

INDEPENDENCE FOR STATISTICS

Response to HM Treasury consultation document

Chartered Institute of Personnel and Development

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12 June 2006**

The Chartered Institute of Personnel and Development (CIPD) has over 125,000 members and is the UK's leading professional institute for those involved in the management and development of people.

This response to the HM Treasury publication *Independence for statistics: a consultation document* (March 2006) is by John Philpott, the CIPD's Chief Economist.

General comments

The CIPD makes extensive use of official statistics to inform and advise its members on a wide variety of economic and social developments that influence their day to day work. The CIPD also combines its own regular independent surveys of employers, managers and employees with official statistics in order to comment publicly on trends in the economy and labour market. It is therefore of the utmost importance to the CIPD, and the general public good, that official statistics are produced to the highest technical quality and widely accepted as both accurate and trustworthy.

The CIPD has considerable respect for the work of the Office for National Statistics (ONS) and a high level of confidence in its technical competence. Much of the technical criticism of ONS output in recent years has been largely unfair, often based on misunderstanding of the inherent difficulty of statistical analysis rather than on justifiable analytical grounds.

Moreover, the current Framework for National Statistics has helped re-establish the perceived integrity and reputation for political neutrality of official statistics which, fairly or unfairly, suffered in the 1980s and early 1990s. However, it is evident that the need for further advances in statistical measurement and interpretation – especially in politically sensitive areas such as public service output, international migration, income inequality and crime – means that the production of official statistics must be seen to be conducted in a way that instils maximum public confidence.

The CIPD therefore welcomes the Government's proposal to legislate for the operational independence of the ONS. The remainder of this submission outlines the CIPD's response to a number of aspects of the proposed reforms as set out in the consultation document.

The Board and governance of the ONS

The CIPD considers the proposed structure and terms of appointment of the independent board to display adequate adherence to principles of good corporate governance. The relationship between the non-executive Chair and the proposed Chief Statistician will be of crucial importance.

Given that official statistics are a public good the independent statistics office should perform a highly visible public role in addition to ensuring the quality and integrity of the statistical system and advising ministers of matters of concern.

The suggested high-level statutory objectives of the independent board should be thus expanded to include appropriate public comment and commentary on statistical developments and relevant statistical controversies, as and when these arise. This would allow members of the board, most particularly the Chair and Chief Statistician, to deliver

speeches, issue reports and give occasional media interviews in similar fashion to members of similar bodies, such as the Monetary Policy Committee. Such an objective would enable the independent ONS to build on the activities of the Statistics Commission which during its limited period of existence has served a valuable public purpose.

A high profile for the Chair and Chief Statistician could be particularly useful in the UK's decentralised system, which conveys various operational weaknesses as well as strengths. Both officials should feel free to comment publicly on the production and use by individual government departments of statistical and administrative data, especially where use of these data fails to meet the highest standards of statistical integrity. In this respect, however, it will be important to ensure that there is no conflict of interest between the Chief Statistician's role as Chief Statistical adviser to the Government and his or her role as Chief Executive of the independent ONS and head of the Government statistical service.

Relations with ministers and Parliament

As a non-ministerial department the ONS will in future be operationally independent of any government department. But clear lines of advisory communication will be required between the ONS, government and in turn Parliament.

Since the vast majority of National Statistics relate to policy areas covered by HM Treasury there is a strong case for establishing the latter as the 'home department' for the ONS. This, however, could undermine public confidence in the true independence of the ONS and possibly diminish the impact of the proposed reform. Consequently, the link between the ONS and government might best be established via the Cabinet Office.

The Cabinet Office and the ONS should together decide arrangements for pre-release of statistics, which should be allowed to vary to suit particular circumstances. The ONS should also be allowed to monitor the use and interpretation of pre-released statistics in departmental or ministerial press statements.

Although, as the consultation document states, it will be for Parliament to decide how to scrutinise the independent ONS, it seems appropriate that in purely operational terms (for example, consideration of annual reports) this should fall primarily to the Public Accounts Select Committee and the Public Administration Select Committee, with detailed scrutiny of particular statistical issues taken up by other committees whenever necessary.

Funding

A guaranteed level of adequate public funding will be vital to the long-run effectiveness of an operationally independent ONS. The CIPD agrees in principle with the proposal to set the level of funding via a periodic review with a formula for ongoing increases, though in the absence of further details of how this will work in practice we reserve judgement for the time being.