

Some issues and reflections on the independence and integrity of official statistics in the UK

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Introduction

I would like to start this afternoon by paying tribute to Sir Jack Hibbert, who died earlier this week. Sir Jack Hibbert was one of the most illustrious national accountants of his time, and even in the year of his death, long after his retirement, he continued to play a part in the evolution of National Accounts in the UK. As part of this, he led many major improvements to economic statistics. He was head of the Government Statistical Service at the very beginnings of ONS, when he led the integration of the Business Statistics Office and the Central Statistical Office with other statistical parts of the Department of Trade and Industry. It is difficult to reflect on the integrity and independence of UK statistics without recognising the significance of that move, and the very special part played by Sir Jack. We must give tribute to him for succeeding in changing things when simply continuing many activities was such a huge challenge.

Karen Dunnell, who will be National Statistician from next week, is the first person from with the Government Statistical Service (GSS) to have been appointed to lead it since Sir Jack, and her appointment is not only a tribute to Karen, but a recognition of confidence in the UK system as it continues to evolve.

This is my last week as National Statistician. Having been an active participant in the subject of the day, it is likely that this talk may contain some indulgence in hindsight. I have spent some 35 years in official statistics, both in their development and use, and this paper outlines a very necessary evolution of ideas and conclusions rather than any last minute conversion to very different ideas.

It is also worth reiterating that the job of the official statistician is ultimately about enabling people to ascertain the most important questions that they should have about matters of importance. Quetelet stated this more pointedly, in his observation that "*the statistician keeps his finger on the pulse of humanity, and gives the necessary warning when things are not as they should be*".

A common view of independence

Any talk on this subject can start easily by asking how far there is any common view in the UK as to what statistical independence might be, its part and place in government,

and how far should we go to protect it? Furthermore, what quantitative information should be openly embraced by an independent statistical authority? Without a reasonable consensus on the answers to these questions, any solution to the issue of statistical independence will not necessarily reduce concern in some communities about statistical independence. Can any changes that enhance the form and scale of statistical independence be genuinely and widely received if there were not at least some visible cross-party commitment to the fundamental elements of the change?

To answer these questions, we need to be clear on exactly what is the official statistical system of the UK. Lord Moser played a major role in the 1960s in explaining how at that time, the responsiveness of statisticians in providing high value advice and analysis in the use of statistics, and in their production, gave the UK a critical advantage. This was of such a scale that it was prepared to forgo some of the recognised benefits of a centralised system. This was a time before performance targets were selected by ministers on a large scale, and it was the speed of development and application of specifically focused statistical sources, rather than the access to a multiplicity of forms of transactions, and their integration that added the most value. Nowadays we want access to information on a scale not seen in the sixties and we want to be able to integrate it as well.

Some of the questions we now need to ask are:

1. Can performance targets selected and introduced by ministers achieve the standing of independent statistics? Is this necessarily through some additional process, or do we just accept them for what they are?
2. How can the very necessary evolution to measuring the output of government directly be supported through official statistics, so government bodies can be governed by what they achieve rather than what they spend to do it?
3. Can such politically sensitive decisions as the classification of activity or other attributes which have an immediately linked effect on some reallocation process, continue to be taken without greater transparency, wider participation in decision-making and forced cohesion between statistical and accounting concepts?
4. As the use of quantitative measures to present and monitor Ministerial aspirations increases, do we need to formalise a comparable increase in the amount of independent reporting on society produced by official statisticians?
5. The UK has a huge and very competent non-government statistical community. How do we set a balance between the extent to which the community need for information is served by support for these research, advocacy and community organisations, or by services provided directly by official statisticians, such as the internet, and independent reporting?

6. Given that the creation of new statistical sources and the continuation of existing sources depends entirely on the choices made by barely a dozen agencies of government, do these choices need to become more open to review by the wider community, or some other process?

More might be done than is done at present to understand what is needed to reconcile the occasionally quite divergent views as to nature of official statistics held by the Statistics Commission, the Royal Statistical Service, the Conservative Party, the Labour Party, the Liberal Democrat Party, the GSS, the National Statistics Framework, the UK Research Community and appointed public guardians, all of whom have a share in this. These views are not irreconcilable but are not presently reconciled. The review of the framework for National Statistics planned for the latter half of 2005 needs to lay the groundwork for this essential step.

Such reconciliation seems more important in the UK than in most countries of which I know. For many countries, including New Zealand and Australia for example, the statistical system was part of nation-building. Of course, the UK was built as a dynamic nation long before statistics were seen as being needed by almost any other nation that now exists. Ironically, nation-building is now a significant issue in Scotland, Northern Ireland and Wales and in the EU. In a paper last year, I observed that given that it took three decades to replace the notional organisation of the GSS with the very tangible institution of ONS, it is to be hoped that it will not take 30 years for UK statistical legislation to replace the Framework for National Statistics. Until that occurs, it will be increasingly less easy for the UK statistical system to meet obligations from the EU, and from devolved administrations that are founded in law. This will be exacerbated by the need to proceed in the UK without a legal foundation in the statutes of the UK, in the vital issues of the future, most particularly administrative data access and disclosure protection. Without this, the revolution in the management of the records of the state and of business will benefit little those who need official statistics.

Perhaps central to trust in many smaller countries is the opportunity to equate official statistics with information prepared with the authority of the National Statistician, and with the work of the National Statistics Institute. In such countries, other government statistics are more visibly those of "Police", "Treasury" etc. rather than of trusted official statisticians, and confidence in such statistics is perhaps more dependent on public confidence in the integrity of that sector of government, than of statisticians. In the UK, having the GSS as the common provider of such statistics has muted such a distinction, although it may be increasingly seen in the media and the reports of the Statistics Commission. My five years here have seen a wealth of examples where it has been a varied understanding of independence, rather than its legal basis, that has generated public criticism.

Independence and legislation

To address the question of how far independence needs to be recognised in legislation, it is necessary to analyse the key elements, and to seek to match them with some

responsible authority, or capacity to act. Such an analysis should help shed light on why legal and institutional arrangements can vary across countries, and in particular why it seems that smaller countries more often have stronger legislative arrangements for their statistical system as a whole than larger countries. In many situations it is not the quality of statistics, or the integrity of their production that is an issue, but their very existence. Keynes observed that *"there is nothing a politician likes so little as to be well informed; it makes decision-making so complex and difficult"*. Similarly, how statistics are funded is of immense importance to the capacity of the statistical to function as a viable entity. Leotieff said in 1990 *"the privatisation of statistics...seems about as effective as replacing the klieg lights in a baseball stadium with player-held flashlights."* If one looks across the globe, I would summarise the elements of official statistics where ongoing, regular or occasional independent oversight and leadership plays a part varied role of legislation as follows. The various components are listed below.

Scope of official statistics: Official statisticians must be responsible for all decisions which involve judgement on the three core legal elements of official statistics. This is difficult to define in law except pragmatically as there is concern with the authority and integrity of information that has the attributes at times of official statistics, and how this is managed through the NAO or a similar body.

Classes of official statistics: Distinctions in official statistics should not result in differing expectations of integrity of comparable measures, again this is difficult to define in law.

How statistics are paid for: Fragmentation prevents economies of scale and scope and charging for sources reduces capacity for integration and continuity.

Initiation of new obligations on survey respondents: Statutory and/or political authority must ensure that results will be published impartially. This does not need a legal foundation, and transparency from Freedom of Information (FOI) can ensure that it is always met through obligations to report.

Authority to obtain information: Only statistics of continued national importance and relevance should be produced and there needs to be a guarantee that the data will be used solely for statistical purposes. The first point does not need a legal foundation, and transparency from FOI can ensure that it is always met through obligations to report. The second point needs to authority of the law because there already exist legal obligations to enable access that can conflict with this.

Compulsory obligation to provide information: The statutory and/or political authority needs to ensure that the population will be properly represented in each statistical sources. This is a legal obligation and it is balanced by the legal basis of consequential obligations.

Capacity to link records: It will need to be ensured that the additional intrusion on the privacy of persons will necessitate linking being done for uses of great importance, and

linked records being given appropriate protection. There is a need to identify guardians of the public interest, who themselves have significant legal authority, and to ensure that the laws which enable each administrative and statistical source to exist give authority for such linkage.

Guarantee from disclosure: The statutory or political authority needs to ensure the legal binding of statistical staff to respect confidentiality. This provides a legal authority enabling deterrent action to be taken as a consequence of any breach of the obligation.

Obligation for impartiality: The statutory or political authority needs to ensure authority to provide equal access, management of processes where operational information shared before public release, that judgements on quality and on the limits to measurability are published, and without any comments that might have a political bias.

Obligation for objectivity: It needs to be ensured that the methods are based on sound professional practice, national and international standards are adopted, information on all methods is readily available and that there is regular peer review. This enables all in the community to have confidence that no interested party has had an influence of the statistical measures that all need to trust. The legal basis of impartiality gives the necessary force to the practices that are needed to give this.

Integration: Integration requires a balancing of operational and investment priorities that would be difficult to specify in legislation. Legislation could provide the authority behind the adoption of some common standards and other elements that need co-ordination in a statistical system.

Relevance: The way users value having a competitive advantage through decisiveness and timeliness will influence how users participate in ensuring the relevance of the statistical programme. Some parts may be specified in law.

Resourcing and priority setting: There needs to be periodic benchmarking of resources and activity, visible assessment of integrity of statistical capital and effect of obsolescence and regular reviews of potential for reducing scope of existing statistics. The supply of resources to public organisations is governed in law by Parliament. Accountability for the management of these resources can be quite comprehensive under existing frameworks and enquiry processes. Benchmarking is often used.

Balancing the needs of government and the community: The public scrutiny of government by the community, parliamentary committees and through FOI brings a strong oversight of this. The Statistics Commission brings an additional balance here.

Provision of special advice for some uses in collaboration with others: This covers electoral boundary-setting processes, indexation issues, Maastricht criteria and low pay setting. These obligations are usually placed in legislation.

Compliance costs: Public policy of the day will set the expectations here, and ministerial direction has sufficient authority to make legislation unnecessary here.

Accessibility of statistical results: Public policy on the Internet, or charging for government services provides limits to open access.

Accessibility of statistical sources: Research access needs to be enabled where users can give the same trust as placed on the statisticians to guarantee that the data will be used for statistical purposes only. Convention and experience will determine the scope of access.

Quality standards expected of official statistics: The statutory and political authority need to give the guarantee that minimum quality standards will be met by official statistics and that the national statistics office provides statistical and survey leadership to others. This is difficult to specify in law, due to the continually evolving expectations.

Quality measurement: These are needed to enable users to judge fitness of use of all statistical measures, or statistical sources, when applied to their own questions. This is a matter of resources and technical ability.

From the above list, the most critical areas for legislation to advance confidence in the integrity and independence of official statistics in the UK are the following three:

- guarantee from disclosure
- obligation for impartiality
- objectivity in methods

These three elements of independence have always been explicitly written into my own employment contract with the British government from my first day at ONS. They are central elements of a declaration that almost all ONS staff have now made, in how they will fulfil their duties in official statistics when they work in ONS. In these areas, there is a wide and growing array of legislation which can risk leaving the legal authority for some practices as a continually changing residual of other statutes. In all other aspects of independence, where legislation has been applied it is almost always to put in law a practice or obligation that provides some small part of what is needed overall to assure the integrity of statistics. When these obligations are expressed in a statute, it will often define the roles of the national statistician, and the minister in charge of official statistics quite explicitly, so that this explicit relationship can be taken as that which applies to all ministers and to all official statisticians.

One element of this would usually involve the delineation in law of the relationships between ministers and statisticians. This would help ensure that they are set in the same way for all ministers and statisticians.

What is the proper role for the Statistics Commission

My experience, gained from both operating from heading the New Zealand Statistical Office, which had a more explicit form of independence in statute than the UK, and ONS, is that the most effective role for the Statistics Commission in the UK would encapsulate the following

1. Periodic contribution to reviewing and challenging priorities
2. Periodically comparison of the resource base (five yearly)
3. Analysis of the approaches used to fund public statistics
4. Government and community balance of interests served by the official statistical system,
5. Adequacy of research access, outside government
6. Means for public accessibility

A Duty of Care

The official statistics of the UK can uplift confidence in the currency, policy and institutions of the UK. Their significance to decision making, and the decisiveness of business can affect the competitive advantage of UK enterprises, and the quality of inter-community relationships. They should be capable of intense scrutiny when that is needed. Perhaps a distinguishing feature of discussions on official statistics in the UK, and certainly in the past decade, is how many are developed through the media. Consequently, almost all the major participants, the RSS, the Statistics Commission, the Conservative Party, and UK ministers have sometimes talked through the media rather than used the media to report on engagement with others. All have responded to the request for a quick reaction to an enquiry and the danger of this is that there is limited opportunity for any proper confirmation of facts, consideration of moderate language and any attempt at highlighting what works alongside what does not. Perhaps this is all very much British public life. Even given this competition for a place in the press, all aspects of UK official statistics are subject to intense scrutiny by those with a strong professional interest, one element of which is peer review internationally.

When we look at the future role of legislation, and the roles that other structures can play alongside this, it may well be that in the introduction in June 2000 of the Framework for National Statistics, ministers responded to a different balance of past and prospective concerns than we now wish that they had addressed. Quality was a major concern on the post Average Earnings Index issue environment, and this is no surprise, given that the Pickford Review of economic statistics was barely a decade before. The future of the 2000 framework has been less assured, however, by the absence of any solutions to issues of access to administrative records. The quality reviews as established ended up being mainly retrospective and it needed additional processes, of which the reviews by Sir Tony Atkinson and Christopher Allsopp were highlights over the past three years.

Conclusion

Independence in the leadership, direction and review of an official statistical system is very important indeed. Having a statutory basis for the independence of the National Statistician is just a small part of a bigger picture. The prospects for advancing the value of official statistics, need to be placed alongside the huge pressures which have accelerated the obsolescence of existing methods, practices, systems and standards. The UK has an extra-ordinarily responsive statistical system, which during the 1990s placed more emphasis on expanding the range of official statistics than on maintaining the integrity of technological and methodological capability that underpinned them. We have been providing a more balanced development strategy in recent years, where technology and methodology have been greatly uplifted. We have a lot to catch up. The National Statistics Framework Review should create the opportunity to judge whether the prospects for continuing to increase the competitive advantage that the UK gets from more responsive, timely and robust statistics will be sustained without a greater reliance on specific statistical legislation, and I hope to have shown in this paper that much can be gained from comparatively little change, alongside a much greater consensus on the wider elements of managing independence.