

# Statistics Commission

Artillery House, 11-19 Artillery Row  
London SW1P 1RT

*From the Chairman, Professor David Rhind, CBE FRS FBA*

14 June 2006

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

Dear Sir

## **INDEPENDENCE FOR STATISTICS: A CONSULTATION DOCUMENT**

I am responding on behalf of the Statistics Commission to the consultation document *Independence for Statistics*.

In developing our own views, we have kept in mind the arguments in our 2004 report *Legislation to Build Trust in Statistics*, and the messages from the report we prepared with MORI in 2005, *Official Statistics: Perceptions and Trust*. And we have drawn on our own experience of carrying out the remit given to us in the June 2000 *Framework for National Statistics* and recent discussions with HM Treasury, ONS and others, including the major seminar we held on 17 May at which the Financial Secretary spoke alongside a number of other leading voices.

I wrote to Jon Cunliffe on 5 April about points in the consultation document where we felt some clarification would be helpful. Whilst there have been informal discussions of these points we must continue to regard them as not yet fully resolved and this is reflected in our comments below.

The Statistics Commission welcomed the Chancellor's announcement in November 2005. We are sure that Government must take steps to **give the public much greater confidence that official statistics are being managed in a way that reflects the public interest.**

This is not primarily a question of the accuracy of the statistics nor of the competence of government statisticians. It rather relates to concerns about the *decisions* – often taken by Ministers and senior departmental officials – on matters such as resources, priorities, presentation, release practices and communication arrangements. We need to be sure that these things are decided in the public interest (recognising that there will always be trade-offs between cost and provision), without partisan pressure to select, shape or delay the product.

---

Tel: +44 (0)20 7273 8008 Fax: +44 (0)20 7273 8019  
Email: [statscom@statscom.org.uk](mailto:statscom@statscom.org.uk) Web: [www.statscom.org.uk](http://www.statscom.org.uk)

*The Statistics Commission is independent of Ministers and of the producers of official statistics.  
It operates openly and transparently.*

We believe that a statutory structure – which most countries already have – is essential to provide a solid foundation on which trusted arrangements can be built.

## Summary

We have previously set out principles against which the detailed proposals should be judged (my letter to Nick Macpherson of 20 January). The consultation document is unclear as to whether the Government's plans meet those principles. In particular we believe that:

- All official statistics must be included within the arrangements; that is to say their production and management must be subject to scrutiny by the Board, which would report to Parliament
- The Code of Practice (a revised version) must be binding, statutory and agreed by the Board. It must set out clearly the practices which government departments must follow
- The institutional arrangements between the Board and the statistical work in other parts of government and between the ONS and the Departments must be clear and give the Board sufficient powers to exercise its responsibility for promoting trust in official statistics
- The Board's primary role should be to investigate and audit compliance with the Code of Practice *anywhere* in government
- The Board should not only have the right to decide that any output is inadequate in relation to the Code but also to suggest to ministers additional outputs that should be covered by the Code
- There should be statutory recognition of the National Statistician's role in the development and deployment of professional statistical staff across government
- There must be transparency in funding and planning arrangements
- The devolved administrations should be drawn in to the new arrangements.

## The Board and Code

Arrangements to make ONS accountable to an independent Board can be only part of the solution. At least as important are the institutional arrangements between the Board and the statistical work in other parts of government, and between the ONS and the Departments.

A key component of the new arrangements has to be a **statutory Code of Practice** that defines the practices which all government departments, and any agencies to which they delegate responsibilities, must follow in planning, collating and disseminating official statistics.

Whilst the current non-statutory Code provides a starting point, it has weaknesses that will need to be addressed before the new arrangements can be fully implemented. In particular the Code will need to cover matters such as the planning arrangements for the statistical service as a whole, user consultation, data release practices and the

---

professional oversight of government statisticians. The consultation document does not sufficiently recognise the weaknesses in the current Code or in departments' compliance with it. Our views on the future development of the Code are set out in our report *Legislation to Build Trust in Statistics*, paragraphs 3.16 - 3.23. The Board must approve the Code and be empowered to audit, and comment publicly on, the actions of government departments and agencies in relation to its provisions. We believe there is wide agreement on this point outside government.

We note the intention in the consultation document to limit the ambit of the Board's scrutiny role to those statistical series that have been labelled by Ministers as 'National Statistics'. We would argue instead that the Board should scrutinise all official figures at its discretion and that only those statistical outputs, or procedures, that the Board accepts as meeting the standards of the Code should be allowed to carry the label of National Statistics. Formally, this scrutiny role would be overseen by Parliament via the select committee system as appropriate (4.39 of the consultation document refers). Ministers might nominate particular statistical series and outputs as needing to be covered by the Code but they should not be able to *declare* any output as Code compliant.

In addition the Board will need to review, and advise Parliament on, annual plans covering all the statistical activities of government. Whether this is a single statistical plan co-ordinated by the National Statistician or separate plans created by different departments may require further consideration.

To perform these functions, the Board will require the support of staff who, whilst they may sit within ONS for convenience, will be dedicated to the oversight and compliance role and accountable to the Board. This is essential in order for them to be able to audit ONS's own activities in a way that commands external confidence.

The consultation document makes clear that the Government's intention is to replace the existing arrangements – under which there are non-executive members on the ONS Board, as well as independent members of the Statistics Commission – with a single Board that embraces both sets of responsibilities. Our own 2004 report recommended establishing **a statutory scrutiny function separate from any managerial responsibility**. We continue to think that this is the better option.

### **National Statistician**

The role of the National Statistician (the title should be retained and not replaced with "Chief Statistician", as in the consultation document) is not adequately described in the document. This runs counter to international practice, which tends to focus on the role of the senior professional adviser. The importance and centrality of that role will need to be reflected in the text of the legislation. The key elements are her responsibilities as:

- Chief statistical adviser to Government
- Statistical adviser to the Board
- Head of the Office for National Statistics
- Professional leader of statisticians across government
- Author of the Code of Practice (subject to Board approval)
- Co-ordinator of statistical work among the four UK administrations.

## Devolution

We would expect the devolved administrations to work closely with the Board. We can see that some special provisions may need to be adopted in recognition of local autonomy but the principles should be the same. **We want to see stronger arrangements introduced for the co-ordination of statistical activity between the four administrations.** This would not necessarily be in pursuit of harmonisation although that is important where justified. In some cases it may be a matter of reaching transparent agreement to different statistical solutions to meet local needs. Such stronger co-ordination would clearly require the agreement of all four administrations. The practical arrangements however would be led by the National Statistician and overseen by the Board.

## ONS Governance

We accept the arguments in the consultation document for ONS remaining a government department, within the normal civil service structure. And we note the intention to establish it as a non-Ministerial department. However, the consultation document leaves us uncertain of the government's intentions in relation to the future role of Ministers and Treasury officials in decisions about ONS activities. We have examined the statutory arrangements under which HM Revenue and Customs operates as a non-Ministerial department and we do not see in that model any significant reduction in Ministerial, or Treasury, authority as compared with the current ONS arrangements. We think that a better arrangement would be to make ONS a Cabinet Office department, not least in view of the importance of coherent planning to meet future statistical requirements.

Many day to day issues are properly the responsibility of the National Statistician, as chief executive and accounting officer of ONS, consulting others as she thinks appropriate. This would include all normal managerial decisions within ONS and giving professional statistical advice to other government departments. However, we do see scope for the Board to be empowered to accept or reject the longer term plans of ONS.

The Board might also have an explicit role to advise the National Statistician on any matters about which he or she consults them. But it is important here that accountability remain aligned with actual authority. If the National Statistician, Treasury and Ministers retain final authority over various decisions, then they should properly remain accountable for them and the Board's role should be to support Parliament in holding them to account.

## Other observations

Below are some further observations. The attached Annex contains more detailed points on the text of the consultation document.

- The phrases 'the statistical system' and 'the National Statistics system' are used extensively in the consultation document. The Commission's own use of these terms embraces the functions of planning, funding, creation, dissemination and communication with users – across all of government. The commitment to

transparency (for example in 1.9 and 4.3) should, we believe, relate to the entire system as we define it.

- Throughout the consultation document there are references to assessing 'statistics' against the Code of Practice (for example 4.6). However, as you will be aware, much of the Code of Practice does not refer to the intrinsic properties of statistics but rather to the actions and behaviours of bodies that produce statistics. We would therefore want to see references to 'assessing statistics' translated in legislation as 'assessing the relevant activities of all those public bodies to which the provisions of the Code of Practice apply'.
- Paragraph 4.30 has a side heading 'Non-executive majority' but this is not reflected in the text of the paragraph which merely refers to 'a strong presence of external members'. We believe that the side-heading is valid but would emphasise that the non-executive majority on, and chairmanship of, the Board is critical to the viability of the proposals as a whole.

### **Pre-release access**

The consultation document invites views on pre-release access. The Commission starts from the position that Ministers and departments must accept the principle that **no political capital** should be made from statistics before they are in the public domain and that opportunity to do so should be severely restricted. And there should be a level playing field, in terms of access, when the figures are in the public domain.

We do not think it necessary for Ministers or advisers to see the **text** of statistical releases before they go to the media and public but recognise that Ministers might need the earliest possible access to figures, particularly administrative figures, where this is justified on operational grounds. There are some cases, such as market sensitive data, where access to figures would clearly still need to be tightly restricted ahead of publication.

We believe there may sometimes be a case for **embargoed** statistical releases to give journalists, Ministers and opposition a few hours to understand the statistics before commenting publicly. Where that is the case, we think that Ministers, the media and opposition front bench should all receive the statistical release simultaneously, about 12 hours ahead of official release and be free to comment from the time of official release.

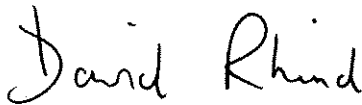
### **Access to administrative data**

The consultation document invites views on this topic. The Commission believes that ONS must - in the public interest - have adequate access to those administrative records that it needs in order to compile statistics of public value; and that, in at least some cases, this access is not currently satisfactory. Legal and/or administrative measures now need to be rapidly put in place to resolve existing problems.

**In conclusion**

The new arrangements will properly be judged by whether they have a beneficial impact on public perceptions and the quality of the statistical service, not by whether government departments welcome them. We hope that development of the proposals will similarly be guided by these broader considerations rather than by pressure from government departments to minimise independent oversight and scrutiny.

Yours sincerely

A handwritten signature in black ink that reads "David Rhind". The signature is written in a cursive style with a large initial 'D'.

DR-367

## INDEPENDENCE FOR STATISTICS: A CONSULTATION DOCUMENT

This annex quotes extracts from the consultation document and offers Statistics Commission comments (*in italics*). Text underlined indicates that the words deserve special attention.

- 1.3. With increasing emphasis on evidence-based policymaking and effective performance management, statistics have a greater importance than ever before, and ever increasing scrutiny is placed on them.
- 1.4. Statistics must therefore be, and be seen to be, of the highest professional quality and integrity. The Government has a responsibility to ensure that statistics are fit for purpose and command respect.

*The emphasis here is on statistics - the figures themselves - being of professional quality and integrity (as defined in 1.9 below we assume) rather than on them being 'well planned to meet needs' 'accompanied by frank commentary' or 'well communicated to users'. The latter requirements are ones the Commission has stressed in its reports.*

- 1.9. In examining the case for further strengthening of the statistical system, the Government has been guided by the following key principles that it believes should underpin a strong statistical system:
- statistics should be of high **quality**, that is, produced to the highest professional standards and fit for purpose;
  - statistics should have high **integrity**, that is, be free from political interference;
  - roles and responsibilities should be clearly defined, and mechanisms should be in place to hold the system to **account**;
  - the laws, regulations, codes and practices under which the system operates should be **transparent**;
  - the system should have the **flexibility** to respond to changing needs, without harming the trust of users; and
  - the system should carry out its functions in the most **efficient** way possible, ensuring value for money, and seeking to minimise the burden on business.

*These principles appear again at 4.3. They stop short of saying that the statistical system should serve the long-term public interest, rather than the interests of the Government of the day. Nor is the concept of the 'statistical system' defined – our own definition includes Ministers and others who fund and plan the work. There is no reference here to planning, commentary, independent scrutiny or the direct involvement of users.*

2.11 ..... the Government is determined to ensure high standards of public trust in the integrity of official statistics, and build on the progress made to date.

*In this instance the reference to 'official statistics' is not restricted to 'National Statistics' and we think the broader scope is right.*

4.5 As the Chancellor announced in November 2005, as with the Bank of England, the Government intends to legislate for the creation of an independent governing Board, with responsibility for meeting an overall objective for statistical quality and integrity.

*The analogy with the Bank of England could be misleading. The statistical system in the UK is highly decentralized.*

4.6 .... the Government intends to:

- introduce **direct reporting and accountability to Parliament**, rather than through Ministers;
- place a statutory responsibility on the Board to **assess and approve all National Statistics against the code of practice**, also backed by statute;
- make key appointments to the Board through **open and fair competition**; and
- remove the statistics office from Ministerial control by establishing it as a **Non-Ministerial Department**, with **special funding arrangements** outside the normal Spending Review process.

*This paragraph needs further amplification and clarification. It would be better formulate as follows:*

*The Government intends to establish an independent Statistics Board that will:*

- *Report directly to, and be accountable to, Parliament.*
- *Establish and maintain the Code of Practice that will also be backed by statute.*
- *Be free to comment on the production, presentation and dissemination of statistics within all government departments that produce official statistics.*
- *Have the authority and responsibility for determining compliance with the Code of Practice.*

4.10 ..... While the Government strongly supports the Commission's proposals for a new legislative basis to the statistical system, the Government believes a structure in which the statistics office, as well as the governing Board, is independent of Ministers, provides the best way forward.

*The use of the phrase 'the statistics office' here might seem to suggest that there is only one. In our view, the biggest issues are outside ONS. The Commission's 2004 proposals were clearer and stronger in relation to non-ONS statistics.*

- 4.15 The Government further proposes that the Board have responsibility for assessing against the code those statistics already produced in line with the Code of Practice and designated as National Statistics. Only statistics that the Board assessed as meeting the standards and requirements set out in the code would be approved by the Board as National Statistics. Ministers will remain wholly responsible for statistics produced by their departments which are not National Statistics, and Ministers will decide whether these statistics should become National Statistics, subject to the Board assessing and approving them against the code.

*It is the Board and not Ministers that should decide whether statistics meet the standards of the Code and can be labelled "National Statistics". This decision should be based on an assessment of both whether the statistic should a "national statistic" and then on whether it meets the standards of the code of conduct. The assessment of the former should be by agreement between the government and the Board. The assessment of the latter should be the responsibility of the Board through the National Statistician.*

- 4.17 To meet its objective of entrenching independence in legislation, the Government proposes that high-level objectives for the independent Board would be set out in legislation. The precise wording of these objectives requires careful consideration, but might be along the following lines:

- to ensure the statistics office produces and disseminates relevant, accurate and timely statistics about the UK economy and society;
- to ensure the quality and integrity of the National Statistics system, by developing and maintaining the code of practice, and assessing National Statistics against this code;
- to advise Ministers of areas of widespread concern about the quality of official statistics;
- to maintain an overview of the broad coverage of the statistical system, which should meet key user needs;
- to operate efficiently, providing value for money whilst minimising the regulatory burden on business and other respondents;
- to protect the confidentiality of data provided.

*Why just ONS in the first bullet? We would expect this to apply to all producers of official statistics. It is not sufficiently clear what the phrase 'quality and integrity of the National Statistics system' is intended to mean. Does it include the 'quality and integrity' of planning and funding for example?*

- 4.19 Under the current Framework, the National Statistician is Director of the ONS. The Government proposes that the Board have executive responsibility for the statistics office, ensuring that statistics produced by the office are accurate, that

they are timely, and that the office's work programme delivers statistics that are relevant. It would be up to the Board to ensure that resources across the office are distributed in such a way to deliver this objective. The Board would be accountable to Parliament and the public for this objective.

*The Board appears here to be responsible for the accuracy, relevance and timeliness of the statistics – we believe this should remain the responsibility of the National Statistician and other officials, and ultimately of Ministers. This paragraph seems to make the Board responsible for delivering the ONS service rather than for monitoring and supervising it. There is also a specific issue here about the arrangements for the RPI over which the Chancellor still retains direct authority.*

- 4.20 Under the UK's decentralised system, responsibility for the production and dissemination of any statistics produced outside of the statistics office will be for producing departments and agencies. As highlighted above, the Government proposes that the Board meet its objective for ensuring quality and integrity across the National Statistics system through the development and maintenance of the code, assessing against the code those statistics currently designated as National Statistics. Only statistics which the Board assessed as meeting the requirements of the code would be approved as National Statistics.

*It is essential that there are satisfactory procedures for reaching an agreement between the Government and the Board over the coverage of National Statistics and that the Board has responsibility and authority for establishing that relevant statistical outputs meet the standards of the Code of Practice.*

- 4.21 ... it is the Government's expectation that:

- in developing the code, the Board would have regard to the existing National Statistics Code of Practice, and similar standards as detailed in other countries and internationally;
- assessment would be focused primarily on the production process, and the quality and integrity of output;
- the results of assessments would be transparent; and
- the Board's assessment process might be underpinned by a number of key principles, along the lines set out in Box 3:

[Box 3].....

- **risk-based**, with those statistics already produced in line with the Code of Practice and designated as National Statistics assessed by the Board against the code, and the most attention paid to the statistics that are most important;
- **proportionate**, having due regard to the burdens (including financial) imposed on statistical producers by the assessment process, and with the overall timetable and deadlines mutually agreed;
- **consistent**, with the code applied in the same way, regardless of where the statistics are produced;

- **clear separation of duties** between those in the statistics office responsible for production and dissemination of statistics, and those responsible for assessment against the code; and
- **transparent**, conducted against the published code, and with transparency in the results of assessments.

*It appears from this that it is the figures themselves that are to be the subject of the code and assessed – not the procedures and practices of departments. We think this is wrong. For the most part the Code does not relate to figures but to the actions etc of organisations that produce them.*

- 4.22 ... The Government proposes that the Board be given responsibility for advising Ministers about areas of widespread concern about the quality of official statistics.

*We assume it will do this publicly and advise Parliament at the same time.*

- 4.23 ... the Government envisages that the new Board maintain an overview of the broad coverage of the statistical system, so that, when taken together, work programmes across the system meet key user needs.

*This seems to underestimate the challenge of assessing future requirements and identifying the best use of available statistical resources. We would want to see Departments, working together, continue to take responsibility for planning and funding and for the Board to assess how well they do it. The phrase 'key user needs' should be interpreted to mean all user requirements that are in the public interest*

- 4.30 The Government believes that the structure of the proposed Board should be based on good corporate governance principles of Board responsibility, with a strong non-executive presence. As the Chancellor indicated in his November announcement, the Government proposes a strong presence of external members on the Board, including leading experts in statistics, and men and women from academia, business and public service. Ideally, such members should collectively bring a perspective on user needs and the public interest, and experience in running large, complex organisations.

*We do not think this description of the role of the Board is satisfactory or realistic. The scrutiny role is not mentioned despite this being an integral part of 'good corporate governance principles'. We note that the side-heading in the text reads 'Non-executive majority'. We assume that remains the intention.*

- 4.37 Under the current Framework, all statisticians, regardless of their location in government, have a responsibility to the National Statistician for the professional quality of their work. The Government proposes that this be retained under any reforms, with all statisticians in government having a line of professional accountability to the Chief Statistician, as Chief Statistical Adviser. Statisticians