

---

**Chair of the UK Statistics Authority, Sir Michael Scholar KCB**

Sir Robin Wales  
Mayor of Newham  
London Borough of Newham  
Newham Dockside  
1000, Dockside Road  
LONDON  
E16 2QU

24 January 2011

Dear Sir Robin

**LOCAL GOVERNMENT FUNDING**

Thank you for your letter dated 23 December about the presentation of information about local government funding. I invited Jil Matheson, the National Statistician, who under our governing legislation is the Authority's principal adviser on statistics, to investigate this matter. A note setting out her advice to me is attached. That advice informed me that the Head of Profession for Statistics at DCLG was consulted and involved in the development of the revenue spending power measure, and that the revenue spending power data used the data on formula grant allocations published as part of the provisional local government finance settlement. You will see from this note that the professional statisticians are not concerned about the statistical issues raised in your letter.

It is, however, clear that Ministers have made use of these statistics in order to argue their case, and to present their policies as persuasively as possible. I believe that that is the root of your objection. I have to say that it is not an objection which the Statistics Authority can raise against those whom you are criticising. The Statistics Authority recognises that political debate frequently involves the selection and interpretation of available statistics. It believes that it is not appropriate or practical for the Authority to intervene whenever statistics are used in support of political argument, on one side or the other. Our expectation is that statements which are less firmly based are likely to be challenged by other parties to the debate, and also by journalists, commentators and others. Our role is to make sure that public debate is well informed by good statistics; not ourselves to become a player or the referee in the debate.

I hope this clarifies our position. I am copying this letter as yours, and also to Jil Matheson.

Yours sincerely



**Sir Michael Scholar KCB**

## **SUPPLEMENTARY NOTE**

The letter from Sir Robin Wales to Sir Michael Scholar referred to two separate sets of data published by the Department for Communities and Local Government (DCLG) to inform the DCLG's public consultation on the formula grant allocations and the proposed new transition grant. These drew upon some statistics from DCLG's regular local government finance releases. The statistical data sources were clearly identified and the methodologies used were published such that it was clear how the calculations had been made. The proposals for the transition grant used a new concept of 'revenue spending power' which was specifically designed by DCLG for that purpose and which drew on statistics on council tax as well as finance data on grant streams. The Head of Profession for Statistics in DCLG was consulted both on the methodology and on the presentation of the data before they were published.

The second set of data on formula grant per head was a simple calculation for each local authority in terms of its proposed grant divided by its population. The DCLG publishes such calculations routinely for historic data and the data for the provisional funding settlement was intended to provide an indication of formula grant per head for 2011-12 and 2012-13 under the proposed funding allocation regime.

The concern raised about the inclusion of NHS money in calculations by DCLG of reductions in revenue spending power is not a statistical issue. NHS money has been transferred to local authorities and, as such, represents part of their 'revenue spending power' as defined by DCLG and, therefore, was included in the calculations made by DCLG.