

Response to the Treasury Consultation Paper on An Independent Office for National Statistics

I am writing to outline the Borough of Telford & Wrekin's response to the Treasury consultation document "Independence for Statistics". The provision by the Office for National Statistics (ONS) of accurate and relevant statistics is critical for the effective financing and functioning of local government. We therefore welcome this opportunity to comment on the Treasury's proposal for the national statistics service.

In principle we welcome the broad thrust of the proposals outlined in the consultation paper, primarily the creation of a government statistical service which reports to and is directly accountable to Parliament rather than to a Minister. We welcome the proposal to develop the Statistics Commission into an independent board which will oversee the service and independently scrutinise the quality of official statistics. To ensure that an independent statistics service understands the needs of local authorities, the board should include a local government representative.

We believe, however, that there are a number of critical and fundamental issues that the revised framework for an independent statistics service must address if ONS is going to move forward and develop into a statistical service that meets the needs of local government. These are:

- 1. The continuing failure of ONS to produce up-to-date and relevant statistics which enable local government to act effectively as an arm of Government delivery.** For example, the ten year Census is currently the only information source which provides nationally consistent small area data and robust information about different ethnic communities. By the end of this decade, funding and policy decisions, by both local government and central government, will be made on data which is hugely out of date. This is unacceptable in the 21st century.
- 2. The continued production of national statistics which are not fit for purpose.** Examples include sub-national population projections and the 2001 Census results for Westminster and Manchester – both of which have been shown by local authorities not to reflect the reality of what is happening and is going to happen on the ground.
- 3. A breakdown in trust between ONS and local government.** ONS are increasingly only releasing data to local government which is rounded or manipulated in such a way that the nuances and true meaning of the data has been masked.

As one of the fastest growing towns in England, Telford & Wrekin is particularly disadvantaged by the first two problems. For the past two decades, we have demonstrated that ONS has failed to accurately track population change. Furthermore, due to speed of production, ONS population estimates always lag 16 months behind what is happening to the population.

Since becoming a unitary authority in 1998, we have lost an estimated £16.5 million in government grant because of population undercount and data lag. This loss has had a considerable impact on our ability to deliver the Government's objective of continuous improvement in public services.

The impact of data lag on local government funding has been partially mitigated by the ODPM (now the DCLG) adopting to use ONS population projections in its model to calculate Revenue Support Grants for local government. Unfortunately these population projections are flawed as they simply roll forward past demographic trends and do not consider how planned housing growth will impact on population growth. As a nation if we are to effectively plan and manage for the future, we require a national statistics service that recognises the importance of producing projections, not just population but other key datasets, which better reflect what is going to happen in local authority areas in the future and not what has happened in the past. This requires a better intelligence led understanding of what is happening in localities.

A national statistics service must respond more quickly to concerns raised by local government. A new population pressure for local authorities has been the arrival of increasing numbers of highly mobile migrants from new EU states. Our research with these new communities has found that they are typically invisible to the health services that provide the data which ONS use to track migration within the UK. ONS must move quickly to find effective ways of estimating these migrants to ensure local authorities receive appropriate population based funding.

The problems we have identified with the current national statistics, are primarily as a result of the weak institutional linkages between ONS and local government. A critical step forward in addressing them would be to establish a formal working partnership between local government and ONS. This partnership should combine the statistical expertise of ONS with the detailed locally-derived information systems and expertise frequently found within local authorities.

We support the proposal to maintain the decentralised national statistics model which keeps "statisticians close to data suppliers and customers, giving them better understanding of their data" (p20). To deliver the partnership working we are calling for between ONS and local government, consideration should be given to how this decentralised model could be expanded into local government. We believe there is a strong case for ONS to have a presence in the regions, possibly based in Regional Observatories. These officers could act as "regional relationship managers", building up an understanding of local statistical need and acting as a contact point for concerns about statistical quality. They would also be well placed to develop ONS' regional understanding of what is planned to happen on the ground.

By working in partnership with local government, ONS would be able to develop a better understanding of the statistical needs of local government and develop the mutual trust which would facilitate the release by ONS of

more relevant and meaningful small area data. Importantly, a partnership with local government should ensure that when local government raises concerns about ONS output, these views are recognised to be motivated by a desire to ensure national statistics are accurate and better reflect what local authorities know is happening on the ground rather than being seen by ONS as an institutional challenge.

Critically, such a working relationship should be reinforced by the inclusion of a local government representative on the board which will be established to oversee the proposed independent national statistics' office and scrutinise the quality of its statistical output.

Developing the necessary partnership between local government and ONS will increase the demand on ONS for high quality small area statistics. For ONS to deliver this, the future funding of ONS should reflect this. The step change we are calling for, however, would bring national efficiencies as better nationally consistent data sets will improve the Government's ability to more accurately target resources and more effectively develop evidence based policy.

In outlining our key concerns as a growth authority, I hope this response is helpful and contributes to the development of a statistics service that is better placed to meet the current and future needs of local government.

Yours faithfully

Michael Frater
Chief Executive
Borough of Telford & Wrekin

13 June 2006