



Chair of the Statistics Board

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HM Treasury announced on 17 July 2007 that the Chancellor of the Exchequer had nominated Sir Michael Scholar as Chair of the new Statistics Board.

Sir Michael appeared in a pre-appointment hearing of the Treasury Select Committee on 18 July.

Before a recommendation was made the nomination was subject to short debate and a vote in the House of Commons on 25 June. The Prime Minister would then advise Her Majesty The Queen of the recommendation.

Further information regarding the Statistics Board and the *Statistics and Registration Service Bill* can be found in Library Research Papers [06/66](#) and [07/25](#).

The Bill was given Royal Assent on 26 July 2007.¹

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¹ *Statistics and Registration Service Act 2007* (chapter 18)
<http://www.opsi.gov.uk/acts/acts2007/20070018.htm>

A. Announcement of Chancellor's nomination

On 17 July 2007, HM Treasury announced that the Chancellor of the Exchequer had nominated Sir Michael Scholar as the first Chair of the new Statistics Board:

Nomination for Chair of the new Statistics Board: Sir Michael Scholar

The Chancellor of the Exchequer has nominated Sir Michael Scholar, currently President of St John's College, Oxford, as the first Chair of the new independent Statistics Board. The Statistics Board will deliver the Government's goal of greater independence for statistics: reinforcing the quality and integrity of statistics in government, supporting the Government's agenda for better public services, and contributing to long-term stability in the UK economy.

The appointment of the Chair of the Statistics Board is the first appointment to follow the Prime Minister's reforms to public appointments. In line with the reforms, Sir Michael Scholar will appear in a pre-appointment hearing of the Treasury Select Committee. Before the nomination can be taken forward it will be subject to a vote in the House of Commons, which will be held before recess. The Prime Minister will then advise Her Majesty The Queen of the recommendation.

Notes for editors

1. Sir Michael Scholar KCB, 65, has been President of St John's College, Oxford University, since 2001 and is currently Chairman of the Conference of Colleges in Oxford. He has been a Governor of the National Institute for Economic and Social Research since 2001. Previously he was Permanent Secretary to the Department of Trade and Industry (1996 to 2001), Permanent Secretary to the Welsh Office (1993 to 1996) and Private Secretary to the then Prime Minister Margaret Thatcher (1981 to 1983). Sir Michael was born in Merthyr Tydfil, South Wales and was educated at the University of Cambridge, the University of California at Berkeley and Harvard University, and holds Honorary Fellowships at the University of Wales, Aberystwyth, Cardiff University and St John's College, Cambridge.

2. As part of the Government's proposals to reform the public appointments process, the Chancellor stated on 3 July: "As part of the proposals for increasing the independence of Government statistics currently before Parliament, to further increase public confidence, I propose a vote in the House of Commons to confirm the Government's nominee for chair of the statistics board." Following the hearing in the House of Commons, the Prime Minister will advise Her Majesty The Queen of the recommendation.

3. The Chancellor nominated Sir Michael following the recommendation of a selection panel, comprising Nicholas Macpherson (Permanent Secretary to the Treasury), Mervyn King (Governor of the Bank of England), Deirdre Hutton (Chair of the Food Standards Agency and Deputy Chair of the Financial Services Authority), and Olivia Grant, the independent assessor from the Office of the Commissioner for Public Appointments.

4. If the appointment is confirmed, Sir Michael Scholar would take up a four year appointment at an annual remuneration of £150,000. He would work for 3 days a week.

5. The new Statistics Board is established through the Statistics and Registration Services Bill, currently before Parliament, with a statutory objective to promote and safeguard the production and publication of official statistics that serve the public

good; and the quality and comprehensiveness of, and good practice in relation to, official statistics across the UK. The Board will deliver this through its three main statutory functions, namely:

- a duty to monitor, and report publicly, on areas of concern about the quality, good practice, and comprehensiveness of all official statistics across Government and its arms-length bodies;
- a duty to draw up a code of practice to set independent professional standards; to independently assess against those standards all existing National Statistics (currently numbering around 1300) against these standards; and to similarly assess any additional official statistics submitted for assessment by the person responsible; and
- replacing Ministers as the top governance layer for what is at present the Office for National Statistics (ONS), as the body to whom the National Statistician (as head of the ONS) will report directly.

6. The Statistics Bill is expected to come into force from April 2008. At this point, the Chair and new Board would formally assume their statutory roles. Residual responsibility for statistics will transfer from HM Treasury to the Cabinet Office at the same time. However early appointment of the Chair ensures sufficient preparation before the formal start of the new system, and will allow the Chair to make an immediate impact by providing strategic direction of necessary development work.²

B. Treasury Committee pre-confirmation hearing

The House of Commons Treasury Committee held a pre-confirmation hearing on 18 July:

Treasury Committee to hold first “new style” pre-confirmation hearing

The Treasury Committee is announcing that it will hold the first “new style” pre-confirmation hearing by a select committee of the House of Commons following the constitutional reform proposals outlined by the Prime Minister earlier this month.

In the Green Paper on The Governance of Britain, the Government proposed that there should be a vote in the House of Commons to confirm the appointment of its nominee for the post of Chair of the new Statistics Board.

Earlier today, the Treasury announced that the Government’s nominee as Chair of the Statistics Board was Sir Michael Scholar. In light of the importance of the post and in order to enhance the understanding within the House of Commons and among the public regarding the appointment process and the suitability of the nominee, the Treasury Committee has decided to take evidence from Sir Michael Scholar prior to the vote in the House of Commons.

The hearing will take place on Wednesday 18 July at 4 p.m. in the Wilson Room, Portcullis House, House of Commons.

The Committee has taken a close interest in the integrity of official statistics and has an established track record of taking evidence and producing reports on appointments and re-appointments to the Monetary Policy Committee of the Bank of England.

² http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2007/press_80_07.cfm

A short report is expected to follow with the Committee's conclusions from the evidence session with Sir Michael in order to assist the House of Commons in reaching a decision on the Government motion.³

1. Oral evidence

The Committee evidence session began with Sir Michael being asked if he felt that he could continue to hold down other positions of responsibility:

Q3 Chairman: Okay. With that non-executive directorship [of Legal and General Investment Management], the St John's College position [President of St. John's, Oxford] and the £150,000 a year for a three-day-week job here [as Chair of the Statistics Board], do you feel you can hold all three jobs down?

Sir Michael Scholar: My job at Legal and General Investment Management is likely to come to an end soon. I have been there getting on for five years and the chief executive and I have been talking about a change quite soon. We had been doing so several months ago. So I think it is very unlikely I will continue at Legal and General Investment Management for very long, although I am at the moment still a non-executive director of that board. St John's - would you like me to talk about that? - yes, you have invited me to do so. For the last two years, as well as being president of St John's College, I have been chairman of the Conference of Colleges in Oxford, which is all the colleges and halls in Oxford and as chairman of that body I have been attempting to steer them towards a particular course of action and agreement, and also agreement with the University which is a separate body. Before that, I was vice-chairman of the Conference of Colleges, so for four years I have held a very time-consuming role in Oxford University which I estimate has taken about three days a week. That role comes to an end this summer because I was elected to that position and my period of tenure of office naturally comes to an end in September. Sorry, I have given a very long answer.

Q4 Chairman: Your connection with St John's College is finishing in September completely?

Sir Michael Scholar: No, my connection with St John's College goes on for another five years, but my post as chairman of the Conference of Colleges will be finished in September.⁴

Sir Michael observed that he might end up working a six-day week:

Q6 Chairman: So during term time, given you are taking the job for the Statistics Board, and St John's College, you will be working a six-day week?

Sir Michael Scholar: Maybe. Yes, I think it is very possible. I have been working a six-day week over the last four years. I am used to it.

³ House of Commons Treasury Committee *Treasury Committee to hold first "new style" pre-confirmation hearing* (17 July 2007)
http://www.parliament.uk/parliamentary_committees/treasury_committee/treasury_committee_press_notices.cfm

⁴ House of Commons Treasury Committee *The appointment of the chair of the Statistics Board* (uncorrected oral evidence) (18 July 2007)
<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmtreasy/uc934-i/uc93402.htm>

Q7 Chairman: Would it be fair to say you are a bit over-stretched and maybe you are not doing justice to this new position?

Sir Michael Scholar: I do not feel at all I will be over-stretched. I think it will be a challenging and demanding position but I feel confident I can do it together with the presidency of St John's. I am obliged by my contract with St John's to have their consent before taking any position outside the College and I have that consent, and I have that consent after explaining to them the time pressures which the chairmanship of the Statistics Board will undoubtedly place upon me.

Sir Michael confirmed that he regarded the restoration of public trust in official statistics as one of his key goals as Chair of the new Statistics Board:

Q14 Chairman: Another perception, Sir Michael, is that the official statistics are not trustworthy because they seem to be at the behest of politicians and there is political interference. That is a big challenge for you when you take up the chair, how are you going to ensure that that perception is changed and we can have trust in statistics?

Sir Michael Scholar: It seems to me to be the main task which I will face in the post, if I am appointed to the post. I think that the Bill, which is still going through Parliament, provides a very, very good basis for changing that perception. I believe that during the passage of the Bill through Parliament a number of changes have been made to the Bill which have been obviously accepted by the Government, and I believe that that makes it an even stronger basis for rebuilding or re-establishing public trust in UK official statistics. My intention would be to use the new arrangement set out in the Bill to my utmost to bring about that re-establishment of trust which I think is so important.

The Chairman of the Committee, **John McFall** MP, pressed Sir Michael Scholar on his background as a senior civil servant, and his son's own connections to the Prime Minister:

Q11 Chairman: Forgive me for saying this, Sir Michael, but people will say that there is your son who is chief of staff at Number 10 Downing Street, you have a quintessential mandarin background from the Treasury, is this not just an inside job?

Sir Michael Scholar: My son is a civil servant; he is not a political adviser. He has been a civil servant for many years. He phoned me up yesterday evening to congratulate me on being nominated by the Government for this position and he told me that the first he had seen of it was when the press notice arrived on his desk. I think the question you put to me is a question which only the Government can answer. I do not know what went on in Number 10 Downing Street.

Q12 Chairman: It is a relevant question, that is why I put it to you.

Sir Michael Scholar: Yes. My belief is that my son had nothing whatever to do with the appointment and that is what he told me.

Q13 Chairman: We deal with perceptions in politics.

Sir Michael Scholar: Yes, thank you.

Michael Fallon MP suggested that Sir Michael might be perceived as an "insider's insider":

Q24 Mr Fallon: Sir Michael, forgive me, this is not a Government agency, this is supposed to be an independent statutory board. Here you are, a former Treasury mandarin, former permanent secretary, your son running Number 10. You are the insider's insider, are you not?

Sir Michael Scholar: I retired six years ago from Whitehall, so that is behind me in time. As I have explained - I was about to say I have the misfortune to have a son but

I do not want to say that! - my son is there and has had nothing to do with this appointment. No, I do not accept that description of myself as the insider's insider. I would not wish to conduct myself in that way at all.

Mark Todd MP questioned whether Sir Michael's background as a senior civil servant would enable him to be sufficiently independent from government:

Q15 Mr Todd: The Chairman touched on one of the difficulties which you may have, which is that your career up to this point - well, up until you left the Civil Service - would be regarded as an object lesson in progression to the highest levels in government, and if people were looking for someone to head this Board in an entirely independent way and to secure the confidence of the public in the independence of the statistics function one might not expect an appointment of someone with such an illustrious background at all levels of government. How do you address that perception?

Sir Michael Scholar: If you are a senior civil servant, it is impossible to establish during that time - I think it ought to be impossible - a reputation for independence. What you do and what I did was to offer advice to Ministers throughout my career. Sometimes Ministers accepted that advice and sometimes they did not accept it. Obviously in a career as long as mine I worked for both Conservative Governments and Labour Governments at various points and I operated in that way with governments of both colour. When the Ministers did not accept my advice I did not let it be known to the press or did not in any way seek to establish a reputation as being independent of the Government; I did not think it was right to do so. I should add that since I left the Civil Service a number of people have sought interviews with me and asked me to make disclosures on matters, advice I gave to Ministers and in particular where there was disagreement between myself and the Minister I was advising, and I have not given those interviews.

Sir Michael was also asked about how the Statistics Board would engage with its customers and other users of data:

Q23 Mr Todd: You will be aware I have some cases in mind where there have been public comments on the way in which the ONS has carried out its functions in various respects and the perceptions of at least one well-known receiver of data, that their views have not necessarily been carried through as they would wish.

Sir Michael Scholar: I think it should be a big element in the new Board's work that it has very close contact with its stakeholders, and those are the users of statistics very broadly defined I think. I mentioned early on in my evidence a list of them and I think it is a longer list than that actually, it would also be academia, it would be institutions as well as business, commerce, industry, local authorities, obviously the Bank of England is a very big user of statistics, and I think the Board needs to be in close contact with those people and not just in a passive way. I think it needs to be very active in its approach towards its stakeholders.

Mr. Fallon asked Sir Michael about whether he had any concerns about the provisions of the *Statistics and Registration Service Act 2007*. In a lengthy exchange, Sir Michael appeared somewhat reluctant to criticise the legislation, but eventually expressed his concern about the Government retaining the power to decide the arrangements for pre-release access to statistics:

Q25 Mr Fallon: You say you want to be independent and you are going to be independent, which aspects of the legislation do you have concerns about?

Sir Michael Scholar: I am concerned about answering this question because the matter is before Parliament and I am not a Member of Parliament but you have invited me to say something. I was very pleased to learn that the discussion about pre-release had taken a new turn in recent days and that a 24-hour policy was now being written into the Bill or into the secondary legislation coming from the Bill. That seemed to me a very great improvement on what had been there before. I am aware it is still pretty much out of line with international practice and the recommendations of the UN and so forth. I feel some difficulty about telling either the Government or Parliament what to do about such a matter. You think I should.

Q26 Mr Fallon: We are trying to get hold of your views here because you say you want to be independent and we are trying to see if there is some independence of mind here. You have picked on the very issue I wanted to discuss with you. The Government has said it wants to consult the Board on pre-release but yet it has announced that the pre-release time should be 24 hours. That is not proper consultation, is it?

Sir Michael Scholar: Maybe it is. I have not examined precisely what the Government has said, the words they have used about the 24 hours. It may be the 24 hours is not there forever and it may be it will be possible to review it at some stage. The suggestion that the Board should be consulted about it seems to imply to me that there may be a process in which there will be some further movement on this matter.

Q27 Mr Fallon: Can you not do a bit better than that? This is the one issue where Ministers enjoy privileged early access to statistics, it is the one issue that your new Board, if you are appointed Chairman, will not actually decide. Do you support that?

Sir Michael Scholar: The Board has to work with what it is given by Parliament.

Q28 Mr Fallon: Yes, but what do you think?

Sir Michael Scholar: I would prefer to have a shorter pre-release period.

Q29 Mr Fallon: But who should decide the pre-release period? That is what I am trying to get at. Why should it not be this new Board we are setting up?

Sir Michael Scholar: I am aware at the beginning of the process, before the Bill was introduced and in the debates on the Bill, there were a number of people who said the Board should determine the pre-release ----

Q30 Mr Fallon: What is your view?

Sir Michael Scholar: I think it would have been very good to have had that.

Q31 Mr Fallon: You would have preferred the Board to have decided pre-release?

Sir Michael Scholar: I would have preferred that to be the case, yes.

Mr Fallon: Thank you.

The Chairman suggested to Sir Michael that pre-release access impacted upon public confidence in official statistics, and Mr. Fallon reminded him that the Committee had previously recommended a three-hour time limit on ministerial pre-release access. When pressed, Sir Michael told the Committee that he too wanted a shorter time limit:

Q32 Chairman: This goes to the question of the present low level of public confidence in statistics, Sir Michael.

Sir Michael Scholar: Indeed, yes.

Q33 Chairman: If you see this job as a challenge and if you are going to be independent, your independent views are essential in this because the view from the

public is that when politicians get their hands on statistics they massage them and then they come out and are spun. There is a real issue for us here.

Sir Michael Scholar: I entirely accept that point.

Q34 Mr Fallon: You are aware this Committee recommended three hours, nowhere near 24 hours? You are aware of that?

Sir Michael Scholar: Yes, I am aware of it, yes.

Q35 Mr Fallon: Was that the way you wish to go, more towards a shorter period?

Sir Michael Scholar: Sure, yes. It depends what Parliament gives us and what we can do.

Q36 Mr Fallon: I fully understand that, but we are trying to get hold of your views.

Sir Michael Scholar: I believe I am giving them.

Q37 Mr Fallon: You would like to decide it and you would like a shorter period?

Sir Michael Scholar: Yes.

Mr Fallon: Thank you.

The Chairman told Sir Michael that the Committee was looking for him to be more open about his views and to “go on the record” more freely:

Q38 Chairman: It is a different mindset, being a Treasury official as opposed to being chair of the independent Statistics Board, Sir Michael. Whilst it is admirable, and we agree entirely, that six years pass and you do not give an interview on the record, we are looking for you to go on the record here.

Sir Michael Scholar: Sure.

As Chair of the Statistics Board, Sir Michael confirmed that he was willing to challenge Government Departments whose statistics he considered were not fit for purpose:

Q68 Mr Love: ...Would you be prepared to publish your unhappiness with various statistics coming from government departments on the basis that you did not feel they were up to the standard that you could defend?

Sir Michael Scholar: Most certainly, yes.

Sir Michael suggested that he would spend time engaging with the Devolved Administrations but would also consider revising the *Concordat on Statistics*:

Q50 John Thurso: Let us hope it remains theoretical. One last question which is quite separate. During our inquiry I was particularly keen to look at the relationship between the devolved administrations, and the UK statistical system is somewhat asymmetric, like a number of other things, in that there is a UK-wide responsibility but there are large sections of statistics which are in fact totally devolved. How do you intend to ensure that your Board has the appropriate oversight over the whole UK statistical system whilst respecting the boundaries of devolution?

Sir Michael Scholar: I think there is going to be a good deal of travel to Edinburgh and Belfast and Cardiff by me and by members of the Board building on what I understand already happens, and that is the National Statistician has a close working relationship with her counterparts in those places so that a properly integrated UK-wide statistical service, or statistical output, can be maintained or, indeed, improved so that we can create it where it is not adequate at the moment.

Q51 John Thurso: We were discussing the devolution question and the relationship is governed by the Concordat. During our inquiry I put it to the then Financial Secretary that it would be worth looking at the Concordat. Would you support that concept of looking again at the Concordat and renegotiating in the light of the changes to the new Board?

Sir Michael Scholar: I think it would be a natural thing to do having got this new set-up, which is a completely different set-up from what has ever existed before, to look at that and see whether it is still fit for purpose. As you say, if it needs to be changed we would seek to negotiate those changes.

Graham Brady MP asked Sir Michael whether he thought the problems of low public confidence in official statistics stemmed from their quality or their presentation:

Q52 Mr Brady: You spoke earlier about the importance of improving the quality and integrity of official statistics, and obviously you have held very senior office in a number of government departments. To what extent do you think it is a problem with the reality of the quality and the integrity of the statistics and to what extent is it presentational?

Sir Michael Scholar: I think it is mostly a question of the way the statistics are presented. It seems to me that the quality of UK statistics in international terms is high. There are some countries that may be better but we are pretty high up in the league. Within that there will be considerable variability, there will be some bad patches and some good patches, but that is my impression. In my first days or weeks really thinking hard about this, that is the impression I have got from talking to various people. I think the problem has been that people have seen that the statistics are put out by Ministerial press offices, often accompanied by policy statements, and the impression given to the public is that there is no real distinction between the statistic and the policy spin that goes with it. I think that has infected the public view of the honesty of these figures.

Sir Michael was also asked about the relocation of statistical staff from London to Newport, and the Bank of England's concern that relocation posed a "serious risk" to the production of macro-economic data. Although Sir Michael was not aware of a recent survey which identified that only 11% of senior ONS staff thought that the Office for National Statistics was "well managed", he was nevertheless concerned:

Q55 Mr Brady: You referred earlier to the importance of the Bank of England as a client of the ONS. I understand the Bank has raised concerns about the relocation of ONS staff and the ongoing process and has gone so far as to say that the programme poses "a serious risk to the maintenance of the quality of macroeconomic data". How do you propose to address such a serious concern from such an important client?

Sir Michael Scholar: It is a concern which obviously the Bank of England have expressed but it must be a concern that other customers or users equally feel. I have had some experience of this. When I first went to the DTI as Permanent Secretary, Companies House and the Patent Office had recently been relocated to Newport and there was concern both amongst the staff of those offices at the time and amongst the users of those services that there would be a deterioration in service immediately upon that removal, or thereafter, and there were some immediate issues. I think it is not surprising when you get a relocation of that kind that you may get some period during which the service is not as good as it was before the dislocation, but I believe if those two examples are anything to go by the relocation worked really well and after several years, or perhaps less, things were going extremely well in those offices. The management of the office is the primary responsibility of the Chief Executive, the

National Statistician, and I would see my role as the role which a chairman should play in that situation, that is asking challenging, probing questions, giving support, being somebody with whom the Chief Executive discusses issues which arise, making suggestions from the experience I have had in this kind of situation, and so on.

Q56 Mr Brady: Obviously all of those changes put a significant burden on management within the service. Are you aware of a recent First Division Association staff survey which shows that only 11% of ONS senior civil servants thought that the ONS was well managed? How concerned are you about that?

Sir Michael Scholar: I was not aware of that, I am afraid. I do feel concerned about that now you have told me about it. I would want to see a series of those. I would like to see whether that has changed over time if there has been a series of such surveys. Often one learns more from looking at a series than one learns from a spot point, but a figure as low as that which you have quoted is certainly one which is of concern.

Towards the end of the hearing, Sir Michael indicated that he would be willing to spend more time in South Wales:

Sir Michael Scholar: Could I just add one point, Chairman?

Q79 Chairman: Sure.

Sir Michael Scholar: Will you forgive me for doing so. There is one thing I wanted to say, and should have said in answer to Mr Brady when he spoke about the relocation to Newport, and that is, as you know, I worked for three years in Wales in the Welsh Office and I have a house, my only house in fact, 25 miles from Newport and would very much welcome working again in South Wales.

Q80 Chairman: Some of my colleagues say you are a Merthyr boy, is that correct?

Sir Michael Scholar: I am. I was born in Merthyr Tydfil.

Sir Michael also wants to see the expansion of *National Statistics*:

Q63 Mr Todd: Have you got some examples in your mind and from your own experience, and here the advantage of your lengthy public service comes into play, of statistics which perhaps would be better presented as National Statistics than departmental statistics?

Sir Michael Scholar: I am venturing into difficult territory but ---

Q64 Mr Todd: I hoped I might persuade you to, yes.

Sir Michael Scholar: I read with some surprise that NHS one month waiting lists are not National Statistics but the three month figures are National Statistics, and that seemed pretty odd. Maybe there are good reasons for it but it seemed pretty odd to me.

Q65 Mr Todd: It seemed odd to us too actually.

Sir Michael Scholar: Certainly if the implication is that the three month figures are okay and the one month figures are not, I would want to look very hard indeed at that because it seems to me that the public have the right to expect that all of these figures are of top quality.

Q66 Mr Todd: So from what you are saying you would seek to extend quite radically the coverage of National Statistics as a part of your strategy of improving the perception of the public of statistics in general issued by government?

Sir Michael Scholar: Yes, within what was practically possible I would certainly seek to do that.

Finally, the Committee asked Sir Michael when he hoped to take up his post, if appointed, and when he expected the rest of the Statistics Board to be in place:

Q69 Chairman: Sir Michael, when do you hope to take up your post?

Sir Michael Scholar: I hope to take up the post at the beginning of September. I have not actually signed and sealed, I obviously cannot do because ---

Q70 Chairman: We have a vote next week!

Sir Michael Scholar: --- one has to see what the House decides.

Mr Love: We will take you into the tearoom and you can meet all the Members!

Q71 Chairman: When would you expect the rest of the Board to be appointed?

Sir Michael Scholar: Really as soon as possible. The implementation date is April, so clearly that is an end point for the appointment process but I would really want to get a move-on, with respect.

Mr. McFall suggested that Sir Michael would only pass his first “test” when, as Chair of the new independent Statistics Board, his statements were seen to be “at variance” with those of the Government. Mr. McFall also wished Sir Michael “every success”:

Q72 Chairman: Would you agree that you will successfully pass your first test, Sir Michael, when your public statements are at variance with the Government's?

Sir Michael Scholar: Well, I certainly think if that moment happens, or you might say when it happens, that will provide some reassurance to those who have in their minds the kinds of doubts which you and Mr Fallon expressed earlier in this hearing.

[...]

Q81 Chairman: ...Sir Michael, if you are successful [in being appointed] then we wish you every success.

Sir Michael Scholar: Thank you very much.

2. Report

The Treasury Committee published a short report containing the Committee's conclusions and recommendations. The Committee

...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".⁵ 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

⁵ *The Governance of Britain* (Cm 7171), para 76

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.⁶

The Committee concluded that Sir Michael was a suitable nominee for the post of Chair of the Statistics Board, although stressed that it wished to see Sir Michael give this post his primary commitment over-and-above his other activities:

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.⁷

John Thurso MP also proposed a recommendation that the first non-executive member appointed to the Statistics Board should be able to demonstrate senior private-sector experience. The recommendation was adopted by the Committee:

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.⁸

The Committee reflected on the timetable for its work, observing that it had been "exceptionally compressed" and recommended that, in future, Select Committees should be given as much notice as possible so that they can effectively carry out pre-confirmation hearings:

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

⁶ House of Commons Treasury Committee *The appointment of the Chair of the Statistics Board*, Ninth Report of Session 2006–07, HC 934, para. 26

<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmtreasy/934/934.pdf>

⁷ *ibid.*, para. 29

⁸ *ibid.*, para. 30

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.⁹

The Committee also made observations and recommendations about the process of pre-confirmation hearings and parliamentary involvement in public appointments in general:

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.¹⁰ 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.¹¹ In the former case, the relevant motion must be made by the Prime Minister, acting with the agreement of the Chairman of the Committee of Public Accounts.¹²

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.¹³

While a vote in the House of Commons had “the potential to enhance the perceived independence of a post-holder from Government” it also carries with it a “risk that the appointment will be subject of votes along party lines which might have the contrary effect”. The Committee also recommended new procedures for parliamentary consideration of public appointments:

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 an adverse opinion on a nomination, that select committee should have the

⁹ *ibid.*, para. 32

¹⁰ Cm 7170, paras 75-6

¹¹ *ibid.*

¹² HM Treasury *Independence for statistics: a consultation document* (March 2006), para 4.34

¹³ HC 934, paras. 33-4

power to require that the nomination be the subject of a vote in the House of Commons or a debate in a General Committee.¹⁴

C. Consideration by the House of Commons

The House of Commons debated the nomination of Sir Michael Scholar and the Treasury Committee's report on 25 July 2007.¹⁵

The **Exchequer Secretary to the Treasury**, Angela Eagle MP, opened the debate with some brief and general remarks observing that Sir Michael had an "extensive, successful career in Government and academia".¹⁶

David Gauke MP, the Shadow Exchequer Secretary, questioned Ms. Eagle about when she knew of the Government's plans to increase Parliament's role with respect to public appointments given its earlier opposition to it. During consideration in the Public Bill Committee of the *Statistics and Registration Service Bill*, Mr. Gauke had

...tabled amendments calling for much greater parliamentary involvement in appointments to the board, which of course includes the chairman. Unfortunately, although the proposals were supported by my hon. Friends, they were opposed by the Government. The hon. Member for Wentworth (John Healey), who was then the Financial Secretary to the Treasury, stated:

"It is appropriate that Ministers play a role in appointments, because it is an Executive function."

When pressed on whether there was a role for confirmation hearings, he said:

"That is not a matter for the Government."—[Official Report, Statistics and Registration Service Public Bill Committee, 16 January 2007, c.68]

I raised the issue again on 2 July with the Exchequer Secretary to the Treasury. I asked about an increased role for Parliament in major public appointments, including the appointment of members of the Statistics Board. She responded:

"Clearly, Parliament will not have an added role and not in respect of the initial board appointments."

She went on to say that

"A proper appointments process has to be in place"

for April 2008, and that

"It may then be for Parliament to decide...how it wishes to ensure adequate scrutiny of the new department's activities."—[Official Report, 2 July 2007; Vol. 462, c709]

¹⁴ HC 934, para. 37

¹⁵ HC Deb 25.07.2007, cc902-14

¹⁶ HC Deb 25.07.2007, c902

I assume that when the Exchequer Secretary made that statement she did not know that the Prime Minister would the next day announce the change of process and specifically that there would be a parliamentary vote on the appointment of the chairman of the Statistics Board. I should be grateful to know whether the Exchequer Secretary was consulted on the matter, whether she was aware of any rumours, and when she first knew or suspected that the process would change.¹⁷

Mr. Gauke also drew attention to the Treasury Committee's recently published report into the efficiency of Chancellor's Departments in which the Committee found the Office for National Statistics to be under "intense pressure":

That pressure arises from the combined effect of budgetary restraint, the requirement to meet stretching efficiency targets for monetary savings, headcount reductions and relocation, the ambitious modernisation programme including re-engineering of the National Accounts, the need to prepare for the 2011 census and the preparations for legislative change, including the creation of the new Statistics Board.¹⁸

The Chairman of the Treasury Committee, **John McFall** MP, introduced the Committee's report. Mr. McFall observed that

..we were satisfied unanimously as a Committee about his independence from Ministers and his commitment to the importance and integrity of statistics. We asked him tough questions, including one that I put to him at the beginning of the meeting about his close family connections with No. 10 Downing Street – his son is the chief of staff to the Prime Minister. Sir Michael answered that question very clearly, saying that his son was a civil servant, and that he phoned him up after the appointment to congratulate him. He was very clear on that, and I have read since that Sir Michael prepared a report on independence for the Bank of England when he was personal assistant to the Chancellor of the Exchequer at the time, Lord Lawson, but it was not implemented by that Government. His son, Tom Scholar, however, was involved in the preparation of the report on independence for the Bank of England in 1997. The Governor of the Bank of England has referred to that as "a scholarly achievement" and I would endorse that comment.

Sir Michael answered that question very satisfactorily. We also tested his willingness to take a position at odds with Ministers and we were encouraged by his answers. I suggest that we brought the best out of Sir Michael, because he is a civil servant, and he mentioned that since his retirement six years ago, and during his time spent heading St. John's College, Oxford that – unlike a number of other civil servants – he has never spoken to the press. We suggested to him that perhaps everything he had said in the past six years had been off the record, but it was very important that everything he said as chair of the Statistics Board was on the record, and that he should question the Government on a number of points.¹⁹

¹⁷ HC Deb 25.07.2007, c903

¹⁸ House of Commons Treasury Committee *The efficiency programme in the Chancellor's departments*, Eighth Report of Session 2006–07, HC 483, pp. 68–9
<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmtreasy/483/483i.pdf>
<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmtreasy/483/483ii.pdf>

¹⁹ HC Deb 25.07.2007, cc905-6

Mr. McFall said that the Committee was encouraged by Sir Michael's responses to a number of key questions, and that he would face a number of challenges, including raising public confidence in official statistics and overcoming the organisational difficulties arising out of relocation and efficiencies at the Office for National Statistics. Mr. McFall also reiterated the Committee's expectation that Sir Michael would make his role as Chair of the Statistics Board his primary commitment:

We were encouraged by Sir Michael's responses, and as a result, we recommend him to the House. I want to touch on the challenges that he will face. Public confidence in statistics in the United Kingdom is low. That may be because of the perception that statistics can be spun by Ministers, and a key challenge for Sir Michael will be to work to overcome this perception and to monitor the arrangements that give rise to it. When questioned by the hon. Member for Sevenoaks (Mr. Fallon), Sir Michael was very clear that he wanted pre-release times to be shorter. Furthermore, he wished that that (determining pre-release access arrangements) had been a decision of the Board, and the Committee agreed with those comments. We look forward to him chairing the Board in the professional manner he has shown in his life as a civil servant, and as an academic, and also, at times, we hope that he makes constructive criticism of the Government when we feel that they have got it wrong.

We know that the Government have given ground on pre-release times, such as the 24-hour notice period on national statistics, but that is still out of line with international comparisons and the United Nations recommendation. Indeed, the Select Committee visited the Republic of Ireland a few months ago, when we examined arrangements there for statistics and pre-release. The Act that governs that in the Republic of Ireland dates back to 1993, which shows how far behind we were. We have come far, but there is still a distance to go on pre-released statistics.

I remember an opinion poll that suggested that only 17 per cent. of the population in the United Kingdom have confidence in official statistics. That is bad for statistics, politicians and the democratic process. It is important to improve the position and I hope that Sir Michael's appointment will help.

Sir Michael will face an organisational challenge. It has already been said that, earlier this week, we published a report arising from an inquiry by the Sub-Committee, which is ably chaired by the hon. Member for Sevenoaks. It characterised the Office for National Statistics as an organisation that is under intense pressure. I trust that my hon. Friend the Exchequer Secretary will tackle some of those pressures before 1 April 2008. In doing that, I hope that she will work closely with Sir Michael as shadow chair.

The combined task that Sir Michael faces will make demands on his time. He has been appointed as a non-executive chairman to work a three-day week. We questioned him about his other commitments, most notably his post as head of St. John's College, Oxford. He told us that he would work three days at St. John's College and three days at the Statistics Board. That is a six-day week and we forcefully suggested to him that his primary responsibility should be his Statistics Board job. He took that point on board. The position as chair of the Statistics Board must be his primary commitment.²⁰

²⁰ HC Deb 25.07.2007, c906-7

Michael Fallon MP made similar points and confirmed that the Treasury Committee would be holding an inquiry into preparations for the 2011 Census within the next year:

I shall not follow the hon. Member for Slough (Fiona Mactaggart) too deeply into the issue of the census. She described our report as “pretty okay”, so I shall simply congratulate her on a pretty okay speech. She might like to know, however, that the Treasury Select Committee will address the preparations for the new census, as it did for the previous census, at some point in the next year.

[...]

[Sir Michael Scholar] takes over the chairmanship of the [Statistics] Board at a time when the Office for National Statistics is in transition. It is becoming the Statistics Board; it is relocating to Newport; it is facing formidable challenges; and, as we were reminded earlier, it is preparing for the census in 2011. As the Treasury Committee mentioned in a separate report earlier this week, it also faces a series of challenges and is under enormous pressure from the Government in terms of efficiency savings—costs and headcount reductions—which could put at risk services on which key users such as the Treasury itself, the banks, the City and business so desperately rely.

It was the permanent secretary who, in giving evidence to our Committee, defended the efficiency targets. When he was asked why he was piling them on top of the relocation, on top of the preparation for the census, on top of legislative preparations to transfer the ONS to the Statistics Board, he replied that the target-setting process was “like trying to solve a set of simultaneous equations”. I have to say that this is not an academic exercise. We need a strong Office for National Statistics producing accurate and timely statistics, which are a vital public service and a cornerstone of our democracy. The new chairman therefore needs quickly to get a grip of the challenges faced by the ONS and ensure that management is fully supported and that priorities are properly set before the ONS is overwhelmed.

[...]

Two main considerations apply to Sir Michael's candidacy, the first of which is independence. Will he be sufficiently independent? The Treasury Committee was fully satisfied on that point. It is already clear, one day after the Government asked the House to send an amendment back to the Lords, that Sir Michael Scholar disagrees with the Government. He believes that pre-release should be a matter for the board and not for Ministers to determine. Within 48 hours of the Prime Minister's recommendation that the maximum time for pre-release should be 24 hours, he also disagreed with that. He said that he would much prefer less time.

[...]

The only remaining issue was the time commitment involved in the job. As the Chairman of our Committee has already said, the post is three days a week. Sir Michael is already committed as president of a busy Oxford college and he has a non-executive directorship, all of which seem to add up to six days a week. I simply draw the House's attention to our recommendation that the chairmanship must be his primary commitment. He must be here in London or out in Newport at the office rather than in the garden or at the organ or in the cellars of St. John's College, Oxford. Indeed, we expect him not only to fulfil his commitment at the London and Newport

offices but to be here as well, answering questions in Parliament. He should make himself fully accountable for the work of the Statistics Board.²¹

The question was agreed to without division.²²

D. Next steps

Sir Michael Scholar is expected to begin work as chair of a “shadow Statistics Board” at the start of September 2007. The appointment of the remaining non-executive members of the Statistics Board is anticipated during the Autumn. The *Statistics and Registration Service Act 2007* is expected to be brought into force in April 2008, and the Statistics Board to begin work also in April 2008.

²¹ HC Deb 25.07.2007, cc910-12

²² HC Deb 25.07.2007, c914