

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

13 June 2006

Dear Sir,

This letter is a response to the consultation document on independence for Government statistics. I am a Principal Methodologist at the Office for National Statistics (ONS) but the views expressed here are my own, personal opinions and do not necessarily reflect the official views of ONS. These views are based on publicly available information and general reasoning and do not rely on any insider knowledge or confidential information available to me in my capacity as an ONS employee.

I have three major points to make.

1. ONS should be a Public Corporation, not a Non-Ministerial Department (NMD).
2. The positions of National Statistician (whatever new name is adopted for that role) and Chief Executive of ONS have distinctly separate roles and responsibilities and should be filled by two different persons.
3. The proposed Governing Board needs to have more substantial and wide-ranging powers than proposed in the consultation document and its relationships with the National Statistician and the Devolved Authorities need much further clarification.

The following sections present arguments in favour of these opinions and comments on related but relatively minor matters.

## **1. Status of ONS**

A Public Corporation is better able to meet the majority of the key principles listed in paragraph 1.9 of the consultation document.

- Integrity – a public corporation can more easily maintain independence from political interference and is more readily seen as doing so than a NMD, which is still an integral part of Government. This is of particular relevance on the question of pre-release practices, which are a major concern for some users. A public corporation would more easily resist pressure to provide unnecessary or inappropriate pre-release and would more readily withdraw pre-release privileges if they were abused or no longer justified.

- **Accountability** – a public corporation is separate from government, with a clearly defined remit. Accountability of the corporation and of individual employees is also clearly defined and it is easier to enforce accountability for poor performance on a corporation than on a Government Department.
- **Transparency** – the roles and responsibilities of a public corporation are clearly defined in and limited by its Memorandum and Articles of Association. This transparency does not exist for a NMD, whose roles and responsibilities may, because it is a Government Department, be changed at the whim of Government.
- **Flexibility** – a public corporation, subject to commercial pressures, has much greater motivation and incentive to apply the flexibility required to meet market needs than a Government Department, with Civil Service traditions of bureaucracy, reluctance to change and lack of willingness to make decisions and take risks. ONS already produces statistics in return for fees but there is much greater potential for doing so, including the provision of statistical services to Government Ministerial Departments. A public corporation, with the ability to make profits from charged-for services, is much more capable of taking advantage of commercial opportunities than a NMD.
- **Efficiency** – with a clearly defined remit and the advantages of flexibility and economies of scale from working in a commercial environment, a public corporation has much greater motivation and capability to operate efficiently than a NMD.

The proposed method of funding, whose basis I support, is more suited to a publicly-funded corporation, like the BBC, than to a NMD.

The examples of NMDs quoted in the consultation document are very poor models for ONS. They are all regulators, not producers. ONS is a producer of statistics and this function is more suited to a public corporation than to a NMD.

## **2. Role of the National Statistician**

As a producer of statistics, ONS needs a chief executive whose attention is concentrated on ensuring the production of high quality statistics, effectively and efficiently. The National Statistician, however, has a much wider brief, overseeing all National Statistics within the wider Government Statistical Service (GSS). It is not wise for one person to combine these two roles. The workload is too great, so neither role can be fulfilled satisfactorily. There is also a clear conflict of interest: it will never be possible to convince the wider GSS and Devolved Authority statisticians that the UK National Statistician is operating impartially, with the interest of National Statistics as a whole, not just ONS, in mind. Indeed, it is probably impossible for the ONS Chief Executive to act impartially or effectively as National Statistician.

The status and authority of National Statistician should be greater than that of the Chief Statisticians of Government Departments and Devolved Authorities and the title accorded to that role should reflect such status and authority. In order to bring unity to Government statistics and to co-ordinate the disparate departments and authorities, the National Statistician needs to operate outside the

environment of day-to-day production and use of statistics, thereby providing the impartiality, authority and time required to support and enable the encouragement of co-operation between Government statisticians and the enforcement of standards.

### **3. Role of the Governing Board**

In order to maintain and support the independence and quality of Government statistics, the Governing Board has a dual role, acting as a buffer between GSS and Parliament. On the one hand, the Board needs to protect the GSS from political interference, so that Government statisticians can apply their professional expertise without fear or favour. On the other hand, the Board also needs to ensure that the GSS satisfies the broad remit required of it by Parliament and produces the statistics required by Parliament to a satisfactory standard.

This central position means that the Board needs the necessary authority to set and enforce the principles and standards by which the GSS works and to protect these principles and standards and the statistics produced under them from political interference. This authority should stem from statutory powers and from the composition of the Board, whose members should be eminent and respected in their field of expertise and not all of them should be statisticians, so that the Board can reflect the concerns of the wider community.

In order to minimise conflict between the Board and the National Statistician, it is important that their respective roles and responsibilities are defined clearly and in some detail. In summary, I think that the Board's supervisory role should comprise the setting and monitoring of principles and standards for the production of Government statistics whereas the National Statistician should be responsible for the implementation of these principles and standards. There is obviously scope for discussion and negotiation. The National Statistician may suggest principles and standards and the Board may suggest methods for implementing the principles and standards they set but where the final responsibility rests for decisions in all of these areas needs to be defined clearly and unequivocally.

The relationships between statisticians in the Devolved Authorities and the Board and National Statistician need to be considered carefully. It is not possible to have a UK Government statistical system without the close involvement and co-operation of the Devolved Authorities. Whatever relationships are agreed need to be decided on only after consultation with the Devolved Authorities. It is not necessary, although it may be helpful, for these relationships to be defined in statute but they need to be clearly defined and agreed by all parties, to ensure the cohesion of the UK Government statistical system.

Yours faithfully,



John Wood