

Independence for statistics: A consultation document

March 2006



HM TREASURY



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A consultation document**

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FOREWORD BY THE FINANCIAL SECRETARY TO THE TREASURY

Last November, the Chancellor announced to Parliament the Government's intention to legislate for independence in statistics. This document fulfils our commitment to publish proposals for consultation.

The Government's economic objective is to build a strong economy and a fair society, with opportunity and security for all. Statistics make a crucial contribution to good government in a modern democracy: assisting in the formulation and evaluation of policies; the management of services for which the Government is responsible; encouraging and informing debate; and allowing people to judge whether the Government is delivering on its promises. High quality statistics are also a key resource for business, academia and the wider community. Statistics must therefore be, and be seen to be, of the highest professional quality and integrity.

The existing *Framework for National Statistics*, which underpins the statistical system in the UK, was introduced on a non-statutory basis by the Government in 2000. It was the most far-reaching reform of statistics in the UK in over 30 years. Having reviewed 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 funding 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.

Our proposals aim to build on earlier reforms, reinforcing the independence, integrity and quality of statistics produced in government, and further contributing to long-term stability in the UK economy.



JOHN HEALEY MP
Financial Secretary to the Treasury

INTRODUCTION

1.1 On 28 November 2005, the Chancellor of the Exchequer announced to Parliament the Government's intention to legislate for independence in statistics. This document fulfils the Government's commitment to publish proposals for consultation.

STATISTICS MATTER

Government's objective

1.2 The Government's economic objective is to build a strong economy and a fair society, with opportunity and security for all. Since 1997, the Government has introduced wide-ranging reforms to establish a platform of economic stability and to promote work and enterprise, tackle poverty, and deliver sustained investment to modernise public services. The Government's intention to legislate for independence in statistics will build on earlier reforms, helping to reinforce the quality and integrity of statistics produced in government, supporting the Government's agenda for better public services, and contributing to long-term stability in the UK economy.

Role of statistics

1.3 Statistics make a crucial contribution to good government in a modern democracy: assisting in the formulation and evaluation of policies; in the management of the services for which the Government is responsible; encouraging and informing debate; and allowing people to judge whether the Government is delivering on its promises. High quality statistics are also a key resource for business, academia, and the wider community. With increasing emphasis on evidence-based policymaking and effective performance management, statistics have a greater importance than ever before, and ever increasing scrutiny is placed on them.

1.4 Statistics must therefore be, and be seen to be, of the highest professional quality and integrity. The Government has a responsibility to ensure that statistics are fit for purpose and command respect. A consultation document in 1998, *Statistics: A Matter of Trust*,¹ described the Government's aims for statistics, which remain the same today, in the following way:

“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”.

The UK system

1.5 The framework underpinning the production and dissemination of statistics plays a key role in achieving these aims. In the UK, the Office for National Statistics (ONS) is the central statistics office, and is the only government body focusing solely on the production and dissemination of statistics. However, the ONS represents just one part of the statistical system and, in practice, statistical production occurs across a wide range of government departments and agencies, covering all areas of activity (including the economy, employment, population, crime, education and health). This decentralised system – which offers real benefits in terms of keeping statisticians close to policy work in departments, and maintaining professional statistical expertise across government – has been a key feature of the UK system since before the Second World War.

¹ Office for National Statistics (1998a) *Statistics A Matter of Trust: A Consultation Document*. Available at http://www.statistics.gov.uk/about/national_statistics/documentation.asp.

Reforms so far **1.6** Soon after entering office, the Government launched a wide-ranging debate over the future of the statistical system, publishing the consultation document, *Statistics: A Matter of Trust*, in 1998. Over 100 written responses were received, and over 1,000 people attended open meetings held to discuss it.² The resulting *Framework for National Statistics*³ was introduced on a non-statutory basis in 2000. It was the most far-reaching reform of statistics in the UK in over 30 years. Key elements of the Framework included:

- the creation of the post of **National Statistician**, with operational independence from Ministers and responsibility for the professional quality of ‘National Statistics’;
- the creation of an independent **Statistics Commission**, to advise on quality assurance and statistical integrity across the statistical system;
- 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, and underpinned by professional standards as set out in a new **Code of Practice**; and
- the **retention of the decentralised system of statistical production and dissemination**, to maximise the benefits to be gained from keeping statisticians close to policy work in departments, and maintaining professional statistical expertise across government.

1.7 The Government undertook to review the operation of the Framework “in five years”. The Framework also tasked the Statistics Commission with reviewing the need for statistical legislation after two years, and keeping the legislative framework under review thereafter.⁴

Key objectives of reform **1.8** Having reviewed the Framework, the Government now intends to build on its earlier reforms, strengthening the existing arrangements by entrenching independence in legislation. At the same time, the Government is considering other ways in which independence might be reinforced and statistical quality raised further, while retaining the benefits of decentralisation in statistical production and dissemination.

1.9 In examining the case for further strengthening of the statistical system, the Government has been guided by the following key principles that it believes should underpin a strong statistical system:

- statistics should be of high **quality**, that is, produced to the highest professional standards and fit for purpose;
- statistics should have high **integrity**, that is, be free from political interference;
- roles and responsibilities should be clearly defined, and mechanisms should be in place to hold the system to **account**;

² Office for National Statistics (1998b) *Statistics A Matter of Trust: Report on the Consultation Exercise*. Available at http://www.statistics.gov.uk/about/national_statistics/documentation.asp.

³ Office for National Statistics (2000) *Framework for National Statistics*. Available at http://www.statistics.gov.uk/about/national_statistics/documentation.asp.

⁴ Meeting this remit, the Commission published their report, *Legislation to build trust in statistics* in June 2004. This report is discussed further in Chapter 3.

- the laws, regulations, codes and practices under which the system operates should be **transparent**;
- the system should have the **flexibility** to respond to changing needs, without harming the trust of users; and
- the system should carry out its functions in the most **efficient** way possible, ensuring value for money, and seeking to minimise the burden on business.

1.10 This paper makes the case for a further strengthening of the current arrangements, and sets out initial proposals for how this might be achieved in the context of the planned legislation. The paper is structured as follows:

- **chapter 2** describes and reviews the current *Framework for National Statistics*;
- **chapter 3** considers external perspectives, including international experience and the views of outside commentators; and
- **chapter 4** offers options for reform, in particular on the possible ‘scope’ of the proposed arrangements, the roles and responsibilities of key office holders in a reformed system, and possible governance and accountability arrangements under the new statutory arrangements.

AN OPEN CONSULTATION

How to respond

1.11 The Government welcomes the views of all stakeholders on the issues raised in this document. The consultation period begins with the publication of this document, and will run for 12 weeks. Please ensure that your response reaches us by **14 June 2006**. Responses to the consultation should be sent to:

Statistical Reform Team
Room 3/07
HM Treasury
1 Horse Guards Road
LONDON SW1A 2HQ

Fax: (+44) (0) 207 270 5110

E-mail: statsconsultation@hm-treasury.gov.uk

1.12 This document can also be found on the HM Treasury web-site: <http://www.hm-treasury.gov.uk>.

1.13 When responding, please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of a larger organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled.

1.14 All written responses will be made public on HM Treasury’s website unless the author specifically requests otherwise. In the case of electronic responses, general confidentiality disclaimers that often appear at the bottom of e-mails will be disregarded for the purpose of publishing responses unless an explicit request for confidentiality is made in the body of the response. If you wish part, but not all, of your response to remain confidential, please supply two versions – one for publication on

the website with the confidential information deleted, and another confidential version for the Statistical Reform Team.

1.15 Even where confidentiality is requested, if a request for disclosure of the consultation response is made in accordance with the freedom of information legislation, and the response is not covered by one of the exemptions in the legislation, the Government may have to disclose the response in whole or in part.

The consultation criteria

1.16 The consultation is being conducted in line with the Code of Practice on Consultation, which contains six key criteria to govern a written consultation. These are set out in Annex A.⁵

⁵ A full version of the Code of Practice can be found at <http://www.cabinet-office.gov.uk/regulation/Consultation/Code.htm>.

2

THE FRAMEWORK FOR NATIONAL STATISTICS

2.1 This chapter describes and reviews the *Framework for National Statistics*, which currently underpins the statistical system in the UK. It concludes that the Framework has played an important part in strengthening the UK's statistical system and that there is now an opportunity for the Government to build on its earlier reforms, including through entrenching independence in legislation.

THE EVOLUTION OF UK OFFICIAL STATISTICS

History of statistics in the UK

2.2 The collection of official statistics in the UK has a long history: records relating to imports and exports can be traced back to the seventeenth century; the first population census took place in 1801; and the collection of statistics of births and deaths in England and Wales began in 1837. Traditionally, collection has been decentralised; until the Second World War the structure was essentially one of separate statistical units attached to each government department.

2.3 To ensure coherence across statistical information, the Central Statistical Office (CSO) was established in 1941. In 1960, the Business Statistics Office and the Office of Population Censuses and Surveys (OPCS) were created to supplement the activities of the CSO. In addition, the Government Statistical Service (GSS) was created, to improve coordination in the management of government statistics and to develop a cadre of professional statisticians across government.

2.4 The last few decades have seen a number of important changes. The Rayner Review (1981)¹ marked a fundamental shift in the nature of statistics in the UK, when it concluded that statistics should be primarily for Government rather than for public consumption. The Pickford Review² in the late 1980s marked a return to the notion of statistics as a public good.

2.5 The CSO was given Executive Agency status in 1991, conferring greater independence on the statistical system, and the publication of the Official Statistics Code of Practice in 1995 served to consolidate consistent professional standards across the GSS. The Office for National Statistics (ONS) was created in 1996, through the merger of the CSO and the OPCS.

Decentralised system

2.6 As already noted, the UK's statistical system has historically been decentralised, with a large proportion of statistics produced in government departments and agencies other than the ONS or its predecessor statistical bodies. With official statistical work covering a wide range of tasks (including the collection, analysis and publication of statistics, statistical support for departmental and agency functions, and policy-related work for Ministers) and all areas of national life, the UK's decentralised system maximises the benefits to be gained from keeping statisticians close to policy work in departments, and maintaining professional statistical expertise across government.

2.7 The *Framework for National Statistics*, introduced on a non-statutory basis in 2000, represented the most far-reaching reform of statistics in the UK in over 30 years, while retaining the benefits of decentralisation. The following section describes the *Framework for National Statistics* in more detail.

¹ Rayner (1981) *Rayner Report on the Office of Population Censuses and Surveys* (The Rayner Review) Cmnd 8239 HM Stationary Office, London.

² Pickford et al (1989) *Government Economic Statistics: A Scrutiny Report* (The Pickford Review) HM Stationary Office, London.

THE FRAMEWORK FOR NATIONAL STATISTICS

Roles and responsibilities

2.8 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,³ and for ensuring that all outputs are produced in accordance with the standards set out in the National Statistics Code of Practice (see below). The National Statistician is appointed by, and is accountable to, the Chancellor of the Exchequer (as Minister for National Statistics⁴) 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.⁵ Independent of both Ministers and producers of National Statistics, the Commission has its own budget and is able to determine its own activities. The Commission normally comprises eight Commissioners, supported by a Chief Executive and a secretariat of around ten staff. On the Framework’s introduction, the Commission was explicitly tasked to “review the need for statistical legislation after two years and ... keep the legislative framework under review thereafter”; 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 Statistics⁶ – 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. The Code is supported by

³ The governance arrangements for the Retail Prices Index (RPI) are an exception – the Chancellor of the Exchequer, as Minister for National Statistics, is formally responsible for scope and definition, with the National Statistician advising only on methodology.

⁴ Under devolution arrangements, Ministerial responsibility for the coordination of National Statistics is shared with the Minister for Finance in the Scottish Executive, the Finance Secretary in the Welsh Assembly, and the Minister for the Department of Finance and Personnel in Northern Ireland.

⁵ The *Framework for National Statistics* (2000) requires the Statistics Commission to “comment on the application of the National Statistics Code of Practice”, “advise Ministers of areas of widespread concern about the quality of official statistics”, and empowers the Commission to “comment on the quality assurance processes of National Statistics, as well as being able to carry out spot checks on departmental or other audits of National Statistics, to advise the National Statistician of any areas of concern that merit review and if necessary to carry out or commission its own audits”.

⁶ The UN *Fundamental Principles for Official Statistics* were adopted in 1994 to inform the organisation, collection and promulgation of official statistics across all UN members. They are discussed in more detail in Chapter 4, and are available at: United Nations Economic and Social Council (1994) “UN Fundamental Principles of Official Statistics” *Report of the Special Session of the Statistical Commission* (New York, 11-15 April) E/1994/29.

12 protocols, which set out the specific responsibilities of data producers in a range of areas, for example in relation to Release Practices and Data Access and Confidentiality.⁷

2.9 Other key features of the UK system remained unchanged on the introduction of the Framework. These include:

- the existence of the **Office for National Statistics** as an Executive Agency of HM Treasury. The ONS comprises around 4,800 staff based in London, Newport, Titchfield and Southport, and is headed by the National Statistician. As head of the ONS, the National Statistician is accountable to Parliament through the Chancellor (as Minister for National Statistics), and through the National Statistician's regular appearances before the Treasury Select Committee;⁸
- the existence of departmental **Heads of Profession for Statistics** (HoPs) in any government department or agency that produces National Statistics, or uses official statistics widely. Under the Framework, HoPs are responsible for the professional integrity of National Statistics produced by their department, and are appointed by the Permanent Secretary of the department, taking into account the views of the National Statistician. HoPs are accountable 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 they produce; and
- the **Government Statistical Service** (GSS), a professional grouping of around 7,000 civil servants⁹ who collect, analyse and disseminate statistics, working in the ONS, other government departments and agencies, and in the Devolved Administrations in Scotland and Wales.¹⁰ The National Statistician is head of the GSS and, in this capacity, is responsible for maintaining central personnel and staff development functions to ensure the availability of skilled professional statisticians across government, and promoting the application of the National Statistics Code of Practice for all statistical work in government.

⁷ The 12 protocols cover: Release Practices; Consultation Arrangements between the National Statistician and UK Government Ministers; Professional Competence; Customer Service and User Consultation; Data Presentation, Dissemination and Pricing; Statistical Integration; Data Management, Documentation and Presentation; Managing Respondent Load; Quality Management; Revisions; Data Access and Confidentiality; and Data Matching. Available at: http://www.statistics.gov.uk/about/national_statistics/cop/protocols_published.asp.

⁸ See also the *ONS Framework Document*, which provides further clarity on the roles and responsibilities of ONS. Available at http://www.statistics.gov.uk/about_ns/downloads/ONS_framework.pdf.

⁹ Of which, around 1,000 members form the 'Statistician Group' within government, of statisticians with relevant qualifications.

¹⁰ Although the equivalent staff in Northern Ireland are not part of the GSS, they work very closely with the GSS and share a common professional culture.

Box 1 – The Registrar General and the ONS

Under current arrangements, the National Statistician is also the Registrar General for England and Wales, a statutory post dating from 1837. The office of the Registrar General is the **General Register Office (GRO)**. The GRO is responsible for administering the legislation relating to, and maintaining a central record of, the registration of births, stillbirths, deaths and civil partnerships. This not only serves essential statistical purposes, but also plays an important part in protecting the rights of individuals, in policymaking and in allocating national and local resources.

Under the Census Act 1920, the Registrar General is given the duty of conducting a **census** of the population of England and Wales. Officials from the ONS undertake the preparation and completion of the census and its outputs, on the Registrar General's behalf. Results from the census provide essential statistical information about the population and households, and are used by central and local government, health authorities, businesses, academia and numerous other organisations for planning, resource allocation, and research purposes.

Officials in ONS are also responsible for the operation of the **National Health Service Central Register (NHSCR)**. The primary function of the NHSCR is to compile and maintain a computerised central record of all patients registered with an NHS General Practitioner in England and Wales.

Devolution 2.10 The Devolved Administrations retain authority over the statistical processes and production within their countries. Reflecting the Devolution settlement of 1998, the Devolved Administrations adopted the principles of the *Framework for National Statistics*, while retaining the right to withdraw or modify its operation. On the Framework's inception, the Devolved Administrations agreed that work on National Statistics within their administrations would be done within the Framework – which states that it includes “statistics produced by the Devolved Administrations”.

Role of public perception 2.11 Although there is no standard measure of the quality of statistical output that can be used to assess changes over time or across countries, perception plays an important role. A key finding from the joint ONS-Statistics Commission survey, *Public Confidence in British Official Statistics*, five years after the introduction of the Framework, was that “the statistical quality of official outputs [in the UK] was considered to be generally good and to rival the best in the world”.¹¹ However, the Government is determined to ensure high standards of public trust in the integrity of official statistics, and build on the progress made to date.

2.12 During the formulation of the Framework, the Government explicitly acknowledged there were “arguments for legislation but ... decided to implement the new arrangements on a non-statutory basis in order to secure the benefits as soon as possible”.¹²

2.13 Having reviewed the Framework, the Government now intends to build on its earlier reforms, strengthening the existing arrangements by entrenching independence in legislation. At the same time, the Government is considering other ways in which independence might be reinforced and statistical quality raised, while retaining the benefits of decentralisation in statistical production and dissemination.

¹¹ Office for National Statistics (2005) *Public Confidence in British Official Statistics*. Available at http://www.statistics.gov.uk/about/data/public_confidence/project.asp.

¹² Office for National Statistics (1998a) *Statistics a Matter of Trust: A Consultation Document*.

2.14 The next chapter considers international practice and summarises the views of external commentators in the statistical community, from both within the UK and internationally.

3

EXTERNAL PERSPECTIVES

3.1 The Government’s review of the existing *Framework for National Statistics*, and the ensuing announcement by the Chancellor last November of the Government’s intention to legislate for independence, has taken account of the ongoing external debate about statistical frameworks, as well as developments in international practice in this area.

INTERNATIONAL PRACTICE

3.2 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.

UN Fundamental Principles **3.3** The United Nations (UN) adopted in 1994 a set of *Fundamental Principles for Official Statistics*, intended to guide the production and dissemination of statistics in its member countries, especially those undertaking statistical reform.¹ The preamble to the UN Principles notes that:

“Official statistics provide an indispensable element in the information system of a democratic society, serving the government, the economy and the public with data about the economic, demographic, social and environmental situation. To this end, official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honour citizens’ entitlement to public information.”

3.4 The UN Fundamental Principles do not recommend any single model of statistical production, but are widely perceived as encapsulating best practice to underpin statistical systems.² As noted in Chapter 2, the UK’s National Statistics Code of Practice draws on the UN Principles.

EU Code of Practice **3.5** The European Union (EU), too, has sought to agree underlying principles for good practice in its members’ statistical systems. EU members have recently agreed to the aim of strengthening the standards for the independence of national and Community statistical authorities. The voluntary *Code of Practice on European Statistics* states the importance of protecting “the professional independence of statistical authorities from other policy, regulatory or administrative departments and bodies...”³

Comparative studies of statistical systems **3.6** International comparison suggests that some elements of statistical architecture are fairly common. According to Mather (2004), more than 90 per cent of the 112 respondent countries to a United Nations report in March 2004 declared a general statistics law that provides the authority and rules under which the national statistical office operates.⁴ Maclean and Spencer (2002) argue that statistics “need the protection of a law which enshrines the independence of the service and defines key roles and responsibilities”.⁵ International comparison shows, however, that general statistics laws

¹ United Nations Economic and Social Council (1994) *UN Fundamental Principles of Official Statistics*.

² The United Nations (2003) have also prepared and promulgated a *Handbook of Statistical Organisation* to inform the operation and organisation of members’ statistical agencies. Available at <http://unstats.un.org>.

³ European Union (2005) *Code of Practice on European Statistics*. Available at <http://epp.eurostat.cec.eu.int>.

⁴ Mather (2004) *International Developments in Statistical Organisation*. Available at http://www.statscom.org.uk/reports_2-04.asp.

⁵ Maclean and Spencer (2002) *Statistics Legislation*. Available at http://www.statscom.org.uk/media_html/reports/report_ms.asp.

vary greatly in scope and nature: some describe the functions of the statistical agency in great detail; many establish an obligation to provide information; and some place the national statistical agency directly under ministerial control. Box 2 gives a description of statistical frameworks in selected countries.

Box 2 – Statistical frameworks in selected countries⁶

Australia

The Australian Bureau of Statistics Act (1975) establishes the Australian Bureau of Statistics (ABS) as a statutory authority and vests in the Australian Statistician control of its operations. The Act requires that the Governor General (as the Queen's representative), appoint the Australian Statistician for a fixed period (usually seven years). The Australian Statistician can be removed from office only by the Governor General on the advice of both houses of Parliament and only on the grounds of either misbehaviour or incapacity. The Act requires the Australian Statistician to report to Parliament annually on matters connected with the operation of the Act.⁷

Canada

Canada has a centralised statistical system in which Statistics Canada, the national office, has responsibility for serving the statistical needs of the country. Statistics Canada was established by the Statistics Act (1970) as separate government entity, that reports to a minister with designated responsibility for the agency. The Government authorises the contents of the census and agriculture statistics, but the Chief Statistician makes all other programme decisions. Statistics Canada's budget is authorised by Parliament, based on a recommendation from the Treasury Board.

France

In the French system, statistical services exist in most government ministries, and also in a large number of public or semi-public agencies, including the central bank. The central statistical agency – the National Institute of Statistics and Economic Studies (INSEE), a Directorate-general within the Ministry of Economic Affairs and Finance – has a mandate, defined by law, of coordination across the statistical system. Its budget is part of the Ministry's budget and is thus submitted to the normal parliamentary approval procedures. INSEE is independent in technical and scientific matters, including the publication of statistical results. Work-programmes are decided within INSEE, taking into account budgetary restrictions (there are special budgets for large surveys, such as the population census).

⁶ Unless otherwise stated, all information cited is sourced from: United Nations Economic Commission for Europe (UNECE) *Handbook of Official Statistics in the UNECE Region*. Available at <http://www.unece.org/stats/handbook/countries.htm>.

⁷ Australian Public Service Commission. Available at <http://www.aspc.gov.au/values/casestudy15.htm>.

Box 2 – Statistical frameworks in selected countries (continued)**Germany**

The system of federal statistics in Germany is largely decentralised. Federation-wide official statistics are produced in cooperation between the Federal Statistical Office (FSO) and the statistical offices of the sixteen Länder (regional governments). The FSO has a coordinating function, ensuring that federal statistics are uniformly produced, without overlaps. The FSO is supported by an Advisory Committee, chaired by the FSO President and made up of representatives of the Federal Ministries, the Federal Audit Office, communal associations, commerce, industry, trade unions and institutes of economic research. Representatives of the Länder's statistical offices also attend meetings of the Advisory Committee. The main principles underpinning official statistical work, the tasks of the FSO, and provisions regarding statistical confidentiality are laid down in the 1987 Federal Statistics Law.⁸

Italy

The Italian National Institute of Statistics (ISTAT) is legally and administratively autonomous, with its budget approved by the Italian Cabinet. The institute's President is appointed by decree of the President of the Republic, on the recommendation of the Prime Minister. ISTAT plays a coordinating role, responsible for establishing uniform technical methodologies and a national statistical programme for regional agencies and other statistical agencies in so far as they contribute to the 'National Statistical System'. ISTAT is supported by the Commission for the Protection of Statistics, whose remit is to monitor the impartiality and comprehensiveness of national statistical work.

New Zealand

Statistics New Zealand is a government department and New Zealand's national statistical office. It administers the 1975 Statistics Act, and is the country's major source of official statistics. The legislation ensures the Government Statistician's independence in deciding the procedures and methods employed in the provision of statistics, and the extent, form, and timing of publication of those statistics. Statistics New Zealand produces the majority of official statistics, although any government department may produce official statistics; a primary role of Statistics New Zealand is to coordinate the production of official statistics across government departments. Statistical protocols have been formulated to help ensure government departments produce statistics that meet expected standards.⁹ In late 2005, the Government announced their intention to establish a Statistics Commission.

The United States

The United States' statistical system is decentralised. Several departments in the federal government have agencies within them, responsible solely for compiling and publishing statistics for government and public use. Often, these agencies have cooperative arrangements with state agencies for the collection and publication of statistics. Some 60 other federal agencies collect and publish statistics for general use or conduct statistical surveys and studies to support their research, programme evaluation, or administrative functions. The Office of Management and Budget, in the Executive Office of the President, is responsible for statistical policy and coordination across the federal government. Statistical agencies are integral parts of their parent departments with statistics agency heads reporting to their departmental heads.

⁸ Federal Statistical Office. See http://www.destatis.de/allg/e/uber/ueber_start.htm.

⁹ Statistics New Zealand. Available at <http://www.stats.govt.nz/about-us/who-we-are/default.htm>.

EXTERNAL COMMENTATORS

Royal Statistical Society **3.7** Arrangements for statistical production and dissemination in the UK have been a focus for external commentators in the recent past. As early as 1991, for example, the Royal Statistical Society (RSS) called for the creation of a Statistics Commission for the UK, and the passage of legislation to underpin the statistical architecture.¹⁰ More recently, in *A Vision for National Statistics* (2005), the RSS continued to make the case for a statutory basis to the UK system.¹¹

Treasury Select Committee **3.8** The Treasury Select Committee (2001) has also suggested that “legislation would establish more clearly the specific responsibilities of Ministers, the National Statistician, the Statistics Commission and others in relation to National Statistics and guard against political interference and backsliding in the future”.¹²

The Phillis Review **3.9** This issue was also considered by the Phillis Review of Government Communications (2004), which recommended that the Government should “put National Statistics on a statutory basis, as is the case in many other countries”.¹³

The Statistics Commission **3.10** The most comprehensive recent external assessment of the UK’s statistical system was undertaken by the Statistics Commission in 2004, in response to the Government’s request to review the need for legislation after two years of the Framework’s operation. The Statistics Commission’s 2004 report, *Legislation to build trust in statistics*, concluded that legislation was necessary to underpin the statistical system in the UK.

3.11 The Commission’s report considered three possible models for reform of the UK statistical system:¹⁴

- ONS as a Non-Ministerial Department (NMD) with the National Statistician as an office holder directly accountable to Parliament; responsibility for enforcing a statutory code of practice, and a quality-labelling scheme, to rest with the National Statistician; the Commission to be placed on a statutory, independent footing;
- ONS as a NMD, but with a dual function to approve and enforce a new, more robust statutory code of practice (with the support of an advisory panel), and to deliver on its current functions; a non-executive board to be created, to advise on the enforcement of a code of practice and a quality-labelling scheme across Government; and
- a new statutory commission, directly accountable to Parliament, to approve and enforce a new, more robust code of practice, and to have powers to obtain information in pursuit of its enforcement.

¹⁰ Royal Statistical Society (1991) “Official Statistics: Counting with Confidence” *Journal of the Royal Statistical Society Series A (Statistics in Society)* 154(1) pp23-44.

¹¹ Royal Statistical Society (2005) *A Vision for National Statistics* Available at <http://www.rss.org.uk>.

¹² House of Commons Treasury Committee (2001) *National Statistics Second Report*. Available at <http://www.publications.parliament.uk>

¹³ Phillis (2004) *An Independent Review of Government Communications* (The Phillis Review). Available at <http://www.gcreview.gov.uk/news/FinalReport.pdf>.

¹⁴ For more information on these models, see Statistics Commission (2004a) *Legislation to build trust in statistics*. Available at http://www.statscom.org.uk/reports_2-05.asp

3.12 The Commission recommended the final model, reflecting its view that this model best met “the goal of the June 2000 Framework of creating an environment in which trust in statistics can be more effectively fostered...” The Commission suggested that its proposals should “be seen as evolving directly out of that Framework ... but strengthening accountability and reinforcing or replacing those aspects of the Framework that have proved weak”.¹⁵

3.13 The Government has taken a close interest in the views of all external commentators, in particular the Statistics Commission, and lessons from abroad, in conducting its own review of the current arrangements. Chapter 4 sets out some proposals, in light of this review, for how the UK’s framework might be strengthened in the context of the planned legislation.

¹⁵ Statistics Commission (2004a) *Legislation to build trust in statistics*.

4

OPTIONS FOR REFORM

4.1 As noted in Chapter 1, the Government's objective is for statistics to be, and be seen to be, of the highest professional quality and integrity. Having reviewed the current *Framework for National Statistics*, the Government will now build on earlier reforms, strengthening the existing arrangements by entrenching independence in legislation. At the same time, the Government is considering other ways in which independence can be reinforced and statistical quality raised further, while retaining the benefits of decentralisation in statistical production and dissemination.

Overall objectives 4.2 The Government's economic objective is to build a strong economy and a fair society, with opportunity and security for all. The Government has introduced wide-ranging reforms since 1997 to help achieve this objective, including through establishing a platform of economic stability. The Government's intention to legislate for independence in statistics will build on earlier reforms, helping to reinforce the quality and integrity of statistics produced in government, and further contribute to long-term stability in the UK economy. This reform will also support the Government's agenda for better public services, with improved quality and integrity in statistics supporting policymaking across government. High quality statistics are also a key resource for business, academia, and the wider community.

Key principles 4.3 In examining options for further reform, the Government has been guided by the following key principles that it believes should underpin a strong statistical system:

- statistics should be of high **quality**, that is, produced to the highest professional standards and fit for purpose;
- statistics should have high **integrity**, that is, be free from political interference;
- roles and responsibilities should be clearly defined, and mechanisms should be in place to hold key office holders to **account**;
- the laws, regulations, codes and practices under which the system operates should be **transparent**;
- the system should have the **flexibility** to respond to changing needs, without harming the trust of users; and
- the system should carry out its functions in the most **efficient** way possible, ensuring value for money, and seeking to minimise the burden on business.

Existing reform agenda 4.4 It is the Government's intention that any reforms to the statistical system should, as far as possible, reinforce the significant beneficial organisational and modernisation work already under way in the ONS, and across government more generally, in light of the Lyons Review of public sector relocation and the Gershon Review of public sector efficiency.

Legislating for independence 4.5 As the Chancellor announced in November 2005, as with the Bank of England, the Government intends to legislate for the creation of an independent governing board, with responsibility for meeting an overall objective for statistical quality and integrity.

Reinforcing independence and raising quality

4.6 In addition, the Government plans to build on this statutory footing, and on the *Framework for National Statistics*, to reinforce independence and raise further statistical quality. Bearing in mind the key principles for a strong statistical system set out above, the Government intends to:

- introduce **direct reporting and accountability to Parliament**, rather than through Ministers;
- place a statutory responsibility on the board to **assess and approve all National Statistics against the code of practice**, also backed by statute;
- make key appointments to the board through **open and fair competition**; and
- remove the statistics office from Ministerial control by establishing it as a **Non-Ministerial Department**, with **special funding arrangements** outside the normal Spending Review process.

Benefits of decentralisation

4.7 The UK has a long history of decentralised statistical production and the Government believes that there are important strengths and benefits in these arrangements, including:

- keeping statisticians close to data suppliers and customers, giving them better understanding of their data;
- ensuring good working links to policymakers, allowing them key insights into developments and needs; and
- maintaining professional statistical expertise across government.

4.8 The strengths that flow from decentralisation outweigh the potential benefits from centralising all statistical activity in one office. The Government therefore plans to maintain the current decentralised nature of the UK system.

Accountable to, not within, Parliament

4.9 It is the proper responsibility of Parliament to hold the Government to account. That is why, for example, the National Audit Office has a special role in ensuring government departments have achieved value for money in using the resources Parliament has voted to them. However, the production of statistics is an executive function; statistics are a public good, serving a wide range of users. 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. However, the Government places a high priority on the central role of Parliament in holding the statistical system directly to account, and plans to introduce more direct reporting and accountability to Parliament.

Integrated independence

4.10 The Government has also considered carefully the case for a strengthened Statistics Commission, placed on a statutory footing and with responsibility for enforcing a new, statutory code of practice, but separated from statistical production (as recommended by the Statistics Commission, see Chapter 3). While the Government strongly supports the Commission's proposals for a new legislative basis to the statistical system, the Government believes a structure in which the statistics office, as well as the governing board, is independent of Ministers, provides the best way forward.

DETAILED OPTIONS FOR REFORM

- A Non-Ministerial Department** **4.11** The Government proposes that the statistics office be established as a Non-Ministerial Department (NMD), ceasing to report to, and through, a Minister. 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. Examples of existing NMDs include the Food Standards Agency, the Charity Commission and a number of independent regulators such as the Office for Fair Trading (OFT), the Office for Standards in Education (Ofsted), and the Office of Gas and Electricity Markets (OFGEM).
- 4.12** The Government proposes that the independent board will oversee this NMD, and therefore have ultimate executive responsibility for the statistics office. More detailed proposals on the governance structure for the statistics office are set out below.
- Civil service status** **4.13** Under the NMD model, staff within the statistics office will continue to be civil servants. This has the advantage of facilitating the continued movement of professional staff within and across the statistical system, maximising the sharing of knowledge and best practice across government statisticians, and maximising the benefits of the decentralised nature of the UK system.
- Scope of the system** **4.14** Under the current Framework, the Code of Practice is the foundation for ensuring quality and integrity across National Statistics. The Government proposes the continuation of the National Statistics system with a set of highest quality statistics produced in line with the published code. Under the new arrangements, it is proposed to give the code statutory backing by legislating to make the development and maintenance of the code the specific responsibility of the board.
- 4.15** The Government further proposes that the board have responsibility for assessing against the code those statistics already produced in line with the Code of Practice and designated as National Statistics. Only statistics that the board assessed as meeting the standards and requirements set out in the code would be approved by the board as National Statistics. Ministers will remain wholly responsible for statistics produced by their departments which are not National Statistics, and Ministers will decide whether these statistics should become National Statistics, subject to the board assessing and approving them against the code.
- Clear roles and responsibilities** **4.16** The remainder of this chapter is structured around the roles and responsibilities currently envisaged by the Government for the key elements of the new statutory system, namely:
- the proposed **board**, responsible for the statistics office, as well as a broader role in ensuring quality and integrity across the system;
 - **government statisticians**, responsible at working level for statistical outputs across government; and
 - **Parliament**, responsible for holding to account the system as a whole, and the new board in particular.

THE BOARD

Statutory, high-level objectives **4.17** To meet its objective of entrenching independence in legislation, the Government proposes that high-level objectives for the independent board would be set out in legislation. The precise wording of these objectives requires careful consideration, but might be along the following lines:

- 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.

4.18 With its independence provided for in legislation, it will be for the board to decide how to deliver on its statutory objectives. However, given the relatively complex and decentralised nature of the UK statistical system, the following sections set out the Government's expectations about the approach the board might take.

The statistics office **4.19** Under the current Framework, the National Statistician is Director of the ONS. The Government proposes that the board have executive responsibility for the statistics office, ensuring that statistics produced by the office are accurate, that they are timely, and that the office's work programme delivers statistics that are relevant. It would be up to the board to ensure that resources across the office are distributed in such a way to deliver this objective. The board would be accountable to Parliament and the public for this objective.

The National Statistics system **4.20** Under the UK's decentralised system, responsibility for the production and dissemination of any statistics produced outside of the statistics office will be for producing departments and agencies. As highlighted above, the Government proposes that the board meet its objective for ensuring quality and integrity across the National Statistics system through the development and maintenance of the code, assessing against the code those statistics currently designated as National Statistics. Only statistics which the board assessed as meeting the requirements of the code would be approved as National Statistics.

Assessing quality and integrity **4.21** Many of the details of how this process would work in practice, including the programme for assessments, would be for the board itself to determine. But it is the Government's expectation that:

- in developing the code, the board would have regard to the existing National Statistics Code of Practice, and similar standards as detailed in other countries and internationally;

- assessment would be focused primarily on the production process, and the quality and integrity of output;
- the results of assessments would be transparent; and
- the board’s assessment process might be underpinned by a number of key principles, along the lines set out in Box 3.

Box 3 – Possible principles for assessment

The Government envisages that the board’s assessment of National Statistics against the code might be underpinned by the following key principles:¹

- **risk-based**, with those statistics already produced in line with the Code of Practice and designated as National Statistics assessed by the board against the code, and the most attention paid to the statistics that are most important;
- **proportionate**, having due regard to the burdens (including financial) imposed on statistical producers by the assessment process, and with the overall timetable and deadlines mutually agreed;
- **consistent**, with the code applied in the same way, regardless of where the statistics are produced;
- **clear separation of duties** between those in the statistics office responsible for production and dissemination of statistics, and those responsible for assessment against the code; and
- **transparent**, conducted against the published code, and with transparency in the results of assessments.

Advising on areas of concern 4.22 Under the current Framework, the Statistics Commission is able to advise Ministers of areas of widespread concern about the quality of official statistics, so that Ministers can take these considerations into account in determining priorities and making decisions about National Statistics. The Government proposes that the board be given responsibility for advising Ministers about areas of widespread concern about the quality of official statistics.

Overview of coverage 4.23 Currently, the National Statistician is responsible for producing a coherent high-level programme for National Statistics that reflects the needs of users and which brings together the key elements of statistical work programmes across government. The Statistics Commission “considers and comments to Ministers on the high-level work programme”. As highlighted in the proposed objectives above, the Government envisages that the new board maintain an overview of the broad coverage of the statistical system, so that, when taken together, work programmes across the system meet key user needs.

Minimising business burden 4.24 The ONS makes extensive use of surveys – of individuals, business and other respondents, such as local authorities – to compile many of its published National Statistics. The National Statistician is required under the current Framework to estimate the compliance costs to business and local authorities of responding to statistical enquiries, and to seek to minimise the burdens on those who supply data for National

¹ Developed with reference to the ‘Principles of inspection and enforcement’ as detailed in *The Hampton Review (2005)* on regulatory inspections and enforcement. Available at <http://www.hm-treasury.gov.uk>.

Statistics or other statistical purposes. The Government proposes a similar statutory objective for the new board.

4.25 Data sharing among government departments has been recommended as one way to reduce the burden of regulation on business and individuals. The 2005 report by the Better Regulation Taskforce, *Regulation – Less is More*, recommended increased data sharing between departments to reduce intrusion on business.² Similarly, the Confederation of British Industry (CBI) – echoing a recommendation of the Hampton Review³ (2005) – noted that “it would, in principle, be helpful if government departments and regulators could share information to reduce duplication”.⁴ A specific Ministerial committee has been established to “develop the Government’s strategy on data sharing across the public sector”.⁵

Data access to improve statistics

4.26 Some argue that extending access to administrative data would at the same time bring potential benefits to statistical quality and efficiency of production. International comparisons show that, unlike in the UK, many national statistical institutions are given statutory access for statistical purposes to administrative data in departments. Countries with laws allowing general data sharing for statistical purposes include Austria, Canada, Germany, Ireland and the Netherlands.

Protecting confidentiality

4.27 While extending access to administrative data may bring potential benefits, 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.⁶ Any move to extend data access for statistical purposes would need to be accompanied by specific safeguards for privacy rights and enhanced data protection provisions.

4.28 The planned legislation will ensure that the statistics office retains the access to data as the ONS has currently. Similarly, the legislation will maintain the duty to protect the confidentiality of people and organisations from the unauthorised disclosure of information held about them for National Statistics or other statistical purposes. Indeed, the Government proposes that a core objective for the new board – regardless of possible moves on data access – be to protect the confidentiality of data provided.

4.29 The Government invites views on the case for including provisions for increased data access in the planned legislation.

² Specific recommendations from the report included creating “a universal identifier for each business to use across government”, and providing a “legal basis for data sharing”. The full report is available at <http://www.brc.gov.uk/publications/lessismoreentry.asp>.

³ Hampton (2005) *Reducing administrative burdens: Effective inspection and enforcement* (The Hampton Review), which recommended data sharing between regulators where legally possible, to reduce intrusion on business. Full report available at <http://www.hm-treasury.gov.uk>.

⁴ Confederation of British Industry (2006) “Comment on the Second Reading of the Legislative and Regulatory Reform Bill in the House of Commons” 9 February 2006. Available at <http://www.cbi.org.uk/pdf/legandregsecond0206.pdf>.

⁵ Ministerial Committee on Data Sharing (MISC31). See <http://www.cabinetoffice.gov.uk/secretariats/committees/misc31.asp>.

⁶ Joint Committee on Human Rights (2005) *Thirteenth Report*. Available at <http://www.publications.parliament.uk/pa/jt200405/jtselect/jtrights/87/8704.htm>.

Box 4 – Arrangements for pre-release

Under the current *Framework for National Statistics*, Ministers and certain officials have early access to statistics. The National Statistics Code of Practice is supported by a Protocol on Release Practices⁷ that establishes the conditions under which such access can occur.

In practice, there are three types of early access within the UK system, each underpinned by a clear rationale:

- 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 circumstance, be in a position to announce policy decisions immediately after the release of data.

The principle of early access to data 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.

The Government intends to consider how pre-release access might operate in the future, and welcomes views on possible changes to the current arrangements.

Board structure

Non-executive majority 4.30 The Government believes that the structure of the proposed board should be based on good corporate governance principles of board responsibility, with a strong non-executive presence. As the Chancellor indicated in his November announcement, the Government proposes a strong presence of external members on the board, including leading experts in statistics, and men and women from academia, business and public service. Ideally, such members should collectively bring a perspective on user needs and the public interest, and experience in running large, complex organisations.

Non-executive Chair 4.31 Drawing on the experience of a number of independent institutions, the Government believes that a non-executive Chair should lead the board. Amongst some of the likely key responsibilities of the Chair – who need not be a professional statistician – would be: establishing, developing and leading an effective board and determining the structure of its committees; planning and managing the board’s business; and developing an effective stakeholder management strategy.

Chief Statistician 4.32 In addition, the Government believes that specialist professional statistical experience will be required at the highest level under any reforms. The Government proposes there be a Chief Statistician, who would be both the Chief Executive of the statistics office and the Chief Statistical Adviser to the Government; this role would be akin to the role of National Statistician that exists under the current Framework.

⁷ Office for National Statistics (2004) *Protocol on Release Practices*. Available at http://www.statistics.gov.uk/about_ns/cop/default.asp.

Experience to date shows the benefit of combining the two roles, where the practical knowledge gained through being the Chief Executive of the main statistical office can be deployed in the role of Chief Professional Adviser. The Chief Statistician would be a member of the board, and would also be head of the Government Statistical Service (GSS).

Independence in assessment 4.33 It will be necessary for the board to assess National Statistics against the code, including those produced by the statistics office. In order to ensure the independence of this process, the assessment function – though located in the statistics office – will report directly to the board, rather than via the Chief Statistician.

Independent appointments process 4.34 To ensure the independence of appointments to the board, the Government proposes that all members – including the Chair and Chief Statistician – be appointed through open and fair competition and in line with the Office of the Commission for Public Appointments (OCPA) guidance. As with other high-status appointments, such as the Governor of the Bank of England, the Executive Chair of HM Revenue and Customs, and Her Majesty’s Chief Inspector at the Office for Standards in Education, the Government proposes that the Chair and the Chief Statistician 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, after consulting the Chair.

GOVERNMENT STATISTICIANS

The Government Statistical Service 4.35 In the current system, the GSS plays an important part in ensuring the availability of skilled professional statisticians across government. The Government envisages that this role will continue under the proposed reforms, under the leadership of the Chief Statistician. The GSS might also want to consider whether the proposed reforms provide an opportunity to strengthen its functions, for example by providing for increased interchange of staff within government and with outside bodies, as a way to further develop the professional skills of government statisticians.

Heads of Profession 4.36 Statisticians will, as at present, continue to be employed by government departments. Under the current arrangements, departmental Heads of Profession are appointed by their Heads of Department, after seeking the views of the National Statistician. The Government suggests that, under the proposed reforms, the Chief Statistician (as professional head) be consulted on all appointments of Heads of Profession.

Professional accountability 4.37 Under the current Framework, all statisticians, regardless of their location in government, have a responsibility to the National Statistician for the professional quality of their work. The Government proposes that this be retained under any reforms, with all statisticians in government having a line of professional accountability to the Chief Statistician, as Chief Statistical Adviser. Statisticians outside of the statistics office will, as at present, remain within the formal line management of their departments, and be accountable to departmental Ministers for other aspects of their responsibilities.

PARLIAMENT

4.38 The Government expects Parliament to play the central role in holding the statistical system to account under the proposed reforms. The Government expects that there be full and direct accountability to Parliament for the statistical system under the proposed reforms, in the same way as for other independent institutions, such as the Bank of England, the Financial Services Authority and the competition regulators.

Parliament already carries out a scrutiny function on the statistical system, through the select committee system, the laying of reports, and Parliamentary Questions. The Government 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.

The committee system **4.39** It will be for Parliament to decide how to employ the select committee process to scrutinise the proposed statistical framework and hold the board, in particular, to account. Under the current system, the Treasury Select Committee has the lead role, although all Parliamentary committees can call whomever they choose to give evidence. The Government anticipates that Parliament would regularly call the Chair 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.

Laying reports **4.40** The publication of reports by the board on its activities and outputs will be the foundation for effective public and Parliamentary scrutiny. In the current system, the ONS and the Statistics Commission produce annual reports, as well as other reports on specific aspects of the statistical system, although a Treasury Minister lays the annual reports before Parliament. Under the new arrangements, the board would be required to publish an annual report, and the Government expects them to continue to produce other reports. However under the proposed new arrangements, the annual report would be laid before Parliament directly by the board, rather than via a Minister.

Parliamentary Questions **4.41** Another important element of democratic accountability is the right of Parliamentarians to ask questions about statistical issues. Under existing arrangements, the National Statistician answers Parliamentary Questions by letter, which are formally presented to the House of Commons and the House of Lords by a Treasury Minister and printed in *Hansard*. 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.

FUNDING

4.42 As some external commentators have noted, it will be important that the funding of the new arrangements be consistent with statutory independence. Given that statistics are a public good, it is appropriate – as now – for funding to come principally from general taxation.

Key criteria **4.43** 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
- sufficiently **flexibility** to meet changing needs; combined with
- adequate safeguards to **encourage efficiency, secure value for money, and control public spending.**

A formula 4.44 The Government believes that an arrangement in which funding (excluding the census) is set outside the normal Spending Review process best meets the above criteria, and proposes to do so via periodic review, with subsequent increases determined by formula. Such an approach could reinforce independence while allowing for long-term planning. Flexibility could be safeguarded by an arrangement under which the Government would provide additional resources for significant new statistical demands it placed on the board during a funding period; new statistical outputs proposed by the board itself would need to be met from within its allocated funding. The review process would have in-built incentives to ensure efficiency.

4.45 To deal with the significant expenditure associated with the census (see below), the cost and profile of which are difficult to forecast in advance of detailed planning, the Government's intention is that the census be funded separately, through the usual Spending Review process.

THE DEVOLVED ADMINISTRATIONS

4.46 As noted in Chapter 2, the Devolution legislation of 1998 created the constitutional and governance arrangements for the Devolved Administrations. A Memorandum of Understanding between the UK Government and the Devolved Administrations was published in 2001, in which it was agreed that the UK Government would not legislate on devolved matters without the consent of the devolved body. The Memorandum had an associated concordat on statistics, in which it was agreed that statistical work would be carried out to common professional standards where appropriate, both for UK-wide statistics and for those statistics produced for the Devolved Administrations' own purposes. Under the Government's proposed changes to the system, these arrangements and the concordat will be retained.

4.47 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.

ADDITIONAL CONSEQUENCES

The Statistics Commission 4.48 The Government's proposals centre around the creation of a new independent board, responsible for ensuring quality and integrity across the statistical system. The roles and responsibilities of the Statistics Commission will be subsumed within the new board. The Commission will therefore be wound up once the new arrangements are in place.

The Registrar General 4.49 As described in Box 1, under current arrangements, the National Statistician is also Registrar General for England and Wales. The arrangements linking the General Register Office (GRO) and the National Health Service Central Register (NHSCR) to the ONS are historic, and the civil registration responsibilities of the Registrar General are different from the other duties of the National Statistician. The Government therefore expects that the role of Registrar General will be split from that of Chief Statistician under the Government's proposals.

4.50 Given the Government's proposal that the statistics office become a NMD, and that the work of the GRO involves some statutory functions that must necessarily

involve Ministers,⁸ the Government is considering the position of the GRO within the government machinery. At the same time, the Government is considering the position of the NHSCR within government, given that it too has responsibilities that are clearly distinct from those envisaged for the new board. The Government welcomes views on the future location of the GRO and NHSCR within government.

4.51 The Registrar General also has a statutory responsibility to conduct the census. As discussed in Box 1, under current arrangements officials from the ONS undertake the preparation and completion of the census on behalf of the Registrar General. The Government expects that, under the new arrangements, the legal responsibility for conducting the census will be transferred from the Registrar General to the board, and that staff in the statistics office would continue to undertake the preparation and completion of the census.

Legal ramifications **4.52** In moving to statutory independence for statistics, the Government will ensure that, where appropriate, existing legislative powers on statistical matters are transferred to the new bodies as needed. The Government will also give due consideration to how the transition between the current system and the new system will be managed.

CONCLUSION

4.53 The Government believes that the proposals set out above are the best way to strengthen further the statistical system, while retaining the benefits of decentralisation, within the context of the planned legislation.

4.54 The Government welcomes the views of all stakeholders on these proposals, by 14 June 2006.

⁸ For example, the Chancellor has regulation-making powers in connection with civil registration and has responsibility for approving the local organisation of the registration service within a particular registration district.

A

WRITTEN CONSULTATION CODE OF PRACTICE

A.1 The Cabinet Office has published a Code of Practice for Written Consultations, to guide department's activities in this area.¹ The Code of Practice includes six key criteria to be applied to all departmental consultations, set out below.

CONSULTATION CRITERIA

- Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
- Be clear about what the proposals are, who may be affected, what questions are being asked, and the timescale for responses.
- Ensure the consultation document is clear, concise, and widely accessible.
- Give feedback regarding the responses received and how the consultation process influenced the policy.
- Monitor the department's effectiveness at consultation, including through the use of a designated consultation coordinator.
- Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

A.2 If you feel that this consultation does not fulfil these criteria, please contact:

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CONFIDENTIALITY DISCLOSURES

A.3 Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality will be maintained in all circumstances.

A.4 An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department. The Department will process your

¹ The full Code is available at <http://www.cabinetoffice.gov.uk/regulation/consultation/code/introduction.asp>.

personal data in accordance with the DPA, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

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