

INDEPENDENCE FOR STATISTICS

RESPONSE BY Tim Holt – 14 June 2006

I am responding to the Treasury Consultation in my personal capacity. I am a former Head of the Government Statistical Service and Registrar General for England and Wales having been the first Director of the ONS.

INTRODUCTION

There are several major weaknesses of the current arrangements all of which need to be addressed if the Government, Parliament, the public and all other users are to have trustworthy statistics on which they can rely. Whilst the Treasury proposals will help in some respects they will, as drafted, introduce new problems. The main weaknesses are:

- There are serious concerns about the independence and integrity of statistics produced, particularly in policy departments, where the influence of Ministers and policy officials is too strong in respect of statistics produced for public use.
- Statistical Heads of Profession in Policy Departments have to fulfil two separate roles: as statistical advisors to Ministers and policy officials on policy development and monitoring and as the guardians of statistical integrity in ensuring that there is no political interference in the production and dissemination of statistics for public consumption. These two roles cause tension: vigorous pursuit of the latter will drive a wedge between the statistical producers and their policy colleagues to the detriment of the former role.
- The statistical system is too fragmented, there is no effective mechanism for overall coordination and this leads to a failure to properly deal with statistical issues that cut across more than one department. Public sector statistics, pensions, regional and local statistics are all examples of inter-departmental failures to address fully issues that contain a strong public interest but which are not addressed in a coordinated fashion with high enough priority.
- This fragmentation includes issues related to the devolved administrations. We fail to provide statistics for the UK on a consistent basis in response to our EU and international obligations. Additionally users in devolved territories do not have access to comparable statistics for other parts of the UK which would allow the effects of different policies pursued in different devolved areas to be monitored properly to the benefit of all parts of the UK.
- Whilst the general reputation of UK statistics is good in the international community there are serious concerns about the quality and relevance of enough outputs to suggest that the underpinning levels of technical and professional expertise are not being nurtured and brought to bear as effectively as they should.
- There is a perception that the priorities and funding of the ONS are too dominated by the priorities of the Treasury to the detriment of statistical developments that would benefit other government departments and the wider user community.
- There is too little system-wide access to administrative information for statistical purposes, subject always to the guarantee of confidentiality of individual records when accessed for statistical purposes.

MAIN POINTS

ONS, the National Statistician and the Board

The main thrust of the proposals with regard to ONS is in the right direction. The creation of ONS as an NMD, the separation of funding from the annual spending review and the creation of a Board reporting to Parliament are all generally welcome.

However there is confusion over roles and responsibilities between the National Statistician, the Chair of the Board and its members.

The role of the National Statistician needs to be reinforced in legislation. The National Statistician is an executive role that needs to be made responsible for delivery of the statistics required, including impartiality of presentation, objectivity of method and respect for

confidentiality of data subjects. The consultation paper does not make this clear, indeed it represents a weakening of the current position. The National Statistician should:

- run ONS (as a statutory, non-Ministerial body linked to the Cabinet Office rather than the Treasury)
- coordinate the UK statistical system as a whole (with ONS providing full support for this function)
- ensure that users' needs (including emerging needs) are identified, evaluated and acted upon
- be the ultimate authority and professional leader on statistical matters throughout the system
- be the Government's Chief Advisor on statistics with access to the Prime Minister (and first Ministers) on matters of statistical integrity and coordination
- be UK representative on statistical matters
- in accordance with the United Nations Fundamental Principles of Official Statistics (7), be entitled to comment on erroneous interpretation and misuse of statistics both inside and outside government
- play a key role in senior appointments throughout the statistical system
- be appointed through a mechanism that fosters the widest possible support.

The ultimate responsibility for delivery of statistics (including the content and presentation, choice of sources and methods etc) must fall unequivocally on the National Statistician. If there are questions about any such matter (such as arose over Network Rail, pensions or classification of road maintenance expenditure) then it is the National Statistician who must be answerable to the Board, Parliament and the public. Similarly the National Statistician, as the Chief Executive of ONS must have executive responsibility for the organisation and its performance.

The Statistics Commission should be replaced with a statutory Statistics Board which is non-executive in terms of the production of statistics. A Statistics Board should oversee the statistical system to safeguard the public interest. This means:

- the power to approve or reject business plans for the statistical system presented by the National Statistician
- the power to approve or reject a Code of Practice for statistics prepared by the National Statistician for approval by Parliament
- being able to advise on direction and priorities based on the needs of all users.
- keeping under review the scope of official statistics covered by these arrangements
- being forward looking and helping to improve the statistical system rather than being seen merely as a regulator
- scrutiny of the statistical system. This will include audit of compliance with the Code of Practice in ONS or any other part of the system on the same basis. This includes ensuring that the statistical system takes account of the public interest and the needs of all users, that the statistical producers discharge their duty of accountability for their decisions through openness and transparency and that the highest levels of professional expertise are maintained through CPD.
- a duty to report to Parliament annually

The role of the Board is distinct from the delivery and coordination role of the National Statistician. The consultation paper proposes a Board that has an executive function which muddles oversight and delivery. It is important that the oversight role is independent of those responsible for delivery in order to give public assurance. It is equally important not to have confusion of responsibility for delivery between the Board and the National Statistician.

A reporting line through Treasury or the Cabinet Office. Treasury currently has three separate roles in respect of ONS. It has a general responsibility for public expenditure allocations including the ONS, is a major user of statistics (mainly economic statistics) and through the Chancellor has responsibility to account to Parliament for the ONS. In addition the Chancellor is the Government's Minister for Statistics with a responsibility to co-ordinate the role of Ministers across government in respect of statistics.

This mixture of roles is not working effectively. The process of budget allocation to the ONS is viewed from the perspective of the Treasury as a major user and too little account is taken of the government-wide role that the ONS has. No attempt is made to fulfil the Chancellor wider role as Minister for statistics (and arguably this cannot be fulfilled through a junior Minister trying to deal with members of the Cabinet). If the statistical system is to have stronger coordination then this will only come through a strengthening of the National Statistician's role in this respect (see below) and where problems arise it will be access to the Prime Minister which is the only effective mechanism for resolving these.

For all of these reasons there is a strong argument for returning the ONS to its place within the Cabinet Office rather than leaving it under Treasury. There may have been a good case for the Treasury when the old CSO produced mainly economic statistics but to retain this now, when ONS has a much stronger cross-government role, is unjustified. In terms of the new budget arrangements it is much more likely that the Cabinet Office would be seen as an honest broker across the main user departments than to leave Treasury with its conflicting roles as at present.

The Wider Statistical System

The Treasury proposals give insufficient attention to statistical production outside of ONS.

Fragmentation of the statistical system needs to be tackled and the place of ONS at the core of that system strengthened. There is a strong case for saying that the system is fragmented and needs much stronger **coordination**. This must come through the role of the National statistician (and related mechanisms such as statutory access to administrative records for statistical purposes). At present the system is failing to meet user needs in respect of coverage and comparability, presentation and some quality issues.

The only attempt to address these matters in the Treasury document is by making the Code of Practice statutory and by giving the Board the power of scrutiny over the application of the code across the whole system. They are aimed only at the integrity issue (rather than coordination).

In terms of integrity the proposals are welcome as far as they go but this is not far enough. Some arrangement needs to be put in place to pull statistical producers in policy departments away from their policy colleagues and towards the authority of the National Statistician in respect of statistics being produced for public consumption. A strengthened code of practice could do this from the perspective of the statistical producers but it will do nothing to affect the underlying culture of Ministers and policy officials. What are needed are mechanisms that reach beyond the statistical producers who are covered by the code. For example a standard reference in all Ministers letters of appointment (and in the Ministerial code) to the status of statistics for public distribution and the need to protect statistical integrity may help. Similarly reference in the general Civil Service code for all civil servants to respect the integrity of statistical producers would also help. Beyond this I would favour the top two layers of the statistical producers in policy departments being appointed by the National statistician (with the agreement of the Permanent Secretary of the policy department) and in many cases on secondment from ONS.

In addition there is the issue of quality and best practice. The consultation document rightly emphasises the benefits of having statisticians embedded within policy departments so as to contribute fully to each department's statistical needs. However this creates small groups of statistically qualified staff in each location and often does not provide a critical mass of various specialists. For example areas such as survey methodology, questionnaire design, seasonal adjustment and time series analysis are best supported by specialists with particular expertise. Failure to draw upon such skills can undermine the quality of the statistical activity. This can occur in ONS but is a particular problem in policy departments with small numbers of well qualified staff. The ONS is the only source of a critical mass of such staff and this needs to be strengthened and made available to statistical producers throughout the statistical system. ONS should be funded to make this possible.

All official Statistics released to the public should be covered by the arrangements.

The proposal that Ministers should decide what statistics are to be covered by the arrangements is unacceptable. We have seen the effect of this fragmentation of decision making to individual Ministers under the current arrangements and it is unsatisfactory. A legal framework will not command public confidence if Ministers can decide whether or not it applies to them and activities within their departments. In addition, the current pre-release arrangements which give pre-release access to more people, for a longer period and for a much wider range of statistics than in any other advanced country need to be abolished.

The coordination issues need to be dealt with. There are no proposals to strengthen coordination within the system and in fact the proposals weaken current arrangements. The National Statistician should have a statutory responsibility to coordinate the system and the code of practice should place a duty on all statistical producers to support the National Statistician in this task. The National Statistician should be required to produce a system-wide programme of work (as now exists but has been lost on the proposals). This must be supported by appropriate user consultation and be approved by the Board. The National Statistician's role in appointments (see above) would strengthen the allegiance of statistical producers in policy departments to the central coordination function.

Release practices within policy departments undermine public confidence. The fact that press offices within policy departments have the simultaneous task of releasing statistics (supposedly free from political interference) and issuing the Minister's view of the statistics and their policy implications creates an impossible tension at the heart of the release process. When ONS release economic statistics, for example, the press office is dedicated to issuing and explaining the statistical release without concern for the policy implications. Journalists who want a policy view go to the Treasury press office. This physical separation should apply to all statistics released for public use regardless of the originating department.

Arrangements for Devolved administrations need to be addressed. There are very serious deficiencies in the current arrangements in regard to devolution. It is essential that the proposals cover the whole of the UK and that consistent, comparable statistics are produced. The decision to set up appropriate coordination arrangements must be political given the very nature of devolution. The absence of any sign of recognition in the consultation document that some political capital will need to be invested to get agreement across the devolved administrations is a major concern.

The requirement to take account of the needs of all users. Official Statistics are a public good collected and disseminated for the benefit of Government, Parliament, the public and other users. They are used by decision makers in every part of society, support an efficient market economy and generally add to the quality of economic and social activity in the country. Given their role it is essential that effective mechanisms are put in place to consult users (both inside and outside government) on the range, relevance and quality of statistical outputs and that these views inform statistical priorities. The Treasury consultation document has little to say on this matter and yet it is vital if public support for the statistical system is to be strengthened. The proposals should place a requirement on the National Statistician to consult all users effectively and to take their needs into account. The Board should assure itself that this is done as part of the planning process.

Access to statistical data. Related to the previous point, there is a great deal of policy evaluation and other statistical work done by making micro-data available to users, subject always to the protection of confidentiality. This is done through a variety of mechanisms – from provision of anonymised micro-data files through the ESRC data archive, through to access to micro-data through 'safe settings'. Nonetheless, user access to data is patchy, in part because there is no general policy across government and each data source is treated separately within the department that 'owns' it. The result is a lack of consistency and serious deficiencies in data access. This needs to be addressed.

Access to administrative records for statistical purposes. Within government there is inadequate access for the statistical producers to administrative records for statistical

purposes – particularly between departments. There is a growing trend worldwide to exploit administrative systems, particularly when, as in the case of neighbourhood statistics, survey data cannot support small area estimates of adequate quality. Such access is often blocked between departments. Indeed it can be the case that access is given to outside contractors for specific purposes whereas other Departments such as ONS are refused access. This is a serious problem that is affecting the efficient and effective use of administrative information for statistical purposes. A general policy needs to be set out and implemented rather than trying to deal with this on a case-by-case basis which is totally ineffective.