

HM TREASURY CONSULTATION INTO INDEPENDENCE FOR STATISTICS

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Executive Summary

The widespread use of statistics as performance indicators has created new problems for trust in statistics. The proposed Statistics Board should be required to examine and report on the potentially corrupting influence of the use of statistics as performance indicators.

The claim that official statistics should be comprehensive, the emphasis on quality rather than quantities and gratuitous claims of integrity create a wall of spin around official statistics that does not contribute to public trust. This wall of spin disguises the extent to which official statistics give a Whitehall view of society. The submission argues that, as well as meeting the requirements of central Government, the ONS/GSS should also aim to meet the needs of local government and to enhance trust in statistics by orienting statistics towards public and Parliamentary expectations..

The submission points out that the link to central government has contributed to falling response rates and a reduction in public confidence in the Census of population and many survey based statistics. In some areas of statistics, such as population and migration, low trust in statistics is associated with the failure of central government to produce statistics of adequate quality. In such areas the solution requires

the use of agencies that are independent of the Government. Legislation should therefore empower the GSS and the ONS to devolve the production of statistics to non-central government organizations wherever this might reasonably be expected to improve responses from information providers and increase public confidence in the statistics.

Legislation should aim to ensure that the GSS has full access to administrative records for statistical purposes. An important example would be the use of employers' Tax and National Insurance returns to create monthly employment statistics for local areas.

The proposed Statistics Board focusing on the ONS would be a step in wrong direction. The proposed Board should have oversight over all official statistics. The Board should be made responsible to Parliament as a body representative of the public. The Board should have its own staff independent of the civil service.

1 Essential background

1) This submission argues that the rules of the game for official statistics have changed since 1999. The *Consultation Document* records development such as the publication of the Framework for National Statistics, the extension of the Code of Practice and the establishment of the Statistics Commission. But the *Consultation Document* does not emphasise the massive and unprecedented expansion in the availability of statistics over the past two decades associated mainly with information technology developments. Nor does the *Consultation Document* draw attention to the widespread growth in the use of statistics as performance indicators that has dominated over the past decade.

2) The 1999 White Paper *Building Trust in Statistics* declared that statistics '*allow people to judge whether the Government is delivering on its promise*'. The declaration that governmental

performance should be judged by statistics has upped the stakes as far as public trust in statistics is concerned. The White Paper declaration created a difficult-to-win situation. If official statistics record failures or limitations in the Government's delivery of its promises there may be no reason to distrust. But if the statistics record that the Government policies are mostly successful then there can easily be suspicion. It is important to distinguish success stories that are true and those which may have been 'spun'. Have the statistics been 'adjusted' in some way to match declared targets?

3) Getting trust in official statistics in the new century is therefore a more uphill battle than is assumed in the *Consultation Document*. The specific threat to trust posed by the use of statistics as performance indicators should be dealt with by the structure developing for official statistics. It is suggested that the proposed Statistical Board be required to examine the relationship between trust and the use of performance indicators and to report regularly on the results of their examination.

4) Trust in statistics has been low since the 'fiddling of the unemployment statistics' in the 1980s. The Framework for Statistics introduced in 2000 and the enhancements of the Code of Practice should be seen as top-down attempts to maintain or restore public trust. Giving legislative support to the Framework and the Code may do little to restore trust and runs the risk of increasing bureaucracy.

5) The Statistics Commission has given welcome publicity to developments in many areas of statistics and drawn attention to many problem areas. The Statistics Commission is a body whose resources depend on its popularity with the Government of the day. The Commission faces a crippling dilemma. The Commission cannot be candid and outspoken friend official statistics without making criticisms that might be seen as weakening public trust in statistics. Such criticisms might threaten the existence of the Commission itself.

6) The proposed Statistics Board should avoid the weaknesses of the Statistics Commission. An annual report to Parliament would be a charade rather than an indication of independence. The proposed Board should have its own staff and it should be financed by Parliament. Making the Board responsible to a representative body could do something to combat the view from Whitehall inherent in all the other components that govern official statistics. Giving the Board financial independence from the Government of the day is an essential component of independence.

7) Unjustifiable or extravagant claims for official statistics do not build trust in statistics. The description of the aim of National Statistics “to provide a comprehensive view of society”, for example, is not conducive to the establishment or development of trust. The aim smacks of totalitarianism and it fails to be credible outside Whitehall because it is not consistent with what has happened with official statistics in recent years. The Government has not attempted to remedy the failures of the 2001 Census to achieve comprehensive coverage – as discussed later in this submission. Nothing has been done to remedy the lack of statistics for local employment – to cite another example discussed later. There is no indication of the development of policies to deal with statistics of illegal activities such as illegal immigration and illegal working.

8) The relationship between statistical systems and the Government is unavoidably close because of the close relationship between statistics and government decision making. It is reasonable to assume that that official statistics give a Governmental view of society. That assumption creates a winnable situation with regard to trust in statistics. Lack of trust in official statistics can be met by the production of new or better evidence. But if all parties concerned have been led to believe that official statistics give a comprehensive description such a rational and scientific response is difficult.

9) Recognition that official statistics give a governmental view draws attention to the biggest

single weakness in official statistics – that governmental view is that as seen from Whitehall. The qualities of UK statistics are generally adequate when seen at a national or British or England level. But are woefully inadequate at local levels. The major expansion in official statistics in recent decades has been in large scale sample surveys. Sample survey statistics support a Whitehall view of society but not a local view. Economic policy, for example, is determined by measures of labour supply and demand supported by statistics at the national level. There is no consideration of the growing scale of variation between local areas.

10) The emphasis given to the quality of statistics in public discussions and in the *Consultation Document* also fails to develop trust. The word 'quality' is actually used forty six times in the thirty printed pages of the *Consultation Document*. But, as if quality has only one dimension, the plural term '*qualities*' is not used at all. The repetitious hammering of the word quality is unnecessary and does not contribute to the development of trust. The repetition raises suspicion that the ONS/GSS are more interested in defending the quality of their work than in the adequacy of official statistics to meet governmental or societal needs.

11) The technical quality of official statistics is generally taken for granted and trust in the professionalism of members of the GSS and ONS is well justified. But users and members of the public have a crucial interest in the *qualities* of statistics – such as their adequacy in providing evidence about society. The narrowing down of the idea of quality of statistics to a single dimension is a serious distortion of public interest in official statistics.

12) The concept of integrity is treated in a parallel way in public discussions and in the *Consultation Document*. No-one has alleged that government statisticians lack integrity. The *Consultation Document* defines integrity in terms of freedom from political interference, but does not indicate the nature of threats to integrity. Sir Claus Moser's presidential address to the RSS a quarter a century ago included

a more detailed and wide ranging discussion of issues associated with integrity and the danger of political interference than the *Consultation Document*. There is no doubt about the importance of the nature and extent of the statisticians' responsibilities to establish and maintain integrity of statistics. These responsibilities are well enshrined in the Code of Practice and the Framework. To make them part of law runs the risk of increased bureaucratisation.

13) The issues associated with the words 'comprehensive', 'quality' and 'integrity' discussed in this section are not just semantic. Use of such words creates a wall of spin around official statistics. Public discussion of many problems associated with the production and use of official statistics as well as public trust in statistics is made difficult by the existence of this wall of spin. The wall of spin disguises the extent to which official statistics present a Whitehall view of the UK and fail to provide information adequate for local government or local needs and fail to meet public and Parliamentary expectations.

2 Pre-publication access and trust

14) The RSS *Vision Statement* attributes lack of trust to pre-publication access by ministers – an explanation echoed in Box 4, page 25 of the *Consultation Document*. But it is difficult to believe that pre-publication access is a fundamental issue lessening trust in statistics. The debate about pre-publication access centres on news manipulation – that is presented as a tactical Whitehall-centred battle for status and influence between ministers on one side and government statisticians and journalists and other representatives of the mass media on the other.

15) On many occasions ministers use pre-publication comment, for example by offering an interview on the 8 am edition of the *Today* radio programme, in order to influence the public reception of statistics to be published later in the day. This may kill journalists' stories and give the Government a public relations advantage. But the statistics are on

record. If the spin put on the statistics later proves to have been misleading it is up to journalists, who may have been scooped by a minister earlier to put the record straight. The reputation of the minister may suffer. But it is not clear that the reputation of statistics or the ONS/GSS is affected.

16) The centralisation of all statistical press releases in a single office, as advocated by the RSS, is a gallant attempt at a solution. But such centralisation would place a great deal of responsibility on the staff of that office. If the press releases are cautious and circumspect with many statistical qualifications about margins of error, press coverage of the statistics may be reduced. The minister may be asked to comment and the minister may put their own spin on the statistics just as if they had pre-publication access. If the press releases make bold and clear interpretations statistics there is always the possibility that the interpretation will later be shown to have been misleading – in which case trust in the statistical system would be reduced.

17) The tools of the statisticians available to the ONS and the GSS are largely concerned with random events. But the human events recorded by official statistics are not random and many of the tools of the professional statisticians are not relevant to the understanding or interpretation of official statistics. The professional qualifications of statisticians do not cover many areas that are crucial to the interpretation of official statistics. It may be that the ministerial habit of making pre-publication interpretation of statistics, based upon their political intuitions of what the public thinks is important rather than on statistical considerations, prevents government statisticians from making interpretations that would not be understood or which would be shown by later events to be misjudged.

18) The failure of the *Consultation Document* to identify other identifiable threats to trust in statistics threatens to make the question of who should issue statistical press releases the most substantial new component of the proposed legislation. But whoever is allowed to prepare press releases is a topic that is

out of scale with the more substantial problems of public trust in statistics and that of creating a independent statistical service. It may be that trials would be an appropriate way of trying to resolve the controversy about press releases. A centralised press release system could be introduced for a major department such as the Department of Work and Pensions or the Home Office.

19) Accusations of governmental exploitation of the pre-publication access to statistics have been particularly strong in the area of crime statistics. The statistics in this area are particularly rich. They include statistics for crime as recorded by the police, statistics from the court system, and statistics from a regularly conducted household survey – the British Crime Survey (A high quality survey that is admired in many other countries). Each of these sets of statistics is produced independently. Direct comparisons are fraught with problems. The change in crime or crime rates over any specified period rarely supports any clear generalisation.

20) It is easy to imagine that a Home Secretary would not oppose the Office for National Statistics taking complete responsibility for the publication of all statistical Press Releases for crime statistics. The publication of crime statistics would appear to provide an appropriate area to test the suggestion by the RSS and other commentators that denial of pre-publications access to ministers and centralisation of Press Releases would increase trust in statistics.

3 Factors affecting trust

21) The *Consultation Document* explains that individual ministers have control of the coverage of statistics within their department and proposes that the ONS would be under the control of Non-Ministerial Department. The coverage of official statistics has an important bearing on public trust – as indicated by the earlier discussion on claims of ‘comprehensiveness’ and ‘quality’. But trust also depends on a variety of factors such as credibility, consistency with other sources, and crucially on the

status and reputation of the agency associated with the production of the statistics.

22) A fundamental point is the difficulty in separating trust in statistics from trust in government. For many members of the public the basic distinction is between 'us and them'. For those who think in terms of us-and-them the distinctions made in the *Consultation Document* between the Government, a Minister, a Non-Ministerial Department and the Office for National Statistics are not important. But in the conduct of the Census of population and in the conduct of social and other surveys the Government depends upon all members of the public – including those who lack trust in government.

23) This submission argues that it is possible to organise the production of statistics in ways that could increase trust in statistics and that appropriate legislation could contribute to that development. The submission argues that legislation should contribute to developing public trust by helping to orient statistics to public expectations and needs, it suggests this could be done by encouraging the use of agencies to produce in statistics in areas where central government has difficulty in securing adequate response rates and by securing access to administrative records for statistical purposes,

4 The loss of trust

24) The results of the 2001 Census of Population provides tangible evidence of loss of public trust in statistics. It was initially proclaimed that the 2001 Census was the highest quality ever. In fact the response rate in the 2001 Census was lower than in any previous census. It is estimated that about six percent of households broke the law by failing to return the forms and that up to 800,000 young men were missed.

25) There is no question of ministerial involvement in this fiasco. The ONS had direct responsibility for the conduct of the Census. In the 2000s estimates of the total UK population for the first time are not based

primarily on census results, but depend upon data from other sources such as the National Health Service Central Records. The fall in census response rates led to a fall in the accuracy and quality of a range of other census dependent statistics – so threatening further loss of trust.

26) The ONS has not attempted to explain the failure of the 2001 Census and has not acknowledged the scale of non-response or solved the problem of the 800,000 missing men. These problems can in part be attributed to faults in the design of what was called a One Number Census. But it seems inescapable that that the ONS label, that is clearly identifiable as belonging to central government, reduced the response rate among many groups in the population. Illegal immigrants and failed asylum seekers, for example, have a strong motivation not to respond to the census *because* it is organised by central Government.

27) Receipt of government benefits may also be an important factor in reducing Census response rates. Sixty percent of households in the UK are in receipt of benefit payments from government and some of them may have a variety of motives for being less than fully responsive to a Government conducted survey. They include single mothers who would lose benefit if they were found to be cohabiting with a boy friend. An individual in danger of being classified as a co-habitee has a motive for disappearing at census time. This possibility has not been investigated by the ONS, but it may be that such disappearances played a significant role in the unexplained undercount of some hundreds of thousands of young men recorded in the 2001 census.

28) The image created by discussion involving the RSS and the ONS and by the *Consultation Document* is that there should be independence from Government for fear of interference by ministers. But the effectiveness of the Census is limited by fear that different departments of government do not act independently of each other. Why should members of the public believe that the ONS or anyone concerned with processing ONS Census data condone illegal

activities? The general implication is that a statistical agency seen as independent of central government could be more effective in conducting a Census than the ONS.

29) The problems of extra-legal activity are even more important for the production of statistics of immigration and emigration. The Census should be a prime source for estimates of immigration. But the lack of responses from illegal immigrants, asylum seekers and perhaps other immigrant groups severely limit the value of the 2001 Census results. Statistics for immigration and emigration are produced on the basis of the International Passenger Survey (IPS). But the IPS was designed to measure tourism not migration. The Government has not shown inclination to be involved with reform of the IPS or setting up some kind of new system to measure immigration and emigration directly.

30) The production and presentation of statistics for immigration provide an important example of a conflict between the administrative needs and the need for statistics. There is a need for an administrative system to deal with formal applications to become resident in the UK and for permission to take up employment in the UK. But there is also a need for information on the substantial numbers who evade the formal system. It is not clear that the same organization is best suited to perform both these functions.

31) It is to be expected that the Immigration and Nationality Directorate (IND) of the Home Office would produce reliable statistics on its own activities. But making estimates of the numbers who may never have had contact with the IND who are resident or working illegally is a different kind of activity from that of handling applications. A government department or a law-enforcement agency may not be the best type of organisation to make such estimates. An agency seen as independent of government, making estimates based in part on the fragmentary sources of existing statistics of relevance and using sampling methods and conducting field work based on informal contacts, hold the best promise for producing reliable

estimates.

32) Questions about the value of a central government label, such as ONS, is also evident in the detailed results of sample surveys. The UK has an exceptionally rich and coherent set of large scale social surveys. But they share a major weakness in that the numbers responding to questions about receipt of state benefits involving tests of eligibility is low. As a result these surveys consistently underestimate the proportion of the population in receipt of some government benefits. The number of claimants of Job Seekers Allowance according to the Labour Force Survey, for example, typically ranges around 20% below the level recorded by the administrative statistics for the number of recipients of JSA. This inaccuracy limits comparability between the JSA series and the officially recognised International Labour Office series measure by the Labour Force Survey. The value of both series is diminished.

33) The Family Resources Survey provides another example. The FRS for 2004-5 reported 556 thousand recipients of JSA compared with the 739 thousands actually receiving JSA. The FRS reported 1.0 million recipient of Attendance Allowance compared with the 1.5 million actually receiving Attendance Allowance. No-one knows why respondents 'forget' these benefits. But it may be that respondents do not want to be reminded of the test of eligibility. A survey agency sympathetic to the situation of respondent rather than one associated with central government could well get more accurate responses and produce better statistics.

34) An appropriate statistical solution to lack of survey data on benefit recipients would be to use administrative records of benefit recipients as a part of the sampling frame for the social survey. Allegations of fraudulently receiving state benefits are automatically followed up with an interview with the suspect household. But the use of administrative records as a sampling frame has never been used by the ONS/GSS – apparently for fear of being seen as an invasion of the privacy of recipients. This fear

points to the conflict between law enforcement and the production of statistics.

5 Access to administrative data

35) This submission gives strong support to Paras 4.25 – 4.26 of the *Consultation Document* on the production of statistics based on administrative records. But the *Consultation Document* does not consider the use of administrative data as a sampling frame for surveys. It is suggested this practice could well be considered in the proposed legislation. Should such use be considered as a threat to privacy?

36) One of the potential advantages of access to administrative data is to reduce the need for special surveys. The proliferation of surveys has long been seen as a problem. The Survey Control Unit was established in the 1980s to help control the growth of surveys. But there is no special unit to foster the use of administrative records for statistical purposes, and it can be expected that many sets of records are designed in ways that do not make it easy for them to be a source of useful statistical information.

37) The ONS publishes monthly statistics for employment at national and regional levels. But, surprisingly to many, these statistics are obtained by household survey – the Labour Force Survey or Continuous Population Survey. These sample survey statistics are of limited reliability for measuring changes in employment at the national or regional level, and are generally useless at the local level. Sample survey statistics support a Whitehall view of society but not a local view.

38) Typically the advantages of use of administrative records are full 100% coverage as well as reduced need for surveys – especially surveys that impose form-filling burdens on businesses and other organizations. These advantages could be realised in the measurement of employment. The returns every employer makes every month to the Department of Inland Revenue of tax and NI insurance payment

provide an example that illustrates the problems and possibilities.

39) The basic problem is that although the Inland Revenue is located in the Treasury that is also the nominal home of the ONS, rules, laws or customs to protect firms' privacy established in a different era still remain as an obstacle. The Tax and Insurance records could provide the basis for reliable monthly statistics employment for local areas. It is acknowledged that these returns do not necessarily give the normal workplace of employees. But use of these returns with this detail could largely obviate the need, or reduce the scale and detail, for surveys that are currently imposed upon businesses and other organizations.

40) The lack of regular and reliable statistics for employment for local areas is a major gap in UK statistics. The UK has accurate monthly statistics for claimant unemployment for local areas and the ONS makes modelled estimates of ILO unemployment for local areas for twelve monthly periods. These statistics for unemployment are available for local authority and parliamentary constituency areas. But there are no comparable sets of statistics for local areas for employment. The only statistics available are of uncertain quality and are more than a year out of date. Without any useful statistics for employment local labour market policies are largely redundant.

41) Perhaps the biggest single reform, more important than attempting to legislate for independence or quality, would be pass a law that would grant access automatic access to the ONS to administrative records for statistical purposes. Legislation by itself, as the case of local employment statistics illustrated may not be sufficient. But legislation would put the use of administrative data for statistical purposes on the agenda and could encourage all concerned to keep in mind statistical uses in the design of administrative systems.

6 The use of statistical agencies

42) *Consultation Document* and the response from the Royal Statistical Society both focus largely on intra-Whitehall relations between the Government, ministers, departments of government, the ONS and the GSS. This focus ignores importance of the function and nature of the statistical agency that produces and publishes statistics. The preceding discussion has argued that public trust in the Census of population, for example, has declined because of the association with the Government through the ONS. It is suggested that an agency that was not seen as part of central government could elicit higher response rates and better results.

43) This argument can be generalised. The specification of the survey used to produce the statistics is separable from the activity of carrying out the survey and processing and publishing the results. It is clearly an ONS or Departmental responsibility to specify the nature of the surveys required for official statistics in terms of geographical coverage, sampling size and method and, crucially, the categorisations to be used. But independence from government can be achieved by using a non-government agency to carry out the survey and produce and publish the results. There is no underlying reason why Clause Four should apply to the production of statistics.

44) There is no need for a National Statistician, a Framework for National Statistics, and a Statistics Commission in order for independence from Government to be achieved in this kind of way. The agency can be required to be open with regard to the specification of its contract with the ONS or GSS, the agency can be required to be completely transparent with regard to its operations and the qualities of the statistics produced. This transparency would be expressed by publication independent of the ONS and GSS. Any area of possible distrust in the statistics would be open to public discussion. Such transparent arrangements could be complemented by setting up a website where the agency and the ONS/GSS would be expected to respond to questions and comments affecting trust in the statistics.

45) The UK nowadays has one of the richest collections of regularly conducted national social surveys in the world. Nearly all of them are published as the product of the ONS. But the fieldwork for these surveys are typically carried out by market research firms or other independent agencies. They could well be produced and published independently of the ONS. There is no need to for the ONS to claim full ownership of these surveys. In some areas a non-government agency could gain more public confidence and higher response rates because it would be seen as independent of the Government.

46) The examples cited of the failure of the Labour Force Survey and the Family Resources Survey to obtain accurate statistics on the number of recipients of some kinds of state benefits. These cases suggest that neither the ONS or a government department is best suited to carry out the surveys because of the government association with payment of benefits. A specialist survey agency bound to confidentiality of individual data could do a better job.

47) Non-government agencies could also be used to help independence for statistics in with other kind of statistics. An example is the activities of CEMGA – the Centre for the Measurement of Government Activity – within the ONS. CEMGA takes into account value added by health services that are not sold in the market and so would support comparability of health services with other countries where services are paid for by patients. Statistics produced by CEMGA add significantly to official statistics but require the imputation of values that not derived from market activities or any other mainly objective source. The imputations are made by statisticians or other civil servants who are dedicated by their Code to serve their minister and the Government of the day. Hopefully, the reports of CEMGA will make the methods of imputation clear and transparent. But it is difficult to argue that estimates made within the ONS will be seen as independent of the Government.

48) It would add significantly to the independence of statistics if the functions of CEMGA were carried

out by an agency outside the ONS. A reputable think-tank could be contracted to make the estimates and publish the results following open discussion of the methods to be followed. Independent publication would allow for public discussion and evaluation of the estimates. The public can be expected to have more confidence in estimates produced after following such open procedures than after an ONS inspired seminar at the RSS as occurred this year. Such estimates can also be expected to survive the coming to power of a government of different political persuasion and different views on the role public services.

49) It is suggested that in the evaluation of the activities of the Government it is important that measurement is made independently of government. The proposed legislation should specify that measurement of government performance should be devolved to an external agency that would produce and publish the statistics and offer complete transparency with regard to the sources and methods used. The aim would be to take the matter outside the realm of party politics. Such a change should reduce the danger that a change in government after an election would result in revision of the statistics relating to the activities of the previous government. Public trust in statistics would be reduced if debate about 'the facts' is confused with debate about the policy and management issues associated with government activities

50) The status and reputation of the statistics producing agency is important. An obvious example is the production of statistics from the National Health Service Central Register (NHSCR) that has become a principal basis for estimates of migration and the population of local areas. One of the problems with this source is that many people, especially young men, do not register with a new doctor when they move. There is little that the ONS can do to about this. But the NHS itself would be the accepted agency in this area. The NHS has a direct interest in keeping these statistics up to date. And there it can be expected that there are many things that the NHS can do to improve the statistics that the ONS might

not find so easy to do.

Conclusions

51) This submission has argued that the proposed Statistics Board should not be staffed by civil servants and should be financed and managed by Parliament. The responsibilities of the Board should include;

i) Ensuring that official statistics give priority to public and Parliamentary needs over Departmental needs wherever this might be expected to increase public trust in statistics, and

ii) Examining the potentially corrupting influence of the use of statistics as performance indicators.

52) The submission has argued that the *Consultation Document* and the response from the Royal Statistical Society focus on intra-Whitehall relations between the Government, ministers, departments of government, the ONS, the GSS and the Statistics Commission and the proposed Statistics Board. This focus deals with many intra-governmental issues but does not explain the low level of public trust, as evidenced by the results of the 2001 Census of Population, and to the lack of consideration given to reasonable public expectations with regard to the provision of statistics.

53) The submission has given the paucity of local employment statistics as an example of the failure of official statistics to meet public needs and expectations. The submission proposes that the Office for National Statistic should have automatic right of access to administrative records for statistical purposes, and that steps should be taken to gear administrative records to suit statistical needs.

54) The submission has argued that trust depends upon the nature of the agency that controls and publishes official statistics and suggests that the Office for National Statistic and other parts Government Statistical Service should be empowered to devolve the production, presentation and

publication of statistics to non-central government organizations wherever this might reasonably be expected to improve responses from information providers and increase public confidence in the statistics..