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**Independence for statistics: A consultation document -
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Response by W McLennan Esq CBE, AM**

Introduction

I am responding to this consultation document as an individual, and I understand that my response will be made public.

From 1992 to 1994 I was the Director (Permanent Under Secretary) of the Central Statistical Office, and Head of the Government Statistical Service in the United Kingdom, and from 1995 to 2000 I was the Australian Statistician in charge of the Australian Bureau of Statistics. In these posts, I answered to the Chancellor of the Exchequer in the UK and to the Treasurer in Australia. Before retirement I worked for 40 years in official statistics and in the 6 years since retirement I have undertaken consulting work relating to official statistics in 16 countries of Asia, Africa, Central Asia and Australasia, mainly for international agencies.

The comments that follow are based on this extensive and continuing involvement and interest in official statistics matters, and on my personal interest in seeing improvements made to the UK statistical system.

Opening remarks

I was pleased to see that the UK Government has decided to legislate for independence in statistics and acknowledges that it has the responsibility to ensure that official statistics are fit for purpose and command respect. The proposals presented in the consultation paper certainly go in the correct direction, but because the paper hasn't defined what "independence for statistics" means, it is difficult to know if the proposals put forward arrive at an appropriate destination.

Independence of statistics

Statistical agencies in all countries are service agencies with the government and the community being users of their product. However, in every country the most important user is the government, and hence the government has a big influence on what work the agency does. In that sense, statistical agencies are not independent of government, and nor should they be!

In addition, in most countries the government is nearly always the main provider of funds for the statistical agency. Again, in that sense, statistical agencies are not, and cannot be, independent of government.

In my view, a statistical agency can be considered to be independent when the chief statistician is the final decision maker with respect to all issues relating to the processes, practices and policies associated with data collection, data processing, dissemination of statistics and with ensuring that identifiable data collected by the agency is only used for statistical purposes. Again in my view, it is essential that this type of independence be safeguarded by strong legislation.

This simply means that the chief statistician must make all statistical decisions. This, of course, does not mean that he/she should not listen to reasoned, or otherwise, argument; it just means he/she cannot be directed by law to do anything with respect to such decisions. Nor does it mean that a weak chief statistician will not be unduly influenced by what politicians might suggest!

The UN Handbook of Statistical Organisation supports my view of what independence of a statistical agency means ¹. It also points out that the other foundations of a successful statistical agency were relevance, credibility and respect for the rights of respondents.

Unfortunately, I doubt that the conclusions reached in the consultation document achieve independence for official statistics in the UK in the sense that I have described.

¹ Handbook of Statistical Organisation - The Operation and Organization of a Statistical Agency, United Nations, New York, 2003, pp 5 - 11

For this reason, I suggest that those conclusions need to be re-examined.

A furphy² or two

On several occasions, the consultation paper puts forward the point of view that the decentralised nature of the UK statistical system is a great strength and one that is a significant distinguishing factor between the UK and other statistical systems. The paper even sets up a straw man and demolishing him when it says, "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." In fact, of course many statistical activities must be undertaken in a decentralised environment, and are so undertaken in nearly all statistical systems across the world.

In the initial stages of the UK statistical system, it was made up of independent statistical units in many departments. The first change occurred during the Second World War when the Central Statistics Office (CSO) was set up to ensure the coherence of the statistics coming from these separate units. Soon after the War the CSO assumed responsibility for the compilation of the national accounts. The first steps towards centralisation occurred when the Business Statistics Office (BSO) and the Office for Population Censuses and Surveys (OPCS) were set up in 1969/70. In 1989 the responsibility for business statistics, including for the BSO, for compilation of trade data, and for the retail prices index and family expenditure survey were moved to the CSO. Finally in 1996, OPCS was merged with the Central Statistical Office (CSO) to become the Office for National Statistics (ONS), and the responsibility for employment statistics was moved into the ONS as well.

The reality now is that from 1996 UK statistics are as centralised as the statistical systems of many other countries. I can speak with some authority on the structure of the UK and the Australian statistical systems, and in terms of centralisation they are similar.

² Australian slang meaning "an irrelevant or minor issue that may divert attention away from the real issue"

In short this means that no longer can the old argument that we are different on the issue of decentralisation be given any weight when considering the organisation of official statistics in the UK.

On another issue, the paper in several places mentions the need to reinforce the quality and integrity of statistics in government. In fact, they are two of the principles the paper says the Government used to guide its decision on how to further strengthen the statistical system. In my view, it is easy to have too much integrity in official statistics, just as it easy to have too much quality. Thus if too much weight is given to these criteria in isolation, then there is a serious risk that incorrect conclusion may be drawn. Let me explain.

In an official statistics context, integrity³ means that the statistics are as accurate as possible and that in their production, presentation and interpretation statisticians do not take sides on issues. In other words, they are objective. Integrity is aided by professional and ethical standards, openness, release calendars and the publication of methodologies.

It is essential of course for integrity to exist, but it is also important for it to be perceived to exist. A significant example of this was the lack of trust the UK public had in the unemployment numbers in the early 1990s. The Government was changing who was to be paid unemployment benefits regularly (23 times I think), but the statisticians were back casting the series on the new definition each time so a consistent and accurate time series was always being released. This accurate reporting had no impact on the perception that the statistics were crook! The step that started the change in perception was to release the employment and unemployment data from the Labour Force Survey the day before the release of the beneficiary series. Journalists were then able to concentrate on the series that best represented the impact the employment market was having on the UK economy.

However, before statistics are of any utility they have to be used. For this to occur, they have to be transformed into information for decision and policy making. To

³ Professor James T Bonner, Policy Relevance and the Integrity of Statistics, US Statistical Reporter, January 1980

achieve this, statistics need to be timely, and this is most important. Statistics also need to be available when they are needed for decision making, so statistical planning is also most important. It is also helpful if revisions are kept to a minimum, that there is consistency across series and that analysis is provided to place the data into context.

In fact there is a strong tension between these two goals. If the statistical system is designed to have the greatest possible integrity it will lack the flexibility to help policy and decisions makers. For example, if the ONS released the quarterly national accounts 18 months after the end of the quarter, the integrity of the data would be improved as the quarterly accounts would be more accurate, but they would not be of much use for decision and policy making due to how late they would be released. Similarly, if the statistical system is designed to be totally and instantly responsive, it would be difficult, perhaps impossible, to follow the proper professional and institutional practices needed to protect integrity. In fact, this is the real issue underlying all the angst about how the UK national statistics, which are not the responsibility of the ONS, are produced.

For these reasons I conclude that it is wrong for any statistical system to be just pursuing more integrity and better quality. As I have pointed out integrity is often in conflict with policy relevance, and what I have taken as obvious, quality with fitness for purpose.

The bottom line is that there are many important issues, not really covered in the paper, that need to be taken into account when deciding how the UK statistical system should be better organised and managed.

International experience

The paper describes, inaccurately in some cases, the statistical system in eight countries. However, no conclusions have been drawn from doing so. Perhaps this occurred because it was assumed that the UK system was "different".

The statement is made that there is "no single 'best practice' model for statistical governance internationally", even before the descriptions are provided. It is also said that "general statistical laws vary greatly in scope and nature". However, I believe for the better statistical agencies that their statistical governance practices and statistical laws are quite similar.

After excluding the United States system because it is so different and so large, what stands out is that three of the countries that are acknowledged as being amongst those with the better statistical systems in the world are included. They are Canada, New Zealand and Australia. Their statistical systems are very similar although not identical, they have very similar governance and legislative arrangements, and their statistical systems are as decentralised as the one in the UK. These countries also follow a Whitehall type parliamentary system.

It is interesting to note that the paper's governance proposal follows closely the Italian model, although I do not know if the authors of the paper appreciated this point. It is also rather ironic, as I doubt if the governance of Italian statistics would be considered to be amongst the world's best practice. I do know that Uganda and Kenya have experimented with a similar governance model to the one proposed in the paper, but I am not suggesting that this fact should be given too much weight!

I would have thought that the successful approach adopted by Canada, New Zealand and Australia to governance of official statistics should have been serious consideration for use in the UK. It is certainly much simpler and more targeted than what has been proposed. As far as I can ascertain, this has not happened. I suggest that this possibility should be examined fully.

What do I believe is the role of the chief statistician?

Soon after I returned to Australia after being in charge of UK statistics for 3 years, I gave a presentation to the National Press Club of Australia which was televised Australia wide. I described my job, based on both my Australian and UK experiences, as follows:

What is my job?

The starting point is clearly the ABS' mission. To make sure that the ABS continues to fulfill that mission my job is:

- ~ to provide leadership to and management of the Bureau,
- . to provide the appropriate work environment for our highly skilled and professional staff,
- . to understand user/client needs, and determine the work program of the ABS,
- . to ensure adequate funding is available,
- . to produce and disseminate the appropriate statistics,
- . to ensure the quality and integrity of those statistics,
- . to maintain the confidentiality of the data which has been collected,
- . to be sensitive and alert to provider load and privacy issues.

In undertaking all these tasks, I am fortunate to be able to rely on the advice of the Australian Statistics Advisory Council, whose Chairman, Mr Norm Oakes, is here today.

The independent status of the Australian Statistician's job is specified in law, and I am pleased to say the position and its functions have always received strong

bi-partisan political support.

In effect, I am the managing director/chief executive officer of a large public company charged with showing a return (in terms of its statistical output) to its owners/shareholders, the Governments of Australia and the Australian public. All the providers and users of statistics expect that without fear or favour the best possible and most appropriate set of statistics will be available to Governments and the community. The job, thus, carries with it significant responsibility.

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As Statistician I have some interesting balances to strike: between collecting more data and imposing more provider load, between providing access to more detailed data and confidentiality, and to some extent between more policy relevance and enhanced integrity. Who said a statistician's life is merely adding up numbers?

As the Australian Statistician, I was the head of a statutory authority, presumably something like a NMD in the UK, with the powers of a Permanent Head. The Australian Statistics Advisory Council provided advice on all work program priorities and other strategic issues. I was appointed for a fixed term and was supported by some strong legislation. There was strong bi-partisan political support. The roles and responsibilities of the Chief Statistician in Canada and the Government Statistician in New Zealand are similar.

I can't help but wonder why the roles and responsibilities of the UK National Statistician, and the governance of official statistics in the UK, are not similar as well!

With this background, I will now consider briefly the recommendations provided in the consultation paper. I will do so by considering separately how the recommendations might be expected to work for the statistics produced by the ONS and for national statistics produced elsewhere.

Proposed governance model for the ONS.

If I have understood correctly what the paper proposes, the ONS is to be made a Non Ministerial Department with special

funding arrangements, which seems to be very sensible. Similarly, the proposal to split the role of the Registrar-General from that of the Chief Statistician, and to transfer the responsibility for the Population Census to the Non Ministerial Department is also very sensible.

However, it is proposed that there is to be an independent governing board, established by statute, overseeing the ONS. This board will have the legislative responsibility for developing and maintaining the code of practice, and responsibility for assessing national statistics against this code, as well as for advising Ministers. Also the board will have the "ultimate executive responsibility" for the statistics office, including for work programming, estimating compliance costs, resource allocation, efficiency matters, and safeguarding confidentiality.

These are responsibilities that currently lie with the National Statistician. No arguments are put forward, or even rationale suggested, justifying these remarkable proposed changes. I cannot imagine how these changes might "reinforce the quality and integrity of statistics produced" in the ONS, and nor how they might reinforce "independence for statistics". Indeed, in terms of what I understand independence of a statistical system to mean, the recommendations in the paper are extremely unhelpful, if not counter productive.

Further, I can't see how these suggested changes could make any improvement at all in the operation and management of the ONS, as adding levels of management is not normally a wise move.

Putting this in another way, what is the problem with how the ONS now operates that the Government is trying to fix? I understand that recently a MORI survey of public opinion on statistics for the Statistics Commission found that there was

"little consensus on whether the statistical service is subject to undue influence from the Government. Many, in particular those with a connection to Parliament, are confident that the statistical service operates independently and with integrity".

"However, for those outside the 'Westminster sphere of influence', there is far more scepticism as to whether

this is actually the case. While most still regard the ONS as an authoritative, trusted source of information, there are doubts over the validity of figures produced by individual Government departments."

This does not indicate that there is any serious credibility issue with the ONS. Has the Government lost faith in the newly appointed National Statistician?

In the proposal, the National Statistician becomes the Chief Statistician and as such is on the board and is Chief Executive of the Statistics Office, but with no executive responsibilities as they lie with the board. He/she is Chief Statistical Adviser to the Government and Head of the Government Statistical Service. Would a more accurate title be the Neutered⁴ Statistician?

This proposal has little to commend it managerially. All it does is move all the high level responsibilities currently with the National Statistician to a committee, the new board. This means there is now no individual who can be held accountable for these high level responsibilities, which is a very retrograde step. The new Chief Statistician has a much less demanding job than the existing National Statistician, and a significantly reduced status.

This proposal could only work if exceptional board members can be found with the appropriate management and statistical skills, who can devote a significant amount of time to running the ONS. This is particularly the case for the chair. My experience in the UK and in Australia, and my understanding of what happens in other major countries, suggest to me that there are not many people available with the required skills and capacities to undertake this role successfully. Indeed if such a person could be found to be chairman of the board, I'd suggest that in terms of good management the better proposal would be to make him/her the National Statistician!

This proposal put forward in the paper should be rethought, with consideration being given to implementing a model along the lines adopted in the leading statistical agencies in the world. In essence that is the National Statistician should remain responsible for the ONS as a NMD but being

⁴ Neutered in the sense of "lack of potency"

supported by a strong and representative advisory board, which is targeted towards work program and other strategic issues and to actively assisting with the accountability of the statistical system.

Proposed governance model for national statistics produced outside the ONS.

The proposal is for "the continuation of the National Statistics system with a set of highest quality statistics produced in line with the published code". The statutory independent governing board of the ONS will assess and approve all national statistics against the code of practice, and will advise Ministers and Parliament about areas of widespread concern re the quality and integrity of official statistics. (This reads like the current responsibilities of the Statistics Commission but with statutory support.) However, Ministers will decide if their statistics will become national statistics, and, surely, this is a serious flaw in the proposed governance model.

Also, there is an almost naïve view in the consultation paper that the Government Statistical Service, and the role Heads of Profession for Statistics play in it, is the glue that will make this proposal work. In fact, the GSS is the framework for the recruitment, and staff development of official statisticians. In terms of operations, the National Statistician has little if any influence over how statisticians undertake their work or to the standards they follow, as the statisticians are departmental officers.

The reality of statistical life outside the ONS when I was in the UK, and I understand it is even more so now, is that with all statistical releases from line departments, statisticians do play a part, but so do bureaucrats, economists, ministerial advisers and even ministers. In general, it is not the statisticians who decide what is released, when it is released or how it is released, although they may give some advice. The bottom line is that the final decisions lie with the Minister. In fact, all national statistics that are not released by the ONS are ministerial releases. I'd be very surprised that when push comes to shove if political expediency doesn't always take precedence over objectivity; one has to be realistic and accept this is what politicians do.

The consultation paper starts from the premise that all recent action in the UK, especially the concept of national statistics, have been a great success and all we have to do now is build on it. I am not sure that national statistics has been a great success!

National Statistics is, and always has been, a theoretical model, which I can warm to and appreciate, but in practice I don't see it ever being able to work outside of the ONS if the application of the code is against the ministers wishes. I think this is the fundamental issue that needs to be faced up to before any progress can be made in improving UK statistics.

Let me spell out what I mean. The ONS web site defines National Statistics so:

The term 'National Statistics' stands for qualities such as relevance, integrity, quality, accessibility and freedom from political influence. Data deemed to be 'National Statistics' provide an up-to-date, comprehensive and meaningful description of the UK's economy and society. They are produced in accordance with the arrangements set out in the Framework for National Statistics and they comply with the professional principles and standards set out in the National Statistics Code of Practice.

I have no argument here with national statistics in these terms as a theoretical concept. However, the site goes on to define responsibilities as follows:

The National Statistician has overall responsibility for the professional integrity and statistical quality of all outputs designated as National Statistics and ensuring that they are produced in accordance with the standards set out in the National Statistics Code of Practice and supporting protocols.

In practice, of course, the National Statistician has never had, and never will have, any responsibility for official statistics like hospital waiting times. The National Statistician has as about as much chance of being able to ensure that political influence is not a factor in the release of statistics like hospital waiting time statistics as a snowflake in hell has of not melting. I'd make the

same comment about the efforts of the Statistical Commission, and of the proposed board notwithstanding statutory powers. I do, however, acknowledging all the good work that the Commission has put into trying to get statistics outside the ONS produced according to an agreed code.

I have very strong doubts about the effectiveness of any body "over sighting" what ministers do, even if it has some statutory powers. The governing board may make a lot of noise after the event, but will integrity be improved for the production of national statistics from line departments in the future? International experience says the answer is a very loud no! I suggest that workable solutions are required not neat theoretical ones that will wither quickly!

For example, the NZ Statistics Act 1975 has what I believe is the tightest statutory cover for the coordination of statistics across government that I know of. Statistics New Zealand (SNZ) is a department, and there is a Minister for Statistics, not just for SNZ. The Act defines official statistics as all statistics derived by government departments from statistical surveys or administrative and registration records. It specifies that the Minister for Statistics shall approve all statistical surveys before they commence or are commissioned. It also says the Government Statistician shall "from time to time review the collection, compilation, analysis, abstraction and publication of official statistics prepared by ..other Government Departments". Great stuff, in theory at least.

My understanding of what happened is that departments (Ministers) took no notice of the law and did their own thing, following good Whitehall procedure! The Minister for Statistics was reluctant to take them on, unless there were exceptional circumstances. One must always remember that all ministers are politicians first and there are no votes in statistics. Also, there can be no effective penalties for non-compliance imposed on government departments, as the Crown can't prosecute the Crown; this will apply in the UK as well.

The solution found to this conundrum was to get the Minister to give authority to all Departments to run surveys etc, without specific approval, as long as they followed an agreed code of practice and statistical protocols. (Sounds familiar?) As I understand the circumstances, it wasn't long before all effective coordination ceased. These comments are not made in any way as a criticism of Statistics New Zealand; they are made to substantiate my point that it is difficult or even impossible to legislate for effective coordination!

There is a particularly interesting aspect of official statistics policy in NZ. The NZ Government has decided that if any matching of statistical records is to be undertaken then only Stats NZ can do it. This ruling has been enforced and put

into operation. A very significant side effect has been that departments, which wish to mine statistical data in this way, have now begun to fully cooperate with Stats NZ. This reinforces the golden rule that coordination only has a chance of taking place when there is a win-win scenario.

What needs to be understood is that all countries have problems with coordinating official statistics outside of official statistical agencies. In some countries cooperation has had some success, but it is a continuing battle! Its success or failure generally rests on interpersonal relationships, and not on procedures or rules.

As I noted earlier, the collection of statistics is now as centralised in the UK as it is in Canada, New Zealand and Australia. However, it has only been so since 1996, a short time in the lifetime of UK government bureaucracy. In the other countries mentioned, it has been centralised for many years. For example, in the case of Australia, there was a form of centralised collection of statistics in the colonies from around 1850, and for the Federation of Australia from 1905. Therefore, the UK has significantly less experience in operating this way, which may be one reason why the ONS appears to have more trouble dealing with departments than does Stats Canada, Stats New Zealand and the Australian Bureau of Statistics. Another reason may be that the powers of ministers in the UK are greater than on the governments of the other countries. All this means is that even greater effort is required in building up interpersonal relationships.

It would be worthwhile if the experiences in other countries were looked at closely, and more thoroughly, than has been done so far before a decision is taken on the best approach for the UK. I say this because UK 's problems are not unique, not with standing that this view seems to hold some sway in the paper.

I appreciate that so far I have only made only negative comments about the proposals made in the consultation paper about how official statistics might be better coordinated in the UK. I'd suggest that the first step is to agree on what the issue is that needs to be solved. In my terms, I'd say the aim is to make sure that important official statistics produced outside the ONS are produced in an objective way, and are perceived to be objective. What statistics would the Government put in this category? The

answer to this question is the crunch one, and unless the government is concerned about the objectiveness of certain sets of statistics there is little point in trying to set up some scheme to monitor and report on how they are produced!

Assuming there are statistics in this category, then the only possibility I can see of ensuring objectivity is if the publication of those statistics (not the production of them) is taken away from ministers and given to the ONS. The ONS would then be responsible for analysing the data, preparing the publication and releasing it according to an agreed schedule. Any thing short of taking this step will have little chance of success because of the very strong culture that exists in the UK Civil Service of "as the minister wishes". This, of course, would take some great political will to put in place, but I'd suggest that if this will does not exist then all attempts at coordination of official statistics will fail, and sooner rather than later.

Legislation

The consultation paper refers to legislating to create an independent governing board, and says that existing legislative powers on statistical matters will be transferred to the new bodies as needed. I don't think this is nearly enough.

The collection of statistics in the UK is mostly done under the Statistics of Trade Act, reflecting the history of the development of statistics in the UK. When I was the Director of the Central Statistical Office the Act was the responsibility of the Minister for Trade. I was faced with the ridiculous situation that the Minister for Trade had progressed a long way towards changing the Act in significant ways, including the ludicrous proposition to allow private companies to collect official statistics under the Act, with any consultation with the Chancellor of the Exchequer or the Director of the CSO. This Act unless it has been updated in recent years is in poor shape indeed, and for this reason alone needs to be modernised.

There is no doubt that the opportunity should be taken to put into place a proper UK Statistics Act. The Handbook of Statistical Organization from the United Nations, which was referred to earlier, suggests that the following issues should be taken into account⁵:

Laws regarding statistical agencies are largely similar, although the wording may differ: the State (or the Government, peoples assembly, etc.) grants certain rights to a body, hereinafter designated as a statistical agency. In the law, this body's organic structure is explicitly laid out, including the requirements for the person at its head; the constraints under which it is supposed to operate; and the accountability that prevents it from abusing its rights or acting arbitrarily. The law dictates what the statistical agency is expected to do with the information respondents submit to it, and for which it is accountable. The community of respondents is asked to comply with the statistical agency's demands for information so long as they can be justified in the name

⁵ Handbook of Statistical Organization, op cit, p 38 and ANNEX I, p177

of the objectives set by the law. In exchange for intrusion upon privacy rights, the statistical agency is required to safeguard respondent's information. If the agency breaks this commitment, its officers are subject to certain sanctions. If respondents do not comply, they too are subject to certain sanctions. While laws differ from each other in length, style, detail, and scope, if they do not cover the fundamental points outlined above, they are incomplete.

The Handbook spells out in some detail what is required of a comprehensive statistics act, and even supplies a model act that can be followed. Of course, there are many very good statistics acts around the world that could be used as models as well. Care needs to be taken because, although this is a simple issue, it is an extremely important one.

If significant changes are being made to UK statistics at the current time that require legislation, then there is no reason why a proper and modern act shouldn't be put in place. Indeed, it would be almost criminal to miss this opportunity.

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