

INDEPENDENCE FOR STATISTICS: A CONSULTATIVE DOCUMENT

COLLECTIVE RESPONSE BY NON-EXECUTIVE DIRECTORS, OFFICE FOR NATIONAL STATISTICS

We are writing as the three non-executive members of the current Board of the Office for National Statistics. This position has given us unique insights into the functioning of the ONS as an organisation, as currently configured, and the potential benefits of the different constitutional arrangements now proposed. We are therefore offering comments solely on this aspect of the Consultation Document, drawing both on our direct involvement in ONS and on our own various experiences of governance arrangements in both the public and the private sector.

We strongly support the government's view that strengthening the quality and integrity of national statistics will be advanced by the creation of the Office for National Statistics as a Non Ministerial Department, answerable to an independent Governing Board. We believe that the presence of non-executive members of the current ONS Board has been beneficial to the organisation, but that our impact has necessarily been limited given the current constitutional arrangement of the ONS, including the fact that the Board has been chaired by the Chief Statistician not by a non-executive. In our view the current arrangement aligns governance and management in a way which limits opportunities for the governance structure to be effective.

We believe that a Governing Board of the type envisaged in the proposals – with a higher proportion of non-executives including its Chair – will strengthen the organisational capacity and therefore the ability of the future ONS to deliver high quality, robust national statistics. We are pleased to see that the proposals would accord a significant status to the role of the Board by establishing its duties in legislation.

Although strongly supportive of the proposals in principle, we believe that there are some aspects of them which require further consideration if the new Governing Board is to deliver the aspirations of this new structure.

- i. *Executive and governance functions.* There needs to be a greater degree of clarity between executive management functions on the one hand, and governance on the other. The Consultation Document states that:
“.....the Board should have executive responsibility for the statistics office, ensuring that the statistics produced by the office are accurate.....”

We think that “executive” here is a misnomer. We entirely support the case for an independent quality-setting authority. We also agree that the authority of this body will be more effective if it does not simply sit in judgement, but if it also takes ultimate responsibility for the statistics which are produced and disseminated by the office. However the executive responsibility for the office must sit squarely with the Chief Statistician not the Board. It should be the role of the Board to put in place robust monitoring arrangements so that it can assure itself that the Chief Statistician is fulfilling this responsibility effectively, but the Board should not get involved in determining executive issues.

ii. *Relationship with Ministers.* The relationship between the Board and Ministers needs to be specified in a different way, again reflecting the fact that the Board is a governing not an executive body. The Consultation Document states that:

“.....the Board is given responsibility for advising Ministers about areas of widespread concern about the quality of official statistics.....”

That responsibility, if it rests with the Board, should only be exercised in very unusual circumstances. It should be the duty of the Board, as part of its normal governance role, to ensure that significant concerns are addressed within the organisation and put right. Reporting formally to Ministers should be the last, not the first, resort if there are concerns about quality. To do so would almost certainly imply a loss of confidence in the Chief Statistician (if the problem relates to statistics which the ONS itself produces) or in another government Department (if the concern relates to statistics which they produce).

iii. *The public interest.* We recommend that the Board should be given explicit objectives to increase public understanding of statistics, both their uses and their limitations. It should also take responsibility for ensuring that there is a systematic programme, with an obligation to consult as appropriate, about the type of statistics which are or should be produced and their fitness for purpose. We believe that this more conscious, outward-looking approach should characterise an organisation which will be more at arms' length from government.

iv. *Relationship to the market.* For certain purposes the ONS operates within a market, in which other respected organisations also are active. This applies especially to data collection. Currently there are some changes from time to time in arrangements for contracting out surveys rather than being undertaken by ONS directly. In the new structures, it is not clear how this market will function. We would welcome clarity about whether the new Governing Board would have a role in determining which surveys (if any) should always be done by ONS, and what kind of oversight (if any) it should have in ensuring fair competition and contestability of decisions about the operation of this market place.

In our view some of the above issues could be addressed through more careful appraisal of the consequences of establishing the constitutional model of an independent Board, with a Chief Executive running the organisation and taking professional responsibility for its outputs. The appropriate model is already partly formed in the proposals, for example in the expectation that the Chief Statistician and the Board Chair would appear together before Parliamentary Select Committees (as happens, for example, in the case of the BBC). Its consequences simply need to be more fully thought through. Models elsewhere which might prove useful templates would include the governance arrangements for Chartered Universities, which operate with a similarly structured Board (or Council), a Chief Executive (or Vice Chancellor answerable to that Board) and without a direct regulator as would be the case for ONS under these proposals.

There are two other conditions, well recognised in the Consultation Document, which will be essential in making the new arrangements work effectively. First, both the Governing Board and the Office should be adequately funded to discharge their duties, including the important assessment and audit function. As with other organisations, this may well involve net start-up costs. We very much welcome the proposal that special arrangements be made to take funding out of normal expenditure negotiations and to have instead a periodic review, which we recommend should be led by an independent reviewer.

Second, the effectiveness of the new arrangements will depend crucially on the quality of appointments to the Board. We are pleased that the proposals envisage a majority of non-executives, and that they should come from a range of backgrounds. In our direct experience of ONS, the business with which the Board will have to deal presents a number of challenges of running a large, complex and changing organisation. The skills required go well beyond simply a professional knowledge of statistics and we recommend that a significant number of Board members should have the experience of managing and governing this type of organisation, in either the public or the private sector.

The Consultation Document indicates that the Chair “need not be” a professional statistician. Given our concerns about the possible confusion of executive and governance roles, it would be our view that the Chair of the Board should be demonstrably independent. Without completely ruling out the appointment of an exceptional person who does have a statistical background, we believe that the separation of functions is likely to work better if the person appointed is not a professional statistician.

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