



House of Commons
Treasury Committee

Independence for statistics

Tenth Report of Session 2005–06

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House of Commons
Treasury Committee

Independence for statistics

Tenth Report of Session 2005–06

*Report, together with formal minutes, oral and
written evidence*

*Ordered by The House of Commons
to be printed 18 July 2006*

The Treasury Committee

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Summary

In March 2006, the Government published a consultation paper, *Independence for statistics*, setting out its proposals to replace the current Office for National Statistics (ONS) with an independent statistics office, to be established as a non-ministerial department and governed by an independent board. In this report, we assess the Government's proposals, which the Government intends to implement by way of legislation.

We welcome the Government's recognition that greater independence in the statistical system is required, and commend it on publishing its recent consultation paper as a means of continuing the reform process which it started in 1998. We recognise that the Government's proposals are aimed at improving public confidence in official statistics, which recent figures from the ONS have shown is at a low level, but express concern about whether the proposals go far enough to improve public confidence. The principles in the Government's consultation paper do not extend beyond the ONS to the significant number of statistics produced by other government departments, and we therefore recommend that the Government examine including protocols in its forthcoming legislation applicable to all official statistics. We also express concern that the creation of National Statistics has resulted in the emergence of a two-tier system, and that the Government's proposals allow ministers to retain too much control over the designation of National Statistics within their departments.

We consider the proposed structure and responsibilities of the new independent statistics office and conclude that investing the new board with executive responsibility for the statistics office would be likely to have a negative impact on the board's perceived independence. We recommend a clear statutory separation between the role of the National Statistician in the executive 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. We also consider how the Government intends that the proposed independent statistics office should operate in practice, as a non-ministerial department. We highlight the lack of detail set out in the consultation paper regarding the funding arrangements of the non-ministerial department and the role which Parliament would play in scrutinising its operation, and call for the Government to clarify these points.

Finally, we discuss several issues on which the Government's consultation paper invites comment. In the interests of improving public perceptions of political involvement in the release of official statistics we recommend that the existing arrangements for pre-release access to statistics by ministers and other government officials should be tightened. With respect to the collection of UK-wide statistics and the impact of devolution, we conclude that the Concordat on National Statistics requires reviewing in the light of the devolution experience. We also call on the Government to take the opportunity offered by the forthcoming statistics legislation to allow government statisticians greater access to administrative data.

1 Introduction

Our inquiry

1. The Chancellor of the Exchequer announced to Parliament on 28 November 2005 that the Government 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”.¹ This announcement followed recommendations from the Statistics Commission, the Royal Statistical Society (RSS), and the Treasury Committee.²

2. On 22 March 2006, HM Treasury published a consultation paper, *Independence for Statistics*, alongside the Budget, setting out its proposals to “build on earlier reforms, reinforcing the independence, integrity and quality of statistics produced in government”.³ The consultation process closed on 14 June 2006.⁴

3. The Treasury Committee has responsibility for scrutinising the ONS on behalf of the House of Commons. In July 2005, the Treasury Committee established a Sub-Committee, to examine the work of the minor departments accountable to the Treasury and other matters referred to it by the main Committee. The ONS is included among these minor departments. In April 2006, the Sub-Committee announced that it intended to undertake an inquiry into the Government’s consultation paper on independence for statistics. In particular, the Sub-Committee intended to examine the Government’s proposals for:

- the ONS;
- an independent governing board, the method of making appointments to it and provisions for its reporting and accountability to Parliament;
- ensuring the quality and integrity of National Statistics; and
- winding up the Statistics Commission.

The Sub-Committee also made clear its intention to consider related issues including:

- the definition of National Statistics, and the status of other official statistics;
- the apparently low levels of public trust in official statistics;
- the role of statisticians working outside the ONS, in central government and the devolved administrations; and

1 HC Deb, 28 November 2005, col 78W

2 Statistics Commission, *Legislation to build trust in statistics*, May 2004; Royal Statistical Society, *A Vision for National Statistics*, September 2002; Treasury Select Committee, Second Report of Session 2000–01, *National Statistics*, HC 137

3 HM Treasury, *Independence for statistics: A consultation document*, March 2006, Foreword by the Financial Secretary to the Treasury, p 1

4 The responses to the Government’s consultation process are available on the Treasury’s website, at: www.hm-treasury.gov.uk/budget/budget_06/other_documents/bud_bud06_odstatistics_responses.cfm.

- any lessons to be learnt from other countries' legislative frameworks for independence for statistics.

4. The Sub-Committee received 12 written memoranda and took oral evidence from: Mr Simon Briscoe from the Financial Times, Ms Ruth Lea from the Centre for Policy Studies, Professor Alison Macfarlane from City University London, the RSS, the Statistics User Forum, the Chief Statistician of Canada, Dr Ivan Fellegi, the Statistics Commission, the Chief Statistician Scottish Executive, Mr Rob Wishart, Professor Denise Lievesley from the Information Centre for Health and Social Care, the National Statistician, Karen Dunnell, and ONS officials, Lord Claus Moser, and John Healey MP, Financial Secretary, HM Treasury. We are grateful to all those who gave evidence or otherwise assisted with our inquiry.

Previous work by the Treasury Committee

5. The Treasury Committee has previously examined issues related to statistics, and reported to the House on *National Statistics* in 2001. In that report, the Committee 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” and to “guard against political interference and backsliding in the future”.⁵ The Committee concluded that it was “absolutely essential that the new arrangements for National Statistics should be enshrined in a Statistics Act” and said that, if the Statistics Commission concurred with its view in two years' time when it carried out its review of the *Framework for National Statistics* introduced in 2000, then it expected the Government to “bring forward legislation as a matter of priority”.⁶

Statistics in the UK: some brief background

6. The collection of statistics has a long history in the UK: records relating to imports and exports can be traced back to the 17th century; the first population census took place in 1801; and the routine collection of statistics relating to births and deaths began in 1837. In 1941, the Central Statistical Office (CSO) was created within the Cabinet Office, primarily to ensure greater coherence in the collection and production of official statistics. A reorganisation of the statistics system in the 1960s led to the creation of two new offices to collect, on behalf of all government departments, statistics from businesses (the Business Statistics Office (BSO)) and information from individuals and households through censuses, surveys and registers (the Office for Population Censuses and Surveys (OPCS)). The reorganisation also established a Government Statistical Service (GSS) to improve the management of government statistics and to develop “a cadre of professional statisticians across government”.⁷

7. In 1989, the Pickford Review of interdepartmental arrangements for the production of statistics recommended an enhanced central role for the CSO.⁸ The recommendation was

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

6 *Ibid.*

7 *Independence for statistics: A consultation document*, paras 2.2–2.3; HM Treasury, *Statistics: A Matter of Trust*, Cm 3882, February 1998, Annex A

8 S Pickford, J Cunningham, J Lynch, R Radice, G White, *Government Economic Statistics: A Scrutiny Report*, 1989

accepted and the CSO subsequently absorbed the functions of the BSO, parts of the Department of Trade and Industry's statistical divisions, and the Department of Employment's responsibilities for the Retail Prices Index and the Family Expenditure Survey. The CSO increased in size from 170 staff to over 1,000 staff and was transferred from the Cabinet Office to HM Treasury, before being granted executive agency status in 1991. Moves during the 1990s to improve the quality of statistical service to users led to the adoption of the *Official Statistics Code of Practice* in 1995.⁹ In 1996, the CSO was merged with the OPCS to form the ONS, an executive agency of HM Treasury.¹⁰ The Government launched a consultation exercise on the future of the UK's statistical system in 1998. Box 1 details the resulting non-statutory *Framework for National Statistics*, which was introduced in 2000.

Box 1: The Framework for National Statistics

The *Framework for National Statistics*, along with its associated Code of Practice and accompanying Protocols, provides the foundation for the current statistical set-up in the UK. The key reforms introduced as part of the Framework were:

- the creation of the post of National Statistician as the Government's chief statistical adviser. Under the Framework, the post holder is granted operational independence from Ministers, and is both the professional Head of National Statistics and the Director of the ONS. The National Statistician has responsibility for the professional statistical quality of all outputs comprising National Statistics, and for ensuring that all outputs are produced in accordance with the standards set out in the National Statistics Code of Practice ... The National Statistician is appointed by, and is accountable to, the Chancellor of the Exchequer (as Minister for National Statistics) for the performance of National Statistics and, with departmental Heads of Profession for Statistics, for the discharge of annual work programmes approved by Ministers;
- the creation of an independent Statistics Commission, to advise on quality assurance and integrity—including in areas of widespread concern—and priority setting for National Statistics. Independent of both Ministers and producers of National Statistics, the Commission has its own budget and is able to determine its own activities [...]; and
- the introduction of the concept of 'National Statistics', aimed at providing an accurate, up-to-date, comprehensive and meaningful description of the UK economy and society, underpinned by professional standards as set out in a new Code of Practice. The Code—which draws on the United Nations' Fundamental Principles for Official Statistics—is a guide for all public sector statistical work, and applies not only to outputs from the ONS, but also to all those National Statistics produced elsewhere. Ministers are responsible for deciding the scope of National Statistics within their departments, and for ensuring that departmental Heads of Profession for statistics have the authority to maintain and demonstrate the integrity of such statistics in accordance with the Code. The National Statistician is responsible for the maintenance of the Code and its interpretation.

Source: HM Treasury, *Independence for statistics: A consultation document, March 2006, para 2.8*

8. The UK has a decentralised statistical system, meaning that a large proportion of official statistics are produced in government departments and agencies other than the ONS. Professor Denise Lievesley told us that, internationally, there was no such thing as “a totally decentralised system or a totally centralised system”, but that there was a “continuum”.¹¹ Statistical systems are largely centralised in Australia, Canada, Ireland, the Netherlands,

9 Central Statistical Office, *Official Statistics Code of Practice*, 1995

10 HM Treasury, *Statistics: A Matter of Trust*, Cm 3882, February 1998, Annex A; Simon Briscoe, *Britain in Numbers*, 2005, pp 64–70; National Archives, <http://www.ndad.nationalarchives.gov.uk/AH/5/detail.html>

11 Q 145

New Zealand and Norway, while systems in France, Germany, Italy, Sweden and the United States are relatively decentralised.¹²

9. According to the Government, decentralisation “maximises the benefits to be gained from keeping statisticians close to policy work in departments, and maintaining professional statistical expertise across government”.¹³ Each Government department or agency that produces National Statistics, or uses official statistics widely, has a Head of Profession for Statistics.¹⁴ Heads of Profession are responsible for the professional integrity of the National Statistics produced by their department and are appointed by the Permanent Secretary of the department. Heads of Profession have a dual accountability: to their departmental ministers for the relevant parts of the approved work plans for National Statistics; and to the National Statistician for the professional statistical quality of the National Statistics their departments produce.¹⁵

10. In its March 2006 consultation paper, the Government observes that “there is no single ‘best practice’ model for statistical governance internationally. Statistical systems—as with institutional structures more generally—tend to reflect individual country circumstances, and historical and cultural developments”.¹⁶ Despite this, internationally recognised statistical standards do exist. In 1994 the United Nations adopted a set of principles intended to guide the production and dissemination of statistics in its member countries and, more recently, the European Union established a voluntary code of practice designed to protect “the professional independence of statistical authorities from other policy, regulatory or administrative departments and bodies”.¹⁷ More than 90% of the 112 respondent countries to a United Nations report in March 2004 reported having a general statistics law providing the authority and rules under which the national statistical office operated.¹⁸

The Government’s proposals

11. The Government’s consultation paper details the Government’s aims for statistics:

Quality needs to be assured. Official statistics must be sufficiently accurate and reliable for the purposes for which they are required ... the production and presentation of official statistics needs to be free from political interference, and to be seen as such, so that the objectivity and impartiality of statistics is assured.¹⁹

12 HM Treasury, *Statistics: A Matter of Trust*, Cm 3882, February 1998, Annex D

13 *Independence for statistics: A consultation document*, para 2.6

14 See Part 2 for a definition of National Statistics.

15 *Independence for statistics: A consultation document*, para 2.9

16 *Independence for statistics: A consultation document*, para 3.2

17 United Nations Economic and Social Council, *UN Fundamental Principles of Official Statistics*, 1994; European Union, *Code of Practice on European Statistics*, 24 February 2005, Principle 1, p 2

18 *Independence for statistics: A consultation document*, para 3.6

19 *Independence for statistics: A consultation document*, para 1.4

12. The consultation paper describes the introduction of the *Framework for National Statistics* in 2000 as “the most far-reaching reform of statistics in over 30 years”.²⁰ Box 2 sets out the Government’s current proposals for further reform.

Box 2: The Government's proposals for legislation

Having revised the Framework after five years of operation, we now intend to take these reforms much 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 open and fair competition; and
- removing the statistics office from Ministerial control, by establishing it as a Non-Ministerial Department, with special arrangements outside the normal Spending Review process.

At the same time, the Government intends to retain the current decentralised system of statistical production, which benefits from maintaining professional statistical expertise across government, and keeping statisticians close to policy work in departments, and close to other essential data suppliers and customers.

Source: HM Treasury, *Independence for statistics: A consultation document, March 2006, p1*

Public confidence in statistics in the UK

13. Throughout our inquiry we have sought to consider the impact of the proposed policy changes on public confidence in official statistics. Recent figures from the ONS show that, while 37% of adults in Great Britain agree that official statistics are generally accurate, just 17% believe that they are produced without political interference and only 14% say the Government uses official figures honestly.²¹ Lord Moser told us that the public did not distrust figures, so much as “the people who use the figures and the institutions”.²² He said that the UK was the “only country in which there [was] a major trust problem”:

[The problem] does not exist in Canada, Australia or Sweden. It is a feature of the fact that our public distrust politicians, distrust authority, and do not like figures. We have a national problem.²³

14. In 2005, the Statistics Commission initiated research into attitudes towards official statistics among individuals from academia, the media, Parliament, government, public services, the business community and the voluntary sector. The Commission concluded that public confidence in official statistics might be improved if the distance between statisticians and politicians were to be increased:

20 *Independence for statistics: A consultation document, p 1*

21 Office for National Statistics press notice, ‘No change in public confidence in official statistics’, 20 September 2005

22 Q 208

23 *Ibid.*

There is a strong feeling [among respondents to the Commission] that action needs to be taken to increase trust in, and the credibility of, official statistics. For many, the key to achieving this lies with securing independence for the statistical service. It is felt that, of late, the production of statistics has become politicised and when set against a backdrop of distrust in the Government generally, then a comprehensive restructuring of the statistical service is necessary. It is widely believed that by increasing the distance between Government and the statistical service, there will be less of an inclination to view its output with suspicion.²⁴

15. The Minister told us that the Government recognised that there were “widespread perceptions of political interference that undermine the degree of confidence that we would want to see in the statistical system”, and that it was therefore proposing to:

legislate for greater confidence ... legislate for independence from ministers and ... legislate for arrangements in which Parliament will play a much more direct part in holding the statistical service to account.²⁵

Our conclusions

16. **The Treasury Committee has previously called for the introduction of a Statistics Act and a clearer delineation of the responsibilities of ministers, the National Statistician, the Statistics Commission and others in relation to National Statistics in order to guard against political interference in the production and dissemination of official statistics. We therefore welcome the Government’s recognition that greater independence in the statistical system is required, and commend it on publishing its recent consultation paper as a means of continuing the reform process which it started in 1998.**

17. **We also welcome the Minister’s acknowledgement of the importance of addressing the existing low levels of public confidence in statistics. Regardless of the detail of the Government’s final proposals, we consider it essential that the Government ensures that its proposals secure both sufficient independence and sufficient perceived independence in the statistical system. It is crucial that the Government carefully considers the way in which it communicates the independence of statistics to the public, with the aim of ensuring that public trust in official statistics is significantly improved.**

²⁴ Statistics Commission, *Official Statistics: Perceptions and Trust*, 2005, p 37

²⁵ Q 231

2 The Framework for National Statistics

National Statistics

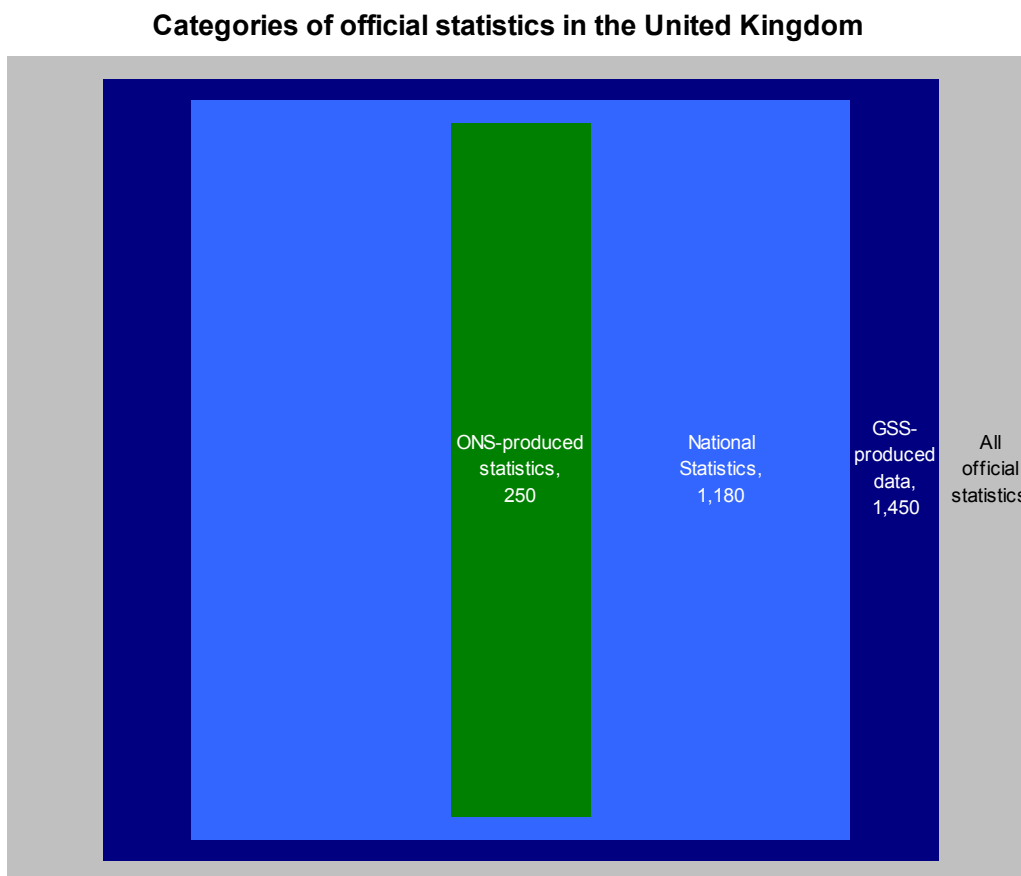
18. The concept of ‘National Statistics’ was introduced as part of the non-statutory *Framework for National Statistics* in 2000. Essentially, National Statistics accreditation acts as a quality kite-mark for official statistics: only those data produced in accordance with the National Statistics Code of Practice receive the accreditation. Although all National Statistics are official statistics, not all official statistics are National Statistics. The Code applies to all datasets which the ONS is responsible for producing and to National Statistics produced within government departments. The National Statistician has overall responsibility for the professional integrity and statistical quality of all datasets designated as National Statistics, although within government departments, ministers are responsible for deciding which statistics should be National Statistics.²⁶

19. The Minister told us that the term ‘official statistics’ refers to an unquantifiable number of statistical outputs including “databases”, “management data” and “one-off research projects” produced by Government officials who are not necessarily members of the GSS. He told us that, currently, around 1,450 datasets are produced by members of the GSS. Of these, approximately 1,180 are designated as National Statistics, with around 250 of these produced by the ONS.²⁷ Figure 1 outlines the relationships between these figures.

26 *Independence for statistics: A consultation document*, para 2.8; Office for National Statistics website, http://www.statistics.gov.uk/about/national_statistics/introduction.asp

27 Q 240

Figure 1: Categories of official statistics in the United Kingdom



Source: Q 240

20. Consequently, approximately four in five GSS-produced statistics are National Statistics. However, the undefined nature of the wider ‘official statistics’ category means that we are unable to determine what proportion of all statistics across Government are National Statistics. At the departmental level, we discovered from the Home Office that, of its 165 statistical outputs, 20 (that is, approximately 12%) were National Statistics. The Home Office cautioned that these figures were subject to some definitional uncertainty, with some questions about what constituted a separate statistical series. Obviously, the situation in the Home Office is not necessarily representative of other government departments.

Criticism of the National Statistics system

21. The existence of National Statistics accreditation was criticised by some of our witnesses. The RSS believed that the public was unable to distinguish between National Statistics and other statistics, explaining that the public found it “very hard to understand why this one is a National Statistic and this one is not”.²⁸ The RSS described National Statistics accreditation as creating “a two-tier system” which was “something of a patchwork at the moment”:

²⁸ Q 37

[For example] we have the situation where monthly waiting lists are not National Statistics but quarterly waiting lists are. It is very difficult for anyone outside the system to understand the logic of that.²⁹

The Statistics User Forum described the concept of National Statistics as “confusing” even to professional users:

the great majority of users in the wide world ... do not draw any distinctions as to where statistics come from within Government; it is just Government official data and they do not have any subtleties about which departments in particular.³⁰

22. Lord Moser expressed concern about the role of ministers in determining which data sets would be treated as National Statistics. He told us that, given the chance, he would “abolish the concept of national statistics” and replace it with “what we have always had and what every other country has: official statistics”.³¹ He argued that ministerial control of National Statistics undermined trust:

The great mistake is to have a category of statistics which are left totally to the ministers’ hands. It is a formula for lack of trust, because anybody who looks into it can see that the minister has decided that those particular things do not go anywhere near ONS; they are totally for him or her to decide on. That, to me, is a very basic flaw.³²

23. The Statistics User Forum argued that all statistics should be produced in the same way according to a code of practice. It told us that this did not necessarily mean that the statistics must be “highly accurate”, simply that they should be as accurate as possible and that any shortcomings should be made clear.³³ Professor Alison Macfarlane of City University London supported this idea. She told us that she wanted any code of practice “to apply as widely as possible”. She argued that currently it was difficult to have any faith in numbers quoted by politicians which had not been produced in accordance with the existing Code of Practice.³⁴

24. Despite these criticisms, the Government proposes that the National Statistics system should continue.³⁵ The Minister’s argument appeared to be that it was better to have some official data produced to the higher National Statistics standard than to have all data produced to an identical, but lower, standard. He commented that, given the difficulty of defining and quantifying statistics produced outside the GSS, “it is probably quite hard to have a code of practice that covers absolutely any statistics, any statistical outputs, or any data that may be generated within Government”.³⁶

29 *Ibid.*

30 Ev 16; Q 81

31 Q 216

32 *Ibid.*

33 Q 83

34 Q 20

35 *Independence for statistics: A consultation document*, para 4.14

36 Q 241

Public domain distinction

25. Simon Briscoe suggested that statisticians working in government departments could “quite happily work for their ministers”, but that once figures approached the public domain they should “cross a dotted line” and become “the responsibility of the National Statistician and the [ONS]”.³⁷ The RSS echoed this opinion when arguing that statistics produced for internal management purposes should be treated differently from those produced for public consumption. It told us that statisticians working in departments frequently prepared “alternative ‘What if?’ scenarios” as part of a department’s process of determining what policies to pursue, and that such calculations were unlikely to be of interest to the public:

Clearly, only one policy is going to be arrived at and that process ... is not going to fall into the public domain, unless all evidence to ministers is publishable ... What we are talking about are things which are used by the public to monitor Government performance.³⁸

26. The RSS assured us that, in most instances, it would be possible to determine which statistics would be prepared for public consumption in advance. It told us that:

The vast majority of the statistics which come into the public domain are produced on a regular basis. We know they are coming out, we know when they are coming out and we know what they are based upon. It is easy to identify those as being the statistics which are being ... produced largely for public consumption.³⁹

Our conclusions

27. As the Minister explained, there are effectively four categories of statistics in the UK: official statistics; GSS-produced official statistics; National Statistics; and ONS-produced statistics (see Figure 1). **We accept the Minister’s point that it can be difficult to define and quantify data produced outside of the Government Statistical Service and we recognise that some data is produced for internal use only. For this reason, we accept that it may not be feasible to apply a code of practice to all official data. We believe, however, that it would be helpful if a clearer distinction could be made between data which is produced for the public domain and data which is used for internal purposes within departments.**

28. **We note the evidence we have received from witnesses who described the National Statistics system as confusing to both professional users and the wider public. We agree that the current model is confusing. We are concerned that the creation of National Statistics has resulted in the emergence of a two-tier system, which has tended to undermine public confidence in official statistics. We recommend that the Government seek to address the problem by setting down clear criteria for what categories of statistics should be classified as a ‘National Statistic’.** We discuss below who should have responsibility for determining which statistics should be classified as National Statistics.

37 Q 6

38 Q 60

39 Q 59

29. We note that the Home Office has been able to provide figures for the proportion of all its official statistics which are designated as National Statistics. We recommend that the Government publish the equivalent figures in respect of all government departments, in order to inform parliamentary scrutiny of the expected legislation.

The decentralised statistical system

30. The Government’s consultation paper proposes retaining the current decentralised system, on the basis that “the strengths that flow from decentralisation outweigh the potential benefits from centralising all statistical activity in one office”.⁴⁰ The Minister told us that having a cadre of professional statisticians based in separate departments meant that:

officials in those departments have ready access and influence with those statisticians in the way that they go about their work.⁴¹

He said that the arrangement also had advantages for the statisticians themselves, arguing that they were “closer to the data sources”, “closer to the consumer” and “closer to the policy imperatives for which statistical systems need often to be devised”.⁴²

31. The ONS supported the Minister’s position, arguing that “real added value” was gained by having statisticians in government departments and that the arrangements ensured that policy issues were “founded on evidence-based policy”.⁴³ The Director of National Statistics and Planning told us:

The ability for the statistician and the head of profession in each department to have some kind of protection through a statutory code is a perfectly acceptable way of working, and I think if you actually take the statisticians out of that environment, they are going to be far less valuable and far less effective than they are now.⁴⁴

32. Other witnesses expressed reservations about the current decentralised system. The RSS agreed that there were “strong arguments” for maintaining the decentralised system but argued that “compensating mechanisms” had to be found to ensure that there was public confidence in the production of statistics.⁴⁵ The RSS assured us that statisticians in Government departments were capable of acting differently depending on whether they were producing and analysing internal management data, on the one hand, or statistics for the public domain, on the other:

It is not unrealistic to say that one of the things which we need to put in place if we are to retain the benefit of a decentralised system is a system of Chinese walls whereby, professionally, the statisticians producing these numbers within policy

40 *Independence for statistics: A consultation document*, para 4.8

41 Q 262

42 *Ibid.*

43 Q 190

44 *Ibid.*

45 Q 58

departments as public consumption figures should actually have a responsibility to the National Statistician.⁴⁶

The Chief Statistician of Canada argued that such ‘Chinese walls’ could be formalised in the form of statistical “institutes” within Government departments.⁴⁷

Our conclusions

33. We acknowledge the benefits of the current decentralised statistical system, as set out by the Government and endorsed by the Office for National Statistics and others in the statistics community. Given the apparently high levels of support for the current system, we do not suggest bringing all of the Government’s statistical operations together into a single office.

34. However, we note the Minister’s acknowledgement that the decentralised system affords government departments, and potentially ministers, more influence over statisticians than would a centralised system. We agree with the Royal Statistical Society that a decentralised system risks perceptions of political interference and that “compensating mechanisms” are therefore required. We recommend to the Government that, although statisticians should remain close to policy colleagues in departments, they should have formal responsibility to the National Statistician for any statistics they produce which are intended for the public domain. We also recommend that the Government examine the adequacy of the ‘Chinese wall’ arrangements which are currently in place in departments—between departmental statisticians and the rest of the department, including ministers—and that it puts in place improved arrangements, if necessary. We point the Government to the example of the Government Legal Service, which appears to enable lawyers to work within their individual departments in the interests of those departments while still retaining a professional duty to offer impartial, objective advice which may not be politically welcome.

Scope of the proposed legislation

35. The Government’s consultation paper proposes that the new independent board would have responsibility for assessing statistics already designated as National Statistics against the new statutory code of practice, but that ministers would remain “wholly responsible” for statistics produced by their departments which are not National Statistics. It would be for ministers to decide whether these statistics should become National Statistics, “subject to the board [subsequently] assessing and approving them against the code”.⁴⁸

36. This aspect of the Government’s proposals was criticised by witnesses on two counts: first, that the scope of the legislation would be too narrow, with the focus being on the ONS and not the wider system; and secondly, that the independence of the system would be undermined by ministers retaining control over what should be designated as National Statistics within their departments.

⁴⁶ *Ibid.*

⁴⁷ Ev 79

⁴⁸ *Independence for statistics: A consultation document*, para 4.15

37. On the first count, the RSS considered that the Government’s consultation paper focused on the ONS and gave “not as much attention to the wider statistical system as it should”.⁴⁹ The RSS argued that if statistics produced by departments on topics such as “crime, education, health and social security” were omitted from the scope of the legislation, then public confidence would be eroded rather than enhanced.⁵⁰ The Chief Statistician of Canada, Dr Ivan Fellegi, told us that:

The role of the proposed new board is very limited *outside of* the ONS. While it would have statutory authority to enforce a new code of practice outside of the ONS, its only tool to do so would be an audit function and the power to “name and shame”—which is really not much different from the tool currently available to the current Statistics Commission.⁵¹

38. Lord Moser argued that the ONS was already the best part of the statistical system and was therefore the part which “least needs any kind of reform”.⁵² The Statistics Commission told us that it felt that many of the concerns about statistics expressed by the media and among the public related not solely to the ONS but “much more frequently” to other parts of the system, and argued that the Government therefore needed to “address the totality of the system”.⁵³

39. On the second count, the Statistics User Forum argued that the proposals would “perpetuate the unsatisfactory division between National Statistics and other official data”, and that allowing ministers to decide what should be designated as National Statistics would “undermine the whole idea of statistical independence”.⁵⁴ Dr Fellegi told us that:

Under the proposals, the scope of the National Statistical System is left for individual ministers to determine. They would decide whether “their” statistical activity ought to be part of the National Statistical System. I would suggest that you may want to ask yourself what incentive Ministers would have to favour opting in. Surely, the likelihood that, should they do so, their statistical activity would be subject to audits is not a very strong incentive to opt in.⁵⁵

40. Dr Fellegi felt that these two issues of scope and ministerial control, combined with the public’s inability to differentiate between statistics originating from the ONS and statistics coming from other Government departments, would mean that the Government’s proposals would have little impact on public confidence. He told us that, if the Government did not extend its proposals beyond the ONS, and if the proposals failed to remove responsibility for designating National Statistics from individual ministers, then

49 Q 35

50 Letter from the President of the Royal Statistical Society to the Chancellor of the Exchequer, 26 January 2006

51 Q 101

52 Q 206

53 Q 120

54 Ev 96

55 Q 101

the exercise would amount to no more than “tinkering” and would fail to solve the problem of public trust in statistics.⁵⁶

41. The Minister responded to these criticisms by telling us that the Government had chosen to concentrate on the 1,450 National Statistics products, in the first instance, because they represented “the most important sources of data that tell us what is going on in the economy and in society”.⁵⁷ The Minister defended the right of ministers to decide whether a particular dataset should be designated as a National Statistic, arguing that it was for ministers to be responsible for outputs, the operation of the departments producing them and the allocation of resources.⁵⁸ He suggested that the proposals, if implemented, would in fact give ministers added incentive to designate data as National Statistics:

with the added status that I think this independent process will give to the nature and the confidence in National Statistics, there will increasingly be—for ministers who are concerned about the confidence people can have in the statistics that cover the key areas of activity their department is responsible for—an incentive for them to want to see them within the system.⁵⁹

Our conclusions

42. The Government’s consultation paper proposes that the new independent board would have responsibility for assessing statistics already designated as National Statistics against the new statutory code of practice, but that ministers would remain responsible for other official statistics produced by their departments. In addition, ministers would be responsible for designating which statistics within their departments became National Statistics.

43. We note the concerns of several witnesses that the Government’s consultation paper fails to address the independence of statistics outside the ONS. We are not convinced by the Minister’s assertion that National Statistics “represent the most important sources of data” for explaining “what is going on in the economy and in society”, because they do not include some of the most frequently-quoted data on health, crime and education. For example, monthly Department of Health figures on *NHS Inpatient and Outpatient Waiting Times* are not National Statistics, nor are Home Office statistics on *Race and the Criminal Justice System*, and nor are Department for Education and Skills figures on *Revenue Funding per school pupil*.⁶⁰ **We agree with the Chief Statistician of Canada that the public is unlikely to distinguish between statistics originating from the ONS and statistics coming from other government departments. We are therefore concerned that, by addressing only the independence of the ONS in its consultation paper, the Government may have missed an opportunity to improve public confidence**

56 Qq 103 and 115

57 Q 240

58 Q 250

59 *Ibid.*

60 www.dh.gov.uk/PublicationsAndStatistics/fs/en; www.homeoffice.gov.uk/rds/; www.dfes.gov.uk/rsgateway/index.shtml

in official statistics. We recommend that the Government examine including protocols in its forthcoming legislation that would be applicable to all official statistics.

44. We recommend above that the Government should specify clear criteria for what constitutes a National Statistic based on the principle of distinguishing between data generated or collected for the purposes of public consumption and data generated or collected for the purposes of internal management. **We acknowledge the Minister’s argument that ministers are ultimately responsible for the outputs of their departments and that they may therefore have some incentive to see their departmental statistics awarded the National Statistics kite-mark of quality. We are nevertheless concerned that retention of this control by ministers would undermine the perceived independence of the system. The promise of a more thorough audit would not appear to offer a strong incentive for ministers to designate statistics within their departments as National Statistics. If the Government proposes to retain the basis of the current National Statistics system, we recommend that decisions about designation should rest with the independent board, not with ministers, in order to ensure that decisions about what constitutes a National Statistic are made objectively and consistently by a body external to the government departments concerned.**

Code of Practice

45. Under the current *Framework for National Statistics*, the National Statistics Code of Practice is the foundation document, intended to ensure quality and integrity across National Statistics. The Government’s consultation paper proposes the “continuation of the National Statistics system with a set of highest quality statistics produced in line with the published code”.⁶¹ The Government proposes to give the code statutory backing “by legislating to make the development and maintenance of the code the specific responsibility of the board”.⁶²

46. The Statistics Commission has previously described the existing Code as being poorly understood within Government, observing that “the day-to-day interpretation of the Code can vary widely between the numerous bodies that produce official statistics”.⁶³ Reporting on the financial year 2004–05, the Commission noted that:

Through the year, the Commission’s attention was drawn to various suspected breaches of the Code. None of these was particularly serious in itself, and in total they relate to an extremely small percentage of the mass of statistical releases. Taken together, however, they do raise a question about how well the Code is understood across government.⁶⁴

47. The Commission also described the Code as being difficult to enforce:

It is important to note here that only a few parts of the Code are of a kind that allows an unequivocal judgement to be made about adherence to it. Much of the Code is

61 *Independence for statistics: A consultation document*, para 4.14

62 *Ibid.*

63 Statistics Commission, *Annual Report 2004–2005*, July 2005, p 7

64 *Ibid.*

aspirational in style and requires no specific evidence of adherence. Thus the evidence [of breaches] that does exist often relates to transgressions against less fundamental aspects of the Code.⁶⁵

48. The Commission argued that the proposed statutory code of practice should be “drafted by the National Statistician and approved by the Governing Board and/or an appropriate Parliamentary Committee”, without the interference of ministers.⁶⁶ The Commission commented that ministers “should of course be consulted”, but that their agreement to the terms of the code should not be a prerequisite.⁶⁷ The Minister confirmed that this would be the case, telling us that the preparation and drafting of the code would “in all likelihood” be led by the National Statistician, but that it would be “for the board to direct that [and] for the board to approve that”, and that, subsequently, it would be for the board to modify the code “as it thinks fit, depending on how it works”.⁶⁸ He said that none of these functions would “be a matter for ministers”.⁶⁹

49. The Statistics Commission told us that it was planning to prepare a draft code of practice in the coming months in order to allow any new board to “hit the ground running, rather than having to create a new code of practice over many months”.⁷⁰

Our conclusions

50. We note the Statistics Commission’s concerns regarding the clarity and enforceability of the existing Code of Practice. We therefore welcome the Government’s proposal to establish a statutory code of practice, and its assurance that drafting the code would be a matter for the independent board without involvement from ministers. The introduction of a new statutory code of practice would offer the opportunity to establish a code which is unambiguous, able to be understood by a wide range of readers and sufficiently precise as to be readily enforceable. We are pleased to hear that the Statistics Commission intends to put forward proposals for a new statutory code of practice in the next few months.

Retail Prices Index

51. The Retail Prices Index (RPI) has a special status among statistics in the UK. The *Framework for National Statistics* provides that the National Statistician will be responsible for “developing and maintaining statistical standards, definitions and classifications”, except in the case of the RPI where special arrangements apply:

the National Statistician will take the lead in advising on methodological questions concerning the RPI but the scope and definition of the index will continue to be matters for the Chancellor of the Exchequer.⁷¹

65 *Ibid.*

66 Letter from the Chairman of the Statistics Commission to the Chancellor of the Exchequer, 20 January 2006

67 *Ibid.*

68 Q 247

69 *Ibid.*

70 *Ibid.*

52. The Chancellor has been responsible for the scope and definition of the RPI since 1989, when the CSO took over responsibility for the production of the RPI from the Department of Employment. Previously, the Secretary of State for Employment had responsibility. In determining the scope and definition of the RPI, the Chancellor of the Exchequer refers issues to an RPI Advisory Committee which he convenes as appropriate. Membership of the Advisory Committee typically includes experts on the matters being discussed and representatives of users of the RPI. The Advisory Committee makes recommendations to the Chancellor who, in theory can accept or reject them. However, since the first Advisory Committee was established in 1904, no recommendation has ever been rejected.⁷²

53. The Treasury Committee has previously considered the anomalous treatment of the RPI. In 1998, the Committee said that it saw “no justification” for the Chancellor of the Exchequer retaining control of the scope and definition of the RPI under the new arrangements for National Statistics. In 2001, the Committee concluded that it had heard “no sound argument why the scope and definition of the RPI, like the features of any other important statistical series produced by the ONS, should not be under the control of the National Statistician”.⁷³ In the course of our present inquiry, both the Statistics User Forum and the Society of Business Economists submitted that the anomalous position of the RPI should end.⁷⁴

54. Countries with statistical systems comparable to the UK do not treat the RPI in the way in which the UK treats it. Table 1 sets out the governance of national indices of prices in a selection of other countries and shows that Sweden is the only country other than the UK in which a senior government statistician does not have responsibility for the definition and scope of the index. In Sweden’s case, however, it is Parliament rather than the Government which is responsible for definition and scope of the index, and eight out of the nine members of the permanent advisory committee, the Index Board, are appointed by the Chief Statistician.

55. The Minister explained the Government’s justification for continuing the anomalous treatment of the RPI:

[The RPI] has traditionally been the responsibility directly of the Chancellor, essentially because of its unique place and its unique role. It is used for policy, for legislative, for contractual purposes. It is used for up-rating pensions and benefits. It is used for indexing tax thresholds [...] Up to this point, there has been a very strong view that ... the degree of government exposure from changes to the RPI made it appropriate to leave the ultimate say on any changes to the Chancellor.⁷⁵

71 Office for National Statistics, *Framework for National Statistics*, para 3.4

72 Office for National Statistics, *The Retail Prices Index: A Technical Manual*, 1998, paras 1.7–1.7.1

73 Treasury Select Committee, First Report of Session 1998–99, *Office for National Statistics*, para 48; Treasury Select Committee, Second Report of Session 2000–01, *National Statistics*, HC 137, para 12

74 Ev 96; Ev 76

75 Qq 265–266

Table 1: Responsibilities and governance of national indices of prices

Country	Definition and scope of index	Methodology	Advisory Committee	Appointment of Advisory Committee
Canada	Chief Statistician	Chief Statistician	Permanent	Chief Statistician
France	Director General, national statistics office	Director General, national statistics office	None	
Netherlands	Director General, national statistics office	Director General, national statistics office	Permanent	Director General, national statistics office
New Zealand	Government Statistician	Government Statistician	Periodic	Government Statistician
Sweden	Parliament	Index Board	Permanent	Chief Statistician ⁷⁶
United States	Commissioner, Bureau of Labor Statistics	Commissioner, Bureau of Labor Statistics	Permanent	Commissioner, BLS and Secretary of Labor

Source: House of Commons Library

Our conclusions

56. We have considered the Minister’s justification of the current anomalous treatment of the Retail Prices Index, whereby the Framework for National Statistics gives the National Statistician responsibility for “developing and maintaining statistical standards, definitions and classifications” of all statistics other than the RPI. We question whether the degree of Government exposure from changes to the RPI is such that the Chancellor of the Exchequer needs to retain control of its scope and definition, particularly given that equivalent indices in comparable countries are not treated as ‘special cases’. We invite the Government to explain more fully why it considers that the RPI should be treated differently from other key macroeconomic statistics.

76 The Chief Statistician appoints eight of the nine members of the advisory board; the Government appoints the ninth member.

3 Governance of the independent statistics office

Independent board

Structure and responsibilities

57. The Government’s consultation paper proposes establishing an independent governing board that would be responsible for “meeting an overall objective for statistical quality and integrity”.⁷⁷ The Government anticipates that the board would have a “strong non-executive presence” including “leading experts in statistics, and men and women from academia, business and public service”.⁷⁸ The board would be led by a non-executive Chair who would not need to be a professional statistician. The National Statistician would also be a member of the board.⁷⁹ Box 3 sets out the Government’s vision for the independent board.

Box 3: The independent board

The Government envisages the board having certain statutory objectives:

- to ensure the statistics office produces and disseminates relevant, accurate and timely statistics about the UK economy and society;
- to ensure the quality and integrity of the National Statistics system, by developing and maintaining the code of practice, and assessing National Statistics against this code;
- to advise Ministers of areas of widespread concern about the quality of official statistics;
- to maintain an overview of the broad coverage of the statistical system, which should meet key user needs;
- to operate efficiently, providing value for money whilst minimising the regulatory burden on business and other respondents; and
- to protect the confidentiality of data provided.

Source: HM Treasury, Independence for statistics: A consultation document, March 2006, para 4.17

58. With respect to the first of the objectives detailed in Box 3, the Government proposes that the board would have “executive responsibility” for the statistics office, which it describes as meaning that the board would ensure that “statistics produced by the office are accurate, that they are timely, and that the office’s work programme delivers statistics that are relevant”.⁸⁰ A number of witnesses expressed concern about this concept of “executive responsibility”. The RSS believed that the Government’s proposals with respect to the board needed “significant modification” to ensure that there was a “clear separation between operational delivery of National Statistics (the responsibility of the National

⁷⁷ *Independence for statistics: A consultation document*, para 4.5

⁷⁸ *Independence for statistics: A consultation document*, para 4.30

⁷⁹ *Independence for statistics: A consultation document*, paras 4.31–4.32

⁸⁰ *Independence for statistics: A consultation document*, para 4.19

Statistician) and the oversight role of the board”.⁸¹ The role of the board as it is envisioned by the RSS is detailed in Box 4.

Box 4: RSS suggested model for the independent board⁸²

The Board should be non-executive in terms of the production of statistics and should ensure that the statistical system serves the wider public interest. It should:

- Consider the statistical plans and draw to the attention of Parliament and ministers any imbalance or inadequacies;
- Keep under review strategic developments for the statistical system;
- Monitor, through whatever methods it deems necessary including independent audits, the professional integrity of the whole statistical system and adherence of statistical producers with the code of practice;
- Assure itself that the statistical system takes account of the needs of all users;
- Monitor the performance of the National Statistician in the discharge of his/her functions;
- Advise the National Statistician, Parliament and ministers as appropriate; and
- Report to Parliament.

Source: Ev 74

59. The Statistics Commission has previously criticised a model comparable to the one currently proposed by the Government. In 2004, it published *Legislation to build trust in statistics*, a report which reviewed the need for statistics legislation and recommended the establishment of a statutory Statistics Commission charged with enforcing a statutory code of practice. The Commission considered the merging of itself and the ONS into one body, but rejected the idea, arguing that such a body:

may not deliver sufficient benefits in terms of confidence in the statistics produced by government departments other than the ONS itself ... Also, ONS would be required to act as its own watchdog ... The difficulties of marrying the regulatory role with organisational management are well-evidenced elsewhere.⁸³

60. We invited the Commission to comment on the Government’s proposal to adopt the model earlier rejected by the Commission. The Commission told us that it still believed that a model including a separate body with an independent scrutiny role would be “cleaner and more easily believed to be independent than the model that the Treasury has come up with”.⁸⁴ The Commission nevertheless thought the Government’s model could be “made to work, providing the very real tensions that are involved in this are recognised and the structure is set up in the right way”.⁸⁵ The Commission suggested that Chinese walls could be established within the independent board to allow it to undertake its dual role of

81 Ev 73

82 Ev 74

83 Statistics Commission, *Legislation to build trust in statistics*, May 2004, paras 1.14 & 4.10

84 Q 119

85 *Ibid.*

“being responsible in some sense for the operation of ONS [while] at the same time being responsible for scrutiny across the whole system”, but cautioned:⁸⁶

it would be not straightforward to sell the idea to the public—and perceptions are very important to all of this. We think it could be made to work, but it would not be easy and it would certainly take a long time.⁸⁷

61. Several witnesses stressed that, if the board was to be given executive functions over the delivery of statistics, this would necessitate the retention of a separate scrutiny body. The RSS argued:

The Governing Board as proposed by the Government is an executive body and therefore if that model is pursued there will still be a need for a body like the Statistics Commission to oversee the Governing Board.⁸⁸

The Statistics User Forum suggested that if the Statistics Commission were to be continued, it would need strengthening, as it had “done good work and been alert to the views of users but [had] suffered from limited authority and an unclear role”.⁸⁹ The Forum told us:

Many users would like to see a body established on similar lines to the National Audit Office (possibly even an extension to the NAO) having the role of scrutiny or audit of the system. This would have the merit of being clearly independent. It would have more authority than the current Statistics Commission in that it had the sanction of an adverse report to Parliament. But its endorsement of good statistical practice would carry equal weight.⁹⁰

Our conclusions

62. We have considered the appropriateness of the Government’s proposals to establish an independent governing board with a “strong non-executive presence” and a non-executive Chair, but with “executive responsibility” for the statistics office. Witnesses emphasised the importance of maintaining a clear separation between responsibility for delivery of statistics, on the one hand, and regulatory oversight, on the other. We note particularly the Statistics Commission’s argument that separation of these functions is important not just because of the practical difficulties of separating these functions within one board, but also because of the impact of a lack of separation on the perceived independence of the board.

63. We support the Government’s proposals that the independent governing board should have a “strong non-executive presence” among its membership. However, we are concerned about the Government’s apparent intention to invest the board with executive powers. We would prefer that the Government ensure a clear statutory separation between the role of the National Statistician in the executive (or operational)

86 Q 120

87 Qq 121

88 Ev 74

89 Ev 97

90 Ev 97

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, and we recommend accordingly.

64. If, after considering our recommendation, the Government decides to proceed with the proposals in their current form, we recommend that it establish a separate scrutiny body in addition to the board. The establishment of such a body is in line with the recommendations of the Statistics Commission’s 2004 report, *Legislation to build trust in statistics*.

Appointments process

65. The Government’s consultation paper proposes that all members of the independent governing board, including the Chair and the National Statistician, would be appointed through open and fair competition, in line with guidance published by the Office of the Commissioner for Public Appointments (OCPA). The Chair and National Statistician would be formally appointed by the Crown, on the advice of ministers. Government ministers would appoint the remaining non-executive members of the board after consulting the Chair. The OCPA Code of Practice specifies that ministers should be given a final choice from at least two recommended candidates for each vacancy.⁹¹

66. The National Statistician confirmed to us that she expected the Chancellor of the Exchequer to be directly involved in appointments to the board. She argued that the independence of the board and the statistical office would not be determined by the specifics of the appointments process, but by the actions of those appointed:

I know from discussions that this is the Chancellor’s opportunity ... to make a big step towards independence, and I am sure that he will find the people [and] choose the people in the right way, but it is up to all of us, either on the board or in the statistical system, to emphasise all the time the independence of what we do.⁹²

67. The Society of Business Economists suggested that “appointments by ministers, rather than with their recommendation or approval, [would be] inconsistent with ‘independence’”, and stressed that the appointments process needed to be “as independent, and ... perceived to be as independent, as possible”.⁹³ On the other hand, Lord Moser told us that he would “totally trust the Chancellor or the Prime Minister in appointing the members of the board”.⁹⁴

Our conclusions

68. We have considered the appropriateness of the Government’s proposal to appoint all board members in accordance with the Office of the Commissioner for Public Appointments’ Code of Practice. The proposal would mean that ministers would be

91 *Independence for statistics: A consultation document*, para 4.34; Office of the Commissioner for Public Appointments, *Code of Practice for Ministerial Appointments to Public Bodies*, August 2005, pp 37–38

92 Q 202

93 Ev 76; Q 75

94 Q 215

offered a final choice from at least two recommended candidates. We acknowledge the concerns expressed by some witnesses that ministerial involvement in the process of appointing members to the new independent board could give rise to the perception of political interference. On balance, however, we consider that the proposed adherence to OCPA guidelines is sufficient to ensure independence. We agree with the National Statistician that public perceptions about the independence of the board will depend more upon the actions of board members than upon the way in which they are appointed.

Secretariat

69. The ONS told us that two models were being considered for the provision of secretariat services for the new board:

One [model] is for the board to share the same sort of secretariat as the chief executive, and that is practised in some organisations. In other organisations, such as the BBC, they have taken exactly the opposite approach and decided that the governing board should be very distinct from the chief executive.⁹⁵

The ONS told us that it would “work through” these two different models over the next few months to determine “what is most appropriate in these circumstances”.⁹⁶

Our conclusions

70. The Government’s consultation paper does not make any reference to the secretariat of the independent board. The ONS has suggested two distinct models: one in which the board shares a secretariat with the National Statistician; and another in which the secretariats are separated. We recommend that the secretariats of the independent department should maintain clear separation between executive and regulatory functions.

National Statistician

Responsibilities of the National Statistician

71. The Government’s consultation paper does not set out in any detail the responsibilities envisaged for the National Statistician under the new arrangements, nor does it specify whether the National Statistician’s authority over the executive delivery of statistics would be reinforced in legislation.

72. The Bank of England said that the Government’s proposal for the role of the National Statistician under the new arrangements does not “sound akin to the role of the National Statistician that exists under the current framework”.⁹⁷ The Bank described the proposals as “somewhat unclear”:

95 Q 194

96 *Ibid.*

97 Consultation response to *Independence for statistics* from the Bank of England, 12 June 2006, p 2

Who would be the public face of the ONS? If this is (plausibly) to be the chief statistician [currently the National Statistician], how is this consistent with the considerable powers entrusted to the ONS board on matters requiring professional competence?⁹⁸

73. The Chief Statistician of Canada told us that “the weak role” assigned to the National Statistician was an area of the Government’s proposals where “major strengthening” was needed.⁹⁹ He described this as a “major shortcoming” that the eventual legislation ought to remedy and outlined some of the roles and responsibilities he believed should be assigned to the National Statistician.¹⁰⁰ These are set out in Box 5.

Box 5: Roles and responsibilities for the National Statistician as suggested by the Chief Statistician of Canada

The major attributes and functions of the National Statistician should include:

- Absolute control over the statistical methods used throughout the statistical system. This would be exercised through her authority over the ONS; and through the conduct of quality audits of statistics produced in other government departments.
- Absolute control over the timing and content of statistical releases—whether originating from the ONS or from other government departments.
- Overall management of the statistical system which in turn includes:
 - day-to-day management responsibility over the centralised portion of the system (the current ONS);
 - effective authority to appoint and manage the careers of all members of the Government Statistical Service and the duty to be directly involved in the career management of the top two levels of the main decentralised components of the statistical system. This would include authority to appoint and reassign these managers to ONS and to other statistical organisations of the government.
- [Power to] recommend to the Board priority statistical areas for development or improvement, as well as areas the scope of which should be reduced or eliminated outright.
- [Power to] recommend to the Board statistical programmes to be subject to quality audits.
- [Authority to] act as the public spokesperson of the statistical system.
- [Responsibility for enforcing] the statistical code of practice throughout the system. This should include a provision that statistics will be disseminated from all statistical collections at the earliest date, i.e. that there are no confidential statistical programs and no holding back of results.

Source: Ev 81

74. The RSS produced a similar set of suggested key responsibilities, but added that the National Statistician should be “the Government’s Chief Adviser on statistics” and “entitled to comment on erroneous interpretation and misuse of statistics both inside and outside government”, in accordance with the United Nations Fundamental Principles of Official Statistics.¹⁰¹

98 *Ibid.*

99 Q 101

100 Ev 80

101 Royal Statistical Society response to the Government consultation document, para 6

Our conclusions

75. We are concerned that the consultation paper does not clearly set out the responsibilities of the National Statistician. We agree with the Chief Statistician of Canada that the Government’s proposals need “major strengthening” in this area.

76. We believe that the professional authority of the National Statistician over the executive delivery and co-ordination of statistics should be clearly and unequivocally provided for in legislation. The proposed responsibilities of the National Statistician as set out by the Chief Statistician of Canada and the RSS seem to us to be sensible and we recommend that future legislation take adequate account of these proposals. The National Statistician must be given the professional responsibilities and statutory authority necessary to perform the roles of chief executive of the statistical office.

Title of the National Statistician

77. The Government proposes changing the title of the National Statistician to ‘Chief Statistician’.¹⁰² Several witnesses remarked that the title of Chief Statistician is currently given to junior members of the Senior Civil Service (SCS).¹⁰³ The Society of Business Economists argued:

It should be possible to find a more appropriate title than the proposed ‘Chief Statistician’, given the long history of such nomenclature being used for the lowest level of Government Statistical Service senior management.¹⁰⁴

78. The senior statistician of the Scottish Executive and the senior statistician of the Welsh Assembly, both SCS Grade 5, are titled Chief Statistician. In Northern Ireland the senior statistician is titled ‘Chief Executive’ at SCS Grade 3.¹⁰⁵ The Director of the ONS is a permanent secretary and is therefore employed at SCS Grade 1.

79. The National Statistician told us that she would “rather stick” with her existing title, given that the title of Chief Statistician was already in use across Government departments and in the devolved administrations. She felt that an identical title would be “quite puzzling to people”.¹⁰⁶ The RSS felt that the proposed change was no more than cosmetic, commenting that “there are things which need to change. Let us not fiddle with things that do not”.¹⁰⁷ **We recommend that the title ‘National Statistician’ be retained.**

¹⁰² *Independence for statistics: A consultation document*, para 4.32

¹⁰³ Ev 66 and Q 41.

¹⁰⁴ Ev 78

¹⁰⁵ Government Statistical Service intranet *StatNet*, list of Heads of Profession, July 2006

¹⁰⁶ Q 197

¹⁰⁷ Q 43

4 Establishing a non-ministerial department

The Government's proposals

80. The Government's consultation paper proposes that the new statistics office should be established as a non-ministerial department (NMD), "ceasing to report to, and through, a Minister".¹⁰⁸ The consultation paper explains:

NMDs are departments in their own right, established to deliver a specific function; part of government, but independent of Ministers. The precise nature of relationships between NMDs and Ministers vary according to the individual policy and statutory frameworks, but the general rationale is to remove day-to-day administration from ministerial control.¹⁰⁹

81. The Cabinet Office identified a total of 20 non-ministerial departments as at 8 May 2006.¹¹⁰ The Government made specific reference in its consultation paper to the Food Standards Agency, the Charity Commission, the Office for Fair Trading (OFT), the Office for Standards in Education (Ofsted) and the Office of Gas and Electricity Markets (Ofgem) as examples of non-ministerial departments.¹¹¹ Each of these non-ministerial departments retains a relationship with a particular department and minister. During a recent House of Lords debate, the Government again drew a parallel between its proposals for an independent statistics office and the Ofsted model.¹¹² Box 6 details governance arrangements at Ofsted.

¹⁰⁸ *Independence for statistics: A consultation document*, para 4.11

¹⁰⁹ *Ibid.*

¹¹⁰ These were: Assets Recovery Agency; Charity Commission for England and Wales; Commissioners for the Reduction of the National Debt; Crown Estate; Crown Prosecution Service; Export Credits Guarantee Department; Food Standards Agency; Forestry Commission; HM Revenue and Customs; Office for Standards in Education; Office of Fair Trading; Office of Gas and Electricity Markets/Gas and Electricity Markets Authority; Office of Rail Regulation; Office of the International Rail Regulator; Office of Water Services; Postal Services Commission; Public Works Loan Board; Revenue and Customs Prosecutions Office; Serious Fraud Office; and UK Trade and Investment. See Cabinet Office, *Electronic List of Ministerial Responsibilities*, www.cabinetoffice.gov.uk.

¹¹¹ *Independence for statistics: A consultation document*, para 4.11

¹¹² HL Deb 15 June 2006, col 424

Box 6: Governance of Ofsted

Ofsted was established under the Education Act 2005. The Chief Inspector of Schools, the head of Ofsted, is appointed by the Queen in Council following recommendation by the Secretary of State for Education and Skills on behalf of the Government, in accordance with the guidelines of the Office for the Commissioner of Public Appointments.

Ofsted has a Strategic Board which is comprised of two non-executive members sitting with members of Ofsted's Management Board. Ofsted also has an Audit Committee with an independent chair and two other independent members.

Ofsted is funded as part of the Spending Review process and it is committed to achieving efficiency gains which will contribute to those outlined in the Department for Education and Skills' Efficiency Technical Note.

The Chief Inspector must make an annual report to the Secretary of State for Education and Skills, which is subsequently laid before Parliament.¹¹³ The Chief Inspector regularly gives evidence on Ofsted's performance to the Education and Skills Select Committee.

Sources: Various¹¹⁴

Departmental overview

82. We discussed with witnesses what the appropriate model for the new non-ministerial department might be. The ONS felt that the non-ministerial department would still “need a minister responsible for statistics legislation to oversee the working relationship”, and that “at the top level there is always a need for a minister to deal with Parliament about the legislation under which any organisation works”.¹¹⁵

83. Lord Moser recently told the House of Lords that, to the extent that the Government would retain residual responsibilities for the new non-ministerial department, the Cabinet Office's “lack of particular subject interest” made it a more suitable location than the Treasury, which was primarily concerned with economic statistics.¹¹⁶ He told us that the Treasury's focus on economic statistics represented a “conflict of interest” and that many of the most important statistics relating to society related to “things like education, health and all the other social areas which are not the direct interest of the Treasury”.¹¹⁷

84. Ruth Lea argued that there was a “very, very strong case” for locating the new non-ministerial department with the Cabinet Office. She described the Cabinet Office as a “much less powerful policy-making department” than the Treasury and noted its “much broader remit”.¹¹⁸ The Statistics Commission also favoured moving the non-ministerial department to the Cabinet Office, because of the need for co-ordination across departments on some statistical issues, such as the collection of migration statistics:

113 Education Act 2005, section 3

114 'Appointment of Her Majesty's Chief Inspector of Schools', Department for Education and Skills press release 2006/0083, 8 June 2006; HL Deb 15 June 2006, col 424; Ofsted, *Strategic Plan 2005 to 2008*, November 2004, p 6; Ofsted, *Departmental Report 2005–06*, May 2006, p 17; Education Act 2005, section 3

115 Qq 199–200

116 HL Deb 15 June 2006, col 407

117 Q 220

118 Q 7

One of our concerns is to ensure that there is effective planning of statistical work ... to meet future statistical requirements right across government. Many of those issues involve not just a single department but cross-departmental concerns, and the Cabinet Office in many ways seems a more natural coordinator of statistical planning than the Treasury does.¹¹⁹

85. Lord Moser argued that locating the non-ministerial department with the Cabinet Office would also be likely to have reputational benefits. He told us that during his time as Director of the Central Statistical Office and Head of the Government Statistical Office he had served three Prime Ministers, and found it “much less difficult to influence other ministries when it was known that behind [him] was the Prime Minister”.¹²⁰

86. When we put these views to the Minister, he told us that the Government felt that it was “probably appropriate” for “any residual responsibilities” to sit with the Treasury.¹²¹ He argued that the Treasury had “experience of dealing with statistical issues” and he felt that, as approximately 150 of the 250 National Statistics produced by the ONS were economic, the Treasury would retain a key interest in the operations of the new statistics office. He said that these economic statistics tended to “be produced more regularly” and “carry more impact and command more attention” than other statistics such as population surveys.¹²²

87. The Minister also argued that the Treasury had a greater interest in statistics than other government departments because of its coordinating role on public service agreement and efficiency targets. He said that the Treasury had the “most strongly developed audit function” among government departments and had a “direct interest in [measuring] performance against public service agreements” and “a direct interest in departments delivering value for money”.¹²³

Our conclusions

88. The Ofsted model and the experience of the other non-ministerial departments in the UK suggests that the independent statistics office proposed by the Government would still be subject to some degree of ministerial oversight. There would still be a need for ministers to trigger the appointments process, conduct negotiations with respect to the new office’s budget and take responsibility for statistics legislation. As discussed in Part 6 of this report, the non-ministerial department would retain some form of relationship with this minister. We heard arguments from some witnesses that it would be more appropriate for the ministers having a residual relationship with the non-ministerial department to be based in the Cabinet Office rather than the Treasury. The Minister opposed this suggestion, on the basis that the majority of statistics produced by the ONS are economic, and therefore of more interest to the Treasury than other government departments, and that such a move would have a negative impact on the Treasury’s ability to measure performance against

119 Q 130

120 Q 220

121 Q 237

122 *Ibid.*

123 *Ibid.*

public service agreements and hold other government departments to account for their value for money.

89. We have considered the arguments for transferring the new non-ministerial department from HM Treasury to the Cabinet Office. On balance, we conclude that the residual responsibilities of Government in relation to the new independent statistics office should remain with HM Treasury, although we do not agree that the Government can credibly argue that locating the new department outside the Treasury would detrimentally affect the Treasury's ability to coordinate, and measure departments' progress against, public service agreements and efficiency targets. The residual responsibilities of ministers in respect of the new non-ministerial department are likely to be limited, and we therefore do not believe that the precise location of the new department is particularly important. However, if HM Treasury is to retain residual responsibility for the new department, we recommend that the Government consider carefully how it will demonstrate that its proposals will result in a genuinely independent statistics office. What is important is that the new department should be perceived to be more independent than the present arrangement.

5 Funding arrangements for the non-ministerial department

The Government's proposals

Budget setting

90. The Government's consultation paper specifies four key criteria with respect to funding the proposed new non-ministerial department. The Government hopes to combine "sufficient independence ... transparency and ... flexibility", with "adequate safeguards", as detailed in Box 7.¹²⁴ The Government proposes to meet these criteria by setting the new non-ministerial department's funding outside of the normal Spending Review process, although the funding arrangements for the census would still be set as part of the Spending Review process. The non-ministerial department's budget would be established by way of periodic review, with subsequent increases determined by formula.¹²⁵

Box 7: Criteria underpinning proposed funding arrangements for the non-ministerial department

The Government believes there are a number of key criteria needed to underpin funding for the new arrangements:

- sufficient independence in relation to government spending controls to avoid a perception that statistical independence could be compromised;
- sufficient transparency in the funding mechanism to build public confidence in independence; and
- sufficient flexibility to meet changing needs; combined with
- adequate safeguards to encourage efficiency, secure value for money and control public spending.

Source: HM Treasury, Independence for statistics: A consultation document, March 2006, para 4.43

91. The RSS told us that it supported the broad principle of separating funding from the Spending Review, and provided suggestions about how this arrangement might work in practice:

The budget setting mechanism for ONS should be quite independent of the annual spending review and be for a longer time horizon. The budget must include current funding needs together with an allowance for infrastructure renewal costs as well as any additional recurrent costs associated with the creation of the proposed Board and its functions. The budget should be arrived at through a joint [HM Treasury]/Parliament proposal.¹²⁶

92. Professor Roger Jowell of City University London similarly emphasised the importance of safeguarding Parliamentary involvement in the budget-setting process:

¹²⁴ *Independence for statistics: A consultation document*, para 4.43

¹²⁵ *Independence for statistics: A consultation document*, para 4.44

¹²⁶ Ev 73

I think it is important that Parliament should have the primary say in the allocation of statistical resources. Otherwise potentially embarrassing statistical series might end up being starved of resources. Independence is much more likely to be sustained if it is protected by all-party governance [rather] than by the Executive alone.¹²⁷

93. The Minister told us that the Government had not yet considered how Parliament might be involved in the funding process.¹²⁸ When we asked him who would be the ministerial ‘champion’ of the statistics office in the course of funding negotiations with the Treasury, he told us that the Government had “taken ministers out” of this function:

The Treasury ultimately will make decisions on funding, as we have to do. I would imagine that the board will produce the business plan, the business case, the proposals for the activity, and therefore the funding required—drawing very heavily on the Chief Statistician and her expertise there. That will be negotiated and settled directly with the Treasury.¹²⁹

Our conclusions

94. It is important that the Government consider the detail of the process whereby the new statistics office’s budget will be set, and the extent to which Parliament might be involved with this process. We look forward to the Government producing detailed proposals, and recommend that it outlines these proposals in its response to this report.

Impact of funding on independence

95. The Government proposes to safeguard flexibility in the statistical system by agreeing to provide additional resources if it were to place “significant new statistical demands” on the board during a funding period, though “new statistical outputs proposed by the board itself would need to be met from within its allocated funding”.¹³⁰

96. This proposed mechanism caused some witnesses to question the level of independence the board would enjoy in reality. The Chief Statistician of Canada told us that there was:

a sharp distinction between the government having the freedom to fund (or not to fund) the development of statistical information on certain priority issues and the possibility open to the Government of withdrawing funding if, for example, it does not like the results.¹³¹

97. The Statistics Commission suggested that, the fact that the level of funding provided for the ONS would depend on the Treasury’s view of the appropriate scale of ONS activities, meant that there was “a real question” about the extent to which statistical plans and priorities could be separated from ministerial decisions.¹³² The Commission told us that it

127 Ev 63

128 Q 273

129 Q 271

130 *Independence for statistics: A consultation document*, para 4.44

131 Ev 84

132 Ev 88

did not want to see an environment in which a “highly independent ONS” was “sidelined”, with new statistical work instead directed by ministers to other departments.¹³³

98. When we asked the Minister whether the Government had considered what impact its proposed funding model might have on the independent board’s ability to develop its own work programme, he told us that it had not. He said that this was a “matter down the track”, and that at this stage it was more important for all sides to accept the principle of the Government’s proposals.¹³⁴ The Minister told us that the funding model would not undermine the board’s independence, because this would be guaranteed by the legislation and by the transparency of the process:

We are taking this process out of the normal Spending Review process. That gives it a degree of special treatment. I would expect that process to be pretty open and transparent. I would expect Parliament ... to take an active interest in that process. In the end, the guarantee of operational and policy independence will be set out in the legislation that we propose to introduce in order to set up the board and the new system.¹³⁵

Our conclusions

99. **We welcome the Government’s proposal to set the funding of the independent statistics office outside the Spending Review process. However, there is very little detail in the consultation paper about how these funding arrangements will work in practice, and, in oral evidence, the Government was unable to provide us with any further detail or clarification.**

100. **We share the concerns of the Statistics Commission and the Chief Statistician of Canada that the proposals, as they stand, could undermine the new independent statistics office’s ability to determine its own work programme. However, we agree with the Government that some constraint must be placed on the funding of the new independent statistics office’s work programme, in order to safeguard public spending.** We have already recommended that the Government set out a detailed account of how it proposes that the funding arrangements for the new independent statistics office should work. **On the question of the appropriate frequency of the periodic review of the new office’s budget, we recommend that the Government adopt a minimum period of five years between reviews, in order to allow the statistics office to operate with reasonable certainty.**

Funding arrangements for the census

101. The Government’s consultation paper deals specifically with the funding arrangements for the census. The document describes the “significant expenditure” associated with the census as being of a cost and a profile which “are difficult to forecast in advance of detailed planning”.¹³⁶ The Government therefore proposes funding the census

133 Ev 88

134 Q 274

135 Q 275

136 *Independence for statistics: A consultation document*, para 4.45

separately from the new non-ministerial department, via “the usual Spending Review process”.¹³⁷

102. Several witnesses criticised the Government’s proposed approach, with the RSS describing it as “unacceptable”.¹³⁸ The Statistics Commission explained that the 2001 Census cost approximately £250 million and that the 2011 Census was likely to cost “substantially more”.¹³⁹ The Commission argued that planning for this “huge, lumpy part of statistical activity in the UK” was a long-term project that could not be undertaken as part of the Spending Review process.¹⁴⁰

Accommodating that one-off blip within standard funding arrangements is clearly not easy, not least because, whilst a census occurs every ten years, the preparations for it extend quite a long time beforehand and quite a long time thereafter. It seems ... to be rather a difficult one to accommodate within, say, a three-year spending horizon, and it really has to be thought of as an enterprise from beginning to end rather than the first three years, middle three years or couple of years at the end.¹⁴¹

103. The ONS suggested that the Government needed to understand that funding for the census required a long-term commitment:

What we are very much working towards in the Spending Review process is acceptance by government ... of the longer term costs, because we are estimating costs right up to 2013 now and what we need to get is an assurance that that proper census will be funded. Whatever way it happens, I do not think it really matters. What we need to know is that we are going to get that money.¹⁴²

104. When we put these points to the Minister, he told us that he felt retaining the census within the Spending Review process would not “inhibit [its] preparation and delivery”.¹⁴³

Our conclusions

105. We share the concerns expressed by some of our witnesses, that the Government’s proposal to retain the census within the Spending Review process may well limit the new independent statistics office’s ability to undertake long-term planning for future censuses. We recommend that the Government re-examine the implications of this proposal, bearing in mind the importance of enabling proper long-term planning of the census to take place.

¹³⁷ *Independence for statistics: A consultation document*, para 4.45

¹³⁸ Ev 73

¹³⁹ Q 134

¹⁴⁰ *Ibid.*

¹⁴¹ *Ibid.*

¹⁴² Q 192

¹⁴³ Q 276

Interim planning

106. Under the 2004 Spending Review, the ONS is committed to achieving annual efficiency savings. The ONS achieved efficiency savings of £12.5 million in 2005–06, and is required to achieve efficiency savings of £25 million per annum by 2007–08. The ONS is also required to relocate 850 jobs from London and the South East by March 2010; 125 full time equivalent posts had been relocated as at 31 March 2006.¹⁴⁴

107. The Minister explained to us that, as the Government intended to introduce the statistics legislation “as soon as possible”, the ONS would not receive funding as part of the 2007 Comprehensive Spending Review. He said that the ONS nevertheless had a responsibility to deliver the efficiencies and the relocation targets that it had signed up for, because that was a “part of the overall settlement” in the 2004 Spending Review.¹⁴⁵ The Minister told us that the new independent statistics office would have no new efficiency or relocation targets, although the Government would “make sure there is a discipline on the sorts of efficiencies that we expect of departments and public agencies”.¹⁴⁶

Our conclusions

108. According to the Minister, the new non-ministerial department will have no new efficiency or relocation targets. However, it is not clear from the consultation paper whether or not the Government will require the proposed new independent statistical office to assume responsibility for the ONS’s existing efficiency targets for 2007–08 and existing relocation targets for 2010. If the non-ministerial department is to be expected to meet the ONS’s existing targets, it is not yet clear how the Government expects to hold the new non-ministerial department to account for these targets. We recommend that the Government clarify these points in its response to our report.

144 Office for National Statistics, *Departmental Report 2006*, para 32 & para 41

145 Q 278

146 Q 279

6 Parliament's scrutiny role

The Government's proposals

109. The Government's consultation paper states that "it is the proper responsibility of Parliament to hold the Government to account", but that "the production of statistics is an executive function", as "statistics are a public good".¹⁴⁷ The Government therefore proposes
 5 "to reinforce with legislation the existing independence of the National Statistics system, rather than make statistical production a part of Parliament".¹⁴⁸ **We agree with the Government that the production of statistics is an executive function, and we are content that Parliament's role should be limited to that of scrutiny in respect of the new
 10 independent statistics office.**

110. The Government's proposes that the new independent statistics office should have "full and direct accountability to Parliament ... in the same way as other independent institutions, such as the Bank of England, the Financial Services Authority and the competition regulators".¹⁴⁹ The Government has identified three mechanisms by which
 15 Parliament already performs a scrutiny function in relation to statistics: the select committee system; the laying of reports; and Parliamentary Questions. The Government's consultation paper invites Parliament "to consider how it can use these mechanisms to reinforce its role in scrutinising the performance of the reformed statistical system and in holding the new board to account".¹⁵⁰

111. The Bank of England, the Financial Services Authority (FSA) and the competition regulators are accountable to Parliament in broadly similar ways. Both the Bank of England and the FSA must present a report to HM Treasury on the achievement of their statutory objectives each year; this report is subsequently laid before Parliament by a minister. Parliamentary Questions relating to the Bank of England or the FSA are directed towards,
 25 and answered by, the Chancellor of the Exchequer. This Committee regularly calls members of both bodies to give evidence on their performance.¹⁵¹ The various competition regulators (for example, Ofcom and Ofgem) report to Parliament via the ministers and select committees most closely associated with their fields.¹⁵²

Select committee scrutiny

112. The Government's consultation paper recognises that it will be for Parliament to decide how best to employ the select committee process to scrutinise the proposed

¹⁴⁷ *Independence for statistics: A consultation document*, para 4.9

¹⁴⁸ *Ibid.*

¹⁴⁹ *Independence for statistics: A consultation document*, para 4.38

¹⁵⁰ *Ibid.*

¹⁵¹ Financial Services and Markets Act 2000, Schedule 1; Financial Services Authority website, <http://www.fsa.gov.uk/Pages/About/Who/Accountability/Parliament/index.shtml>; Oral evidence given to Treasury Committee by Sir Callum McCarthy, Chairman and Mr John Tiner, Chief Executive Financial Services Authority, HC 655-I, 8 November 2005; Bank of England Act 1998, Section 4

¹⁵² In the case of Ofcom and Ofgem, Department of Trade and Industry ministers report to Parliament on these bodies, and the Trade and Industry Committee scrutinises them on behalf of the House of Commons. See Box 6 for details of the Ofsted model.

statistical framework and to hold the board, in particular, to account. Under the current system, this Committee has the lead role in the House of Commons in holding the ONS to account, and the Economic Affairs Committee has the lead role in the House of Lords, although all Parliamentary committees can invite whomever they choose to give evidence.

5 Under the proposals set out in the consultation paper, the Government anticipates that Parliament:

would regularly call the Chair [of the board] and the Chief Statistician before them, and possibly other board members, in the same way as for the Financial Services Authority and the Bank of England’s Monetary Policy Committee.¹⁵³

10 113. Lord Moser told us that he was “quite concerned” about how Parliament would deal with the new non-ministerial department. He argued that the statistical system covered more than just economic statistics and that therefore select committees other than the “purely economic committees in the Commons and Lords” would need to be involved.¹⁵⁴ He told us that he also hoped some way would be found “for the Lords to be involved in
15 this whole process”.¹⁵⁵

114. The Director of Registration and Corporate Services at the ONS suggested to us that a separate statistics select committee could be established to hold the independent statistics office to account:

20 I think there is another option that one might have a separate statistics committee devoted entirely to this, but I think this is a matter for Parliament and, as the proposals develop, we would hope you would provide some guidance on that.¹⁵⁶

Our conclusions

115. **We expect that the House will consider what form select committee scrutiny of the new independent statistics office should take at an early stage of the legislative process.**
25 **Provided that Treasury ministers continue to have residual responsibility for the new independent statistics office, we would expect that this Committee would continue to take the lead role, on behalf of the House of Commons, in calling members of the board and the National Statistician before it to answer questions relating to the performance of the office, its funding and appointments to the board.**

30 Laying reports before Parliament

116. The Government’s consultation paper states that “the publication of reports by the board on its activities and outputs will be the foundation for effective public and Parliamentary scrutiny”.¹⁵⁷ In the current system, the ONS and the Statistics Commission produce annual reports which are laid before Parliament by Treasury ministers. The

153 *Independence for statistics: A consultation document*, para 4.39

154 Q 227

155 Q 229

156 Q 196

157 *Independence for statistics: A consultation document*, para 4.40

Government’s consultation paper proposes that the new independent board would be required to publish an annual report, which “would be laid before Parliament directly by the board, rather than via a minister”.¹⁵⁸ The Minister told us that ministers could be taken out of the “reporting and accounting process” in “a number of ways”:

5 in many ways it is for Parliament itself, including a leading view from this Committee, [to decide] how Parliament wants to develop its own scrutiny and reporting requirements of the new system.¹⁵⁹

117. In practice, all papers laid before the House of Commons must be laid by a Member or, in a few agreed cases, by the Clerk of the House.¹⁶⁰ The Government itself has
10 previously recognised the constraints on a body in reporting directly to Parliament. The then Minister for Young People, Children and Families, Rt Hon Margaret Hodge MP, told the Joint Committee on Human Rights in June 2004 that “the way in which what is in effect a non-departmental public body reports to Parliament is traditionally through the Secretary of State who has a responsibility for the NDPB”.¹⁶¹ She said that her
15 understanding of the conventions was that, if a report were to be considered by Parliament, it had to be considered “through the vehicle of Secretary of State”.¹⁶²

118. The Clerk of the House told us that “relatively few” categories of papers had been laid by him in the past:

20 They have included the reports of the Comptroller and Auditor General (the National Audit Office) and of the Parliamentary Commissioner for Administration (the Ombudsman), both of whom are officers of the House; certain papers generated within the House (such as the Sessional Returns), and Church Measures.¹⁶³

The Clerk told us that more recently he had agreed to also “lay reports from certain health
25 bodies where the Act required that they be laid before being provided by the Secretary of State”.¹⁶⁴ He said that he had also recently agreed to lay reports from the Information Commissioner “in the light of the independent status of his office”, and he told us that “in principle” he would be willing to lay reports from the new independent statistics office, “provided that it was established with an equivalent independence from Government”.¹⁶⁵
30 In this context, he noted that under the Government’s proposals, “a large proportion of statistics [would] continue to be produced in government departments and agencies rather than in [the] ONS itself” and that “the annual reports of other Non-Ministerial Departments are laid by government Ministers”.¹⁶⁶ The Clerk said that, before making a

158 *Ibid.*

159 Qq 252–253

160 *Erskine May’s Treatise on the Law, Privileges, Proceedings and Usage of Parliament*, 23rd edition, 2004, p 262

161 Oral evidence taken before the Joint Committee on Human Rights on 23 June 2004, HL (2003–04)161/HC (2003–04) 537, Q 104

162 Oral evidence taken before the Joint Committee on Human Rights on 23 June 2004, HL (2003–04)161/HC (2003–04) 537, Q 105

163 Ev 55

164 *Ibid.*

165 *Ibid.*

166 *Ibid.*

firm commitment, he would “obviously” want to take account of our conclusions on the independence of the statistics office as proposed by the Government.¹⁶⁷

Our conclusions

119. The Government proposes that the new independent board’s annual report
 5 “would be laid before Parliament directly by the board, rather than via a Minister”. It is
 not clear what the Government has in mind with this proposal. In practice, all papers
 laid before the House of Commons must be laid by a Member or, in a few agreed cases,
 by the Clerk of the House. We can therefore only assume the Government is suggesting
 10 that it would be for the Clerk of the House to lay the board’s annual report before the
 House. It is, of course, for the Clerk himself to decide whether it would be appropriate
 for him to agree to lay the board’s annual report. However, it seems to us that it would
 be more in line with current practice if the new board’s annual report was laid by
 ministers from the department which assumes the residual responsibilities of
 Government in relation to the new independent statistics office. This appears to be
 15 current practice in respect of other non-ministerial departments and does not appear
 to compromise their independence. Consequently, we consider that the new board’s
 annual report should be laid by a Treasury minister.

Parliamentary Questions

120. Under existing arrangements, the National Statistician answers Parliamentary
 20 Questions by letter. These letters are formally presented to the House of Commons and the
 House of Lords by a Treasury minister and printed in Hansard. The Government’s
 consultation paper states:

25 These arrangements could remain in place in future, or formally presenting such
 statistical answers to each House could be done via the Chairs of the committees
 responsible for statistical matters. Treasury ministers would, of course, retain
 responsibility for answering questions specifically related to the Government’s
 statistics policy.¹⁶⁸

121. The Minister explained that this suggestion was somewhat exploratory:

30 that is an idea we are floating in the consultation document to see, in particular,
 whether there is a parliamentary appetite for altering arrangements as they have
 always taken place.¹⁶⁹

He said that the idea behind the proposal was again to “emphasise” that the Government
 was “looking to take the practice and the perception of ministers being involved in an
 accounting process out of the frame”.¹⁷⁰

167 *Ibid.*

168 *Independence for statistics: A consultation document*, para 4.41

169 Q 254

170 *Ibid.*

122. The Clerk of the House told us that the answering of Parliamentary Questions by the Chairs of the committees responsible for statistical matters would “raise some practical problems.”¹⁷¹ First, a judgement would have to be made as to whether the answer to a Question would fall “partly or entirely within the responsibility of the National Statistician”:

If Questions continue to be addressed to ministers, then ministers make that judgement, answering Questions to the extent that they are responsible, and referring the remainder to the National Statistician. If, on the other hand, Questions were to be tabled to Chairmen of Committees, any part of the answer which was thought to be outside the responsibilities of the National Statistician could not be given in this way, but would have to be sought by a further Question to the responsible minister.¹⁷²

Secondly, he considered that the role suggested in the consultation paper would place select committee Chairmen in an “equivocal position”:

Although a fully independent ONS would not be a ministerial creature, it would be very odd to have representatives of a Select Committee system, whose purpose includes the scrutiny of such bodies, taking responsibility in the House for information supplied by the ONS. Some, perhaps most, Chairmen might be reluctant to be put in such a position.¹⁷³

The Clerk suggested that it was “easy to imagine a situation where the reference of a Question to the National Statistician for reply might be politically contentious”.¹⁷⁴ He referred to the example of a Member believing that the responsibility for answering a Question lay with ministers and therefore feeling that passing the responsibility to the National Statistician was tantamount to avoiding an answer.¹⁷⁵ The Clerk concluded that overall, the alternative answering route suggested in the consultation paper would “at the least be cumbersome”, but might also have “considerable practical disadvantages”:

It would seem preferable to keep the present arrangements in place. Using the convenience of a ministerial [Parliamentary Question] to get information from the statistics office into the public domain would not in itself call into question the independence of the office; and a reply formula might be devised which made that clear.¹⁷⁶

Our conclusions

123. **We agree with the evidence submitted by the Clerk of the House on the proposed arrangements for dealing with Parliamentary Questions which fall within the responsibility of the new independent statistics office. There is no precedent for**

171 Ev 57

172 *Ibid.*

173 *Ibid.*

174 *Ibid.*

175 *Ibid.*

176 *Ibid.*

Committee chairmen to be conduits for answers from outside bodies as the Government proposes, and we are concerned that any such move would conflict with their interest in scrutinising such bodies. Members might experience difficulty in directing questions if answers were to be presented by the “Chairs of the committees responsible for statistical matters”: in the House of Commons it is not entirely clear which committee best matches that description, while in the House of Lords there is no Committee with responsibility for statistical matters. We therefore recommend that the existing arrangements remain in place, with Parliamentary Questions being directed to the National Statistician via the relevant minister, who will assess the extent to which he or she is responsible for answering before referring the remainder to the National Statistician and, subsequently, presenting the answer to the House of Commons and the House of Lords and arranging for it to be printed in Hansard.

7 Pre-release of statistics

The Protocol on Release Practices

124. The *Framework for National Statistics* states that it must be “clearly apparent to users” that National Statistics have been produced and are presented without political interference.¹⁷⁷ The *National Statistics Code of Practice Statement of Principles* sets out the principles which should be observed in presenting National Statistics. These are detailed in Box 8.

Box 8: Code of Practice principles for presenting National Statistics

- National Statistics will promote equality of access.
- Final responsibility for the content, format and timing of release of National Statistics will rest with Heads of Profession (in devolved administrations, the Chief Statistician) acting in consultation with the National Statistician.
- National Statistics will be released separately from statements by Ministers about the figures. Ministerial statements will not be released before the statistics.
- Where privileged early access is determined by Ministers, details will be documented and publicly available.
- Release arrangements will be open and pre-announced. Release will be orderly and as early as possible after compilation.
- Timing will not be influenced by the content of the release or set in such a way as to create a presumed advantage to any particular group or individual.
- As much detail as is reliable and practicable will be made available, subject to legal and confidentiality constraints.

10 Source: Office for National Statistics National Statistics Code of Practice: Statement of Principles, September 2002, Principles 2(h), 4(a), (c) (d) (e) (f) (g)

125. The broad principles set out in the *National Statistics Code of Practice* are supported by a series of protocols which describe how these principles are to be implemented in practice. The *Protocol on Release Practices* specifies that:

- 15 • For statistics that are not market-sensitive, privileged early access will be no longer than five working days before release.
- Where privileged early access is provided for market-sensitive statistics, it will begin 40.5 hours (and not more than 40.5 hours) before release, that is at 5 pm on day one in advance of release at 9.30 am on day three.¹⁷⁸

Alleged breaches of pre-release of statistics

20 126. The Government has identified three categories of early access to statistics that currently exist within the UK system:

177 Office for National Statistics, *Framework for National Statistics*, operational from June 2000, p 12

178 Office for National Statistics, *National Statistics Code of Practice: Protocol on release practices*, September 2002, p 13

- access to administrative and management data, which may be circulating amongst officials and Ministers in advance of their release as National Statistics, because they form part of the department’s daily business;
 - access to statistics by officials, as part of the compilation and quality assurance process; and
 - access by Ministers and officials to the final data in advance of publication, to enable Ministers to account for the policy implications of statistics at the time of publication and, in certain circumstances, be in a position to announce policy decisions immediately after the release of data.¹⁷⁹
- 10 127. Several witnesses suggested that this third category of pre-release access officials raised the prospect of political interference in the presentation of official statistics. The Statistics Commission’s *Annual Report 2005–06* detailed nine suspected instances of abuse of pre-release access by ministers and government officials. Of the nine, the Commission concluded that one had been a full breach of the Code of Practice, one had been a minor
- 15 breach, one had been an accidental breach and one had not been a breach. In one instance the Commission said that it was “concerned about the amount of pre-release access given within policy departments” and in another case the Commission questioned the Home Office’s interpretation of the Code. In addition, the Commission reported on two non-National Statistics releases by the Department of Health (DH) which could were not
- 20 covered by the Code of Practice, but which had breached the DH Code compliance statement.¹⁸⁰
128. The Commission told us, however, that the procedure for investigating breaches was not sufficiently robust. When investigating breaches, it had experienced “some difficulty” in obtaining responses from departments.¹⁸¹ The Commission commented that, if it did
- 25 not receive the required information from a department, it was difficult to be certain about whether a breach had occurred, “especially in this highly ambiguous situation of whether something is a breach of an ambiguous Code”.¹⁸² The Commission felt that there were “many cases” where there had been “representations of the statistics saying one thing—and often before the statistics have come out in the public domain”.¹⁸³
- 30 129. Simon Briscoe argued that weaknesses in the current method of investigating supposed breaches by ministers of the Code of Practice meant that the official number of confirmed breaches underestimated the true extent of the problem:

if an individual raises the suspicion of a leak with the National Statistician or ... the Statistics Commission, they will write a letter to the department, which normally

179 *Independence for statistics: A consultation document*, Box 4, p 25

180 Statistics Commission, *Annual Report 2005–06*, Cm 6857, July 2006, Annex D

181 Q 137

182 *Ibid.*

183 Q 141

promises to conduct an internal review and comes back and says, surprisingly, that there is no evidence that there was a leak.¹⁸⁴

He provided an example of what he saw as an abuse:

5 one [example] from last year, was on animal testing where the Government had set
itself targets to reduce year on year the number of animals involved in testing. The
annual figures which came out last year showed a second successive year of increase.
The figures were released during the day, but ... that morning's Today programme
[on BBC Radio 4] had a very nice story about how there were very many good
10 reasons why animal testing was a good idea ... this was a story which, according to
the journalist involved, was prompted by the department. So I think there is an awful
lot of softening up that goes on.¹⁸⁵

130. In 2004, the independent Phillis review of government communications concluded
that there was “no need for the 40 hours of advance notice of National Statistics that
Ministers receive”.¹⁸⁶ The review found that while there was no evidence that this right had
15 been abused, it was “open to the perception of abuse”, and was “far longer than the period
of notice that the executive in the United States receives of such key economic data”.¹⁸⁷

Options for reform

International models

131. The Government' consultation paper states that “the principle of early access to data
20 for Ministers is widely accepted internationally, with many countries—including Australia,
France, Ireland, New Zealand and the US—having in place some form of pre-release
regime”.¹⁸⁸ In evidence to us, however, the RSS said that pre-release access in these
countries was much more limited than in the UK, and that there was no pre-release access
at all in Austria, Denmark, Finland, Norway or Poland.¹⁸⁹ Box 9 summarises the position in
25 some of those countries which have pre-release.

184 Q 21

185 Q 22

186 The Phillis Review, *An Independent Review of Government Communications*, January 2004, p 25

187 *Ibid.*

188 *Independence for statistics: A consultation document*, Box 4, p 25

189 Ev 103

Box 9: International practice on pre-release access to statistics

Australia: Ministers and supporting officials are allowed pre-embargo access to statistics where it is expected that they would need to make public comment soon after release. This practice is limited to a relatively small number of publications. Pre-release access is limited to 3 hours prior to embargo time.

France: Some ministers are given pre-release access to the most important key economic statistics (for example, inflation, trade, unemployment) up to (but not exceeding) one hour in advance.

Ireland: Ministers are given pre-release access of one hour to the most important statistical series, and 48 hours for the Annual National Accounts.

United States: The President, through the chair of the Council of Economic Advisors, has pre-release access of 30 minutes. Civil servants may not comment publicly on data until at least one hour after release.

Source: *Royal Statistical Society*, Pre-Release Access to National Statistics: International Perspective

132. The Chief Statistician of Canada explained to us that pre-release practices in Canada were “extremely restricted” to:

- 5 those statistical series where there is a very strong and powerful reason for pre-release to exist ... essentially ... key economic indicators which can move markets and which might require early intervention in the markets and therefore preparedness to counter some bad news or particularly strong news ... social data are
- 10 totally excluded ... pre-release is given to bureaucrats at two o'clock the previous day, in the afternoon, and our releases come out the next morning to everyone at 8.30, so it is less than 24 hours, and ministers are only given those data at five o'clock in the afternoon after the markets are closed.¹⁹⁰

Placing restrictions on pre-release

133. The ONS considered that three aspects of pre-release were capable of reform:

- 15 [First] there is a whole raft of series where you could argue there is no justification for having pre-release access. The second area is cutting back enormously the number of people who actually get it. Thirdly, reducing the time. And I think associated with those measures is a much more coherent and consistent approach to this across government.¹⁹¹

- 20 134. Simon Briscoe told us that he favoured “relevant ministers” seeing the data “maybe half an hour or an hour before it is being released”.¹⁹² Lord Moser argued for a similar restriction:

- 25 Pre-release should basically be abolished ... I think perhaps something over one hour, so that the minister can be prepared to answer questions about the figures; but that would be the maximum in my view ... I would leave it to the new board to

190 Q 106

191 Q 189

192 Q 15

decide whether there should be any exceptions. My own view is to start from no exceptions.¹⁹³

135. The Statistics Commission also supported the abolition of pre-release. In its annual report, the Commission argued that abolition of pre-release was of “more fundamental importance than whether the [ONS] is made into a non-ministerial department”.¹⁹⁴ As an
5 alternative to abolition, Professor Rhind proposed to us the release of data to opposition spokespeople at the same time as it is released to ministers:

Our preference would be to have no pre-release, but we could envisage various different models, where, for example, statistics might be embargoed for a number of
10 hours beforehand but made available not only to ministers but perhaps also to opposition spokesmen ... what is critical, I think, is how long they are released in advance and how they are embargoed and what the penalties are.¹⁹⁵

136. The RSS argued that abuse and the perception of abuse could best be overcome by directing all releases through a specific press office within the new independent statistics
15 office. It said that, currently, press officers working in government departments were being asked to carry out two different functions in relation to statistical releases: first, they were required to produce the statistical release and explain the statistics in a quasi-objective manner; and secondly, they were being asked to promote the policy objectives of the minister. The RSS argued that it would be much better for all National Statistics to be
20 released “through some central physically separated location” where the statisticians from the various government departments could come and make themselves accessible to journalists.¹⁹⁶ The RSS said that the statisticians would then be

accountable for the statistical production ... accountable for the methods and definitions which are used, and ... accountable for explaining the significance of the
25 statistics and what could be drawn from them [but that they] would not have responsibility for interpreting the implications of that policy.¹⁹⁷

137. In addition to undertaking this proactive role of interpretation, the RSS called for the National Statistician to be empowered to have a reactive role, allowing her to “comment on the interpretation of statistics and comment on gross misinterpretation of statistics” by
30 others, offering her own “proper interpretation”, where necessary.¹⁹⁸

Administrative data

138. The Chief Statistician of Canada, Dr Fellegi, addressed the first category of pre-release access identified by the Government, that of access to administrative and management data, which are, by definition, available outside of the statistical system. In these cases, Dr

193 Qq 222–223

194 Statistics Commission, *Annual Report 2005–06*, Cm 6857, July 2006, p 7

195 Q 138

196 Q 62

197 *Ibid.*

198 Q 63

Fellegi recommended strong discouragement of pre-publication comments, “if possible via a legislated code of behaviour applicable to all government personnel”.¹⁹⁹

The Monetary Policy Committee

139. In addition to ministers and government officials, pre-release access to some market sensitive data is provided for the Governor of the Bank of England. The current Governor, Mr Mervyn King, recently explained to the Treasury Committee that, under “formal arrangements” with the ONS, he sees official statistics on the economy 36 hours before their release, but that no one else on the Monetary Policy Committee (MPC) has such access, except where, within that 36 hour period, a meeting of the MPC is due or an emergency meeting of the MPC is called.²⁰⁰

The Government’s response

140. The Minister told us that he accepted that pre-release arrangements contributed to “the perception of interference in statistics”.²⁰¹ He argued, however, that actual cases of abuse were “very few and far between”.²⁰² He defended the principle of pre-release, commenting that ministers were “required” and “expected” to be accountable for the decisions they made and able to “understand and respond immediately to challenges that might come from the production of statistics”.²⁰³ He said that the principle of pre-release was “quite widely accepted internationally”, once again citing the examples of Australia, New Zealand, the United States, Ireland and France, although he acknowledged that the details of the pre-release access might differ in those countries.²⁰⁴ He concluded that the practice of pre-release was “important” but said that the Government would be “prepared to look at” the detail of the pre-release arrangements.²⁰⁵

Our conclusions

141. We have received evidence from a number of witnesses questioning the appropriateness of the existing arrangements for pre-release access to statistics in the UK. Witnesses have questioned the number of statistics available for pre-release, the number of people receiving pre-release access and the length of the advance access provided. Pre-release access to statistics is currently managed by the *Protocol on Release Practices* which supports the *National Statistics Code of Practice*. We expect the new statutory code of practice proposed by the Government to be similarly supported by a new statutory protocol on release practices.

199 Ev 84

200 Oral evidence given to the Treasury Committee by Mr Mervyn King, Governor of the Bank of England and MPC member, HC 1185-ii, 29 June 2006, Q 114

201 Q 287

202 *Ibid.*

203 *Ibid.*

204 *Ibid.*

205 *Ibid.*

142. We understand the Minister's concern that ministers should have pre-release access to official statistics, in order to allow them to give a substantive and considered response to statistics upon release. However, we have heard nothing to convince us that it is necessary for ministers to have access to statistics 40 hours prior to their release.

5 We consider that ministers would still be in a position to respond meaningfully to statistics given a considerably shorter period of pre-release. We note that our conclusions match those of the 2004 Phillis Review in this respect, and that the time provided for pre-release access is much shorter in countries such as Australia, France and the United States than it is in the UK. We therefore recommend that the
10 Government ensure that the statutory successor to the Protocol on Release Practices is drafted so that ministers receive pre-release access to all data other than market-sensitive data no more than three hours prior to release. In the case of market-sensitive data, we recommend that ministers receive pre-release access on the day prior to release, after the markets have closed.

15 143. In addition to ministerial access, it seems to us that it may also be in the interests of a properly functioning democracy to give the relevant opposition spokespeople a degree of pre-release access. We recommend that the Government ensure that the statutory successor to the Protocol on Release Practices is drafted so that opposition
20 spokespeople receive pre-release access on a similar basis to ministers, but no more than one hour prior to release, rather than three hours. This would place opposition spokespeople on a similar footing to ministers at the time of release, and should enable a broader political debate to take place on any given dataset. We recommend that the Government consider incorporating this point in the statutory successor to the Protocol on Release Practices.

25 144. In addition to changes to ministers' pre-release access, we consider further reform is needed in respect of civil servants' pre-release access to statistics. We consider that the statutory successor to the Protocol on Release Practices should cover the use of data prior to official release by all government personnel. Such a protocol should serve to discourage abuse of pre-release and, in particular, to ensure that non-statisticians do
30 not comment on administrative data prior to release.

145. Finally, in the interests of improving public confidence in official statistics, we recommend that the independent statistics office release alongside National Statistics its own considered and non-partisan interpretation. Any implications for Government
35 policy could then be subsequently explained by the relevant minister or government department. In order to discourage misrepresentation of National Statistics by ministers and government departments and, more widely, the media and other groups, we recommend that the National Statistician should continue to have the authority to monitor and police those who misuse and misrepresent statistics.

8 Devolution and UK-wide statistics

Concordat on Statistics

146. Statistical work in devolved policy areas is the responsibility of the chief statisticians in the Scottish Executive and the National Assembly for Wales, and the chief executive of the Northern Ireland Research and Statistics Agency. The *Memorandum of Understanding* between the UK Government and the devolved administrations, published in 2001, includes an appended *Concordat on Statistics* setting out the arrangements for UK statistical work.²⁰⁶

147. The Government's consultation paper proposes that the Concordat and existing arrangements will be retained and that it will be a matter for the devolved administrations to decide what measures, if any, are necessary for them to implement in order to take account of the Government's proposed reforms.²⁰⁷

Coherence of UK-wide statistics

Fragmentation of statistics

148. We heard from many witnesses who told us that the UK-wide statistical system was fragmented and that there was a lack of consistency and coherence in the provision of UK-wide statistics. Simon Briscoe observed that the ONS had:

put out one release which had a total for England, Wales, and Northern Ireland together, which is a very unusual combination of countries.²⁰⁸

He said that the lack of coherence was “bad from the national point of view” and he questioned the quality of the figures sent by the UK to international bodies “when often we know that such figures do not exist”.²⁰⁹ The RSS told us that while “it was hoped at the outset that UK statistics would not be jeopardised by devolution” this had “not been borne out in practice”²¹⁰. It said that the UK statistical system as a whole did not “support the legitimate needs of users in devolved territories by providing consistent, comparable statistics across the UK” and that the Concordat was “not clear and practical enough”.²¹¹

149. The Statistics User Forum provided us with examples from both the commercial world and public services of users being disadvantaged by the lack of comparable data in different regions of the UK. It told us that there were “quite a lot of organisations” who were interested in making comparisons within the UK:

²⁰⁶ *Memorandum of Understanding and Supplementary Agreements*, Cm 5420, December 2001

²⁰⁷ *Independence for statistics: A consultation document*, paras 4.46–4.47

²⁰⁸ Q 23

²⁰⁹ *Ibid.*

²¹⁰ Ev 75

²¹¹ Ev 75; Q 49

They want to look across the whole of the UK as to which parts of the UK they might invest in and in practical terms if it is terribly easy to get data for England but pretty difficult to get it for Scotland and Northern Ireland, the analysts will sometimes just turn a blind eye and focus on the areas where it is easier to get data for [...]

5 If we look at neighbourhood statistics and the idea of targeting investment in areas of neighbourhood renewal, at the moment we are in a situation where we have different analyses of indices of deprivation in different countries of the UK and one cannot get a consistent measure of whether parts of Glasgow are worse than parts of the East End of London.²¹²

10 150. Simon Briscoe described the absence of comparable UK-wide data as “unfortunate” for the devolved assemblies:

15 Where there are policy areas that a devolved assembly has decided to take a different policy stance, say Scotland from England, I think it is a shame that we do not have harmonised data so that we can actually see what the impact of the different policies are. If we cannot see the results of that little bit of experimentation, then nobody is going to be any the wiser about which policies were best.²¹³

20 151. The RSS argued that there was an “urgent need to engage the devolved administrations” in recognising the failures of the present arrangements, both in terms of producing consistent, coherent UK-wide statistics and in terms of allowing the devolved administrations to compare themselves with other parts of the UK.²¹⁴

152. We discussed this issue of fragmentation with the Chief Statistician of the Scottish Executive, Rob Wishart. Mr Wishart explained that, as Chief Statistician in Scotland, his primary focus was on meeting the needs of users in Scotland rather than on ensuring that Scottish statistical series dovetailed with series produced by other UK administrations:

25 Users of Scottish information have a set of needs, some of which will be the same as users in other parts of the country. Since devolution, in particular, we have done a huge amount of work to improve the range and quality of statistics for Scotland on issues like education, and that is about meeting the needs of people in Scotland and, indeed, any clearly identified needs from elsewhere in the world for that matter, but
30 it is very much about understanding and responding to the needs of users for better statistics on Scotland.²¹⁵

The UK Census

35 153. As an example of the problems associated with compiling UK-wide statistics, Simon Briscoe pointed to differences across the different administrations in the compilation of the 2001 Census. He told us that the ONS had been “enfeebled” by the 2001 process and had

212 Qq 84–85

213 Q 23

214 Ev 75

215 Q 160

only managed to produce a limited set of UK-wide figures.²¹⁶ He said that for other census data, users had to “fumble around on three different websites to try and cobble together a figure for the UK”.²¹⁷

5 154. The ONS website indicates that, in the 2001 Census, different versions of the religious identity question and the ethnic group question were asked in England and Wales, in Scotland and in Northern Ireland “to reflect local differences in the requirement for information”.²¹⁸ John Pullinger, Chair of the National Statistics Working Party at the RSS, was involved in the production of the 2001 Census. He told us that he believed that the project had encountered difficulties because of a lack of codification of what was required
10 at the UK level. He said that those involved had “started off with the best of intentions to produce the book of United Kingdom statistics” but that a census was “clearly a very sensitive topic”:

15 The Scottish Parliament decided to make some changes. That was not in itself a problem, but when the Welsh Assembly saw that the Scottish Parliament had made some changes, they wanted some changes, and the thing began to fragment because the forces pulling it apart were stronger than Pullinger sitting in a room in Whitehall with his counterparts. They were stronger than we were ... so in fact we had three different censuses.²¹⁹

20 155. Mr Pullinger felt that the “lack of the codification in a formal sense” did not enable officials at the UK level to ensure that the production of UK-wide figures was a priority for officials in each of the administrations:

my counterpart in Scotland ... ultimately his leadership was coming from the Executive and from the Scottish Parliament, rightly, and there was no counterweight saying, “Actually, there is a UK dimension to this as well”.²²⁰

25 Mr Pullinger’s suggestion seemed to be that legislation was required to provide such a “counterweight”.

156. Since the 2001 Census, the three Registrars General of England and Wales, Scotland and Northern Ireland have signed an agreement with respect to the 2011 Census which includes a commitment that:

30 Common questions should be agreed wherever possible, diverging only in response to clear user needs, with such divergences minimised and the scope for cross-comparison maximised.²²¹

However, the progress report on the agreement, issued by the ONS in April 2006, noted that commonality on the ‘ethnicity’ question set had so far “been hard to achieve because of

216 Q 24

217 *Ibid.*

218 Office for National Statistics website, www.statistics.gov.uk/cci/nugget.asp?id=293

219 Q 51

220 *Ibid.*

221 *The Conduct of the 2011 Censuses in the UK: Statement of Agreement between the Registrars General*, February 2005

apparent differences in the composition and views of the minority ethnic populations in Scotland and England”.²²²

157. The National Statistician told us that the ONS was working with the different administrations to achieve “a consistent set of UK outputs” which would be disaggregated by the four devolved administrations in the 2011 Census.²²³ However, she considered that there was no necessity for “all the methods and questionnaires to be exactly the same” because of the need to be “sensitive to the different requirements in different countries”.²²⁴

Co-ordination of UK statistics

158. We discussed with witnesses various mechanisms for improving the co-ordination of UK-wide statistics or, indeed, for ensuring that current levels of co-ordination will not decline if the Government’s proposals were introduced.

159. The Statistics Commission told us that, although there were a number of “informal internal working groups” that considered aspects of UK-wide statistics and their harmonisation, the Commission was currently the only pan-UK body overseeing the UK statistical system.²²⁵ The Government’s proposals envisage transferring the auditing and scrutiny function of the Statistics Commission to the independent governing board and winding up the Commission.²²⁶ The Commission emphasised the importance of the new board having “some kind of similar function [to the Commission] across the piece”.²²⁷ Rob Wishart told us that the amount of work the Statistics Commission had been able to do in Scotland had been “fairly limited”.²²⁸ He said that the Scottish Executive would be “very keen” to discuss the implications of the winding up of the Statistics Commission and the role of the Government’s proposed new independent board in relation to Scotland, and that there were “clearly benefits” in having a common scrutiny arrangement across the UK.²²⁹

160. The RSS outlined the approach taken in Australia, where crime statistics had previously been collected differently across individual police jurisdictions:

They have come up with effectively a Concordat, but it is an agreement signed up to by the various jurisdictions. In this case it is the legislative [branches] of the various states in Australia and the National Statistician of Australia which say, “We agree that the National Statistician will chair a committee, coordinate and make sure the results are right for Australia as a whole, and these are the terms in which we make

222 *The Conduct of the 2011 Censuses in the UK: Statement of Agreement between the Registrars General – Progress report*, April 2006

223 Q 191

224 *Ibid.*

225 Q 135

226 *Independence for statistics: A consultation document*, para 4.48

227 Q 135

228 Q 155

229 *Ibid.*

that agreement. These are what we will do as individual police commissioners and as individual state authorities”.²³⁰

The RSS suggested that a similar, “formal and precise agreement” could be a way forward in the UK. Such an agreement could set out what it is that the senior statisticians of Scotland, Wales and Northern Ireland are prepared to work on with the National Statistician, so that “everyone is clear what they will do and what they will not do”.²³¹

161. Simon Briscoe suggested that the new independent statistics office should have “a much stronger coordinating role” than the ONS currently has.²³² Ruth Lea agreed, and suggested that the National Statistician should be given enhanced powers:

10 If we are to maintain, or indeed even create the integrity of the United Kingdom statistics, then you are going to have to say to the National Statistician at the ONS, “You are going to have some overall powers for this”, otherwise it simply will not work.²³³

15 162. A number of witnesses believed that the Concordat needed reviewing in the light of experience. Rob Wishart said that there was “no doubt” that the Concordat and framework needed some updating, “both in the light of devolution, the experience over the last period, but also the current issues”.²³⁴

The Government’s response

20 163. We discussed with the Minister the apparent lack of coherence in UK-wide statistics. He felt that this was “not a new problem” but accepted that the problem was “perhaps ... being emphasised by statistics being part of the devolution settlement”.²³⁵ He argued that, despite the Concordat, there would be inevitable variations across the administrations:

25 The Scottish law, health and education systems are different. Some of their outputs are different. Some of the information, monitoring and statistical requirements will therefore be different, and that is a consequence of the devolved function and the differential decisions that are made.²³⁶

30 164. The Minister nevertheless agreed that it was important to try to maintain compatible datasets and comparability and that, to this end, the Government would be “very keen” to “look at renewing and perhaps reforming and strengthening the concordat”, although only to the degree that the devolved administrations were willing to do likewise.²³⁷ He made clear that the Government did not wish to “interfere with the devolution settlement” and

230 Q 49

231 *Ibid.*

232 Q 25

233 Q 29

234 Q 161

235 Q 281

236 *Ibid.*

237 *Ibid.*

that “fundamentally”, therefore, the devolved administrations had “the responsibility and the scope to develop and run their statistical system as they choose”.²³⁸

165. The Minister told us that, if the Government’s proposals were implemented, the National Statistician would continue to be responsible for the production of the majority of
 5 UK economic statistics as well as a number of statistical series for which the ONS was currently responsible—either because the statistics were required under international obligations or because they covered areas that were not currently devolved. However, the National Statistician would have direct authority for only those statistics relating to England:

10 The area where clearly there are the differences and the difficulties are those devolved policy areas where the activities [undertaken] may be different according to the devolved administration and, therefore, the statistics and data available or collected. Here, the role the Chief Statistician for England will have, dealing with her counterparts—as she does at the ONS at the moment, to try to make sure that we
 15 secure as great a degree of comparability, where that seems necessary—would also continue.²³⁹

Our conclusions

166. **The benefits of having coherent UK-wide statistics are self-evident.** It is of course right that each UK administration should produce statistics which reflect its local
 20 circumstances and meet the needs of local users. Equally important, however, is that the basic data which is needed at UK level is capable of being compiled in a coherent form across the administrations, in order to ensure that there is a set of UK-wide numbers, that this allows users to compare and contrast the impact of policies in different parts of the UK and that the UK is able to provide accurate figures in accordance with its international
 25 obligations.

167. **Based on the evidence we have received, there are clearly problems with gathering comparable UK-wide statistics.** For example, variations in the data collected as part of the 2001 Census resulted in what one witness described as “three different censuses”. **Such
 30 problems undermine any meaningful assessment of the success of devolution because they make it difficult to measure the impact of differing government policies implemented across the administrations—in the fields of health and education, for instance.**

168. **We are concerned by the apparent fragmentation of some statistics across the UK. We recommend that the Government use the opportunity offered by its present
 35 consultation process to examine what it can do, both unilaterally and in co-operation with the devolved administrations, to improve co-ordination of the collection and production of statistics across the UK’s different administrations. One step which the Government could clearly initiate is a review of the 2001 Concordat on Statistics, which sets out arrangements for the UK statistical work agreed between the devolved**

238 Q 283

239 Q 282

administrations. We therefore welcome the Minister's commitment, on behalf of the Government, to review the Concordat on Statistics, particularly in light of his suggestion that, while this fragmentation has been an issue for some time because of differing local circumstances and requirements, devolution has led to an inevitable intensification of the problem. We recommend that the Government negotiate a revised Concordat with the devolved administrations, that the National Statistician, in consultation with the chief statisticians for Scotland, Wales, and Northern Ireland, be given responsibility for drafting a revised Concordat and that the new independent board be given responsibility for monitoring the implementation of the revised Concordat. In this context, we are encouraged by the 2011 Census agreement signed by the three Registrars General of England and Wales, Scotland and Northern Ireland.

169. Finally, it is important that the UK-wide scrutiny and audit function currently undertaken by the Statistics Commission is adequately replicated under the Government's proposals. We recommend that the new independent board be given responsibility for oversight of the statistical system throughout the United Kingdom.

9 Access to statistics

Access to administrative data for government statisticians

170. Several witnesses raised the subject of access to administrative data. Eurostat, the Statistical Office of the European Commission, defines administrative sources as “sources containing information that is not primarily collected for statistical purposes”.²⁴⁰ Such sources are distinct from survey sources. The Government’s consultation paper acknowledges the potential benefits of allowing access by statisticians to administrative data held by departments, but balances those benefits against the need to ensure sufficient safeguards are in place to protect individuals’ privacy:

10 Important arguments have been made against data-sharing generally; in particular, that it may breach individual privacy rights. Parliament’s Joint Committee on Human Rights, for example, has on occasion expressed the view that sufficient safeguards should be in place to prevent sharing of data from contravening Article 8 of the European Convention on Human Rights respecting personal privacy. Any
15 move to extend data access for statistical purposes would need to be accompanied by specific safeguards for privacy rights and enhanced data protection provisions.²⁴¹

171. The ONS told us that legislation on access to administrative data was something that it was “very keen to see happen”.²⁴² The ONS has said elsewhere that the UK has “vast data resources” which the GSS “has the professional competence and capacity to exploit”, but
20 that the lack of express statistics legislation guaranteeing statisticians access to the data resources of central and local government meant that statisticians were “obliged to work within a complex and changing legislative framework to gain access to data obtained by others in government”.²⁴³ The ONS has argued that “administrative records may be the only cost effective way of regularly obtaining information about small groups in household
25 or business populations”.²⁴⁴ It has identified a number of economic and social benefits which would arise from increased data-sharing, including the production of new statistics and the reduction of the burden on respondents. It argued that data-sharing could lead to “improved statistical quality” and “much greater efficiency in terms of cost and timeliness”.²⁴⁵

30 172. The former National Statistician, Len Cook, in his response to the Government’s consultation paper, identified a number of risks associated with a lack of access to administrative data:

240 Eurostat, *Business Register Recommendations Manual*, First Publication, March 2003, Ch 20, para 20.3

241 *Independence for statistics: A consultation document*, para 4.27

242 Q 181

243 Office for National Statistics, *Data Sharing for Statistical Purposes: A Practitioners’ Guide to the Legal Framework*, September 2005, p 3

244 *Ibid.*

245 *Ibid.*

Unless there is access to tax records the (Allsopp²⁴⁶) proposals for regional economic statistics, and redesigning British economic statistics, will not reach their final goal. The risk of population estimates containing significant errors at a local authority level will continue without access to administrative records. Statistics about ethnic populations exist mainly through the once every ten year population census, until access to administrative records is provided to ONS.²⁴⁷

Mr Cook concluded that providing the GSS with the authority to have access to administrative records and to protect all statistical records would be “the largest possible improvement to the quality of British statistics” that could be enabled by legislation.²⁴⁸

173. Access to administrative data by statistical institutions is provided by law in many countries, including Australia, Canada, Germany, Ireland and the Netherlands.²⁴⁹ Responding to the Government’s consultation paper, the Australian Statistician said that the Australian Bureau of Statistics’ access to taxation data had enabled it to reduce “compliance cost on the business sector by over 40% over the last 10 years”.²⁵⁰ The Chief Statistician of Canada told us that part of the Canadian Statistics Act provided Statistics Canada with “unrestricted access” to all administrative records held by any level of government and any organisation private or public:

Of course, the other side of that coin is extremely strong confidentiality guarantees, which are spelled out and which allow no exceptions. Not even the intelligence community, not even the police, not even the courts in the course of a prosecution can have access under the Statistics Act.²⁵¹

174. The ONS also suggested that public concerns over the sharing of data might not be insurmountable. It cited research by the Department for Constitutional Affairs, showing that the public expected data to be shared across Government, provided that those granted access to the data used them “for a purpose consistent with its original collection”.²⁵²

175. The Minister told us that the legislation represented an opportunity to deal with some of the questions around data access, in particular access to administrative data.²⁵³ He said that, “as a minimum”, the current arrangements would need to be entrenched in legislation and told us that the Government had “clearly signalled” its interest in hearing views during the consultation process about the extent to which these arrangements could be developed

246 The Chancellor of the Exchequer asked Christopher Allsopp in February 2003 to undertake a review of statistics for economic policymaking, examining the information needed to support the Government’s key regional policy objectives, and whether official economic statistics had properly reflected the changing economic structure of the UK. The Review Team began its work in June 2003, published its First Report on 10 December 2003 and its final report on 31 March 2004. See Christopher Allsopp, *Independent Review of Statistics for Economic Policymaking*, March 2004

247 Consultation response to *Independence for statistics* from Len Cook, 13 June 2006

248 *Ibid.*

249 *Independence for statistics: A consultation document*, para 4.26

250 Consultation response to *Independence for statistics* from the Australian Statistician, para 14

251 Q 110

252 Office for National Statistics, *Data Sharing for Statistical Purposes: A Practitioners’ Guide to the Legal Framework*, September 2005, p 5

253 Q 290

further.²⁵⁴ He said that the Government was also seeking views on how confidentiality, particularly of “micro data” which could identify individuals, could be safeguarded.²⁵⁵

Our conclusions

5 176. **There appears to be strong feeling in the statistical community about the need to provide government statisticians with access to administrative data. We accept that such access could bring about the economic and social benefits set out by the ONS and others. However, as the Government has pointed out, these benefits must be balanced against important privacy rights. We recommend that the Government use the opportunity offered by the forthcoming statistics legislation to allow government**
 10 **statisticians greater access to administrative data. The Government should ensure that appropriate safeguards are put in place to ensure that the integrity and security of personal information is not compromised, and that access extends no further than statisticians working in specified parts of government.** We refer the Government to the relevant Canadian legislation which appears to provide a useful model of appropriate
 15 safeguards.

Confidentiality

20 177. The Government’s consultation paper also deals with confidentiality of data in the context of the National Statistician’s current obligation to protect the confidentiality of people and organisations from the unauthorised disclosure of information held about them for National Statistics or other statistical purposes. The Government proposes to maintain this obligation and set as a core objective for the new board—regardless of possible changes on data access legislation—the obligation to protect the confidentiality of data provided.²⁵⁶

25 178. The former National Statistician, Len Cook, raised concerns about this aspect of the Government’s proposals in his response to the Government’s consultation paper. Mr Cook argued that protection of household survey records not covered by the Census Acts or the *Statistics of Trade Act* was currently ensured only by “custom and practice, and the vigorous protection of this through the courts by ONS officers”. Mr Cook commented that that the capacity to protect properly gathered information in the UK was therefore
 30 “declining” and that “solutions for the protection of records [needed] a statutory basis”.²⁵⁷ Mr Cook called into question the Government’s proposal to make protection of confidentiality a core objective of the independent board rather than of the National Statistician:

35 For the board to have this responsibility ... will quite wrongly remove from the National Statistician his/her authority and independence on this important matter.

254 Q 290

255 *Ibid.*

256 *Independence for statistics: A consultation document*, para 4.28

257 Consultation response to *Independence for statistics* from Len Cook, 13 June 2006

The future legislation must provide for the statistician to have the obligation in law to protect the confidentiality of all statistical records.²⁵⁸

Our conclusions

179. We are concerned to hear that the previous National Statistician considers that the capacity to protect properly gathered information in the UK is declining. We recommend that the Government take this opportunity to consider whether the protection of people and organisations from the unauthorised disclosure of information held about them for National Statistics or other statistical purposes requires a statutory basis. We further recommend that the Government consider whether it is appropriate that statutory responsibility for protecting confidentiality should rest with the independent board, given the possible implications for the authority and independence of the National Statistician.

Access to government statistics for users

180. The Statistics User Forum told us that statistics derived from administrative sources were “terribly important to a lot of users”.²⁵⁹ The Forum raised the issue of Government agencies and departments controlling data through exclusive rights and third party contracts. It told us that “a great number of users of statistics” described the lack of access to Ordnance Survey map background data as “a matter of considerable frustration”.²⁶⁰ The Forum explained that Ordnance Survey, local government and the Post Office had come together in 2005 in an attempt to establish a national spatial address infrastructure, but that their attempts had foundered, not because of technical inadequacies, but because of “arguments about intellectual property rights and money”.²⁶¹ The Forum told us that, from a users viewpoint, the liberal approach to data access practised in the United States had “immense attractions”.²⁶²

181. The Forum also referred to dissatisfaction among users with the ONS website. The Forum said that even professional users did not always find it easy to find the right series and that librarians told them that non-professional users were “unable to use the website without help”.²⁶³ The Forum told us that the ONS had been informed of these problems and that it understood that the ONS was now making provision for a new website, but that progress had been “very slow”.²⁶⁴

182. The ONS’ website received an average of 700,000 visitors a month between April 2005 and January 2006, up from an average of 533,000 a month in the same period in the

258 Consultation response to *Independence for statistics* from Len Cook, 13 June 2006

259 Q 68

260 Q 89

261 *Ibid.*

262 Q 91

263 Ev 98

264 Ev 98

previous year.²⁶⁵ The *Departmental Report 2006* states that the ONS aims to further improve the website's functionality over the next year.²⁶⁶

Our conclusions

- 5 **183. We note the concerns of the Statistics User Forum regarding access to government statistics, including access to data on the ONS website. We invite the Government's comments on these concerns. The current review of the independence of statistics offers a good opportunity for the Government to consider making datasets held by government agencies and departments more freely available to third parties.**

265 www.statistics.gov.uk

266 Office for National Statistics, *Departmental Report 2006*, p 9

10 Conclusion

184. Levels of public confidence in official statistics in the UK are worryingly low. The Government's consultation paper represents a welcome acknowledgement of the need to distance statistical production and control from politicians. However, the proposals appear to be in their early stages and require considerably more work. As the proposals stand, there is a lack of detail about how they would work in practice and a need for further assessment of the implications of the various changes proposed.

185. Our main concern with the proposals is their scope: they are too narrow, and fail to deal with statistics outside the ONS. Public confidence in the ONS is already higher than it is in most other government departments, so reform of this part of the statistical system is likely to have less impact on public confidence than would reform of statistics produced within other government departments. The Government proposes strengthening the National Statistics system by establishing a statutory duty for the new independent board to assess all existing National Statistics against a new statutory code of practice. We are concerned that, by taking this approach while continuing to allow ministers control over the designation of National Statistics within their departments, the Government risks both undermining public confidence in official statistics and missing an opportunity to improve public confidence. Rather than providing an incentive for ministers to seek to obtain the National Statistics 'kite-mark of quality' for all statistics in their departments, the proposed legislation may act as a disincentive, as ministers may choose to avoid thorough scrutiny and loss of control by refusing to put their statistics forward for National Statistics accreditation.

186. The Government's decision to legislate on statistics is likely to represent a once-in-a-generation opportunity to reform the statistical system in the UK. For this reason, it is vital that the Government takes on board the views of the statistics community, both as expressed to it in the course of its consultation process and as reflected in the findings of this report, to ensure that the legislation it introduces has the maximum impact on public confidence in official statistics. It is public confidence that will provide the ultimate measure of the success of the Government's reforms.

Conclusions and recommendations

1. The Treasury Committee has previously called for the introduction of a Statistics Act and a clearer delineation of the responsibilities of ministers, the National Statistician, the Statistics Commission and others in relation to National Statistics in order to guard against political interference in the production and dissemination of official statistics. We therefore welcome the Government's recognition that greater independence in the statistical system is required, and commend it on publishing its recent consultation paper as a means of continuing the reform process which it started in 1998. (Paragraph 16)
2. We also welcome the Minister's acknowledgement of the importance of addressing the existing low levels of public confidence in statistics. Regardless of the detail of the Government's final proposals, we consider it essential that the Government ensures that its proposals secure both sufficient independence and sufficient perceived independence in the statistical system. It is crucial that the Government carefully considers the way in which it communicates the independence of statistics to the public, with the aim of ensuring that public trust in official statistics is significantly improved. (Paragraph 17)

The Framework for National Statistics

3. We accept the Minister's point that it can be difficult to define and quantify data produced outside of the Government Statistical Service and we recognise that some data is produced for internal use only. For this reason, we accept that it may not be feasible to apply a code of practice to all official data. We believe, however, that it would be helpful if a clearer distinction could be made between data which is produced for the public domain and data which is used for internal purposes within departments. (Paragraph 27)
4. We note the evidence we have received from witnesses who described the National Statistics system as confusing to both professional users and the wider public. We agree that the current model is confusing. We are concerned that the creation of National Statistics has resulted in the emergence of a two-tier system, which has tended to undermine public confidence in official statistics. We recommend that the Government seek to address the problem by setting down clear criteria for what categories of statistics should be classified as a 'National Statistic'. (Paragraph 28)
5. We note that the Home Office has been able to provide figures for the proportion of all its official statistics which are designated as National Statistics. We recommend that the Government publish the equivalent figures in respect of all government departments, in order to inform parliamentary scrutiny of the expected legislation. (Paragraph 29)
6. We acknowledge the benefits of the current decentralised statistical system, as set out by the Government and endorsed by the Office for National Statistics and others in the statistics community. Given the apparently high levels of support for the current

system, we do not suggest bringing all of the Government's statistical operations together into a single office. (Paragraph 33)

7. However, we note the Minister's acknowledgement that the decentralised system affords government departments, and potentially ministers, more influence over statisticians than would a centralised system. We agree with the Royal Statistical Society that a decentralised system risks perceptions of political interference and that "compensating mechanisms" are therefore required. We recommend to the Government that, although statisticians should remain close to policy colleagues in departments, they should have formal responsibility to the National Statistician for any statistics they produce which are intended for the public domain. We also recommend that the Government examine the adequacy of the 'Chinese wall' arrangements which are currently in place in departments—between departmental statisticians and the rest of the department, including ministers—and that it puts in place improved arrangements, if necessary. (Paragraph 34)
8. We note the concerns of several witnesses that the Government's consultation paper fails to address the independence of statistics outside the ONS. We are not convinced by the Minister's assertion that National Statistics "represent the most important sources of data" for explaining "what is going on in the economy and in society", because they do not include some of the most frequently-quoted data on health, crime and education. (Paragraph 43)
9. We agree with the Chief Statistician of Canada that the public is unlikely to distinguish between statistics originating from the ONS and statistics coming from other government departments. We are therefore concerned 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. We recommend that the Government examine including protocols in its forthcoming legislation that would be applicable to all official statistics. (Paragraph 43)
10. We acknowledge the Minister's argument that ministers are ultimately responsible for the outputs of their departments and that they may therefore have some incentive to see their departmental statistics awarded the National Statistics kite-mark of quality. We are nevertheless concerned that retention of this control by ministers would undermine the perceived independence of the system. The promise of a more thorough audit would not appear to offer a strong incentive for ministers to designate statistics within their departments as National Statistics. If the Government proposes to retain the basis of the current National Statistics system, we recommend that decisions about designation should rest with the independent board, not with ministers, in order to ensure that decisions about what constitutes a National Statistic are made objectively and consistently by a body external to the government departments concerned. (Paragraph 44)
11. We note the Statistics Commission's concerns regarding the clarity and enforceability of the existing Code of Practice. We therefore welcome the Government's proposal to establish a statutory code of practice, and its assurance that drafting the code would be a matter for the independent board without involvement from ministers. The introduction of a new statutory code of practice

would offer the opportunity to establish a code which is unambiguous, able to be understood by a wide range of readers and sufficiently precise as to be readily enforceable. We are pleased to hear that the Statistics Commission intends to put forward proposals for a new statutory code of practice in the next few months. (Paragraph 50)

12. We have considered the Minister's justification of the current anomalous treatment of the Retail Prices Index, whereby the Framework for National Statistics gives the National Statistician responsibility for "developing and maintaining statistical standards, definitions and classifications" of all statistics other than the RPI. We question whether the degree of Government exposure from changes to the RPI is such that the Chancellor of the Exchequer needs to retain control of its scope and definition, particularly given that equivalent indices in comparable countries are not treated as 'special cases'. We invite the Government to explain more fully why it considers that the RPI should be treated differently from other key macroeconomic statistics. (Paragraph 56)

Governance of the independent statistics office

13. We support the Government's proposals that the independent governing board should have a "strong non-executive presence" among its membership. However, we are concerned about the Government's apparent intention to invest the board with executive powers. We would prefer that 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, and we recommend accordingly. (Paragraph 63)
14. If, after considering our recommendation, the Government decides to proceed with the proposals in their current form, we recommend that it establish a separate scrutiny body in addition to the board. The establishment of such a body is in line with the recommendations of the Statistics Commission's 2004 report, *Legislation to build trust in statistics*. (Paragraph 64)
15. We have considered the appropriateness of the Government's proposal to appoint all board members in accordance with the Office of the Commissioner for Public Appointments' Code of Practice. The proposal would mean that ministers would be offered a final choice from at least two recommended candidates. We acknowledge the concerns expressed by some witnesses that ministerial involvement in the process of appointing members to the new independent board could give rise to the perception of political interference. On balance, however, we consider that the proposed adherence to OCPA guidelines is sufficient to ensure independence. We agree with the National Statistician that public perceptions about the independence of the board will depend more upon the actions of board members than upon the way in which they are appointed. (Paragraph 68)
16. The Government's consultation paper does not make any reference to the secretariat of the independent board. The ONS has suggested two distinct models: one in which the board shares a secretariat with the National Statistician; and another in which the

secretariats are separated. We recommend that the secretariats of the independent department should maintain clear separation between executive and regulatory functions. (Paragraph 70)

17. We are concerned that the consultation paper does not clearly set out the responsibilities of the National Statistician. We agree with the Chief Statistician of Canada that the Government's proposals need "major strengthening" in this area. (Paragraph 75)
18. We believe that the professional authority of the National Statistician over the executive delivery and co-ordination of statistics should be clearly and unequivocally provided for in legislation. The proposed responsibilities of the National Statistician as set out by the Chief Statistician of Canada and the RSS seem to us to be sensible and we recommend that future legislation take adequate account of these proposals. The National Statistician must be given the professional responsibilities and statutory authority necessary to perform the roles of chief executive of the statistical office. (Paragraph 76)
19. We recommend that the title 'National Statistician' be retained. (Paragraph 79)

Establishing a non-ministerial department

20. We have considered the arguments for transferring the new non-ministerial department from HM Treasury to the Cabinet Office. On balance, we conclude that the residual responsibilities of Government in relation to the new independent statistics office should remain with HM Treasury, although we do not agree that the Government can credibly argue that locating the new department outside the Treasury would detrimentally affect the Treasury's ability to coordinate, and measure departments' progress against, public service agreements and efficiency targets. The residual responsibilities of ministers in respect of the new non-ministerial department are likely to be limited, and we therefore do not believe that the precise location of the new department is particularly important. However, if HM Treasury is to retain residual responsibility for the new department, we recommend that the Government consider carefully how it will demonstrate that its proposals will result in a genuinely independent statistics office. What is important is that the new department should be perceived to be more independent than the present arrangement. (Paragraph 89)

Funding arrangements for the non-ministerial department

21. It is important that the Government consider the detail of the process whereby the new statistics office's budget will be set, and the extent to which Parliament might be involved with this process. We look forward to the Government producing detailed proposals, and recommend that it outlines these proposals in its response to this report. (Paragraph 94)
22. We welcome the Government's proposal to set the funding of the independent statistics office outside the Spending Review process. However, there is very little detail in the consultation paper about how these funding arrangements will work in

practice, and, in oral evidence, the Government was unable to provide us with any further detail or clarification. (Paragraph 99)

23. We share the concerns of the Statistics Commission and the Chief Statistician of Canada that the proposals, as they stand, could undermine the new independent statistics office's ability to determine its own work programme. However, we agree with the Government that some constraint must be placed on the funding of the new independent statistics office's work programme, in order to safeguard public spending. On the question of the appropriate frequency of the periodic review of the new office's budget, we recommend that the Government adopt a minimum period of five years between reviews, in order to allow the statistics office to operate with reasonable certainty. (Paragraph 100)
24. We share the concerns expressed by some of our witnesses, that the Government's proposal to retain the census within the Spending Review process may well limit the new independent statistics office's ability to undertake long-term planning for future censuses. We recommend that the Government re-examine the implications of this proposal, bearing in mind the importance of enabling proper long-term planning of the census to take place. (Paragraph 105)
25. According to the Minister, the new non-ministerial department will have no new efficiency or relocation targets. However, it is not clear from the consultation paper whether or not the Government will require the proposed new independent statistical office to assume responsibility for the ONS's existing efficiency targets for 2007–08 and existing relocation targets for 2010. If the non-ministerial department is to be expected to meet the ONS's existing targets, it is not yet clear how the Government expects to hold the new non-ministerial department to account for these targets. We recommend that the Government clarify these points in its response to our report. (Paragraph 108)

Parliament's scrutiny role

26. We agree with the Government that the production of statistics is an executive function, and we are content that Parliament's role should be limited to that of scrutiny in respect of the new independent statistics office. (Paragraph 109)
27. We expect that the House will consider what form select committee scrutiny of the new independent statistics office should take at an early stage of the legislative process. Provided that Treasury ministers continue to have residual responsibility for the new independent statistics office, we would expect that this Committee would continue to take the lead role, on behalf of the House of Commons, in calling members of the board and the National Statistician before it to answer questions relating to the performance of the office, its funding and appointments to the board. (Paragraph 115)
28. The Government proposes that the new independent board's annual report "would be laid before Parliament directly by the board, rather than via a Minister". It is not clear what the Government has in mind with this proposal. In practice, all papers laid before the House of Commons must be laid by a Member or, in a few agreed cases,

by the Clerk of the House. We can therefore only assume the Government is suggesting that it would be for the Clerk of the House to lay the board's annual report before the House. It is, of course, for the Clerk himself to decide whether it would be appropriate for him to agree to lay the board's annual report. However, it seems to us that it would be more in line with current practice if the new board's annual report was laid by ministers from the department which assumes the residual responsibilities of Government in relation to the new independent statistics office. This appears to be current practice in respect of other non-ministerial departments and does not appear to compromise their independence. Consequently, we consider that the new board's annual report should be laid by a Treasury minister. (Paragraph 119)

29. We agree with the evidence submitted by the Clerk of the House on the proposed arrangements for dealing with Parliamentary Questions which fall within the responsibility of the new independent statistics office. There is no precedent for Committee chairmen to be conduits for answers from outside bodies as the Government proposes, and we are concerned that any such move would conflict with their interest in scrutinising such bodies. Members might experience difficulty in directing questions if answers were to be presented by the "Chairs of the committees responsible for statistical matters": in the House of Commons it is not entirely clear which committee best matches that description, while in the House of Lords there is no Committee with responsibility for statistical matters. We therefore recommend that the existing arrangements remain in place, with Parliamentary Questions being directed to the National Statistician via the relevant minister, who will assess the extent to which he or she is responsible for answering before referring the remainder to the National Statistician and, subsequently, presenting the answer to the House of Commons and the House of Lords and arranging for it to be printed in Hansard. (Paragraph 123)

Pre-release of statistics

30. We understand the Minister's concern that ministers should have pre-release access to official statistics, in order to allow them to give a substantive and considered response to statistics upon release. However, we have heard nothing to convince us that it is necessary for ministers to have access to statistics 40 hours prior to their release. We consider that ministers would still be in a position to respond meaningfully to statistics given a considerably shorter period of pre-release. We note that our conclusions match those of the 2004 Phillis Review in this respect, and that the time provided for pre-release access is much shorter in countries such as Australia, France and the United States than it is in the UK. We therefore recommend that the Government ensure that the statutory successor to the Protocol on Release Practices is drafted so that ministers receive pre-release access to all data other than market-sensitive data no more than three hours prior to release. In the case of market-sensitive data, we recommend that ministers receive pre-release access on the day prior to release, after the markets have closed. (Paragraph 142)
31. In addition to ministerial access, it seems to us that it may also be in the interests of a properly functioning democracy to give the relevant opposition spokespeople a

degree of pre-release access. We recommend that the Government ensure that the statutory successor to the Protocol on Release Practices is drafted so that opposition spokespeople receive pre-release access on a similar basis to ministers, but no more than one hour prior to release, rather than three hours. This would place opposition spokespeople on a similar footing to ministers at the time of release, and should enable a broader political debate to take place on any given dataset. We recommend that the Government consider incorporating this point in the statutory successor to the Protocol on Release Practices. (Paragraph 143)

32. In addition to changes to ministers' pre-release access, we consider further reform is needed in respect of civil servants' pre-release access to statistics. We consider that the statutory successor to the Protocol on Release Practices should cover the use of data prior to official release by all government personnel. Such a protocol should serve to discourage abuse of pre-release and, in particular, to ensure that non-statisticians do not comment on administrative data prior to release. (Paragraph 144)
33. Finally, in the interests of improving public confidence in official statistics, we recommend that the independent statistics office release alongside National Statistics its own considered and non-partisan interpretation. Any implications for Government policy could then be subsequently explained by the relevant minister or government department. In order to discourage misrepresentation of National Statistics by ministers and government departments and, more widely, the media and other groups, we recommend that the National Statistician should continue to have the authority to monitor and police those who misuse and misrepresent statistics. (Paragraph 145)

Devolution and UK-wide statistics

34. The benefits of having coherent UK-wide statistics are self-evident. Based on the evidence we have received, there are clearly problems with gathering comparable UK-wide statistics. Such problems undermine any meaningful assessment of the success of devolution because they make it difficult to measure the impact of differing government policies implemented across the administrations—in the fields of health and education, for instance. (Paragraphs 166 and 167)
35. We are concerned by the apparent fragmentation of some statistics across the UK. We recommend that the Government use the opportunity offered by its present consultation process to examine what it can do, both unilaterally and in co-operation with the devolved administrations, to improve co-ordination of the collection and production of statistics across the UK's different administrations. One step which the Government could clearly initiate is a review of the 2001 Concordat on Statistics, which sets out arrangements for the UK statistical work agreed between the devolved administrations. We therefore welcome the Minister's commitment, on behalf of the Government, to review the Concordat on Statistics, particularly in light of his suggestion that, while this fragmentation has been an issue for some time because of differing local circumstances and requirements, devolution has led to an inevitable intensification of the problem. We recommend that the Government negotiate a revised Concordat with the devolved administrations, that the National Statistician, in consultation with the chief statisticians for Scotland, Wales, and Northern Ireland,

be given responsibility for drafting a revised Concordat and that the new independent board be given responsibility for monitoring the implementation of the revised Concordat. (Paragraph 168)

36. Finally, it is important that the UK-wide scrutiny and audit function currently undertaken by the Statistics Commission is adequately replicated under the Government's proposals. We recommend that the new independent board be given responsibility for oversight of the statistical system throughout the United Kingdom. (Paragraph 169)

Access to statistics

37. There appears to be strong feeling in the statistical community about the need to provide government statisticians with access to administrative data. We accept that such access could bring about the economic and social benefits set out by the ONS and others. However, as the Government has pointed out, these benefits must be balanced against important privacy rights. We recommend that the Government use the opportunity offered by the forthcoming statistics legislation to allow government statisticians greater access to administrative data. The Government should ensure that appropriate safeguards are put in place to ensure that the integrity and security of personal information is not compromised, and that access extends no further than statisticians working in specified parts of government. (Paragraph 176)
38. We are concerned to hear that the previous National Statistician considers that the capacity to protect properly gathered information in the UK is declining. We recommend that the Government take this opportunity to consider whether the protection of people and organisations from the unauthorised disclosure of information held about them for National Statistics or other statistical purposes requires a statutory basis. We further recommend that the Government consider whether it is appropriate that statutory responsibility for protecting confidentiality should rest with the independent board, given the possible implications for the authority and independence of the National Statistician. (Paragraph 179)
39. We note the concerns of the Statistics User Forum regarding access to government statistics, including access to data on the ONS website. We invite the Government's comments on these concerns. The current review of the independence of statistics offers a good opportunity for the Government to consider making datasets held by government agencies and departments more freely available to third parties. (Paragraph 183)

Formal minutes of the Treasury Sub-Committee

Tuesday 18 July 2006

Members present

Mr Michael Fallon, in the Chair

Ms Sally Keeble
Mr Andrew Love
Kerry McCarthy
Mr John McFall

Mr George Mudie
Mr Brooks Newmark
John Thurso
Mr Mark Todd

Independence for statistics

The Sub-Committee considered this matter.

Draft Report (Independence for statistics), proposed by the Chairman, brought up and read.

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

Paragraphs 1 to 4 read and agreed to.

Paragraph 5 read, amended and agreed to.

Paragraphs 6 to 13 read and agreed to.

Paragraph 14 read, amended and agreed to.

Paragraphs 15 and 16 read and agreed to.

Paragraph 17 read, amended and agreed to.

Paragraphs 18 to 26 read and agreed to.

Paragraphs 27 and 28 read, amended and agreed to.

Paragraphs 29 to 42 read and agreed to.

Paragraph 43 read, amended and agreed to.

Paragraphs 44 to 49 read and agreed to.

Paragraph 50 read, amended and agreed to.

Paragraphs 51 to 55 read and agreed to.

Paragraph 56 read, amended and agreed to.

Paragraphs 57 to 62 read and agreed to.

Paragraph 63 read, amended and agreed to.

Paragraphs 64 to 69 read and agreed to.

Paragraph 70 read, amended and agreed to.

Paragraphs 71 to 74 read and agreed to.

Paragraphs 75 and 76 read, amended and agreed to.

Paragraph 77 read and agreed to.

Paragraph 78 read, amended and agreed to.

Paragraphs 79 and 80 read, amended, combined and agreed to (now paragraph 79).

Paragraphs 81 to 88 (now paragraphs 80 to 87) read and agreed to.

Paragraph 89 (now paragraph 88) read, amended and agreed to.

Paragraphs 90 and 91 read, amended, combined and agreed to (now paragraph 89).

Paragraphs 92 to 95 (now paragraphs 90 to 93) read and agreed to.

Paragraph 96 (now paragraph 94) read, amended and agreed to.

Paragraphs 97 to 99 (now paragraphs 95 to 97) read and agreed to.

Paragraph 100 (now paragraph 98) read, amended and agreed to.

Paragraph 101 (now paragraph 99) read and agreed to.

Paragraph 102 (now paragraph 100) read, amended and agreed to.

Paragraphs 103 to 109 (now paragraphs 101 to 107) read and agreed to.

Paragraph 110 (now paragraph 108) read, amended and agreed to.

Paragraphs 111 to 113 (now paragraphs 109 to 111) read and agreed to.

Paragraph 114 (now paragraph 112) read, amended and agreed to.

Paragraphs 115 and 116 (now paragraphs 113 and 114) read and agreed to.

Paragraphs 117 and 118 read, amended, combined and agreed to (now paragraph 115).

Paragraphs 119 to 121 (now paragraphs 116 to 118) read and agreed to.

Paragraph 122 (now paragraph 119) read, amended and agreed to.

Paragraphs 123 to 128 (now paragraphs 120 to 125) read and agreed to.

Paragraph 129 (now paragraph 126) read, amended and agreed to.

Paragraphs 130 to 144 (now paragraphs 127 to 141) read and agreed to.

Paragraphs 145 to 148 (now paragraphs 142 to 145) read, amended and agreed to.

Paragraphs 149 to 162 (now paragraphs 146 to 159) read and agreed to.

Paragraph 163 (now paragraph 160) read, amended and agreed to.

Paragraphs 164 to 169 (now paragraphs 161 to 166) read and agreed to.

Paragraphs 170 and 171 (now paragraphs 167 and 168) read, amended and agreed to.

Paragraphs 172 to 187 (now paragraphs 169 to 184) read and agreed to.

Paragraph 188 (now paragraph 185) read, amended and agreed to.

Paragraph 189 (now paragraph 186) read and agreed to.

Summary read, amended and agreed to.

Resolved, That the Report, as amended, be the Second Report of the Sub-Committee to the Committee.

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

Several papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the Appendices to the Minutes of Evidence taken before the Sub-Committee be reported to the Committee.

[Adjourned till a date and time to be fixed by the Chairman.]

Formal minutes of the Treasury Committee

Tuesday 18 July 2006

Members present

Mr John McFall, in the Chair

Angela Eagle	Mr George Mudie
Mr Michael Fallon	Mr Brooks Newmark
Ms Sally Keeble	John Thurso
Mr Andrew Love	Mr Mark Todd
Kerry McCarthy	

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Independence for statistics

The Committee considered this matter.

Draft Report from the Sub-Committee (Independence for statistics) brought up and read.

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

Paragraphs 1 to 186 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Tenth Report of the Committee to the House.

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

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134 (Select committees (reports)).

Several papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the Appendices to the Minutes of Evidence taken before the Sub-Committee be reported to the House.

[Adjourned till a date and time to be fixed by the Chairman.]

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Mr Simon Briscoe, Statistics Editor, Financial Times, **Ms Ruth Lea**, Director, Centre for Policy Studies and **Professor Alison Macfarlane**, Professor of Perinatal Health, City University London Ev 1

Professor Tim Holt, President, and **Mr John Pullinger**, Chair of the National Statistics Working Party, Royal Statistical Society Ev 7

Mr Keith Dugmore, Chairman, and **Ms Jill Leyland**, Society of Business Economists' Representative, Statistics User Forum Ev 13

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Dr Ivan Fellegi, Chief Statistician of Canada, Statistics Canada Ev 18

Professor David Rhind, Chairman, **Sir Derek Wanless**, Vice Chairman, and **Mr Richard Alldritt**, Chief Executive, Statistics Commission Ev 21

Mr Rob Wishart, Chief Statistician, Scottish Executive and **Professor Denise Lievesley**, Chief Executive, Information Centre for Health and Social Care Ev 26

Ms Karen Dunnell, National Statistician, **Mr Dennis Roberts**, Director, Registration and Corporate Services, and **Mr Mike Hughes**, Director, National Statistics and Planning, Office of National Statistics Ev 30

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Lord Moser KCB, a Member of the House of Lords Ev 36

Mr John Healey MP, Financial Secretary, HM Treasury Ev 40

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