just as important. By acting soon on things that can be done without legislation, such as release practices, the Government could signal its intent quite powerfully. Specifically we believe that all National Statistics produced in policy departments should be released through a National Statistics Press Office physically separated from any policy department with a dedicated staff of Press Officers whose function is to facilitate the release and explanation of the statistics. Press Officers in policy departments would be free to explain government policy and offer the Minister's comments on the policy implications of the statistical release. No-one outside the statistical production team should have access to the statistics until they are released to all.

THE ROLE OF STATISTICIANS WORKING OUTSIDE ONS IN CENTRAL GOVERNMENT AND THE DEVOLVED ADMINISTRATIONS

29. The Government's proposals in respect of statistics produced outside of ONS are extremely weak even though this is where many of the concerns about the current statistical arrangements are centred. Our proposals contained in the earlier sections of this response greatly strengthen the Government's proposals and bring the statistical production outside ONS into the mainstream of the arrangements.

30. Heads of Profession for statistics in official agencies that produce National Statistics outside ONS have two facets of their role and the combination of the two is particularly challenging. They must produce statistics for public consumption, and in doing so must contribute to and uphold the goals of quality and integrity in statistics. At the same time they must support the statistical needs of the department in developing and monitoring policy. These two roles need to be separately recognised. In respect of the former they must be seen to have an overriding professional responsibility to the National Statistician. In the latter they must ensure that Departmental needs are met using the highest professional statistical standards. At one time the Head of Profession would often be at Director General level in a government department. This does not happen at all now, indeed the role is often one, two or more levels below Director General, in many cases not even within the Senior Civil Service. Given the fact that the role of Head of Profession has been so weakened the professional line to the National Statistician needs to be strengthened in order for Heads of Profession to operate effectively.

31. Nonetheless, the Government Statistical Service has played an important part in initiatives such as integrating analysis across government and more recently the Professional Skills in Government agenda. It is possible for a distinctive identity for professional statisticians to be maintained whilst working closely with colleagues in other related professions. Stronger leadership would help the GSS become more influential, to the benefit of both government and the wider community.

32. It was hoped at the outset that UK statistics would not be jeopardised by devolution. This has not been borne out in practice. Nor does the system as a whole support the legitimate needs of users in devolved territories by providing consistent, comparable statistics across the UK. There is an urgent need to engage the devolved administrations in recognising the failures of the present arrangements both in producing consistent, coherent UK statistics and in providing consistent statistics that allow each of the devolved administrations to compare itself to other components of the UK.

33. An important additional factor is that statistical groups in Policy Departments do not have the critical mass to sustain certain crucial specialisms. It is essential that the ONS has a support role to these groups and is funded at a level that will allow these specialisms to be deployed in support of the entire system.

LESSONS TO BE LEARNT FROM OTHER COUNTRIES' LEGISLATIVE FRAMEWORKS FOR INDEPENDENCE FOR STATISTICS

34. Whilst there are important differences, notably the federal nature of the arrangements in those countries, the most obvious comparators are probably Canada and Australia. These countries are good comparators because of the shared Parliamentary model and because of the worldwide reputation that their statistical offices have.

35. It has been said that comparisons with these countries are flawed because the UK system is decentralised whilst the Canadian and Australian systems are centralised. It is true that there is a stronger decentralised element of the statistical system in the UK but in fact, since the creation of ONS, coverage of the central statistical agencies is reasonably similar. Moreover, there is some convergence insofar as in the UK we are seeking to improve the role of the centre in supporting the integrity of the whole system whilst both Canada and Australia are seeking to improve the cross government coordination function to ensure that administrative and management information are more effectively used to create National Statistics. An example of this is the approach taken to coordination of crime statistics in Australia where serious issues of public confidence arose in the 1980s and have been tackled through coordination mechanisms involving the Australian Bureau of Statistics and police authorities.

36. Essential features of good practice in the approaches of other countries are:

1. The statutory authority of the National Statistician and National Statistical Office, including for impartiality of presentation, objectivity of method and assurance of confidentiality to respondents.
2. The statutory function of the National Statistician to coordinate across the statistical system.
3. Statutory access by the National Statistical Office to administrative records across government for statistical purposes.

37. It should be noted that the UK already has obligations under European Law and on account of membership of the International Monetary Fund in relation to statistical independence.

May 2006

Memorandum submitted by the Society of Business Economists

1. MAIN POINTS

1.1 The Office for National Statistics (ONS) should be independent as a Non-Ministerial Department and, as far as possible, for its funding, though not necessarily constrained by a distinction between funding for ongoing and new work.

1.2 It is important that statistics are adequately funded and it would be extremely damaging if the new arrangements resulted in any further reduction in spending.

1.3 ONS responsibilities for statistical accountability, quality and integrity should be clear and, as far as possible, over-riding.

1.4 The proposals for the composition, appointment, role and duties of the proposed governing board are unsatisfactory; appointments by Ministers, rather than with their recommendation or approval, are inconsistent with "independence". The expectation that the board can satisfactorily perform the dual functions of data and information provision, as well as being critical scrutineers is impractical and undesirable.

1.5 ONS should report and be accountable to Parliament, though the resource and time that Parliament can devote to such a single and relatively narrow, though vital, operational area is likely to be limited.

1.6 Ensuring the quality and integrity of all Official statistics (ie not just "National Statistics") should be a *sine qua non* of the purpose of the proposals. Continuing to make an exception of the RPI is anomalous and should be rescinded.

1.7 Despite the fact that public opinions on the performance of the Statistics Commission are not universally favourable, the recommendation that it should be wound up (and its functions subsumed into those of the governing board) is inconsistent with the Commission's own reports on legislation and trust.

1.8 The definition of "National Statistics" has from their outset been fuzzy, difficult to pin down and identify, and inexplicably and quirkily arbitrary; finding and identifying them has also been difficult. This needs to be reformed; such a distinction is not made elsewhere round the world.

1.9 Levels of public trust in official statistics measured in recent ONS/Statistics Commission surveys are but a benchmark, there is no similar earlier yardstick, nor any suggestion that such measurement may need to be regularly repeated.

1.10 UK data are accepted as being generally of high quality, but rules relating to statistical pre-releases need overhauling as they appear to have led to some of the causes of poor public trust; though errors and major revisions, some definitional, have not helped.

1.11 Given the Government's desire to maintain separate departmental and devolved administrations' statistical roles and functions, it is desirable that the best and strongest arrangements should be made to ensure that the National Statistician (and the staff of ONS) are able to facilitate a well-co-ordinated system which, whilst allowing separate data series to exist where necessary, ensures the existence and accessibility of truly UK data. Federal states, such as the US or Germany, do have not such disadvantaged systems.

1.12 The role of users, professional and other, needs to be more explicitly recognised and provided for, both in accessibility and structural presence.

2. INTRODUCTION

2.1 **The Society of Business Economists** (previously founded as the Business Economists' Group in 1953, name changed 1969) currently has over 600 members. It is the leading organisation serving business economists in the UK, as well as having a small number working overseas.

3. GENERAL POINTS

3.1 **The Statistics Commission** (ref paragraph 1.7 above). Although the Treasury consultation document (paragraph 3.11) cites the Statistics Commission's Report No 18 *Legislation to build trust in statistics*, its three possible models for reform, and (paragraph 3.12) recommending the third model (a new statutory commission, directly responsible to Parliament), this seems to have been transmuted, without explanation, into somehow making the proposed ONS Board responsible *inter alia* for acting as a "watchdog" on the ONS's own activities as well as having some responsibilities for non-ONS functions (ie relating to the quality of relevant work in departments and devolved administrations). This model appears to more nearly resemble the model of an "internal audit" department, than of an independent external auditor/regulator.

3.2 **National Statistics** (paragraph 1.8 above). The difficulties of navigating the ONS website, which is currently under renovation (and has been for some time), allied to the fact that not all departmental websites make statistics directly available, let alone identifying obviously whether or not a table, publication or release is sanctified as "National Statistics", is well-known to regular users. This concept and its applications have been relatively incomprehensible since their introduction and need to be thoroughly reviewed. Perhaps attempting to include the term in legislation may be counter-productive.

3.3 **Measuring National Statistics**. In the course of collecting evidence to help understanding of the subject, a physical count of the number of National Statistics "products" currently available has been compiled from the ONS website. This is shown in the Annex.

3.4 **UK-wide data** (paragraph 1.11 above). The availability and accessibility of UK-wide statistics is a major concern for many users and the Statistics Commission has been reviewing it but has not yet published its findings. At a recent well-attended meeting on the consultation document, sponsored by the Commission, the *Financial Times* and the Royal Statistical Society, John Pullinger (House of Commons Librarian, formerly at ONS) quoted a telling example of the existence of separate and different "official" data with similar coverage for Scotland, produced by ONS and the Scottish Executive. Oh dear!

3.5 The implementation of the recommendations of the Allsopp reports (*Review of Statistics for Policy Making*, December 2003 and March 2004) to improve regional and more local data further underline the importance of maintaining coherence of the system.

3.6 **Minimising the business burden of statistics** (consultation document, paragraphs 4.24–4.26). It is clearly desirable that the net burden on business of statistical form-filling should be minimised. However, it should be recognised that frequently there are conflicting views within the same business since the individuals who complete statistical forms are not the same as those who benefit from the resultant statistics.⁶

3.7 **Compliance costs** of individual enquiries have been compiled for some years and presented as sterling totals to impress or frighten. If such compliance costs were additionally presented to include a "cost per respondent organisation", the resultant perspective might reveal how relatively small most such costs are compared with those associated with corporate reporting or taxation.

3.8 Accelerating the **sharing of data** between departments and/or **administrative data** is greatly to be encouraged, subject to the standard confidentiality requirements.

⁶ Net burden = cost to enterprises of collecting statistics (gross burden, commonly described as "compliance cost") minus the value to enterprises of uses of the statistics (the benefits) Andrew Machin *Reducing Statistical Burdens on Business* (GSS Methodology Series no 9, 1998, page 7).

3.9 **Trust** (paragraph 1.9 above). Trust by all users, particularly the general public, is important and central to the effectiveness of official statistical outputs. Although the word “trust”; appears fleetingly (consultation document, paragraph 4.3, 5th bullet point), it is a pity that neither the Commission’s Report No 24 *Official Statistics: Perceptions and Trust* (2005) nor its *Perceptions and Trust*, Internal Report, February 2006 are included in the Bibliography. Nor are any of the findings of these discussed.

3.10 **Awareness of trust**. Most government statistical data are derived from surveys. It is perhaps, surprising that a survey on trust has not been undertaken previously. Many commercial organisations have well-established, regular programmes to measure their “brand image” as a matter of course to maintain their “health” and could be useful exemplars for a regular “Trustmeter” dipstick for official statistics.

3.11 **National Statistician** (consultation document paragraph 4.32). It should be possible to find a more appropriate title than the proposed “Chief Statistician”, given the long history of such nomenclature being used for the lowest level of Government Statistical Service Senior Management.

Annex

NATIONAL STATISTICS: A COUNT OF INCLUSIONS/EXCLUSIONS
BY DEPARTMENT

Source: www.statistics.gov.uk May 2006

	<i>Number of products* included as</i>			NS percentage
	<i>National Statistics</i>	<i>Other</i>	<i>Total</i>	
<i>Departments, Agencies and Devolved Administrations</i>	1,597	257	1,854	86
Cabinet Office	2		2	100
Department for Constitutional Affairs	6	4	10	60
Department for Culture, Media and Sport	3	2	5	60
Department for Education and Skills	75	1	76	99
Department for Environment, Food and Rural Affairs	78		78	100
Department for International Development	1	2	3	33
Department for Work and Pensions	43	1	44	98
Department of Health	4	7	11	36
Department of Trade and Industry	20	21	41	49
Department for Transport	36		36	100
Forestry Commission	7	6	13	54
General Register Office for Scotland	60	7	67	90
Government Actuary’s Department	8	4	12	67
Health and Safety Executive	16	14	30	53
Her Majesty’s Revenue and Customs	79	3	82	96
Her Majesty’s Treasury	3		3	100
Higher Education Funding Council for England and Wales		5	5	0
Higher Education Statistics Agency	3		3	100
Home Office	31	7	38	82
Learning and Skills Council	2		2	100
Ministry of Defence	21	4	25	84
National Assembly for Wales	148 ¹	46 ²	194	76
Northern Ireland Department	95	46	141	67
Office for National Statistics	650	29	679	96
Office of Fair Trading		3	3	0
Department for Communities and Local Government (formerly Office of the Deputy Prime Minister)	27	21	48	56
Scottish Executive	144	5	149	97
The Information Centre for Health and Social Care	35	14	49	71
<i>Other Organisations</i>				
British Geology Survey		5	5	0
<i>Northern Ireland Departments</i>	95	46	141	67
Education	6	1	7	86
Health, Social Service and Public Safety	5	10	15	33
Employment and Learning	3		3	100
Enterprise, Trade and Investment	21	1	22	95
Environment	2		2	100
Regional Development	2		2	100
Social Development	9	2	11	82
Court Service	2	1	3	67

	<i>Number of products* included as</i>			<i>NS percentage</i>
	<i>National Statistics</i>	<i>Other</i>	<i>Total</i>	
Economic Research Centre	1		1	100
Housing Executive		1	1	0
Statistics and Research Agency	25	20	45	56
Police Service	3		3	100
Tourist Board		5	5	0
Agriculture and Rural Development	16	5	21	76
<i>Scotland</i>	<i>144</i>	<i>5</i>	<i>149</i>	<i>97</i>
Scottish Executive	91		91	100
NHS Scotland	37	5 ³	42	88
Visitscotland	2		2	100
Communities Scotland	14		14	100
<i>Office for National Statistics by Division/Business Area</i>	<i>650</i>	<i>29</i>	<i>679</i>	<i>96</i>
Business Prices and Sales	13		13	100
Statistical Framework/Business Register	36		36	100
Consumer Prices and General Inflation	5	4 ⁴	9	56
Economic Analysis and Satellite Accounts	6	5	11	55
Employment, Earnings and Productivity	4		4	100
Financial and Accounting Surveys	47	2	49	96
Health and Care	22	6	28	79
Labour Market	17		17	100
Methodology	25		25	100
National Accounts	48	5	53	91
National Expenditure and Income	6		6	100
Population and Demography	256	5	261	98
Regional and Local	3		3	100
Social and Vital	105	2	107	98
Social Analysis and reporting	43		43	100
Statistical Framework	14		14	100

* What constitutes a product varies widely, ranging from reference compendia such as the Annual Abstract of Statistics or Social Trends to individual topic series. Thus this is something of an “Apples and Pears” analysis. However, its purpose is to indicate the extent of Departments’ NS/non NS products and their quantity; it does not reflect volume of data.

¹ includes two experimental.

² which pre-date NS.

³ one awaiting decision.

⁴ one documentation; three experimental.

May 2006

Memorandum submitted by the Chief Statistician of Canada, Statistics Canada

COMMENTS ON “INDEPENDENCE FOR STATISTICS: A CONSULTATION DOCUMENT”

INTRODUCTION

I have read with interest the document on “Independence for statistics: A consultation document”, published by HM Treasury in March, 2006 and tabled in the House of Commons as part of the Chancellor’s budget statement. Prior to the publication of this document I have, at the request of the Cabinet Secretary, produced recommendations on most of the issues in the paper; they have been shared with Treasury officials on 24 February 2006. These recommendations are attached to the present comments.

MAIN COMMENTS

There is much that I find admirable in the document, in particular the “key principles” outlined in paragraph 4.3 which serve as the conceptual framework for the entire document. I also totally agree with the main thrust of proposals to try to combine the benefits of a decentralised system with many of the advantages of a centralised one, in particular the proposals regarding non-political independence.

There are some key areas where the proposals do not go far enough. Indeed, in these areas that they are often not adhering consistently to the principles stated in paragraph 4.3. My main criticisms centre on the following features:

- The principles are enunciated as ones that should “underpin a strong statistical system”; but, in practice, most of the tools needed to give effect to them are suggested only with respect to the “statistics office”—presumably the current Office of National Statistics (ONS). But, in fact, they need to apply to the entire National Statistical System. In particular:
 - The role of the new Board is very limited with respect to the NSS outside of the ONS: while it would have statutory authority to enforce a new code of practice, outside of the ONS its only tool to do so would be an audit function and the power to “name and shame”—not much different from the tool currently available to the Statistics Commission.
 - Under the proposals the scope of the “national statistical system” is left for individual ministers to determine: they would decide whether “their” statistical activity ought to be part. But what incentive would they have to favour opting in: the likelihood that, should they do so, their statistical activity would be subject to audits?
 - The Board would be given a role to “maintain an overview of the broad coverage of the statistical system” in order to ensure that it “meet key user needs” (paragraph 4.17). Yet paragraph 4.20 states that “responsibility for the production and dissemination of any statistics produced outside of the statistics office will be for the producing departments and agencies”. Unless the Board has some formal authority, within a core budget, with respect to priorities throughout the NSS, it can clearly not make a contribution to ensuring that the system as a whole meets key user needs. As my suggestions in the Annex make it clear, line ministries can naturally supplement the core budget of the NSS to ensure that their priority information needs are met, even if they would not otherwise rank high enough within the core budget of the NSS.
- Further to the point made immediately above, the section on “Funding” (paragraphs 4.42 to 4.45) outlines an admirable method of funding—but it is not clear whether this is to apply to “statistical office” only, or to the entire statistical system. From the context it appears that the intent is that the proposed funding method should apply to the “statistics office”. If that is the case, then all the principles put forward in paragraph 4.43 in favour of the proposed funding method (independence, transparency, flexibility, efficiency) should apply equally to the components of the NSS outside the ONS—indeed, the need for greater independence and transparency there are even stronger. If, on the other hand, the proposed funding method is to be applied to the entire NSS, then the Board needs to be given commensurate priority setting powers over the entire NSS.
- The document sets out (paragraph 4.16) the proposed main functions of the key actors: the board, government statisticians and Parliament. However, it fails to have a separate section on the role of the proposed new Chief Statistician. This is major shortcoming that, I suggest, the actual eventual legislation should remedy. I have set out in my recommendations what I see as the main functions of the Chief Statistician, separate from the role of the Board. These are the following:
 - Absolute control over the statistical methods used throughout the statistical system. This would be exercised through her authority over the ONS; and through the conduct of quality audits of statistics produced in other government departments.
 - Absolute control over the timing and content of statistical releases—whether originating from the ONS or from other government departments.
 - Overall management of the statistical system which in turn includes:
 - day-to-day management responsibility over the centralised portion of the system (the current ONS); and
 - effective authority to appoint and manage the careers of all members of the Government Statistical Service and the duty to be directly involved in the career management of the top two levels of the main decentralised components of the statistical system. This would include authority to appoint and reassign these managers to ONS and to other statistical organisations of the government.
 - Recommend to the Board priority statistical areas for development or improvement, as well as areas the scope of which should be reduced or eliminated outright.
 - Recommend to the Board statistical programmes to be subject to quality audits.
 - Act as the public spokesperson of the statistical system.
 - Enforce the statistical code of practice throughout the system. This should include a provision that statistics will be disseminated from all statistical collections at the earliest date, ie that there are no confidential statistical programs and no holding back of results.

In particular, the proposal in paragraph 4.36 about the Chief Statistician being “consulted” concerning the appointment of departmental “heads of profession” as being far too weak. Indeed, I consider it essential that the Chief Statistician should have full power to appoint and manage the careers of the two top levels of the decentralised statistical hierarchy. It is the main that she/he needs to have to exercise some real authority over the decentralised system.

- Paragraph 4.34 suggests that “all members—including the Chair and the Chief Statistician—be appointed through an open and fair competition”. While I certainly believe that this is the right method of appointment of the Chief Statistician, I think that it might be problematic with respect to the appointment of other Board members. The latter need to be particularly eminent members of the user community, would serve very much on a part time basis, and most of them would not regard themselves as statisticians. Under those circumstances it is unlikely that those who are truly needed as members of the Board would formally apply for such a position and submit themselves to a competition process. The members who are needed ought to have such a stature that their names would guarantee their public recognition, ie that they could be safely approached by the government with a request to serve, without fear of the process being seen as politically tainted.
- No statutory arrangement can work effectively without the boundaries of the system to which the arrangement applies being quite clear. This does not appear to be the case in the current proposal. Indeed, the proposed statutory code of practice would apply to the statistical system, without this being defined. I consider it essential that the statistical arms of the half a dozen or so main statistics producing line departments be designated as “institutes” within the line ministries. In addition to clarity regarding the applicability of the statutory code of practice, this is also needed for a variety of other purposes:
 - to set the boundaries for the explicit authorities of the Board and the Chief Statistician;
 - to establish the area to which the core statistical budget applies;
 - to make sense of pre-release arrangements within line ministries from the statistical arm (a proposed “institute”) to the main part of the ministry; and
 - to facilitate data sharing within the national statistical system with enforceable confidentiality and privacy safeguards—something that I think ought to be a crucial aspect of the new legislation.
- Finally, paragraph 4.28 talks about “retain(ing) the access to data as the ONS has currently”. Undoubtedly, this refers to the current access of ONS to vital statistics records. This clearly, is necessary, given that vital registration would no longer be part of the statistical system. However, I do recommend that the new legislation should provide for ONS access to all administrative records, with suitable safeguards—with data sharing within the NSS being a possibility under additional safeguards. Such an arrangement is necessary to reduce reporting burden, to improve operating effectiveness, and to ensure across-the-board coordination (eg in the sharing of registers in order to ensure compatible coverage for surveys carried out in different parts of the NSS).

Ivan P Fellegi
March 2006

Annex

NOTES ABOUT THE POLITICAL INDEPENDENCE OF THE UK STATISTICAL SYSTEM

INTRODUCTION

These notes are prompted by a forthcoming meeting with Mr Gus O’Donnell, the Cabinet Secretary in the United Kingdom, arranged at his request by Canada House in London. A few weeks ago the Chancellor of the Exchequer announced that, similarly to the independence granted to the Bank of England by the Labour Government, the UK government wishes to strengthen the credibility of official statistics by granting enhanced political independence to the UK Statistical System. It is my understanding that Mr O’Donnell wants to discuss options to achieve this objective.

There are major differences between a central bank and a national statistical system. These differences affect the way in which increased independence can be granted and whether it is so perceived by all parties concerned with the production and use of official statistics. In this context the most important differences are the following:

- Unlike central banks, national statistical systems are created by government in order to provide to itself and to the rest of society a credible and reliable statistical service. Accordingly, the authorities of the statistical system must at all times manage a delicate balance between independence from the “hand that feeds them” and relevance of what they produce so that they satisfy the statistical information needs of the government without sacrificing those of other major users.

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- Unlike central banks, national statistical systems depend almost entirely on budgetary allocations assigned to them by the central government.
 - In the United Kingdom, unlike the Bank of England, the statistical system is significantly decentralised, with important components of it being located as integral parts of line ministries. Moreover, its hub—the ONS—does not currently have the right instruments to persuade statistical offices in other ministries to do the right thing in the field of official statistics.

These three differences are inter-related. One of the advantages claimed for decentralised statistical systems is that the location of its components, right within line ministries, shortens the distance between producers and users and forces more relevance upon the system. But by the same token, as the distance becomes shorter—at least in the outsider’s perception—political pressure can be successfully applied to the producers of statistics.

But whether the statistical system is centralised or decentralised, the government ensures its relevance by the way it allocates its budget. And again by the same token, the power of the budget is such that it runs the risk of interfering with the effective independence of the statistical system.

I have deliberately avoided considering massive organisational solutions (such as further centralisation) in my remarks about how to reach a working balance involving relevance, independence and proper parliamentary control. Such solutions require adjustments that are unavoidably disruptive and altogether take too much time. Nor did I borrow much from the Canadian experience because the Canadian system is highly centralised and its independence was achieved *de facto* (rather than *de jure*). Independence, in the case of Canada, is part of a virtuous circle: the existing reputation of the system allows its Chief Statistician to take a firm stand on any challenge to fundamental principles, and every time he does so in a clear and demonstrable way the system’s reputation for independence is further enhanced. The trouble with virtuous circles is that they cannot be copied in short order in the United Kingdom or anywhere else.

Based on the statement by the Chancellor, I took it as given that in addition to the government, the main actors in a new system will consist in a newly created governing board, a National Statistician, and Parliament. I added to these the heads of the statistical agencies in other government departments. I have sketched an arrangement which involves these actors, which, I believe, is workable, which would strengthen the political independence of the statistical system, maintain the professional authority of the National Statistician, and safeguard the legitimate role of the government in ensuring the relevance of what the statistical system produces as well as exercising appropriate budgetary control. It would all take place under a regime of accountability to Parliament.

Beyond these institutional arrangements I have listed a number of other possible reforms, all of them subordinate to the same set of objectives.

MAIN ACTORS AND THEIR ACCOUNTABILITIES

The Chancellor’s announcement makes it clear that the preferred way of holding the statistical system accountable is to create a Board. My remarks examine the interactions among the Board and the statistical system’s main actors—Government, National Statistician, and heads of statistical agencies in other Government departments.

The issues considered revolve around the following:

- The role of the government in setting priorities—areas that require the immediate benefits of sound statistical information—and in making funding decisions affecting the statistical system without in any way jeopardising its independence.
- The accountability of the Board.
- The authority and accountability of the National Statistician, in respect of both the part of the system under her direct control (the current ONS) and of the decentralised components.
- The accountability of the heads of the decentralised components of the system.
- The role of Parliament.

I cannot set forth more than outlines on the matter of functions and accountabilities of each of the actors listed above. More solidly grounded ideas would require an examination of the particular conditions and challenges faced by the UK statistical system as well as of the views of its main users. However, I would argue that much of what I put forward is based on principles and experiences that are broadly applicable, independently of local conditions. There are also matters of which I am aware and suspect they are of considerable importance in the UK’s context—such as devolution; however I believe that so much specific knowledge is required to comment on them that at this point it would be frivolous to mention more than my awareness of their existence.

THE ROLE OF THE GOVERNMENT

Indeed, a statistical service does not place at risk its political independence by responding to the expressed priority statistical needs of the government—so long as a few key provisos are adhered to:

- The government keeps its intervention to identifying the priority area (for example, recidivism in crime or innovation as a factor in export performance) but never the particular statistical vehicle to be used and even less so the particular questionnaire.
- Agents of the statistical system are free to consult as many potential other users of the information in scope for development or improvement as they consider warranted and, as far as reasonable, incorporate their needs in the new inquiries planned.
- The statistical methods selected remain strictly within the competence of the statistical system's experts.
- The release of the results to the public, including any substantive commentary, also remains within the competence of the statistical system; of course, its agents must strive to keep their commentary politically neutral.
- There is a sharp distinction between the government having the freedom to fund (or not to fund) the development of statistical information on certain priority issues and the possibility open to the Government of withdrawing funding if, for example, it does not like the results. A related risk is that the funding decisions of the government, accumulated over a period of time, eliminate the freedom of the National Statistician and of the Board to reallocate funds within the existing statistical budget. The following procedure (which corresponds to the *de facto* funding model of Statistics Canada) may avoid the risks:
 - the government proposes the areas it believes are in urgent need of improved information;
 - the statistical system's agents develop proposals to meet these priority information needs, and estimate the additional funds required to comply;
 - the government decides whether to fund the proposals;
 - in case the government decides to proceed, the funds granted are earmarked for the stated purpose and are not diverted for any other purpose for a fixed period—say five years. Once past the five year mark, the funds in question become part of the core statistical budget and can be reallocated to attend new high priorities following consultation with key users and subject to Parliamentary veto;
 - the government is free to impose a general budget cut on the statistical system. But it must not direct how the cuts shall be applied. It is for the National Statistician and for the Board to suggest how the system ought to respond to reduced resources (giving consideration to government priorities, of course). In light of their proposals the government may wish to proceed with the proposed cut, or else reduce its magnitude in order to safeguard certain programmes that would otherwise be adversely affected; and
 - over and above the statistical program included in the budget of the statistical system, there should be a strong capacity within the system to respond to departmental needs on a cost recovered basis. This contributes significantly to the responsiveness of the system as well as to its overall relevance.
- It is for the government to appoint members of the Board. In order to ensure that this be done without biasing the Board's composition, the proposed statistical legislation might be moderately prescriptive of the Board's membership. For example, it could include a small number of members of the Royal Statistical Society; industrial and trade associations; the trade unions; the Bank of England; academic and professional associations; and so on. As vacancies occur, the National Statistician and a Board sub-committee would develop a short list of nominations for membership out of which the government (or the government and the membership sub-committee of the Board) would make a final selection. The idea, of course, is to design a sufficient number of checks and balances for each critical stage so as to dispel any whiff of undue political pressure, perceived or real.
- Finally, the government would appoint the Chairs of the committees that ought to be established to advise the decentralised components of the statistical system. The procedure would be similar to that followed for the appointment of Board members. A certain number of these chairs would also become *ex officio* members of the Board.

THE BOARD

Great care must be taken to ensure that the Board does not claim for itself executive responsibilities. Such responsibilities must be left squarely in the hands of the National Statistician. The Board must focus on its role, which is to advise the government on statistical priorities and to act as the visible guardian of the statistical system's independence.

Accordingly, the primary accountabilities of the Board ought to be to:

- ensure that the statistical system responds adequately to areas of major public concern;
- act as custodians of the independence of the statistical system;
- make public recommendations for remedying serious concerns about the quality of published statistics;
- appoint or renew the term of the National Statistician (or make recommendations to this effect to the Chancellor); and
- report to Parliament on how statistical priorities have been dealt with. This includes reporting on how earmarked funds were used, how budget cuts were implemented, and which remain unmet priorities that require funding.

In my account of how the system should work, the Board plays a key positive role in the performance of the statistical system, rather than acting as its external critic, which is the role assumed by the present Statistics Commission. I cannot stress strongly enough this difference in assigned roles.

I see as the Board's chief concern to be its acting as guardian over the system's independence and over the relevance of its output. If this is accepted, the Board's primary composition follows. It consists of major users of statistics (drawn mostly from outside government because of the Board's role as guardian of independence). In other words, while a small number of professional statisticians (for example nominees of the Royal Statistical Society) ought to be Board members, they should remain a minority. It follows that the responsibility for quality assessments must rest with the National Statistician. However, in line with its positive role, the Board should play elder statesman in the choice of areas to review, in assigning proper weight to the findings, and in deciding on the urgency to be accorded to the remedies recommended by the National Statistician.

THE NATIONAL STATISTICIAN

- He or she should be appointed for a fixed term, but one that is long enough—eg for six years—for the incumbent to make a significant impact. This in itself confers a visible degree of political independence. The appointment should be made directly by the Board (or they should make recommendations to this effect to the Chancellor).

The major attributes and functions of the National Statistician should include:

- Absolute control over the statistical methods used throughout the statistical system. This would be exercised through her authority over the ONS; and through the conduct of quality audits of statistics produced in other government departments.
- Absolute control over the timing and content of statistical releases—whether originating from the ONS or from other government departments.
- Overall management of the statistical system which in turn includes:
 - day-to-day management responsibility over the centralised portion of the system (the current ONS); and
 - effective authority to appoint and manage the careers of all members of the Government Statistical Service and the duty to be directly involved in the career management of the top two levels of the main decentralised components of the statistical system. This would include authority to appoint and reassign these managers to ONS and to other statistical organisations of the government.
- Recommend to the Board priority statistical areas for development or improvement, as well as areas the scope of which should be reduced or eliminated outright.
- Recommend to the Board statistical programmes to be subject to quality audits.
- Act as the public spokesperson of the statistical system.
- Enforce the statistical code of practice throughout the system. This should include a provision that statistics will be disseminated from all statistical collections at the earliest date, ie that there are no confidential statistical programs and no holding back of results.

THE HEADS OF DECENTRALISED COMPONENTS

They would have a function analogous to that of the National Statistician, but in respect of a decentralised component of the system. They would have a dual accountability.

Their accountability to the National Statistician is for:

- the allocation of the “core” statistical budget of their area, as established by the government;
- the soundness of the statistical methods used;
- the quality and integrity of the statistics produced; and
- the timing and tone of statistical releases.

Their accountability to the ministry in which they are located is for:

- day-to-day management; and
- statistical work directly funded by the ministry as a supplement to the “core” funds approved for that component by the government.

Each decentralised component would be supported by an expert advisory committee. The Chairs of some of these committees (eg those advising the most important elements of the decentralised service) would be ex-officio members of the Board.

PARLIAMENT

Parliament would exercise the ultimate responsibility over the statistical system. Through an appropriate committee it would receive and vote on the annual reports of the Board. It could also initiate hearings at any time. I realise that there are many important procedural details that can strengthen or weaken this general statement but I do not believe that I am in a position to show more than awareness of their existence.

OTHER IMPORTANT REFORMS TO CONSIDER

1. The visible independence of the statistical system is asserted every time that release dates of official statistics are published weeks or even months in advance of the actual day of publication. In fact, I believe this should be a legislated requirement for all “core” official statistics.

2. The code of practice for all members of the Government Statistical Service should be embedded in legislation.

3. A careful review should be made of those provisions of the code of practice that should apply to non-statisticians in Government departments who, in the course of their regular duties become aware of statistical information not yet officially released (see point below).

4. It is my understanding that one of the sources of current suspicions about the lack of independence of the UK statistical system is the fact that occasionally non-statisticians (public servants or political staff) make comments on statistics that have not yet been released. This must not happen in a system that purports to be independent. In order to ensure that it will not happen in the future, consideration should be given to two measures:

- (a) In the case of data derived from statistical surveys, pre-publication access to personnel outside the official statistical system should be restricted to a maximum of 24 hours.
- (b) In the case of official statistics derived from administrative sources, access is, by definition, available outside the statistical system. In such cases pre-publication comments should be strongly discouraged—if possible via a legislated code of behaviour applicable to all government personnel.

5. Unlike many statistically developed countries, it is my understanding that in the United Kingdom there is no blanket automatic access to administrative records for statistical purposes. While this issue has only indirect connections to independence, a major reform of the statistical system should carefully consider the merits of providing such access, particularly to income tax records of both persons and businesses. This could be a major source of efficiency and reporting burden reduction.

6. The new statistical legislation should state explicitly that no user of the official statistical system, including government departments, is entitled to exclusive services or exclusive access to information. The products and services of the official statistical system should be equally available to all organisations and to the general public.

Ivan P Fellegi
26 February 2006

Memorandum submitted by the Statistics Commission

EXECUTIVE SUMMARY

1. The Sub-Committee’s invitation to submit written evidence indicates that the inquiry will focus on the Government’s current consultation paper. We believe there needs to be clarity about the problem that the government proposals are intended to address. Our own formulation is that Government and Parliament must act to give the public much greater confidence that official statistics are being managed in a way that reflects the public interest.

2. This is not primarily a question of the accuracy of the statistics nor of the competence of government statisticians. It rather relates to concerns about the decisions—often taken by ministers and senior departmental officials—on matters such as resources, priorities, presentation, release practices and

communication arrangements. We need to be sure that these things are decided in the public interest (recognising that there will always be trade-offs between cost and provision), without partisan pressure to select, shape or delay the product.

3. We have welcomed the Government's commitment to legislation. We believe that a statutory structure—which most countries already have—is essential to provide a solid foundation on which trusted arrangements can be built.

4. We have previously set out a number of principles against which the detailed proposals should be judged. On the basis of the consultation document, we think it is unclear whether the Government's plans meet those principles. In some important respects, we believe that more development is needed:

- All official statistics should be included within the arrangements.
- The nature and scope of the Code of Practice—it must be a binding, statutory code agreed by the Board that defines the practices which government departments must follow.
- Transparency in funding and planning arrangements.
- The scrutiny role of the Board and its powers of audit—it should be able to commission investigations and to audit compliance with the Code of Practice anywhere in government and report to Parliament at its discretion.
- The role of the Board in decisions about the scope of National Statistics—it should not only have the right to decide that any output is inadequate in relation to the Code but also a role in suggesting to ministers additional outputs that should be within the scope of National Statistics.
- The power of the Board to approve or reject statistical plans—it will need the authority to approve or reject annual plans covering all the statistical activities of government.
- The need to draw in the devolved administrations to the new arrangements.
- The role of the National Statistician in the development and deployment of all professional staff—legislation will need to underline the importance and centrality of the National Statistician's personal role, including her role in relation to all professional statistical staff in government.

INTRODUCTION

5. In developing our views, we have kept in mind the arguments in our report *Legislation to Build Trust in Statistics* (2004), and the messages from our 2005 report, *Official Statistics: Perceptions and Trust*. We have also drawn on our experience of carrying out the remit given to us in the *Framework for National Statistics* (June 2000) and ongoing discussions with Treasury, ONS, professional and international bodies and users of statistics. On 17 May 2006, together with the Financial Times and the Royal Statistical Society, we held a major seminar for 150 people to discuss the issues. This valuable event informed the views expressed here.

6. There is substantial evidence that people do not much trust official figures or the use that is made of them. This lack of trust can weaken both public administration and confidence in it. Government statistics are used in allocating vast amounts of money to public bodies, judging their performance and shaping policy. If the people in the system do not trust the figures, they may not use them effectively. If the general public do not trust the figures, they will not trust the decisions made on their behalf.

7. Of course, once figures are in the public domain, political interpretation and argument will follow. But when statistics first appear we want to see statisticians comment openly on their reliability and what can safely be drawn from them.

8. The current proposals are close to one of the three models in our report *Legislation to Build Trust in Statistics* but not the particular one we recommended. We believe that the differences in emphasis—which relate primarily to the role of the proposed Governing Board—are not yet adequately addressed in the consultation document.

CRITERIA FOR NEW ARRANGEMENTS

9. The Chancellor's announcement in November 2005 made clear the Government's intention to replace the existing arrangements—under which there are non-executive members on the ONS board, as well as independent members of the Statistics Commission—with a single Governing Board that embraces both sets of responsibilities. We wrote to the Treasury in January 2006 setting out some principles against which the detailed proposals should be assessed. These included:

- The new arrangements must relate to all official statistics, not just those that are currently the responsibility of ONS. Many sensitive and controversial statistics are produced by the major Whitehall departments and based on administrative data—crime, education, health, etc—not on surveys. The new arrangements must recognise this or risk public confidence in such statistics being reduced rather than enhanced.

- In order to engage with all the statistical work carried out by largely autonomous government bodies, a key component of the new arrangements must be a binding, statutory Code of Practice agreed by the Board that defines the practices which those bodies must follow.
- Given the existing spread of statistical work across government, ONS must continue to work in co-operation with other government departments that produce statistics. This may require the new ONS to remain a government department—as indeed the consultation document recognises. However, ONS funding arrangements will need to be more transparent than currently; and auditable in relation to their adequacy to meet agreed plans.
- We see the role, responsibilities, accountability and constitution of the Board as crucial. The Commission believes that to bolster public trust and work effectively, the Board should be able to commission investigations and to audit compliance with the Code of Practice as it sees fit anywhere in government and report to Parliament at its discretion.
- In addition, the Board will need the authority, subject to Parliamentary accountability, to approve or reject annual plans covering all the statistical activities of government.
- The Statistics Commission has a UK-wide remit and we would expect the Board to have such a remit. We recognise that some special provisions may need to be worked out with the devolved administrations.

THE GOVERNMENT PROPOSALS

10. There are a number of aspects of the consultation document that we regard as unclear or unsatisfactory. We have drawn the Treasury's attention to some of these and sought clarification. Until these are resolved, we cannot fully support the proposals.

11. Whilst we welcome the fact that legislation is central to the consultation document, it needs also to be recognised that much of the management of statistical work will properly remain part of normal civil service activity, governed by legislation but not described in it. For example, legislation is unlikely to say anything about the committee structures that co-ordinate "cross-departmental" statistical activities. The proposed Code of Practice may need to address a range of such issues that are not appropriate for inclusion in the legislation itself and are not currently dealt with adequately in existing Codes and agreements.

12. Some more specific points:

- (a) The role of the National Statistician (or Chief Statistician) is not fully described in the document. This runs counter to international practice. The Commission believes that the legislation will need to underline the importance and centrality of the National Statistician's role. We are clear that the National Statistician must remain the Government's, and the country's, top adviser on statistical matters; analogous in some respects to the Chief Medical Officer. The powers and composition of the Board should be such as to enhance that duty.
- (b) The Code of Practice must be drafted to provide a framework against which the actions of government departments and their agencies can be judged unambiguously. There is a lack of clarity in the consultation document about the status and scope of the Code. We want to see a revised Code drafted by the National Statistician and approved by the Governing Board. It will need to cover issues that the current (non-statutory) Code does not fully address. These include the planning arrangements for the statistical service as a whole, user consultation, data release practices and the professional oversight of government statisticians. Development of the current Code should be a priority. (More specific views on development of the Code are set out in our report *Legislation to Build Trust in Statistics, 2004*.)
- (c) The role and powers of the National Statistician and of the Board *vis-à-vis* the statistical activities of government departments are key. The National Statistician must have authority to match his or her responsibility in being the government's senior adviser. The Board must have sufficient authority to be able adequately to assess the actions of government departments and agencies against the Code and to fulfil its broader strategic role. The discussion of these matters in the consultation document is scant and ambiguous. The Commission believes that the Board should:
 - report directly, and be accountable, to Parliament;
 - establish and maintain the Code of Practice;
 - have the authority and responsibility for determining compliance with the Code of Practice; and
 - offer strategic advice on the future direction of, and priorities for, statistical work.
- (d) All normal managerial decisions within ONS are properly the responsibility of the National Statistician, as chief executive. The Board's additional role in relation to ONS (over and above the scrutiny role that it should undertake in relation to all government statistical activity) needs to be defined in such a way as to support the National Statistician in this capacity.
- (e) We note the intention in the consultation document to establish ONS as a "non-ministerial" department, though we understand that phrase to mean "no specific minister" rather than "no role

for ministers”. We assume that the Government intends ONS to remain a Treasury department. But the document is vague about the part that ministers and Treasury officials will play in future decisions about ONS activities. If ONS is to continue to come under a measure of ministerial control, we would want to see consideration given to a Cabinet Office location, rather than a Treasury one.

- (f) We assume that ministers and Treasury officials will be involved in setting an overall budget for ONS. That will require them to take a view on the appropriate scale of ONS activities. Moreover, government policy may have direct implications for ONS priorities. Looking at recent examples, analysis of options on pensions policy required the collection of better statistics from the pensions industry. New policy on measuring public sector productivity required major statistical effort and resources. So there is a real question about the extent to which statistical plans and priorities can be separated from ministerial decisions. We do not want to see an environment in which a highly independent ONS is sidelined and new statistical work is instead directed by ministers to other departments. In this sense, “independence”, in terms of governance, should not be seen as the ultimate goal, though assured independence from interference in professional and interpretational matters is obviously important for public confidence.
- (g) It is essential that the accountability of ministers, Treasury, the Board and the National Statistician are aligned with their actual authority under new arrangements. If the Treasury and ministers retain final authority over various decisions, then they should properly remain accountable for them; the Board’s role should be to support Parliament in holding them to account. These matters of authority and accountability are not dealt with clearly in the consultation document which variously presents the Board as being itself accountable for the quality of official statistics and, elsewhere, holding others to account.
- (h) The phrase “the statistical system” is used in the consultation document. The Commission’s own use of this term embraces the functions of planning, funding, creation, dissemination and communication with users—across all of government. The commitment to transparency which the document makes should, we believe, relate to the entire system. It is not clear to us whether that is actually the Government’s intention.
- (i) The document refers to “assessing against the code those statistics already produced in line with the Code of Practice and designated as National Statistics”. We are sure that the Board must be free to assess any statistical output against the code and that only those that fully meet its requirements should be labelled as “National Statistics”. The Board should not only have the right to decide that any output is inadequate in relation to the Code but also it should have a role in suggesting to ministers (and publicising) output which should be within the scope of National Statistics depending on user requirements.
- (j) Throughout the consultation document there are references to assessing “statistics” against the Code of Practice. However, much of the existing Code does not refer to the properties of statistics as such but rather to the actions and processes of bodies that produce statistics. References to “assessing statistics” must be interpreted as “assessing the relevant activities of all those departments and agencies to which the provisions of the Code of Practice apply”. This is a very important distinction.
- (k) The consultation document has a heading “Non-executive majority”, referring to the Board, but this is not reflected in the text which merely refers to “a strong presence of external members”. Clearly the balance of the board is critical to its role and we believe that a strong non-executive majority is essential.
- (l) The document proposes that ONS be funded much as for other government departments but with a longer interval between reviews. We are not sure that this is necessarily the best way to respond to demand for an increasingly “evidence-based” approach to policy and decision-making. Ministers, quite properly, will continue to have some authority over priorities. ONS could, however, be placed in the position of not having the resources to meet the Government’s own demands whilst facing a period of several years before a funding review. Other parts of the Government Statistical Service will continue to be funded by their departments on a normal funding cycle. We would want to see the Board looking closely at the adequacy of funding across departmental boundaries.

STATISTICS COMMISSION

13. The Statistics Commission has been in existence since 2000. It published in February 2006 an assessment of its own work largely based on a study by MORI (*Perceptions of the Statistics Commission*). The main conclusions were that a large majority of stakeholders thought that the Commission had a positive impact and that its recommendations were useful. But there was also a large majority who thought the Commission should have more impact. These conclusions are consistent with our own view and underlie our belief that the current scrutiny arrangements are not strong enough to command wide public support.

 GOVERNMENT STATISTICIANS OUTSIDE ONS

14. We would expect the devolved administrations to work closely with the Board, just as they do now with the Statistics Commission. We recognise that some special provisions may need to be adopted to reflect local autonomy but the principles adopted should be the same.

15. We want to see government statisticians in all departments working together, and sharing resources and data, to address statistical issues that cross departmental boundaries. There are many of these cross-departmental issues—concern about statistics of migration into the UK and between regions is a current example. It should be part of the role of the Board to assess how well these issues are managed.

16. As far as practicable we would want to see National Statistics, from whichever government department they come, released first by the Office for National Statistics with a comprehensive statistical commentary. We recognise that this might not be applicable to statistics from the devolved administrations.

17. We believe that the phrase “professional accountability to the Chief Statistician”, as used in the consultation document, has little real substance unless backed up by the scrutiny role of the Board. The concept ignores the fact that much important statistical activity is carried out by departmental staff who are not professional statisticians.

LESSONS FROM OTHER COUNTRIES

18. Most countries have overarching statistical legislation though the models vary considerably. It is not necessarily the case however, that models adopted elsewhere could readily be adopted in the UK. In particular, it is common for statistical legislation elsewhere to be restricted to the work of a single national office. In the 21st Century, an increasing proportion of statistical data is extracted from administrative sources—NHS records, police records, social security records etc. This means that authority over statistical work tends to concentrate where the large holdings of administrative data are to be found. Thus, an effective legislative framework for a country where statistical authority is diffuse must start from that reality and not seek to impose a model that may work elsewhere but sits awkwardly in the Whitehall context.

19. One other lesson is that there is no quick fix. Those countries, like Canada, where the statistical arrangements are widely respected have had robust legislation for a long time, 90 years in Canada’s case. In the UK, it is now a matter of creating a sound legal framework and then letting the subsidiary and supporting arrangements, many of them non-statutory in nature, gather strength and win confidence over time.

May 2006

 Supplementary memorandum by the Statistics Commission

THE INTER-DEPENDENCE OF STATISTICAL WORK IN GOVERNMENT

The statistical outputs of government departments are, in the main, readily available on departmental websites. Some, such as Census statistics, are well known and widely used in decision-making. What is less well known is that many of the thousands of sets of statistics and reports do not arise simply from within one department. Rather they are the result of agreement and co-operation between several departments, sometimes involving shared funding, interchange of data and joint publication arrangements.

This network of interdependencies is not much discussed in existing official reports although the annual National Statistics Work Programme provides ample evidence of its existence. As one example, the interdepartmental group of officials that co-ordinates health statistics has input from, in addition to the Department of Health, some 10 other departments and agencies.

NATURE OF THE INTER-DEPENDENCE

This note illustrates the dependencies through selected examples. These are particularly relevant at a time when the Chancellor has announced plans to legislate to make statistical work more independent from the rest of government.

The Statistics Commission has long argued that existing statistical arrangements can be improved and we have welcomed the Chancellor’s announcement. We do, however, urge that, in planning the changes, the statistical interdependency between ONS and other government departments, and between these departments and the devolved administrations and some other bodies too (Higher Education Statistics Agency, Health and Safety Executive etc), must be factored in to the final structure and reflected in the roles of any new bodies established.

The nature of the interdepartmental co-operation varies. Where permitted by law and ethical considerations, one department may pass individual records (relating to persons or businesses) to another department so that those records can be combined with other data to produce a richer basis for statistical analysis—for example NHS patient lists are used by ONS in estimating population migration within the UK.

The transfer of raw records is, however, a relatively uncommon form of co-operation—although it may grow in the future. More typically, two or more departments need to agree on the form of data collection, technical definitions and standards, the coverage of surveys, the timing of production, the transfer of aggregate information, the form and timing of publication etc. There is also some shared funding of statistical activities—such as the Neighbourhood Statistics programme which is funded by both ODPM and ONS.

Departments also need to co-operate in agreeing a UK position on statistical matters to be taken forward by ONS at the EU or wider international level.

Some examples:

- **Estimating the population:** ONS compiles and publishes estimates of the UK population. The 10-yearly Census provides the benchmark for these. ONS directly manages the Census for England and Wales but the Census in Scotland is conducted by the General Registrar Office Scotland; and that in Northern Ireland by the Northern Ireland Statistics and Research Agency. Putting together UK estimates requires close co-operation between the three departments, and with the Welsh Assembly in some aspects, to ensure a common approach and the compatibility and consistency of data.
- **Estimating migration:** Data on migration flows—internationally and within the UK—are important for tracking population changes, which in turn are fundamental for resource allocation and policy analysis across government. They are recognised as being unsatisfactory currently. Statistics on international migration are published by ONS, which also manages the International Passenger Survey, a principal source. Other sources include the devolved administrations and UK departments such as the Home Office, which compiles statistics on asylum seekers and estimates of illegal immigration. ONS estimates of internal migration make use of NHS records from all parts of the UK. Improving estimates of migration is likely to require data from DH, HO, ODPM and ONS and devolved administrations to be brought together to create new estimates.
- **Analysing demand for social care:** To analyse future demand for social care for the elderly and others in need, data from the Department of Health, DWP, demographic estimates from ONS, and data from local authorities (via ODPM and devolved administrations) need to be drawn together. Coherence and compatibility of these data sources is an issue at present (a forthcoming report by Sir Derek Wanless will refer).
- **Underpinning government targets:** Official statistics are widely used as the basis of hundreds of top-level targets set by government. There has been criticism in the past of targets set without adequate data being available for monitoring. The Statistics Commission's forthcoming report *PSA Targets: The Devil in the Detail* (for publication 20 March 2006) points to the need for joined-up planning to meet current and future data requirements.
- **Monitoring agriculture:** DEFRA are responsible for compiling the UK agricultural statistics required to comply with European regulations. The devolved administrations collect and provide DEFRA with the relevant data for their countries.
- **Compiling National Accounts:** ONS put together the UK national accounts drawing in data from other departments. For example, construction output comes from DTI; agricultural output from DEFRA and devolved administrations.
- **Monitoring public sector finances:** ONS and Treasury work together to produce, and jointly publish, monthly data for public sector finances. HMRC (tax receipts), ODPM (local authorities borrowing) and the Bank of England (banking data) are also involved as data suppliers. Pulling the monthly data together quickly requires close co-operation.
- **Tracking cancer incidence:** Cancer statistics for the UK are published by ONS. Data come from nine regional cancer registries in England and from cancer registries in Wales, Scotland and Northern Ireland. The registries need to co-operate both with each other and with ONS and the devolved administrations to ensure that the information is consistent. Cancer statistics are an example of sharing confidential personal data for statistical purposes.
- **Evidence for local areas:** The Neighbourhood Statistics service provides a wealth of small area information for a wide range of indicators, covering topics such as education, health and care, crime and safety, housing, the physical environment, population and migration and aspects of deprivation. The website is managed by ONS, but maintaining it requires the active co-operation of many other government departments including DfES, ODPM, DH and Home Office.
- **Monitoring the labour force:** The Labour Force Survey is conducted by ONS for Great Britain (there is a separate LFS for Northern Ireland). Together the surveys provide information on the UK labour market. In order to improve the robustness of data for particular areas, ONS make a number of targeted “boosts” to LFS sample size. These boosts have been agreed as partnership projects with the relevant departments which provide funding support in return for more robust data. Partnership projects are in place with DWP and DfES for England, with the Welsh Assembly and with the Scottish Executive.

- **Maintaining the Inter-Departmental Business Register:** This is a core index of UK businesses maintained by ONS, which is used as a base for selecting samples for the statistical surveys that underpin UK economic statistics. Information for the IDBR comes from a number of sources including HMRC (VAT payments and repayments, and PAYE collection). A number of departments besides ONS use the IDBR for their surveys, including ODPM, DTI and DEFRA and the devolved administrations.
- **Measuring government output:** The work to follow up the Atkinson Report on measuring government output and productivity is led by ONS but involves a number of departments and the sharing of key staff and expertise.
- **Addressing deprivation:** The Index of Multiple Deprivation is commissioned by ODPM, but constructed by a research institution. Corresponding indices are commissioned by the devolved administrations. This work involves the co-operation of a number of government departments (including ONS, DfES, DWP, DH, HMRC, ODPM, HO) in supplying local data covering income, employment, health and disability, education, skills and training, housing and services, environment, crime. The indices are used extensively by local and central government to identify deprived areas. The future of such indices will require ongoing central co-ordination.
- **English Longitudinal Study of Ageing:** This statistical survey is jointly sponsored and funded by a number of government departments (DH, DWP, ONS, ODPM, DCM, DfES, Treasury), as well as the National Institute on Aging in America. Several departments have drawn on ELSA data in their research activities eg ODPM in their work on social exclusion and older people, ONS and DWP.
- **Work and Pensions Longitudinal Study:** The WPLS is an example of detailed data sharing between two departments. It links benefits information held by DWP, with employment records from HMRC. It is governed by the data-sharing provisions of the Employment Act 2002. The individual data records are confidential so there are restrictions on access and on the purposes for which access is allowed. Examples of uses include providing information on the effectiveness of Job Centre Plus, and understanding the links between savings held and the benefits in retirement.
- **Regional statistics:** Implementing the Allsopp Review of statistics for economic policy making will require close co-operation across all government departments and the devolved administrations.

May 2006

Supplementary memorandum by the Statistics Commission

Official Statistical Outputs not covered by National Statistics (supplied by Richard Alldritt, Chief Executive, Statistics Commission).

Cabinet Office	—
DCA	Community Penalty Breach Warrant statistics Witness Monitoring Survey statistics Crown and County Court Annual Reports Court Service Annual Report (including court performance against PSA targets)
DCMS	Creative Industries Economic Estimates Television Exports Survey (survey of membership of British Television Distributors Association)
DEFRA	—
DFES	Survey of children and young people receiving personal social services in England aged 10–17: 2004–05
DFID	Development Counts (removed from National Statistics as there was no new information published in this leaflet) Oda/GNI ratio (removed from national statistics on the grounds of it being based on freely internally available management information)
DWP	Benefit Expenditure Tables
DoH	A&E activity; total time spent in A&E from arrival to admission, discharge or transfer and waiting for emergency admission through A&E (quarterly) Critical Care beds: Census day (bi-annual) Bed availability and occupancy (annual) Cancelled operations (quarterly) NHS Inpatient Waiting Times Figures (monthly) Waiting times for suspected cancer patients (quarterly) Statistical Supplement to the Chief Executive's Report to the NHS
DTI	Business Competitiveness Indicators Comparison of the 2nd and 3rd Community Innovation Surveys

	<p>Construction Industry Key Performance Indicators. All Construction Wallchart Construction Industry Key Performance Indicators. KPI Pack Detailed results from the Third UK Community Innovation Survey (CIS3) Development of the Oil and Gas Resources of the United Kingdom Energy, its Impact on the Environment and Society Energy Projections for the UK Energy Sector Indicators Industrial Breakdown of the UK Innovation Survey 2001 International Benchmarking Study International Comparisons of the Third Community Innovation Survey (CIS3) KPI Report for the Minister of Construction Regional breakdown of the UK Innovation Survey 2001 Regional Innovation Performance in the UK Survival rates—businesses still registered for VAT after one and three years The 1998 Workplace Employee Relations Survey: First Findings The UK Fuel Poverty Strategy, Annual Progress Reports UK Innovation survey 2001 (CIS3) Results Women’s attitudes to combining paid work and family life Workplace Industrial Relations in Transition: The ED/ESRC/PSI/ACAS Surveys</p>
DfT	—
Forestry Commission	<p>Forest Employment Survey Forest Enterprise Visitor Survey Reports Forest Visitor Surveys (annual summary reports) National Inventory of Woodland and Trees Public Opinion of Forestry UK Indicators of Sustainable Forestry</p>
General Registrar for Scotland	<p>2001 Census Commissioned Tables—Scotland Births and Deaths Extracts—Scotland Drug Related Deaths in Scotland Electoral Statistics, Scotland Popular Forenames in Scotland 1999 Small Area Population Estimates Scotland: Occasional Paper No3 Small Area Population Estimates</p>
Government Actuary’s Department	<p>National Population Projections: a New Methodology for Determining Migration Assumptions National Population Projections: Review of Methodology for Projecting Mortality Occupational Pension Scheme</p>
Health and Safety Executive	<p>An analysis of temporal and national variations in reported injury rate Cancer among current and former workers at National Semiconductor (UK) Ltd, Greenock Cancer risk following exposure to polycyclic aromatic hydrocarbons (PAHs): a metaanalysis Economic impact: Revised data from the 1995 self-reported work-related illness survey in (SW195): 2/99/EMSU Further update of cancer incidence and cancer mortality in a cohort of semiconductor workers Mesothelioma area statistics: County districts in Great Britain 1976–91 Mesothelioma mortality in Great Britain an analysis by geographical area, 1981–2000 Mesothelioma occupation statistics for males and females aged 16–74 in Great Britain, 1980–2000 Occupational ill health age statistics: Information sheet Psychosocial Working Conditions in Britain in 2004 Report on the results of the Health and Safety module of the British Social Attitudes Survey 2001 Secondary analysis of the 1995 self-reported work-related illness survey (SWI95): 4/00/EMSU Shift work and breast cancer: a critical review of the epidemiological evidence Statistics of workplace fatalities and injuries in Great Britain—International comparisons</p>
Health and Social Care Information Centre	<p>Sickness Absence NHS Workforce Vacancy Survey GP Practices Vacancy Survey NHS workforce—Summary and detailed statistics</p>

	<p>NHS workforce—Consultants and GP’s (quarterly until June 2005) NHS Earnings Survey Education and Equalities Targets Survey Attribution Data Set: population data based on registered patients in England and Wales “Statistics on NHS stop smoking services in England”, Annual Statistical bulletin “Statistics on NHS stop smoking services in England”, Quarterly Report Sight Test Volumes and Workforce figures Report of Hospital Prescribing, 2004 Quality and Outcomes Framework—National Summaries of General Practice Level Information, 2004–05 Hospital Episode statistics (admitted patient care), England annual (timing of these statistics is linked to the Chief Executive’s Report to the NHS)</p>
HMRC	<p>Annual Report of the Commissioners of Customs and Excise Annual Report of the Board of Inland Revenue</p>
HMT	—
Home Office	<p>Deaths Reported to Coroners—England and Wales 2001–02 End of Month Prison Population Count (F1032s) Her Majesty’s Chief Inspector of Constabulary, Annual Report International Bulletin of Criminal Justice Statistics Local Sentencing Patterns in Magistrates’ Courts Statistics on Race and the Criminal Justice System: produced under section 95 of the Criminal Justice Act 1991 Statistics on Women and the Criminal Justice System</p>
MoD	<p>Armed Forces Medical Discharges (a national statistics prior to 2003) Defence Statistical Bulletins</p>
National Assembly for Wales	<p>Absenteeism from Primary Schools Admissions of patients to Mental health facilities in Wales including patients detained under the Mental Health Act 1983 Adult Continuing Education Aggregate Agricultural Output and Income for Wales 2003 Cancer Survival Cervical Screening Delayed Transfers of Care Estimates of Farm Income Exclusions from Schools Firework Injuries Further Education Performance Indicators General Dental Practitioners General Medical Practitioners in Wales Higher Education Performance Indicators Higher Education, Further Education and Training Statistics House Price Index Incidence of Disease—Data Sources Medical and dental staff directly employed by the NHS NHS Beds NHS Dentists NHS Direct in Wales Update NHS staff vacancies NHS Hospital Waiting Times Ophthalmic Statistics in Wales Participation Rates for Welsh Students in Higher Education within the UK Patients in Psychiatric Hospitals and Units Prescriptions by General Medical Practitioners in Wales Pupils Aged 15 Leaving Full Time Education Without a Recognised Qualification Pupil Destinations from Schools in Wales Registration of Patients with General Dental Practitioners in Wales Staff Directly Employed by the NHS UCAS Statistics Work-based Training for Young People and Work-based Learning for Adults Workforce Statistics for GPs in Wales Young Participation in Higher Education</p>
Northern Ireland	<p>Transfer Procedure Test Results Child Health System Northern Ireland Aggregate Health and Social Care Statistics</p>

	<p>Northern Ireland Mental Health Inpatients System (MHIS) Northern Ireland Mental Illness/Learning Disability Census Northern Ireland Psychiatric Census Statistics from the Northern Ireland Drug Misuse Database Statistics from the Northern Ireland Addicts' Index Statistics from the Northern Ireland Needle and Syringe Scheme Database Industrial Development Board, Northern Ireland—Annual Report Road Safety Monitor—Northern Ireland Seatbelt Survey—Northern Ireland Family Resources Survey Northern Ireland Households below average income—Northern Ireland Northern Ireland Court Service Annual Report Exports of Northern Ireland Manufacturing Companies 1990 Northern Ireland House Condition Survey Finance Accounts of Northern Ireland Northern Ireland Census 1991: Belfast Urban Area Report Northern Ireland Census 1991: Economic Activity Report Northern Ireland Census 1991: Education Report Northern Ireland Census 1991: Housing and Household Composition Report Northern Ireland Census 1991: Irish Language Report Northern Ireland Census 1991: Migration Report Northern Ireland Census 1991: Religion Report Northern Ireland Census 1991: Summary Report Northern Ireland Census 1991: Workplace and Transport to Work Public Income and Expenditure Northern Ireland Survey of Guest Houses and Bed and Breakfast Occupancy Northern Ireland Survey of Hotel Occupancy Northern Ireland Survey of Self-Catering Occupancy Northern Ireland Survey of Visitor Attractions Northern Ireland Tourism Facts Farm Business Data Book Forest Service Annual Report Northern Ireland Agri-Food Sector—Key Statistics Report on the Sea Fisheries on Northern Ireland</p>
Office of Fair Trading	—
ODPM	<p>Age of Commercial and Industrial premises: England and Wales Comparisons of Land Cover Definitions Council House Sales (quarterly) Council Tax and Non-Domestic Rates Collection Rate Figures, England Council Tax Levels, England Data Catalogue: Identifiable Regional and Sub Regional Data Sources Department of the Environment, Transport and the Regions Census and Demographic Unit English House Condition Survey 1998 House Price Statistics—Quarterly Report Housing Corporation Annual Report Housing Land Availability: The Analysis of PS3 Statistics on Land with Outstanding Planning Permission Housing Market Report (monthly) Interim Household Projections Quarterly Housing Postcard (summary data sheet) Monitoring Housing Land Supply: Calibrating Indicators of Constraint National Register of Social Housing (NROSH) Progress Report 1 (December 2004) Previously Developed Land that May be Available for Development (Brownfield Sites) Statistics of Planning Enforcement Action by Local Authorities and Appeals Against Enforcement Notices Survey of Land for Mineral Working in England 1994 Town Centres: Defining Boundaries for Statistical Monitoring Feasibility Study</p>
Scottish Executive	<p>Scottish Regional and Sector Tourism Factsheets Tourism in Scotland Scottish House Condition Survey Council Tax Collection Statistics Drinking Water Quality in Scotland Economic Report on Scottish Agriculture</p>

	<p>Equality in Scotland: Guide to Data Sources Government Expenditure and Revenue in Scotland Joint Staffing Watch Results (Quarterly Press Release) Local Authority Social Work Expenditure Quarterly Community Care Key Monitoring Information Scottish Annual Exports Estimate (Global Connections Survey) Scottish Index of Multiple Deprivation Social Focus on Deprived Areas The New Councils: Statistical Report</p>
NHS Scotland	<p>Alcohol Related Health and Mortality Statistics Cancer audits (various; prospective and retrospective) Cancer clinical trials (various; promotion and support) Cancer Waiting Times (various topics, published on the Scottish Executive website) Clinical Outcome Indicators Report (produced by ISD, published by CRAG) Local Alcohol Priorities National Amputee Statistical Database Annual Report National Waiting Times Database Outpatient Waiting List Census Scenarios for Cancer (published by Scottish Executive) Scottish Arthroplasty Project Report Scottish Audit of Surgical Mortality (SASM) Scottish Hip Fracture Audit Scottish Regnal Registry Annual Report Workforce Statistics (various including Workforce Planning)</p>
	<p>May 2006</p>

Memorandum submitted by the Statistics User Forum

1. EXECUTIVE SUMMARY

1.1 The Statistics User Forum welcomes the proposals to make official statistics more independent, to make the Office for National Statistics (ONS) a Non Ministerial Department (NMD) and to give Parliament oversight of the system. However, we have serious reservations about some key issues.

1.2 We do not support the idea that ministers should continue to decide which statistics produced outside the ONS should be “national statistics”. This means ministers would still have control of statistics in such crucial areas as health, education and crime. It could hamper the aim of enabling national statistics to provide a comprehensive description of society and the economy.

1.3 The practice of dividing official statistics into “national statistics” and “others” is felt by many to be unhelpful, confusing and, since non-designated statistics do not have to be produced according to the code of practice, detrimental to public confidence.

1.4 We do not believe it is good governance for the proposed NMD board to have responsibility for both delivery and scrutiny of the system, and have set out a number of objections. There are various suggestions to overcome this, including giving responsibility for scrutiny or “audit” of the system to a body on the lines of the National Audit Office.

1.5 Statistics are a public good and we believe that provision for a formal user consultative process should be built into the governance of the proposed NMD.

1.6 Facilitating user access to statistics should be a key objective of the system.

1.7 We welcome the proposal that the Chairman and the Chief Statistician should be appointed by the Crown but believe that this should be on cross-party advice.

1.8 We wish to underline the importance of adequate and sustained funding.

1.9 The lack of coherent statistics for different parts of the United Kingdom is a major problem for users and has not improved since devolution. The SUF can provide examples should the Sub-Committee wish.

1.10 We believe it is a fundamental mistake to prevent statisticians having access to administrative data (clearly with confidentiality safeguards).

1.11 We believe that public confidence in official statistics can be improved but only if the shortcomings in the Consultation Document are addressed.

2. INTRODUCTION

2.1 The Statistics User Forum (SUF), which succeeded the Statistics User Council in 2004, brings together user groups and organisations with a common interest in UK statistics. A list of organisations it represents is attached as an appendix. Since the Consultation Document, “Independence for Statistics”, was published SUF has consulted its member organisations in order to make a representative response to the government’s proposals. The comments in this submission arise from that process.

2.2 While different users will have different points of view there are a number of points on which there is clear and widespread agreement.

3. GENERAL POINTS

3.1 We welcome the general proposals to make official statistics more independent of government and to put this on a firmer legislative footing. We agree with some proposals in the Consultation Document but have serious reservations on others which we feel are fundamentally flawed.

3.2 We welcome the proposal to give Parliament oversight of the system, while recognising that legislators’ time is both limited and precious. Statistics are of crucial and increasing importance in policy making, in monitoring the development of our society and the economy, in enabling business to make appropriate decisions and in informing academic research. It is therefore proper that the official statistical system be accountable to Parliament.

3.3 The following paragraphs indicate areas where we have concerns about the proposals. We have also included comments on certain other areas indicated in the Committee’s press notice no. 36 of as being of interest to it.

4. STATISTICS OUTSIDE THE ONS; NATIONAL STATISTICS

4.1 The arrangements proposed for statistics not produced by the Office for National Statistics (ONS) would not only perpetuate the unsatisfactory division between national statistics and other official data but, by enabling ministers to decide which data should be designated as national statistics, undermine the whole idea of statistical independence. Statistics produced outside the ONS include such crucial areas as health, education and crime. Their management should be central to any independence proposal.

4.2 The concept of “national statistics” is confusing even to professional users. The division between what is designated as “national statistics”, and what is not, often seems arbitrary. To take one example, quarterly NHS waiting list statistics are “national statistics”; monthly figures are not.

4.3 All official data should be produced and published in line with a proper code of practice. Public confidence is not helped by having “second class” statistics which do not have to adhere to such norms, particularly when they refer to such sensitive areas.

4.4 The goal of national statistics was not only to produce a set of statistics according to a rigorous code of practice but a set which provided an adequate description of society and the economy. To enable ministers, rather than the Chief Statistician or the proposed Board, to decide which data should be so designated risks undermining the second of these goals.

4.5 It should also be noted that some official statistics, for example many health statistics, are produced outside government departments. These too need to be produced to the highest standards and in line with a code of practice. (The Health Statistics User Group plans to submit a memorandum commenting on issues relating to health statistics in more detail.)

4.6 In short, the official statistics system needs to be considered as a whole.

5. GOVERNANCE

5.1 In general, we welcome the proposal to turn the Office for National Statistics into a non-ministerial department (NMD). However, we have serious concerns about the proposed system of governance.

5.2 The proposals suggest that the Board of the NMD has responsibility for both the delivery of statistics and for ensuring quality and adherence to standards. We do not believe it is good governance that the same body should be responsible for both functions. Neither is it conducive to restoring or maintaining public trust in the system.

5.3 The proposed disappearance of the Statistics Commission would eliminate a check on the system while replacing it with a system that would appear, at least, to be weaker.

5.4 The UK statistical system has to cope with complexities not found in other countries such as the four different countries within the UK plus the special status of the Channel Islands and the Isle of Man (a problem accentuated by devolution—see section 10 below); the decentralised nature of the statistical system; and the fact that the main part of the ONS is now at Newport, bringing additional problems of management. These make the system harder to manage effectively and increase the risk of problems. It is therefore all the more important to have a method of scrutiny both effective and seen to be effective.

5.5 Further, we do not believe that the proposed system would provide sufficient support to official statisticians in carrying out their duties to a high professional standard. There are times when the media unfairly criticises UK statistics or makes overly much of a particular shortcoming. A clearly independent system of scrutiny or audit would help to balance that.

5.6 Such a system is particularly needed to support official statisticians on those occasions when the Chief Statistician's decision directly affects a high-profile measure of government performance. One example is the classification of various forms of public spending which can affect whether the Chancellor is managing to keep to the "Golden Rule". (For example: the 2005 decision that maintenance spending on roads should be viewed as capital not current expenditure.) Audit of such decisions that appear favourable to the government, by a body clearly perceived to be independent, would help avoid charges of undue influence.

5.7 The Consultation Document proposes that Parliament should play the central role in holding the statistical system to account (paragraphs 4.38 to 4.41) and suggests that this might be done through annual reports, parliamentary questions and regular appearances by the Chief Statistician and the Chairman of the Board. Yet given the pressures on parliamentary time, MPs will have limited time to devote to statistics or to investigate any issue of concern.

5.8 For all these reasons most users believe that the proposed system under which the Board is responsible for both delivery and oversight will result in an inadequate level of scrutiny; even if it functions well in practice it could be perceived as being inadequate.

5.9 One suggestion is that the proposed Board for the NMD should have an "oversight only" function leaving delivery matters to the Chief Statistician. Another is that the Statistics Commission, which has done good work and been alert to views of users but suffered from limited authority and an unclear role, should be retained in a strengthened form.

5.10 Many users would like to see a body established on similar lines to the National Audit Office (possibly even an extension to the NAO) having the role of scrutiny or audit of the system. This would have the merit of being clearly independent. It would have more authority than the current Statistics Commission in that it had the sanction of an adverse report to Parliament. But its endorsement of good statistical practice would carry equal weight. With a clearly defined and limited "audit" role it would not have the problem that the ONS and the Commission had in dealing with a rather unclear role for the Commission. And, most importantly, it would assist Parliament in holding the system to account. Such a body need not be large and would replace the Statistics Commission.

6. THE ROLE OF USERS

6.1 Statistics are a public good. Users have an important contribution to make in ensuring that statistics are relevant, effectively distributed and of good quality. The interaction between government statisticians and various user groups has proved to be highly productive in improving and extending scope, relevance and quality of the statistics concerned and in helping users to have a better understanding of data.

6.2 However, we believe that while this system generally functions well as regards individual series there is insufficient user input into high-level planning and clear user needs are not always paid adequate attention. The problems with the lack of coherence for statistics across the UK (see section 10 below) and the ONS website are just two examples of this. While the Consultation Document suggests the proposed board should, among its many responsibilities, bring a perspective on user needs (paragraph 4.30) we think this is far from adequate.

6.3 The government statistical system has been largely set up to meet the needs of government. If national statistics are properly to fill the role of underpinning democratic debate (paragraph 1.3 of the consultation document) then users must be recognised as customers in the full sense of that term, with structures and funding put in place to ensure that their needs are identified, evaluated and implemented.

6.4 We recommend that provision for a formal user consultative process is built into the system; for example, there could be a board committee reflecting the interests of users. Such a body would be able to bring a wide perspective and help ensure the relevance and adequate dissemination of statistics.

7. THE IMPORTANCE OF USER ACCESS

7.1 We believe the principle of facilitating user access should be included as one of the "key objectives" (paragraph 4.17). No matter how good the quality of statistical data the system is failing in its purpose if it is not easy for users, whether professional or amateur, to find the data they need and understand what they refer to.

7.2 The ONS website, for example, has been the subject of much criticism with even professional users not always finding it easy to find the right series. Librarians tell us they frequently find that non-professional users are unable to use the website without help. These problems have been brought to the notice of ONS and we understand that provision has been made for a new website. However, progress has been very slow and we do not think this has had the priority it needed.

7.3 The complex organisation of UK statistics and the multiplicity of sources increase the need for well-planned access.

8. APPOINTMENT OF THE CHAIRMAN AND CHIEF STATISTICIAN

8.1 We welcome the proposal that these two posts should be appointed by the Crown. However, we believe that this should not just be on the advice of ministers, which would be counter to the principle of independence, but with an element of cross-party consultation.

9. FUNDING

9.1 While welcoming the moves towards stable funding some users are concerned that the lack of a strong ministerial champion could risk under-funding of what is a vital but not politically high-profile function. Effective statistical processes require stable and foreseeable funding. With due regard to the need to constrain public expenditure, funding must also be adequate. The “Rayner” cutbacks in the 1980s are widely recognised to have had a seriously detrimental impact on official statistics while in more recent years the Office for National Statistics has experienced fluctuating finances.

10. THE DEVOLVED ADMINISTRATIONS (CONSULTATION DOCUMENT 4.46–4.47)

10.1 The lack of coherent statistics for the different parts of the United Kingdom is a long-standing problem that is not improving. It is a major source of frustration for professional users and confusion for non-professional users. Statistics for the different countries are often produced on different bases making both comparison and aggregation impossible. So called “UK” or “British” statistics may in practice refer to the UK, Great Britain, England and Wales, or even just England.

10.2 The Statistics User Forum can provide a number of examples of anomalies if the sub-Committee needs. One important instance of where the situation has deteriorated since devolution was the experience of the 2001 census.

10.3 In addition to undermining the quality of information within the UK, this often prevents the UK meeting its international obligations.

10.4 There should be a clear aim to produce statistics across the UK on a common basis enabling both data for the UK as a whole and comparison between the different countries. Exceptions would only be made where it is impossible for structural reasons (different legal and education systems) to produce coherent data. This would not, of course, prevent additional data being compiled to meet the specific needs of any individual country.

10.5 We understand that the Devolved Administrations have legal powers over statistical matters in their countries and that this limits the extent to which this problem can be addressed by legislation in Westminster. In our view this reinforces the need to have a strong user presence in governing bodies and also the need to have thorough scrutiny of the whole system.

11. ACCESS FOR STATISTICIANS TO ADMINISTRATIVE DATA

11.1 The Consultation Document does not envisage increased access for statisticians to administrative data (paragraphs 4.25–4.29). In our view this is a fundamental mistake. It would bring clear advantages to improving cost effectiveness and statistical quality (use of Department of Work and Pensions data has already demonstrated this). There are well-established provisions in statistical practice for protecting the confidentiality of individuals and individual entities.

12. CONFIDENCE IN UK STATISTICS

12.1 The sub-committee has indicated that it is concerned with the low level of public trust in statistics.

12.2 We accept that there are inherent problems in maintaining public confidence in official statistics. Phrases such as “lies, damn lies and statistics” and “you can prove anything with statistics” are hardwired into people’s subconscious; the UK media is more alert to statistical issues than is the case in most other countries and stories about problems make better headlines than stories that all is well; for economic statistics there is a well-informed but sometimes opinionated audience in the City of London which is frequently quoted in the media. Views of statistics are coloured not only by how they are compiled, or indeed

how they are initially presented, but also by sometimes partial use made of them subsequently in political debate (not just by politicians). To a certain extent, also, the public's view of official statistics will always be coloured by current views of government.

12.3 But there are other factors. That statistics which are not national statistics need not adhere to a code of practice and that statistics are not perceived to be independent under the current system do not help. Early access to statistics by ministers can and does arouse suspicion. Leaking advance news of statistics in a way coloured by political bias before formal publication is a problem. Statistical access is important; if users find it difficult to access statistics this will affect their view.

12.4 This reinforces the view that it is imperative that delivery and scrutiny of the system are not confused, and that the code of practice is widely understood and adhered to not just for national statistics but for all official statistics.

13. OTHER POINTS

13.1 The Retail Price index is currently an exception to other economic statistics in that scope and definition are the responsibility of the Chancellor of the Exchequer. This anomaly should end.

13.2 We do not see the point of changing the title of the National Statistician to Chief Statistician—the latter was the title used in the past for a middle management role.

APPENDIX

ORGANISATIONS THAT ARE MEMBERS OF THE STATISTIC USER FORUM

Association of Census Distributors
 British Society of Criminology
 British Urban and Regional Information Systems Association (BURISA)
 Business Statistics User Group
 Chartered Institute of Library and Information Professionals
 Demographics User Group
 Finance Statistics User Group
 Fire & Rescue Services User Group
 Gender Statistics User Group
 Health Statistics User Group
 International Trade Statistics User Group
 Labour Market Statistics User Group
 Local Authority Research and Intelligence Association (LARIA)
 Market Research Society
 National Accounts User Group
 Society of Business Economists
 Transport Statistics User Group

Additional organisations including the Economic and Social Research Council, the CBI and the TUC are observers.

May 2006

Memorandum submitted by Ray Thomas

EXECUTIVE SUMMARY

Issues concerned with independence for statistics were spelt out by Jack Straw in a talk given to the Royal Statistical Society (RSS) in 1995. Consistently with Straw's ideas the submission argues that the Government Statistical Service (GSS) should aim to enhance trust in statistics by orienting statistics towards public expectations and Parliamentary needs—instead of focusing primarily on the requirements of central Government.

Declining trust in the Census of population and many survey based statistics is associated with falling response rates. The link to central government contributes to falling response rates. In some areas of statistics, such as population and migration, low trust in statistics is also associated with the inability of central government to make necessary improvements in the systems for the collection and production of statistics. Legislation in these areas should empower the GSS and the ONS to devolve the production of statistics to non-central government organizations wherever this might reasonably be expected to improve responses from information providers and increase public confidence in the statistics.

Legislation should aim to ensure that the GSS has full access to administrative records for statistical purposes. An important example would be the use of employers' Tax and National Insurance returns to create monthly employment statistics for local areas.

Legislation should distinguish the use of statistics as performance indicators in order to anticipate the special problems that arise with this kind of use.

The creation of a Statistics Board might be step in wrong direction because the proposed Board is not representative of the public. It would be seen as representative of central government and could well have a negative influence on response rates.

MEANING OF INDEPENDENCE

1. The phrase “independent statistics service” comes from the Labour Party manifesto of 1997. But the origin of the idea is in evidence given to the Nolan committee on standards in public life by the Labour Party NEC. The idea was explained by Jack Straw in a talk given to the RSS in 1995,

2. Straw noted the growing role played by statistics in public discussions and increasing distrust of government, politicians and the statistics. Straw identified the Rayner doctrine introduced in the early 1980s as the problem. The Rayner Doctrine proclaimed that that statistics production should be limited to the needs of government. For Straw the Rayner doctrine “turned the purpose of public information on its head—making its prime purpose a private one”. Straw asserted that the work of the GSS “should serve the public interest, Parliament and government—in that order”.

3. Straw’s position can be characterised as parallel to that of Winston Churchill in setting up the Central Statistical Office half a century earlier. Churchill set up the CSO in order to reduce argument about statistics in the cabinet. If the Government of the day controls statistics it can be expected that there would be argument about statistics intermingled with discussions of policy. Straw wanted to separate control of the GSS from the Government of the day so that statistical information would be accepted by all parties to discussion of public policies. Just as Churchill wanted to stop argument about statistics in cabinet in order to concentrate on winning the war, so it could be said did Straw wanted to stop wasteful public argument about statistics in order to concentrate on discussion about policy making.

4. The RSS gave a report of the meeting addressed by Straw in RSS News for October 1995, but did not otherwise publish or publicise the paper. The paper came into the public domain only through the initiative of Des McConaghy, a constitutionalist, who obtained a copy directly from Straw. The first public reference appears to be an article that appeared in Radical Statistics 2004, Issue 87. But Straw’s paper is now available on the RSS website at: <http://www.rss.org.uk/pdf/Address%20to%20RSS%20by%20Jack%20Straw%201995.pdf>.

5. Jack Straw’s paper is without precedent. It is the only substantial paper ever written by a leading politician on the government of statistics. The Government Consultation Document’s failure to mention Straw’s paper or its ideas is regrettable. This submission contends that the ideas on Straws paper are clearer than those expressed in the Consultation Document.

6. The submission does not therefore attempt to deal with the idea of National Statistics and independence as put forward in the Consultation Document. The submission focuses on public trust in statistics and argues that legislation would contribute to developing trust by helping to orient statistics to public needs, by securing access to administrative records for statistical purposes, by encouraging the use of agencies to produce in statistics in areas where central government has difficulty in securing adequate response rates.

TRUST AND THE CENSUS OF POPULATION

7. There is general agreement that trust in statistics and trust in the Government has declined. The RSS Vision Statement attributes lack of trust to pre-publication access by ministers and Government’s Consultation Document echoes that explanation in Box 4 of the Consultation Document. But it is difficult to believe that pre-publication access is a fundamental issue lessening trust in statistics.

8. A more fundamental point is the difficulty in separating trust in statistics from trust in government. For many members of the public the basic distinction is between “us and them”. For those who think in terms of us-and-them the distinction made in the Consultation Document between the Government, a Minister, a Non-Ministerial Department and the Office for National Statistics is not important. But in the conduct of social and other surveys government depends upon all members of the public, including those who lack trust in government. It is difficult to imagine legislation that could increase trust in government. But this submission argues that it is possible to organise the production of statistics in ways that could increase trust in statistics and that appropriate legislation could contribute to such organization.

9. The most tangible evidence of loss of trust is in the conduct of the Census of Population. It was initially proclaimed that the 2001 Census was the highest quality ever. In fact the response rate in the 2001 Census was lower than in any previous census. It is estimated that about ten percent of households did not return the forms and that up to 800,000 young men were missing. The response rates were lowest in inner-city type problem areas.

10. In the 2000s estimates of the total UK population for the first time are not based primarily on census results, but depend upon data from other sources such as the National Health Service Central Records. The fall in census response rates led to a fall in the accuracy and quality of a range of other census dependent statistics—so threatening further loss of trust.

11. The ONS has not attempted to explain the failure of the 2001 Census and has not acknowledged the scale of non-response. But it seems clear that the ONS label, that is clearly identifiable as belonging to central government, reduced the response rate. Illegal immigrants and failed asylum seekers, for example, have a strong motivation not to respond to the census because it is organised by central Government. The implication is that a statistical office seen as independent of central government could be more effective in conducting a census.

12. Receipt of government benefits may also be an important factor in reducing Census response rates. Sixty percent of households in the UK are in receipt of benefit payments from government and some of them may have a variety of motives for being less than fully responsive to a Government conducted survey. They include single mothers who would lose benefit if they were found to be cohabiting with a boy friend. An individual in danger of being classified as a co-habitee has a motive for disappearing at census time. It may be that such disappearances played a significant role in the unexplained undercount of some hundreds of thousands of young men recorded in the 2001 census. Agencies seen as belonging to central government would have special difficulties in devising methods for overcoming these problems.

IMMIGRATION STATISTICS

13. The Census should be a prime source for estimates of immigration. But the lack of responses from illegal immigrants, asylum seekers and perhaps other immigrant groups severely limit the value of the 2001 results. Statistics for immigration are produced on the basis of the International Passenger Survey. But the IPS was designed to measure tourism not migration. The Government has not shown inclination to be involved with reform of the IPS or setting up some kind of new system to measure immigration and emigration directly. Public and political pressures do not make it easy for the Government to deal with both the development of statistics and the substantive policy problems. An agency seen as independent of government and getting all party support would hold the best promise for producing better quality statistics. The proposed legislation could well specify that Parliament, as a representative body, should be designated as responsible for the production of statistics of immigration, emigration and population.

SAMPLE SURVEY STATISTICS

14. Questions about the value of a central government label, such as the ONS, is also evident in the detailed results of sample surveys. The UK has an exceptionally rich and coherent set of large scale social surveys. But they share a major weakness in that the numbers responding to questions about receipt of state benefits involving tests of eligibility is low. As a result these surveys consistently underestimate the proportion of the population in receipt of some government benefits. The number of claimants of Job Seekers Allowance according to the Labour Force Survey, for example, typically ranges around 20% below the level recorded by the administrative statistics for the number of recipients of JSA. This inaccuracy limits comparability between the JSA series and the officially recognised International Labour Office series measure by the Labour Force Survey. The value of both series is diminished.

15. The Family Resources Survey is another example. The FRS for 2004–05 reported 556 thousand recipients of JSA compared with the 739 thousands actually receiving JSA. The FRS reported 1.0 million recipient of Attendance Allowance compared with the 1.5 million actually receiving Attendance Allowance. No-one knows why respondents “forget” these benefits. But it may be that respondents do not want to be reminded of the test of eligibility. A survey agency sympathetic to the situation of respondent rather than one associated with central government could well get more accurate responses and produce better statistics.

ACCESS TO ADMINISTRATIVE DATA

16. This submission gives strong support to Paras 4.25–4.26 of the Consultation Document supporting the production of statistics based on administrative records. One of the potential advantages is to reduce the need for special surveys. The proliferation of surveys has long been seen as a problem. The Survey Control Unit was established in the 1980s to help control the growth of surveys. But there is no special unit to foster the use of administrative records for statistical purposes, and it can be expected that many sets of records are designed in ways that do not make it easy for them to be a source of useful statistical information.

17. The ONS publishes monthly statistics for employment at national and regional levels. But, surprisingly to many, these statistics are obtained by household survey—the Labour Force Survey or Continuous Population Survey. These sample survey statistics are of limited reliability for measuring changes in employment at the national or regional level, and are generally useless at the local level.

18. Typically the advantages of use of administrative records are full 100% coverage as well as reduced need for surveys—especially surveys that impose form-filling burdens on businesses and other organizations. These advantages could be realised in the measurement of employment. Every employer makes every month to the Department of Inland Revenue for tax and NI insurance payment are important example. These records could provide the basis for reliable monthly statistics employment for local areas. Use of these returns could largely obviate the need, or reduce the scale and detail, for surveys that are currently imposed upon businesses and other organizations.

19. The lack of regular and reliable statistics for employment for local areas is a major gap in UK statistics, and it is surprising that the statistics-friendly government elected in 1997 has made no progress towards the production of such statistics. The UK has accurate monthly statistics for claimant unemployment for local areas but none for employment. Without such statistics local labour market policies are largely redundant. The basic problem is that although the Inland Revenue is located in the Treasury that is also the nominal home of the ONS, rules, laws or customs to protect firms' privacy established in a different era still remain as an obstacle.

20. Perhaps the biggest single reform, more important than attempting to legislate for independence or quality, would be pass a law that would grant access automatic access to the ONS to administrative records for statistical purposes.

PERFORMANCE INDICATORS

21. The major development in statistics that has occurred under the Labour Government started with the blessing given to the use of statistics as performance indicators in the White Paper of October 1999. The Paper declared that official statistics should “allow people to judge whether the Government is delivering on its promises”. The significance of this statement was under-appreciated at the time. But the emphasis given to the use of statistics as performance indicators at the highest level ushered in an era in which measurement of performance has become widespread in nearly every organization in the public sector.

22. In a few areas, like major heart surgery, a non-government organization has taken control of the production and presentation of the performance statistics. But generally the growth in the use of performance indicators has vastly extended the exercise of Government and managerial powers into the lives of its citizens, and especially in the activities of public service workers. Government and statistics have become more closely intertwined and inter-dependent than ever before.

23. The extensive use of statistics as performance indicators is a new development and puts new issues on the agenda. Technical issues associated with the quality of performance indicators have been explored in a major report by the RSS (Performance Indicators: the good, the bad and the ugly, at: <http://www.rss.org.uk/PDF/PerformanceMonitoring.pdf>) The RSS Report and many other observers point to the behavioural problems that can be associated with the use of performance indicators. It is suggested that the subjects of performance indicators can give too much weight to the indicator and not enough of the primary task that the indicator is supposed to measure. It is also suggested that use of statistics as a performance indicators may increase the risk of falsification of the statistics.

24. Suspicions associated with the use of performance indicators make it important that the proposed legislation distinguishes deals explicitly with the use of statistics as performance indicators and gives guidance about how such statistics should be handled. It could be disastrous if legislation to strengthen the role of statistics supported the extension of use of statistics as performance indicators without taking into account the possible problems.

MEASURING GOVERNMENT ACTIVITY

25. Another example of growing inter-dependence between government and statistics is the setting up of CEMGA—the Centre for the Measurement of Government Activity—within the ONS. CEMGA would take into account value added by health services that are not sold in the market and so would support comparability of health services with other countries where services are paid for by patients. Statistics produced by CEMGA add to the comprehensiveness of National Statistics but require the imputation of values that not derived from market activities or any other mainly objective source. The imputations are made by statisticians or other civil servants who are dedicated by their Code to serve their minister and the Government. It is difficult to argue that such imputations contribute to the development of statistical service independent of government.

26. It is suggested that in this area it is important that measurement is made independently of government. The proposed legislation should specify that measurement of government performance should be devolved to an external agency that would produce and publish the statistics and offer complete transparency with regard to the sources and methods used. The aim would be to take the matter outside the

realm of party politics. Such a change should reduce the danger that a change in government after an election would result in revision of the statistics relating to the activities of the previous government. Public trust in statistics would be reduced if debate about “the facts” is confused with debate about the policy and management issues associated with government activities

CONCLUSIONS

27. The idea of independence from central government is not a useful approach to improving statistical systems in the UK because it leads to a focus on trust and distrust in government as well as statistics and government. It is more useful to focus directly on increasing trust in statistics. The provision of statistics meeting public expectations and needs would make a direct contribution to increasing trust in statistics. The provision of statistics meeting public expectations and needs could also be expected to increase trust indirectly through better quality survey-based statistics derived from higher response rates.

28. It is suggested that the proposed legislation should:

A. Specify that the Government Statistical Service should give priority to public and Parliamentary needs over Departmental needs wherever this might be expected to increase public trust in statistics.

B. Give the Office for National Statistic right of access to administrative records for statistical purposes.

C. Specify that the Office for National Statistic and other parts Government Statistical Service should be empowered to devolve the production, presentation and publication of statistics to non-central government organizations wherever this might reasonably be expected to improve responses from information providers and increase public confidence in the statistics.

D. Distinguish the use of statistics as performance indicators in order to anticipate special problems that arise with this use.

May 2006

Supplementary memorandum by the Royal Statistical Society

PRE-RELEASE ACCESS TO NATIONAL STATISTICS: INTERNATIONAL PRACTICE

International Practice

The practice of allowing pre-release access to statistics for Ministers and their advisors varies across the most developed countries. It is fair to say, however, that the arrangements in the United Kingdom are much more lax than elsewhere.

In Austria, Denmark, Finland, Norway and Poland there is no pre-release access at all. In the Netherlands there is a limited amount but this is in the process of being further reduced with the intention of eliminating it completely.

In Australia, Canada, France, Ireland Portugal and the USA there is very limited pre-release access with, compared to the UK, very few statistical series given in advance, to very few people, for very short periods.

In general the series given pre-release are restricted to key, market-moving economic statistics that number about 12. There is generally no pre-release access for social statistics series.

The number of people given access is generally very much fewer than in the UK and may involve just the Minister of Finance and/or the Prime Minister and one or two key advisors together with the Governor of the Central Bank in some cases. In the UK the key market moving statistics are given to between 10 and 20 people, most of whom have no real need to see the figures in advance. The statistics published by Policy Departments are typically circulated to even larger numbers of people in advance.

The length of time for pre-release access is much shorter than in the UK: USA (maximum half hour), France, Ireland (generally one hour), Australia (three hours), Portugal (five hours). With the exception of the UK, Canada has the longest length of pre-release access (17–18.5 hours) with Ministers given access at 5.00 pm the day before release which was chosen when economic markets closed in the evening (a situation that does not apply to the UK given its global importance). In the UK, by contrast, access to the key economic series is given 40.5 hours in advance and statistics in policy departments are often made available five or more days in advance.

Specific descriptions of the practices in these countries are given in the appendix.

COMMENTARY

1. Statistics must be free from political interference and be seen to be so if they are to command public confidence. They also need to be released by the statistical authority in an orderly manner without leaks.

2. It is to the benefit of Ministers and society at large that this should be so. It is in no-one's interest if, when the statistics show "good news" from a Government's perspective the reaction is to question the veracity of the figures and when the statistics contain "bad news" they are believed and the Government criticised for perceived policy failures. To reinforce public confidence in the integrity of statistics it is in Ministers' interest that they impose some restriction on themselves and their advisors. The benefits would outweigh the perceived disbenefits.

3. If Ministers and officials have lengthy advanced access to statistical information the risk of political interference increases. We use the term "political interference" broadly to go beyond Ministers and special advisers and to include policy officials who are responsible for developing, monitoring and presenting policy as well as advising Ministers. The term interference is taken to include attempts to influence the timing of a release, the emphasis given to specific aspects of the statistical content and the words of interpretation used by the statisticians responsible for drafting the release.

4. Even more likely is the perception that this will occur and hence that the statistical process is not free from political interference. This perception is increased by Minister's issuing Press releases at the same time as the statistical release; press releases that moreover contain a selected summary of the statistics in the statistical release. This results in journalists and commentators turning to the Ministerial release rather than the statistical one. Thus the Ministers and their press offices ensure that the public debate focuses on the ground emphasised in the Ministerial release and the statistical release is sidelined. A statistical release should come from a physically separate location using a press office dedicated only to disseminating the statistical picture and Ministerial press releases should not be able to draw on the statistics contained in the statistical release in the selected way that is done currently.

5. Lengthy advanced access also increases the risk of unauthorised release (see the Retail Sales leak in late 2003). Unauthorised release of statistical information (or at least a strong indication of direction or "good news/bad news") does occur although in most cases it is virtually impossible conclusively to trace the origin. It is generally acknowledged that this does not usually originate within the statistical producers but is related to "news management" that surrounds the political process.

6. These occurrences damage the integrity of statistics in two ways—by damaging the orderly release of statistics and by reinforcing in the public perception the lack of separation between the statistical and political processes.

7. There are two general reasons given to justify pre-release access. The first, and most powerful, is that some executive action may be needed at the precise moment of the release and this would be in the national interest. For example dire economic statistics may require an immediate adjustment to the bank interest rate. Examples of this throughout the world are extremely rare and generally occur in relatively small economies where, for example, a combination of events might dramatically affect the balance of payments or trade statistics. The United States appears to function effectively with the President, through the Chair of the Council of Economic Advisors, having a half hour notice. No members of the Executive are permitted to comment on statistical releases until an hour has elapsed from release. In very large economies such as the USA or the UK the likelihood that one statistical release could destabilise the economy is very unlikely. Nonetheless one must concede the logical possibility. One way to deal with this is to leave the National Statistician the flexibility to advise Ministers in truly exceptional circumstances with the requirement that this be made public as soon as the statistics are released. New Zealand has this arrangement.

8. A second justification for pre-release access is that Ministers are accountable for public policy and in order to discharge this responsibility properly need access to the statistics in advance "so as to absorb the implications". In practice this means "so that the press release puts the best possible interpretation on the statistical information". In reality, even with no pre-release access, the Minister would be much better prepared and supported than anyone else who engages in the public debate.

9. A third justification sometimes given is an extension of the second. That in the case of management statistics (such as hospital waiting lists) the Minister is responsible for the "management" of a public service and hence should be able to release and comment on management statistics at any point in time. In our view this point is overstated since the accountability of Ministers for public policy is similar in kind to the accountability for a public service. If the management statistics are used, as the government intends, to hold the Minister to account, then all the more reason that they should be seen to be produced from a professionally independent process.

10. The Society's view is that, in keeping with best international practice, the benefits from severely reducing or, better still, eliminating pre-release access greatly outweigh the counter-arguments.

APPENDIX

ADVANCED ACCESS TO OFFICIAL STATISTICS

<i>Country</i>	<i>No of People</i>	<i>No of Releases</i>	<i>Length of Time</i>	
Austria	0			
Denmark	0			
Finland	0			
Norway	0			
Poland	0			
Netherlands	Approaching 0			
USA	Very small	Small	Half hour	
France	Small	Small	1 hour	
Ireland	Small	Small	1 hour	48 hours for annual NA
Australia	Small	Small	3 hours	
Portugal			5 hours	
Canada	Small	12	17–18.5 hours	
UK	10–20	Key market moving: about 12	40.5 hours	Many other statistics over a longer period

COMMENTS

Australia: A Minister and supporting Departmental staff are allowed pre-embargo access to the publication where it is expected that they would need to make public comment soon after release. This is limited to a relatively small number of publications. Early release is three hours prior to embargo time.

Austria: No one is entitled to early release; no preferences given to political decision makers in their access to information: obligation to publish the results of statistical surveys and to inform the responsible federal minister on the results simultaneously.

Canada: In addition to the legal provisions, a strong tradition has evolved: Statistics Canada is treated at arm's length by the Minister and the Government. Successive governments confirmed, and reconfirmed—from the Prime Minister's office—that statistical information is made available by Statistics Canada to all members of the public at the same time; however, a pre-release is made to a limited number of designated senior officials in the departments for purposes such as the orderly management of money markets.

A limited number of designated officials for 12 key series at 2.00 pm the day before release (at 7.00 am or 8.30 am) in order to prepare appropriate responses for Ministers. The Head of the Public Service must approve each case of pre-release. Only four offices have been approved for pre-release privileges for one or more series (Privy Council Office, Finance Canada, Human Resources Development, and Bank of Canada). In the approved cases, pre-released information may be passed to the corresponding Minister's office no earlier than after 5.00 pm the day before release.

Denmark: The act includes no provisions related to data release. Danish practice is to release data at the same time for all users.

Finland: Statistics must be made accessible to all users at the same time. The Statistics Act prescribes that all statistics shall be published as soon as possible upon completion. It is also prescribed that statistics which may influence the operation of financial markets (insider statistics) must not be released to anyone prior to the official date of publication (Statistics Finland release calendars), but all users must receive the information at the exact time indicated in advance. In practice the same principles are applied to other statistics as well. The Directors of the Units decide on the release of statistics.

France: The tradition is that the concerned ministers are informed on the most important statistical results (price index, external trade, unemployment, . . .) a little bit in advance, but never more than 1 (one) hour in advance. This situation is known by the media.

Ireland: We give advance access of one hour in the case of a few important series; this is extended to 48 hours for the Annual National Accounts. These advance access arrangements are published nationally and in the IMF SDDS.

Netherlands: No one is entitled to early release. A minor tradition of early releases (one day to one hour at max) for certain statistics to certain Ministers is in the process of being cut down.

Norway: No one has prior access.

Poland: There is no such an authority for early release.

Portugal: National Statistics Head decides with a timescale of five hours, without any variation by statistical series

Sweden: The head of a unit decides on questions concerning release and the timescale varies by statistical products.

USA: The President, through the chair of the Council of Economic Advisors, has pre-release access a half hour before release (and hence after all journalists and wire service recipients are in the lock-up pre-release phase). Employees of the Executive branch shall not comment publicly on the data until at least one hour after release.

May 2006
