

Independence for Statistics

Submission from the Society of Business Economists

1. Introduction

1.1 **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. Members of its Statistics Study Group have been consulted on the paper.

1.2 Lord Burns is the Society's President. Sir Alan Budd is a Vice-President and Sir Gus O'Donnell and Sir Nick Stern, as well several other senior HM Treasury staff, are members.

1.3 The Society broadly supports the comments of the Statistics User Forum, of which it is a member, but also wishes to submit its own views.

1.4 It may be apposite to recall the words of the late Professor C E M Joad, – member of the BBC radio programme, the *Brains Trust*, who frequently, in response to a question put to the panel of speakers, was wont to start by saying "It all depends what you mean by 'xxxx'..." In the present circumstance, one should perhaps begin to respond to the subject of this consultation by asking: "What is meant by 'independence'?" – independence from whom? Independence for whom? and "What is meant by 'statistics'?"

The Foreword by the Financial Secretary seems to indicate that the answer to 'from whom?' is Ministers; yet the main thrust of the paper suggests that the main beneficiary of 'for whom' is likely to be ONS. Is this deliberate?

The answer to 'what statistics?', seems to be 'National Statistics', which limits the scope, ie it seems to exclude: non-National Statistics, administrative data, and performance indicators. Again, is this deliberate?

2. Main points

2.1 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 for new work.

2.2 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.

2.3 ONS responsibilities (or those of its Head, the National Statistician), for statistical accountability, quality and integrity should be clear and, as far as possible, over-riding.

2.4 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

Legislation, of itself, is unlikely to materially influence such trust.

2.10 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.

2.11 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, also ensures the existence and accessibility of truly UK data. Federal states, such as the US or Germany, do have not such disadvantaged systems.

2.12 The role of users, professional and other, needs to be more explicitly recognised and provided for, both in accessibility and structural presence.

3. General points

3.1 **The Statistics Commission** (ref para.2.7 above). Although the Treasury consultation document (para.3.11) cites the Statistics Commission's Report No.18 *Legislation to build trust in statistics*, with its three possible models for reform, and (para.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** (para.2.8 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 trying to better understand 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, which explains that the count is flawed since the 'products' are non-homogeneous, but at least some indicative idea of the NS/non-NS balance can be gleaned.

3.4 **UK-wide data.** (para.2.11 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 well-attended meeting on the consultation document (17 May 2006), 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 **Statistics Concordat** (not exactly a well-publicised, high-profile document) sets out the framework for co-operation between the UK government and the devolved administrations and states unambiguously:

"The administrations will work together to ensure the provision of agreed coherent, reliable, consistent and timely statistics about and across the UK." (para.E10.3)

It is therefore difficult to understand why it has been necessary for so many users to complain repeatedly about deficiencies in this respect.

3.6 Perhaps a better understanding of a **devolved administration view** can be obtained from a paper given to the 2005 Annual Conference of the Statistics User Forum by the Chief Statistician of the Scottish Executive as it goes some way to illuminating some of the reasons for users' expressed difficulties – eg. priority given to local needs, non-Scottish users' (eg the SUF) failure to engage with (his) locals.

3.7 Is it naïve, to feel that devolution has been interpreted to mean that each administration can go its own way and will provide the minimum it can towards a UK perspective? What seems more desirable is that there should be a rebalancing so that local needs should be met but not at the expense of those of the UK. The swing of the pendulum seems to have become asymmetrical.

3.8 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.

3.9 **Minimising the business burden of statistics.** (consultation document, paras.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 necessarily the same as those who benefit from the resultant statistics¹.

3.10 **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.

3.11 Accelerating the **sharing of data** between departments and/or **administrative data** is greatly to be encouraged, subject to the standard confidentiality requirements, as this could avoid duplication and minimise compliance costs.

3.12 **Trust** (para.2.9 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, para.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.

¹ 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)

3.13 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.

3.14 National Statistician. (consultation document para.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.

3.15 Other data. The widespread proliferation of targets and performance indicators, many of which have not been based on data derived from official statistical sources, or subject to the Code of Practice, have not helped the reputation of 'statistics' or their producers, nor do they seem to have paid much regard to the minimisation of 'burdens'. 'When government says it wants something, it has to be produced; when those outside want something, obstacles can appear.'

3.16. Consultation Code of Practice. Following consultations (such as the present one), in addition to eventual publication of proposed actions to be taken, it would be desirable for responses to be given to specific points made by consultees, including , where applicable, reasons for not accepting or implementing them, so that consultees may be made aware that their views have been considered **and** taken into account. Quoting the Consultation Code of Practice, Annex A.1 bullet point 4, covers this. However, there has often been silence in this respect, which leaves those consulted with a feeling that 'there has been consultation' but for all the use it has been, it might just as well not have happened.

3.17. Annual Reports and Business Plans. It would be helpful if Annual Reports, when referring to earlier Business Plans, could include statements on outcomes and timeliness of individual projects so that in successive years it would be possible and transparent to be able to assess their successful achievement or otherwise. In a sense this is already done for financial aspects – budget vs outturn. Thus, for example, there could, perhaps, have been greater clarity in communicating that the priority given to re-designing the ONS website had been quietly changed and therefore its progress had been delayed.

3.18. The board and executive functions (para. 2.4 above). In relation to the operation of a board, the experience of an external appointee who ran an Executive Agency may be worth considering:

"...there are many areas where policymaking can be separated from execution, to the benefit of both. What is lacking is top-level ownership of efficient execution, while lip-service is paid to accountability, organisational reform, change management and the like.

It is surprisingly easy to motivate operational staff to think of new ways of achieving clear objectives, such as how best to serve customers. Interest in such matters fades at higher levels, staffed by those whose elevation has depended on skills in manoeuvring policies and ministers through the political process. In consequence there is no interest in empowering the executive functions to be truly responsible for how efficiently they use taxpayers' funds.

The executive function should be given higher profile, should be publicly accountable for execution of policy – and should give public advice to ministers about the executive consequences of policies. That would distance ministers from execution and would put ownership of execution where it belongs – on the chief executive.

Given such ownership of the problem, executive cadres would then find radical ways of restructuring to improve efficiency. This has worked well in executive agencies. It's time to extend that experience to Whitehall."

Letter to *Financial Times*, 6 June 2006

3.19 Legislation and 'Plain English'. The recent announcement (reported in *The Times*, 7 June 2006) that future Bills could be published with parallel texts offering 'plain English' easy-to-understand interpretations of the usual impenetrable legal language, would be most welcome in the proposed legislation on statistics.

3.20. **And finally.** Is the following statement likely to be helpful in relation to the subject of this consultation?:

"We will continue to reform our public services matching national objectives with other drivers of change – competition and contestability and local choice and voice, including publicly available real-time data across the key public services."

Gordon Brown, reported in *The Times*, 8 June 2006

Annex

National Statistics: A count of inclusions/exclusions by Department

Source: www.statistics.gov.uk May 2006

Departments, Agencies and Devolved Administrations	Number of products* included as			NS %age
	National Statistics	Other	Total	
	1597	257	1854	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

Other Organisations

British Geology Survey		5	5	0
Northern Ireland Departments	95	46	141	67
Education	6	1	7	86
Health, Social Service & Public Safety	5	10	15	33
Employment & Learning	3		3	100
Enterprise, Trade & 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
Economic Research Centre	1		1	100
Housing Executive		1	1	0
Statistics & Research Agency	25	20	45	56
Police Service	3		3	100
Tourist Board		5	5	0
Agriculture & Rural Development	16	5	21	76
Scotland	144	5	149	97
Scottish Executive	91		91	100
NHS Scotland	37	5 ³	42	88
Visitscotland	2		2	100
Communities Scotland	14		14	100
Office for National Statistics by Division/Business Area	650	29	679	96
Business Prices & Sales	13		13	100
Statistical Framework/Business Register	36		36	100
Consumer Prices & General Inflation	5	4 ⁴	9	56
Economic Analysis & Satellite Accounts	6	5	11	55
Employment, Earnings & Productivity	4		4	100
Financial & Accounting Surveys	47	2	49	96
Health & Care	22	6	28	79
Labour Market	17		17	100
Methodology	25		25	100
National Accounts	48	5	53	91
National Expenditure & Income	6		6	100
Population & Demography	256	5	261	98
Regional & Local	3		3	100
Social & Vital	105	2	107	98
Social Analysis & 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 2 experimental. ² which pre-date NS.

³ 1 awaiting decision. ⁴ 1 documentation; 3 experimental.