



House of Commons
Treasury Committee

The appointment of the Chair of the Statistics Board

Ninth Report of Session 2006–07

Volume I



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Report, together with formal minutes

*Ordered by The House of Commons
to be printed 18 July 2007*

HC 934-I
Published on 23 July 2007
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

The Treasury Committee

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Summary

The Government has proposed that there should be a vote in the House of Commons to confirm the Government's nominee for the post of Chair of the new Statistics Board. On Tuesday 17 July, the Government announced that Sir Michael Scholar was its nominee for this post. We have prepared this Report to assist the House of Commons in reaching a decision on the Government motion relating to that nomination.

We describe the role and functions of the new Statistics Board to enhance understanding of why the appointment of the first Chair of that new body merits consideration. We describe the appointment process hitherto. We set out our approach to our own task, and our decision to limit questioning to matters with a bearing on an assessment of the nominee's aptitude for the post, the selection and appointment processes or his proposed actions following appointment.

On the basis of our examination of the role and functions of the new Statistics Board, the information available to us about Sir Michael Scholar and the oral evidence which he gave to the Committee on Wednesday 18 July, we consider that Sir Michael Scholar is a suitable nominee for the post of Chair of the Statistics Board and has demonstrated to us his commitment to the independence, integrity and importance of statistics. We therefore recommend him to the House. We note that he is taking on a six-day week: we expect that his position as Chair of the Statistics Board will be his primary commitment.

Our inquiry and this Report relate to the first occasion on which the very recent Government proposals to strengthen the role of the House of Commons in public appointments have been tested and we conclude this Report with some reflections arising from the process. In particular, we make suggestions about the information that should be available to select committees, the time at which it should be available and the role such committees might play in the appointment process.

1 Introduction

1. On 3 July 2007, the Government announced a proposal that there should be a vote in the House of Commons to confirm the Government's nominee for the post of Chair of the new Statistics Board, the creation of which will follow enactment of the Statistics and Registration Service Bill currently before Parliament.¹ We have prepared this Report to assist the House of Commons in reaching a decision on the Government motion relating to the appointment.

2. The Treasury Committee has taken a close interest in the integrity of official statistics and the arrangements underpinning the preparation and publication of such statistics. In 2001, the then Treasury Committee reviewed the non-statutory *Framework for National Statistics* introduced the previous year and called for legislation on statistics to “establish more clearly the specific responsibilities of ministers, the National Statistician, the Statistics Commission and others in relation to National Statistics”.² In the current Parliament, the Sub-Committee undertook an inquiry reviewing the Government's proposals for *Independence for statistics*, on which we reported.³ The Sub-Committee has also taken evidence from the Statistics Commission and the Office for National Statistics (ONS) on their annual reports,⁴ and on preparations for the 2011 Census.⁵ The Sub-Committee has just concluded an inquiry into the Efficiency programme in the Chancellor's departments which examined the impact of actions taken to meet targets relating to efficiency savings, headcount reductions and relocation from London and the South East on the ONS and the quality of its statistical outputs.⁶ In the course of visits to the Republic of Ireland and Canada we have also taken the opportunity to meet senior statistics officials to discuss issues relating to governance and population measurement.

3. On Friday 13 July, the Chairman of the Committee was informed by the Treasury that the Government was to announce its nominee for the post of Chair of the Statistics Board very shortly and that there would be an opportunity for us to undertake a pre-appointment hearing prior to the vote on the floor of the House relating to that appointment. On Tuesday 17 July, we decided to hold an inquiry into the appointment. Later that day, the Rt Hon Alistair Darling MP, the Chancellor of the Exchequer, announced that Sir Michael Scholar KCB was the Government's nominee for the post of Chair of the new Statistics

1 HC Deb, 3 July 2007, col 816; Ministry of Justice, *The Governance of Britain*, Cm 7171, July 2007, para 80

2 Treasury Committee, Second Report of Session 2000–01, *National Statistics*, HC 137, para 19

3 Treasury Committee, Tenth Report of Session 2005–06, *Independence for statistics*, HC 1111

4 Treasury Sub-Committee, Oral and Written Evidence, 2 November 2005, *Statistics Commission: Annual Report 2004–05*, HC (2005–06) 641–i; Treasury Sub-Committee, Oral and Written Evidence, 9 November 2005, *Office for National Statistics: Annual report and accounts 2004–05*, HC (2005–06) 666–i

5 Treasury Sub-Committee, Oral and Written Evidence, 21 February 2007, *Preparations for the 2011 Census*, HC (2006–07) 326–i. This evidence was following up issues raised in a Report by the then Committee in 2002: Treasury Committee, First Report of Session 2001–02, *The 2001 Census in England and Wales*, HC 310.

6 Treasury Committee, Eighth Report of Session 2006–07, *The efficiency programme in the Chancellor's departments*, HC 483

Board.⁷ On Wednesday 18 July, we took evidence from Sir Michael. We are grateful to him for making himself available to give oral evidence at short notice.

4. The next chapter of this Report traces the evolution of the new Statistics Board and describes its objectives, role and functions, and composition. Chapter 3 describes the appointment process for the Chair of that Board. Chapter 4 relates to the suitability of the nominee. The final chapter offers some reflections arising from this inquiry on the role of the House of Commons and its select committees in the process of public appointments.

⁷ See Appendix 1 and HM Treasury Press Notice 80/07: "Nomination for the Chair of the new Statistics Board: Sir Michael Scholar"

2 The evolution of the new Statistics Board

Background on the ONS and National Statistics

5. The United Kingdom has a decentralised statistical system, with official statistics being produced by a wide range of government departments and agencies. Since 1941, a central role in that statistical system has been played by Offices within Ministerial departments principally concerned with statistics. The ONS is the latest incarnation of such Offices, being created from the merger of the Office for Population, Censuses and Surveys (OPCS) and the Central Statistical Office (CSO) in 1996. In June 2000, the Government introduced a new non-statutory *Framework for National Statistics*, which embodied three main reforms:

- the creation of the post of National Statistician as the Government’s chief statistical adviser, who would be operationally independent of Ministers and would serve as both the professional Head of National Statistics and Director of the ONS;
- the creation of an independent Statistics Commission to advise on quality assurance and priority setting for National Statistics and on the procedures designed to deliver statistical integrity; and
- the introduction of the concept of “National Statistics” underpinned by professional standards set out in a new Code of Practice; Ministers would have responsibility for deciding the scope of National Statistics within their department and ensuring that departmental Heads of Profession for statistics had the authority to maintain and demonstrate the integrity of such statistics in accordance with the Code.⁸

The Government’s proposals

6. On 28 November 2005, the Government announced that it intended to publish plans early in 2006 “to legislate to make the Office for National Statistics (ONS) independent of Government, making the governance and publication of official statistics the responsibility of a wholly separate body at arm’s length from Government and fully independent of it”.⁹ These plans were fleshed out in a consultation document issued by the Treasury in March 2006, which proposed to take the 2000 reforms further by:

- “entrenching independence in legislation;
- introducing direct reporting and accountability to Parliament, rather than through Ministers;
- placing a statutory responsibility on a new independent governing board to assess and approve all National Statistics against the code of practice, also backed by statute;
- making key appointments to the board through fair and open competition; and

8 HC (2005–06) 1111, paras 6–8

9 HC Deb, 28 November 2005, col 78W

- removing the statistics office from Ministerial control, by establishing it as a Non-Ministerial Department, with special funding arrangements outside the normal Spending Review process.”¹⁰

In proposing to establish an independent board or council, the Government was following the most common international model for governance of public sector statistics, although such Councils and Boards vary in the extent to which they are executive as opposed to advisory and in the level of their independence.¹¹

Our previous Report

7. In July 2006, we reported on the Government’s proposals on Independence for statistics on the basis of an inquiry by the Sub-Committee. We observed that “levels of public confidence in statistics in the UK are worryingly low”.¹² We expressed concern that, “by addressing only the independence of the ONS in its consultation paper, the Government may have missed an opportunity to improve public confidence in official statistics”.¹³ We recommended that:

- responsibility for designating certain official statistics as National Statistics should reside with the independent board, not with Ministers;¹⁴
- the Government ensure a clear statutory separation between the role of the National Statistician in the executive (or operational) delivery of statistics, on the one hand, and the board’s responsibilities for the oversight and scrutiny of the statistical system as a whole, on the other;¹⁵ and
- that the period for pre-release of statistics to Ministers be reduced to no more than three hours.¹⁶

The Government responded to our Report in early October.¹⁷ The Government remained of the view that Ministers should retain responsibility for deciding whether to propose statistics for assessment by the board, while stressing that it would be for the board to decide whether statistics should be approved as National Statistics.¹⁸ The Government accepted a series of our recommendations relating to the parliamentary accountability of the new board.¹⁹

10 HM Treasury, *Independence for statistics: A consultation document*, March 2006, p 1

11 Statistics Commission, *Report No. 10: Statistics Legislation*, Ian Maclean and Ulric Spender, 2002, section 4.3.3.1

12 HC (2005–06) 1111, para 184

13 *Ibid.*, para 43

14 *Ibid.*, para 44

15 *Ibid.*, para 63

16 *Ibid.*, para 142

17 Treasury Committee, Seventh Special Report of Session 2005–06, *Independence for statistics: Government Response to the Committee’s Tenth Report of Session 2005–06*, HC 1604

18 *Ibid.*, p 5

19 *Ibid.*, pp 12–13

The Statistics and Registration Service Bill

Overview

8. In November 2006, the Government presented the Statistics and Registration Service Bill to the House of Commons and published a response to its consultation exercise.²⁰ The Bill received an unopposed Second Reading in the House of Commons on 8 January 2007,²¹ and was passed, again without a division, on 13 March 2007.²² The Bill passed the comparable stages in the House of Lords on 26 March and 25 June 2007 respectively, and was returned to the House of Commons with amendments.²³ In the remainder of this section, we consider three aspects of the legislation with a direct bearing on an understanding of the role of the Chair of the Board.

Objectives of the Board

9. In its initial consultation paper, the Government proposed a series of high-level statutory objectives for the proposed board, relating to matters from the production of statistics to the confidentiality of data provided.²⁴ At the time the Bill was presented, the Government noted that the Royal Statistical Society called for a stronger emphasis on safeguarding the public interest.²⁵ Following further proposals during the Committee stage of the Bill in the Commons,²⁶ the Government proposed an amendment which was subsequently agreed to by the House which was, in the words of John Healey MP, the then Financial Secretary to the Treasury,

designed to include clearly in the board’s statutory objective an important point of principle, which was always the Government’s intention, though perhaps not explicitly stated—that the availability of comprehensive high-quality official statistics produced according to good practice is not an end in itself, but that statistics exist to serve the public good in the widest sense.²⁷

In the legislation in the form in which it is likely to become law, the Statistics Board has the objective “of promoting and safeguarding the production and publication of official statistics that serve the public good”.²⁸ The Board is also required to promote and safeguard “the quality of official statistics, ... good practice in relation to official statistics, and ... the comprehensiveness of official statistics”.²⁹

20 Bill 8 of Session 2006–07; HM Treasury, *Independence for statistics: The Government response*, November 2006

21 HC Deb, 8 January 2007, cols 23–111

22 HC Deb, 13 March 2007, col 259

23 HL Deb, 26 March 2007, cols 1443–1459, 1474–1509; HL Deb, 25 June 2007, col 434

24 *Independence for statistics: A consultation document*, para 4.17

25 *Independence for statistics: The Government response*, para 2.18

26 Official Report of Public Bill Committee, *Statistics and Registration Service Bill*, cols 6–25, 131–134

27 HC Deb, 13 March 2007, col 177. For agreement to the amendment, see *Ibid.*, col 242.

28 HL Bill 53 of Session 2006–07, Clause 7(1)

29 *Ibid.*, Clause 7(3)

The role and functions of the Board

10. During last year’s inquiry by the Sub-Committee, several witnesses expressed concern about the Government’s proposals that the new board should have “executive responsibility” for the functions currently undertaken by the ONS and a wider, non-executive role in relation to the statistical system as a whole. The Statistics Commission had previously suggested that, in such circumstances, the body “would be required to act as its own watchdog”.³⁰ As noted above,³¹ we proposed a clear statutory separation between the role of the National Statistician in the executive (or operational) delivery of statistics, on the one hand, and the board’s responsibilities for the oversight and scrutiny of the statistical system as a whole, on the other.³² In its response, the Government stated that it intended that “the independent Board will be non-executive in nature”.³³

11. During proceedings on the Bill, the view was again expressed that the Government’s proposals did not distinguish with sufficient clarity between the non-executive nature of the Board, and the executive functions derived from the Board’s statutory powers but within the day-to-day responsibility of the National Statistician.³⁴ The Government has remained committed to a “single institutional structure with a board that is legally responsible and accountable for all the body’s functions”,³⁵ but responded to such views with an amendment to set out the functions of an Executive Office of the Board under the leadership of the National Statistician separate from those of the Board itself, including functions relating to the development of maintenance of definitions, methodologies, classifications and standards for official statistics, the production of statistics, the compilation, maintenance and publication of the Retail Prices Index and the provision of statistical services.³⁶

12. Following these changes, the main statutory functions of the Board itself seem set to be:

- to monitor the production and publication of official statistics and report concerns about those processes;³⁷
- to prepare, adopt and publish a Code of Practice for Statistics, serving as “a guide to best practice” for all statistics produced by Government Departments and agencies, the devolved administrations and “any other person acting on behalf of the Crown”;³⁸
- to decide whether or not to designate as “National Statistics” official statistics proposed by Ministers and devolved administrations for such designation in accordance with published principles and procedures, and to notify Ministers and devolved

30 HC (2005–06) 1111, paras 57–62

31 See paragraph 7.

32 HC (2005–06) 1111, para 63

33 HC (2005–06) 1604, p 7

34 *Independence for statistics: The Government response*, para 2.16; HL Deb, 24 April 2007, col 579

35 HC Deb, 2 July 2007, col 741

36 Bill 134 of Session 2006–07, Lords Amendment 35; Bill 134–EN of Session 2006–07, para 22; HC Deb, 2 July 2007, cols 741–745

37 HL Bill 53 of Session 2006–07, Clause 8

38 *Ibid.*, Clauses 10 and 6; Bill 134 of Session 2006–07, Lords Amendment 11; HC Deb, 2 July 2007, col 739

administrations when the Board considers that it would be appropriate for official statistics to be assessed by the Board for such designation where the relevant authority has not yet requested the Board to do so;³⁹

- to act as a consultee on rules and principles determined by Ministers and devolved administrations relating to the granting of pre-release access to official statistics;⁴⁰
- to make arrangements for the 2011 Census and subsequent Censuses and to oversee statistical information arising from the work of the Registration Service relating to births, deaths, marriages and civil partnerships;⁴¹
- to allocate resources to the Board's various functions and those of the National Statistician and her executive office within an overall budgetary framework determined by Ministers;⁴² and
- to have over-arching legal responsibility and accountability for the performance of executive functions of the National Statistician and her executive office.⁴³

Composition of the Board

13. The proposed composition of the Statistics Board reflects the Government's commitment both to its predominantly non-executive character and to a unitary structure combining a broad supervisory role with overarching responsibility for particular statistical functions inherited from the ONS. From the outset, the Government envisaged a Board with a "non-executive majority ... including leading experts in statistics, and men and women from academia, business and public service" and led by a non-executive Chair.⁴⁴ The National Statistician would be Chief Executive of the statistics office and a member of the Board.⁴⁵ The legislation provides for the Board to be comprised of a minimum of six non-executive members of the Board, including the non-executive Chair, and three executive members, including the National Statistician. Three non-executive members of the Board will be appointed after consultation with devolved administrations in Scotland, Wales and Northern Ireland respectively.⁴⁶ The Chair is to be consulted on the appointment of other non-executive members of the Board.⁴⁷

39 HL Bill 53 of Session 2006–07, Clauses 12–16; Bill 134 of Session 2006–07, Lords Amendment 19

40 On Wednesday 18 July 2007, the House of Commons agreed an amendment to the Statistics and Registration Service Bill that would require the "appropriate authority"—the Minister for the Cabinet Office in relation to England and reserved matters or the relevant devolved administration—to consult the Board before making an order establishing rules and principles relating to the granting of pre-release access. Any such order made by the Minister for the Cabinet Office would require the prior approval of both Houses of Parliament.

41 HL Bill 53 of Session 2006–07, Clause 23

42 The Board's total budgetary limits will be £159 million in 2007–08, £216 million in 2008–09, £206 million in 2009–10, £303 million in 2010–11 and £321 million in 2011–12. This includes provision for the 2011 Census: see Treasury Committee, Sixth Report of Session 2006–07, *The 2007 Comprehensive Spending Review: prospects and processes*, HC 279, para 52.

43 See paragraph 11.

44 *Independence for statistics: A consultation document*, paras 4.30–4.31

45 *Ibid.*, para 4.32

46 *Independence for statistics: The Government response*, para 2.20; HL Bill 53 of Session 2006–07, Clauses 3 and 4

47 HL Bill 53 of Session 2006–07, Clause 3(3)

3 The appointment process

Introduction

14. In seeking to move from a position in which the ONS was directly answerable to Ministers to one in which the statistics office was responsible to a board with wide-ranging responsibilities relating to official statistics, it was evident from the outset that the success of new system depended upon the qualities of those on the board. The Government stated that the Board’s members were expected collectively to “bring a perspective on user needs and the public interest, and experience in running large, complex organisations”.⁴⁸ The likely key responsibilities of the Chair—“who need not be a professional statistician”—were identified as “establishing, developing and leading an effective board and determining the structure of its committees; planning and managing the board’s business; and developing an effective stakeholder management strategy”.⁴⁹ In January 2007, the then Financial Secretary to the Treasury said of the appointments:

If we get those right, the composition and conduct of the board will rapidly establish its authority and its credibility, and will demonstrate the distance that it has from Ministers—a distance at which it will be able to set the statistical system.⁵⁰

15. In March 2006, the Government made the following proposals about the appointment process:

To ensure the independence of appointments to the board, the Government proposes that all members—including the Chair and [National] Statistician—be appointed through open and fair competition and in line with the Office of the Commission for Public Appointments (OCPA) guidance ... The Government proposes that the Chair and the [National] Statistician should be appointed by the Crown, on the advice of Ministers. The Government expects that Ministers will appoint the other non-executive members of the board, after consulting the Chair.⁵¹

The role of Ministers and OCPA guidance

16. Some evidence received by the Sub-Committee last year argued that appointments by Ministers were inconsistent with the aim of independence, but we concluded that the proposed adherence to OCPA guidelines was “sufficient to ensure independence”.⁵² The particular arrangements then proposed for the Crown appointments—those of the Chair of the Board and the National Statistician—were outlined by the then Financial Secretary to the Treasury in January 2007:

48 *Independence for statistics: A consultation document*, para 4.30

49 *Ibid.*, para 4.31

50 Official Report of Public Bill Committee, *Statistics and Registration Service Bill*, col 72

51 *Independence for statistics: A consultation document*, para 4.34. At the time of that document’s publication, it was proposed that the head of profession and of the statistics office would be called Chief Statistician.

52 HC (2005–06) 1111, para 68

The Queen makes Crown appointments, and is advised on them by the Prime Minister or the Lord Chancellor. With this appointment, the Prime Minister will advise her. It is usual, with such appointments, for the Prime Minister to be advised by the relevant departmental Minister. Given that the residual ministerial responsibilities for appointments will rest with the Treasury, we would expect the Treasury to administer the selection process and the Chancellor of the Exchequer to advise the Prime Minister on the appointment.⁵³

17. The appointment process for the first Chair was begun in accordance with these arrangements, with the Treasury in the lead. Subsequently, both Houses agreed to amendments to the Bill which will have the effect of transferring residual Ministerial responsibilities—including those relating to appointments made after the coming into force of the Act—to the Minister for the Cabinet Office.⁵⁴

18. Adherence to OCPA guidance represents a significant bulwark against impropriety in public appointments. The relevant Code of Practice requires that:

- Ministers agree the selection criteria and the way the process is to be conducted;⁵⁵
- a clear and comprehensive role description and person specification are produced;⁵⁶
- vacancies are publicised;⁵⁷
- an independent assessor is involved in the selection process and that that assessor must certify their satisfaction that the process up to the stage of a Ministerial submission has conformed with the requirements of the Code of Practice;⁵⁸
- all candidates must answer a standard question on political activity;⁵⁹
- Ministers are offered a choice of candidates from a submission that must contain at least two names and that each candidate so named has been judged as suitable against the established selection criteria;⁶⁰ and
- the Commissioner for Public Appointments must be informed of any instance of Ministerial non-compliance with the Code of Practice, and the Commissioner may require that the non-compliance be made public.⁶¹

53 Official Report of Public Bill Committee, *Statistics and Registration Service Bill*, cols 106–107. The reference is to the appointment of the National Statistician, but there is no indication that a different procedure was intended to be followed for the Chair of the Statistics Board.

54 HC Deb, 2 July 2007, cols 703–709

55 The Commissioner for Public Appointments, *Code of Practice for Ministerial Appointments to Public Bodies*, August 2005, para 3.06

56 *Ibid.*, para 3.10

57 *Ibid.*, para 3.22

58 *Ibid.*, paras 3.29, 3.34

59 *Ibid.*, para 3.35

60 *Ibid.*, para 3.36

61 *Ibid.*, para 3.37

Advertising the post of Chair

19. During the Second Reading of the Statistics and Registration Service Bill in the House of Commons in January 2007, the then Financial Secretary to the Treasury announced that the Government intended the new Board to be operational in April 2008 and went on to say:

I therefore aim to have appointed a shadow chair, with appropriate support for that chair, before the start of the new system, so that many of the crucial aspects of planning for the implementation can be steered and led by that shadow chair. I hope that the appointment will be made during the course of this year.⁶²

On 20 April 2007, that Minister announced that the Treasury was starting the recruitment process for the Chair and the other non-executive directors of the Board.⁶³

20. The post of Chair of the Statistics Board was advertised in mid-May 2007, on the basis that the successful applicant would work “three days per week” for remuneration in the region of £150,000 a year.⁶⁴ During proceedings on the Bill in the House of Lords, Lord Moser, a former Director of the Central Statistical Office, suggested that “the three-day week ... does not sound very non-executive”.⁶⁵ Lord Turnbull, a former Cabinet Secretary, also thought that three days a week was probably too much, while conceding that it might be necessary in the set-up phase.⁶⁶

21. The advertisement described the role of the Chair and the qualities required:

As Chair, you will build and lead a successful new Board; will promote the quality and integrity of UK official statistics; will work closely with the National Statistician as chief professional adviser; and manage key relationships with Parliament, across Government, and with key stakeholders including statistical users. As a candidate for this demanding and high profile position you will be an outstanding strategist, leader and communicator. You will have a strong track record of building high performing, multi-skilled teams, and of building and maintaining complex stakeholder relationships. You will be comfortable working under pressure and under a high level of scrutiny. You need not be a professional statistician, but will need to have a strong understanding of the use and value of statistics both within and outside Government.⁶⁷

Applications were considered by a panel comprising Nick Macpherson, Permanent Secretary to the Treasury, Mervyn King, Governor of the Bank of England, Deirdre Hutton, Chair of the Food Standards Agency, and Olivia Grant, the independent assessor

62 HC Deb, 8 January 2007, col 35

63 HC Deb, 20 April 2007, col 15WS

64 *The Sunday Times*, 13 May 2007

65 HL Deb, 18 June 2007, col 21

66 *Ibid.*, col 22

67 *The Sunday Times*, 13 May 2007

from the Office of the Commissioner for Public Appointments.⁶⁸ The Chancellor of the Exchequer confirmed to us that,

Although this appointment does not come within the remit of the Commissioner for Public Appointments, it was still made in accordance with the Commissioner’s Code of Practice as best practice.⁶⁹

The role of the House of Commons

22. When we considered the Government’s proposals last year, we made no specific suggestions relating to the role of the House of Commons or its select committees in the appointment process, although some respondents to the Government consultation argued that appointments to the Board (and of the National Statistician) should be made by Parliament.⁷⁰ During the proceedings in Committee on the Statistics and Registration Service Bill in the House of Commons, the following exchange took place:

John Healey: Parliament will be able to review the appointments and report its findings as part of the discharge of its responsibility to hold to account the overall operation of the reformed system.

Mrs [Theresa] Villiers: Briefly on that point, is the Minister prepared to consider the confirmation-hearing model? Before the appointments were finalised, Parliament would have the opportunity to question the candidates.

John Healey: That is not a matter for the Government. On this Committee there are three distinguished members of the Treasury Committee, and it holds confirmation hearings for appointments to relevant bodies.⁷¹

23. On 3 July 2007, the Prime Minister, the Rt Hon Gordon Brown MP, made a statement to the House of Commons about the Government’s proposals for constitutional reform, including suggestions to limit the power of the Prime Minister and the Executive to “make key public appointments without effective scrutiny”.⁷² The central proposal to achieve this aim was that

the Government nominee for key positions ... should be subject to a pre-appointment hearing with the relevant select committee. The hearing would be non-binding, but in the light of the report from the committee, Ministers would decide whether to proceed.⁷³

In relation to the post of the Chair of the Statistics Board only, the Government made a different proposal, stating that

68 Appendix 1

69 *Ibid.*

70 *Independence for statistics: The Government response*, para 2.15

71 Official Report of Public Bill Committee, *Statistics and Registration Service Bill*, col 68

72 HC Deb, 3 July 2007, cols 815–816

73 Cm 7170, para 76

Because of the importance of this appointment in ensuring public confidence in official statistics, the Government believes that there should be a vote in the House of Commons to confirm the Government's nominee.⁷⁴

Our approach

24. In determining our approach to this inquiry, we have drawn upon the experience gained by this Committee and its predecessors in the scrutiny of appointments to the Monetary Policy Committee of the Bank of England. In doing so, we have borne in mind that the nomination of the Chair of the Statistics Board has arisen from a process complying with the Code of Practice of the Commissioner for Public Appointments, which is not followed in relation to appointments to the Monetary Policy Committee.

25. When the then Committee first decided to undertake scrutiny of appointments to the Monetary Policy Committee of the Bank of England in 1998, that Committee surveyed practice in other legislatures and stated:

Especially in the United States, hearings have been open to criticism for concentrating on issues other than the candidate's aptitude for the job. We have concluded that such issues do not have any place in the confirmation hearings which we have in mind.⁷⁵

The then Committee decided to limit its questioning strictly to matters relating to the twin criteria by which it considered that appointments to the Monetary Policy Committee of the Bank of England ought to be judged—the appointee's personal independence and professional competence. The then Committee passed a resolution accordingly, and the successor Committees in the 2001–05 and present Parliaments have followed the same practice,⁷⁶ although we have found it helpful also to ask questions about individuals' experience of the selection process.

26. We have noted the Government's suggestion that pre-appointment hearings might cover "issues such as the candidate's suitability for the role, his or her key priorities, and the process used in selection".⁷⁷ Just as it is appropriate to ask appointees to the Monetary Policy Committee of the Bank of England questions about monetary policy and inflation prospects to test their suitability, so we considered it appropriate to ask the nominee for the Chair of the Statistics Board wide-ranging questions about statistical issues. As the proposed first holder of a new post, we decided it would be important to examine the key challenges that he expected to face. We also thought it proper to ask about the individual's experience of the selection process. However, we agreed in advance of the hearing that we would ask only those questions that had a bearing on an assessment of the nominee's suitability for the post, the selection and appointment processes or his proposed actions following appointment.

74 *Ibid.*, para 80

75 Treasury Committee, Third Report of Session 1997–98, *Confirmation Hearings*, HC 571, para 6

76 *Ibid.*; Treasury Committee, First Report of Session 2005–06, *The Monetary Policy Committee of the Bank of England: appointment hearings*, HC 525–I, paras 7–9

77 Cm 7170, para 76

4 The nominee

Biographical information

27. After a short academic career in philosophy, Michael Scholar served as a civil servant in HM Treasury from 1969 to 1993; he worked on secondment at Barclays Bank International from 1979 to 1981. From 1993 to 1996 he was Permanent Secretary at the Welsh Office, and then held the same post at the Department of Trade and Industry until 2001. He has been President of St John's College, Oxford, since 2001. Further biographical information is provided in Appendix 2 to this Report.

Oral evidence

28. In oral evidence, we asked Sir Michael about:

- the appropriate balance between his proposed duties as Chair of the Statistics Board and his other commitments;
- his views on the independence of the post and of the Statistics Board, and factors affecting perceptions of independence;
- the selection and appointment process;
- the appropriate membership of the Statistics Board and plans for the structure of the Board;
- the relationship of the Statistics Board with the executive functions within its legal responsibility;
- the importance of statistics, the challenge of enhancing public confidence in official statistics and the designation and scope of National Statistics;
- the relationship of the Statistics Board and its Chair with statistics users and other stakeholders;
- arrangements for the pre-release of statistics;
- oversight of the United Kingdom statistical system in the context of the devolution settlement and the Concordat on Statistics;
- the ONS relocation programme and its implications; and
- funding for the Statistics Board.

Conclusions

29. On the basis of our examination of the role and functions of the new Statistics Board, the information available to us about Sir Michael Scholar and the oral evidence which he gave to the Committee on Wednesday 18 July, we consider that Sir Michael Scholar is a suitable nominee for the post of Chair of the Statistics Board and has

demonstrated to us his commitment to the independence, integrity and importance of statistics. We therefore recommend him to the House. We note that he is taking on a six-day week: we expect that his position as Chair of the Statistics Board will be his primary commitment.

30. No individual can possess all the skills required by the Board as a whole. We recommend that the first non-executive Board member to be appointed after the Chair should be the equivalent of a senior, independent non-executive member of a public limited company's board. This post should be filled by a candidate from a commercial background and, in particular, with sound experience in corporate governance.

5 Reflections on the process

Introduction

31. Our inquiry and this Report relate to the first occasion on which the very recent Government's proposals to strengthen the role of the House of Commons in public appointments have been tested and, as such, we conclude with this Report with some reflections arising from the process. We do not purport to be establishing a template for an overall approach by select committees or to reaching conclusions about the overall effectiveness of any new processes. Each appointment will be different, and select committees may wish to adopt different approaches. Our inquiry has been broader than some inquiries are likely to prove, in part because of the novelty of the process and in part because our inquiry relates to the first appointment to a new body.

Timetable and information

32. The timetable for our work has been exceptionally compressed, with less than four working days between our first being alerted to the forthcoming nomination and our consideration of this Report. Our hearing with Sir Michael Scholar and preparations for it and this Report had to be squeezed into an already full programme of work. The timetable made it impossible for us to follow the worthwhile practice which we have employed in relation to appointments to the Monetary Policy Committee of the Bank of England of sending a questionnaire to an appointee (or, in this case, a nominee) and analysing the response before taking oral evidence. **We accept that the circumstances of the current nomination for the post of Chair of the Statistics Board are exceptional, coming so soon after the Government's initial proposals for improving parliamentary involvement in public appointments and relating to a newly-established post. Nevertheless, if select committees are to be enabled to be properly equipped to consider nominations for major public appointments, it is vital for Ministers to provide initial information to a select committee about the proposed timetable for a particular appointment at the earliest possible opportunity, and then to ensure that the committee is provided on a timely basis with subsequent information about the conduct of the appointment process.**

A vote of the House of Commons and hearings of select committees

33. In the Government's Green Paper on *The Governance of Britain*, the post of Chair of the Statistics Board was alone in being proposed for a vote of the House of Commons to take place before a formal appointment is made.⁷⁸ At present, formal decisions of the House of Commons on appointments are provided for in statute in only a few instances, such the post of Comptroller and Auditor General and members of the Electoral Commission.⁷⁹ In the former case, the relevant motion must be made by the Prime

78 Cm 7170, para 80

79 National Audit Act 1983 (c. 44), section 1(1); Political Parties, Elections and Referendums Act 2000 (c. 41), section 3

Minister, acting with the agreement of the Chairman of the Committee of Public Accounts.⁸⁰

34. The Government's proposals did not make explicit that any vote of the House of Commons would be preceded by an opportunity for a select committee hearing and report relating to the nomination and the nominee. We are pleased that the Treasury has proceeded on the assumption that there should be such an opportunity. **We recommend that, in taking forward its proposals in *The Governance of Britain*, the Government accept explicitly that, in any case where a nomination for public appointment is subject to a vote in the House of Commons, that vote should be preceded by an opportunity for the relevant select committee to take evidence from the Government's nominee and to report.**

35. With the exception of the Chair of the Statistics Board, the Government's proposals for a role for the House of Commons in public appointments of officeholders with "powers in relation to protecting the public's rights and interests" concentrate upon the role of "a hearing with the relevant select committee".⁸¹ According to the Government, "the hearing would be non-binding, but in the light of the report from the committee, Ministers would decide whether to proceed".⁸²

36. In initially proposing that the Chair of the Statistics Board and the National Statistician ought to be appointed by the Crown, on the advice of Ministers, the Government compared those posts with other "high-status appointments", such as

the Governor of the Bank of England, the Executive Chair of HM Revenue & Customs, and Her Majesty's Chief Inspector at the Office for Standards in Education.⁸³

The way in which parliamentary involvement in subsequent appointments of the Chair of the Statistics Board and in other high-status appointments develops in future depends in part on views taken on the value of a vote in the House of Commons in this context. Provision for such a vote has the potential to enhance the perceived independence of a post-holder from Government, but also carries with it the risk that the appointment will be the subject of votes along party lines which might have the contrary effect.

37. The Government's general proposals for select committee involvement in public appointments are based on the Government's view that any opinions expressed in reports of select committees about nominees should be "non-binding". The Government has proposed a vote of the House of Commons on the nomination of Chair of the Statistics Commission, but not on nominations to other posts. Given the Government's commitment to strengthening the role of the House of Commons and its select committees in public appointments, the Government should consider whether such a vote should be required for certain other high-status appointments. We recommend that, in relation to such appointments, where a select committee comes to

80 National Audit Act 1983, section 1(1)

81 Cm 7170, paras 75–76

82 *Ibid.*, para 76

83 *Independence for statistics: A consultation document*, para 4.34

an adverse opinion on a nomination, that select committee should have the power to require that the nomination be the subject of a vote in the House of Commons or a debate in a General Committee.

Formal minutes

Wednesday 18 July 2007

Members present:

John McFall, in the Chair

Mr Graham Brady
Mr Michael Fallon
Mr Andrew Love

John Thurso
Mr Mark Todd

The appointment of the Chair of the Statistics Board

The Committee considered this matter.

Sir Michael Scholar KCB, nominee for Chair of the Statistics Board, gave oral evidence.

The Committee further considered this matter.

Draft Report (The appointment of the Chair of the Statistics Board), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 27 read and agreed to.

Paragraphs 28 and 29 read, amended and agreed to.

A paragraph—(*John Thurso*)—brought up, read the first and second time, amended and inserted (now paragraph 30).

Paragraphs 30 to 35 (now paragraphs 31 to 36) read and agreed to.

Paragraph 36 (now paragraph 37) read, amended and agreed to.

Summary read, amended and agreed to.

Resolved, That the Report, as amended, be the Ninth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That the following Papers be appended to the Report: Letter from the Chancellor of the Exchequer to the Chairman of the Committee, 17 July 2007; CV of Sir Michael Scholar.

[Adjourned till Tuesday 24 July at 9.15 am.]

Witnesses

Wednesday 18 July

Sir Michael Scholar KCB, nominee for Chair of the Statistics Board

Appendix 1

Letter from the Chancellor of the Exchequer to the Chairman of the Committee, 17 July 2007

Chair of the Statistics Board

I am writing to inform you that I am recommending the appointment of Sir Michael Scholar to chair the Statistics Board.

Sir Michael was selected following an open competition by a panel comprising Nick Macpherson (Permanent Secretary to the Treasury), Mervyn King (Governor of the Bank of England), Deirdre Hutton (Chair of the Food Standards Agency) and Olivia Grant, the independent assessor from the Office of the Commissioner for Public Appointments (OCPA). Although this appointment does not come within the remit of the Commissioner for Public Appointments, it was still made in accordance with the Commissioner's Code of Practice as best practice.

In line with the Government's recent reforms to public appointments, I would like to invite you to convene a pre-appointment hearing of the Treasury Committee to take evidence from Sir Michael. Following the hearing, Government proposes to seek the endorsement of the appointment by the House of Commons. As a Crown appointment, the formal appointment will be made by Her Majesty the Queen on the advice of the Prime Minister.

Appendix 2

CV of Sir Michael Scholar

Born 3 January 1942 in Merthyr Tydfil, South Wales

Education

- St Olave's and St Saviour's Grammar School, Southwark 1952–60
- St John's College, Cambridge 1960–64, 1965–67, 1968–69
- University of California at Berkeley 1964–65
- Harvard University 1967–68

Educational qualifications and distinctions

- BA (1964), MA (1967) and PhD (University of Cambridge 1970)
- Associateship of the Royal College of Organists 1962

Civil Service

- Assistant Principal, HM Treasury 1969 Transport Industries 1969–70
Finance, Sterling Area 1970–71
- Principal, HM Treasury
Defence Policy and Materiel 1972–74
Private Secretary to the Chief Secretary (Rt Hon Joel Barnett) 1974–76
- Assistant Secretary, HM Treasury
Development Finance (Overseas Aid, World Bank, IMF, etc) 1976–79
- Barclays Bank International plc (on secondment from HM Treasury) Senior
International Manager, Euromarkets 1979–81
- 10 Downing Street (on secondment from HM Treasury)
Private Secretary to the Prime Minister (Rt Hon Margaret Thatcher) 1981–83
- Under Secretary, HM Treasury
Public Expenditure Group 1983–85
Tax Policy and the Budget 1985–87
- Deputy Secretary, HM Treasury
Monetary, exchange rate, fiscal policy; financial supervision, the City 1987–92 Public
sector pay and management of the Civil Service 1992–93
- Permanent Secretary, Welsh Office 1993–96
- Permanent Secretary, Department of Trade and Industry 1996–2001

Academic posts held

- Teaching Assistant at the University of California at Berkeley 1964–65
- Loeb Fellowship at Harvard University 1967
- Assistant Lecturer at the University of Leicester 1968
- Research Fellowship at St John's College, Cambridge 1969

Other posts, Honorary posts and distinctions

- President, St John's College, Oxford 2001–
- Director, Legal and General Investment Management 2002–
- Honorary Secretary, The Royal Opera, Covent Garden 1988–93
- Chairman, Civil Service Sports Council 1998–2001
- Director, Civil Service Healthcare 1998–2001
- Honorary Fellowship at the University of Wales, Aberystwyth 1996
- Honorary Doctorate at the University of Glamorgan 1999
- Honorary Fellowship at Cardiff University 2003–
- Honorary Fellowship at St John's College, Cambridge 1999
- Governor, National Institute for Economic and Social Research 2001–
- CB 1991; KCB 1999

Interests

- Playing the organ and piano
- Music, opera and ballet
- Theatre, literature and the arts
- Long distance walking, cricket and swimming
- Gardening

Family

Married Dr Angela Scholar (née Sweet) 1964

3 sons: Tom b. 1968, Richard b. 1973, John b. 1980

1 daughter deceased: Jane 1976–77

List of Reports from the Treasury Committee during the current Parliament

Session 2006–07		Report
First Report	Financial inclusion: the roles of the Government and the FSA, and financial capability	HC 53
Second Report	The 2006 Pre-Budget Report	HC 115
Third Report	Work of the Committee in 2005–06	HC 191
Fourth Report	Are you covered? Travel insurance and its regulation	HC 50
Fifth Report	The 2007 Budget	HC 389
Sixth Report	The 2007 Comprehensive Spending Review: prospects and processes	HC 279
Seventh Report	The Monetary Policy of the Bank of England: re-appointment hearing for Ms Kate Barker and Mr Charlie Bean	HC 569
Eighth Report	The efficiency programme in the Chancellor's departments	HC 483
Session 2005–06		Report
First Report	The Monetary Policy Committee of the Bank of England: appointment hearings	HC 525
Second Report	The 2005 Pre-Budget Report	HC 739
Third Report	The Monetary Policy Committee of the Bank of England: appointment hearing for Sir John Gieve	HC 861
Fourth Report	The 2006 Budget	HC 994
Fifth Report	The design of a National Pension Savings Scheme and the role of financial services regulation	HC 1074
Sixth Report	The administration of tax credits	HC 811
Seventh Report	European financial services regulation	HC 778
Eighth Report	Bank of England Monetary Policy Committee: appointment hearing for Professor David Blanchflower	HC 1121
Ninth Report	Globalisation: the role of the IMF	HC 875
Tenth Report	Independence for statistics	HC 1111
Eleventh Report	The Monetary Policy Committee of the Bank of England: appointment hearings for Professor Tim Besley and Dr Andrew Sentance	HC 1595

Twelfth Report	Financial inclusion: credit, savings, advice and insurance	HC 848
Thirteenth Report	"Banking the unbanked": banking services, the Post Office Card Account, and financial inclusion	HC 1717