



House of Commons
Treasury Committee

**Independence for
statistics: Government
Response to the
Committee's Tenth
Report of Session
2005–06**

**Seventh Special Report of Session
2005–06**

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The Treasury Committee

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Committee staff

The current staff of the Committee are Colin Lee (Clerk), Fiona McLean (Second Clerk and Clerk of the Sub-Committee), Dominic Lindley and Adam Wales (Committee Specialists), Lis McCracken (Committee Assistant), Michelle Edney (Secretary) and Tes Stranger (Senior Office Clerk)

Contacts

All correspondence should be addressed to the Clerk of the Treasury Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5769; the Committee's email address is treascom@parliament.uk. Media inquiries should be addressed to Luke Robinson on 020 7219 5693

Seventh Special Report

The Treasury Committee published its Tenth Report of Session 2005–06, *Independence for Statistics*, on 26 July 2006, as House of Commons Paper No. 1111. The Report arose from an inquiry by the Sub-Committee. The Government response to this Report was received on 9 October 2006, and is appended below.

Appendix: Government response

The Government welcomes the close interest in the UK statistical system shown by the Treasury Committee over a number of years, and welcomes this report on Independence for Statistics. The Committee's report provides a valuable contribution to the debate on the Government's proposals to legislate for independence in statistics.

For ease of reference, the Committee's recommendations are reiterated below (in bold, numbered paragraphs), with the Government's response to each following.

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)

The Government welcomes the Committee's comments on the Government's proposals to build on earlier reforms to the statistical system in the UK, as set out in the consultation document, *Independence for statistics*. The Government's proposals aim to reinforce the independence, integrity and quality of statistics produced in government, supporting the Government's agenda for better public services, and contributing to long-term stability in the UK economy.

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 Government recognises that perception plays an important role in ensuring that official statistics command respect. The Government is determined to ensure high standards of public trust in the integrity of official statistics, and build on the progress made to date. The Government accepts that the way in which it communicates the independence of statistics to the public, and indeed the debates in Parliament during

passage of the Bill, will play an important role ensuring its proposals are understood and help reinforce the quality and integrity of statistics produced in government.

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)

The Government welcomes the Committee's recognition of the difficulty of defining and quantifying data produced outside of the Government Statistical Service, which encompasses a wide range of outputs, from databases, to departmental management and administrative data, to one-off research projects.

The current Framework for National Statistics describes National Statistics as those key indicators that the Government, business and the wider public rely on to provide an accurate, up-to-date, comprehensive and meaningful description of the UK. The Government's proposals aim to build on the current set of designated National Statistics, by giving the new Board a statutory responsibility independently to assess the quality and integrity of all statistics currently designated as National Statistics against a code of practice – that the Board itself will draw up – and, on the basis of that, decide whether statistics should receive formal approval as National Statistics.

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)

The Government's proposals aim to build on the current set of designated National Statistics, by giving the new statistics Board a statutory responsibility to independently assess the quality and integrity of all statistics currently designated as National Statistics against a code of practice. The Board will have a statutory responsibility to develop and maintain the code.

It will be a matter for Ministers (as ultimately accountable for directing the resources of their departments) to propose statistics for assessment by the new Board; it will be a matter for the Board – having undertaken its independent assessment – to decide whether statistics should be approved as National Statistics.

In addition, the Board will have a statutory responsibility to advise, as the Statistics Commission does now, on areas of concern about any statistics produced across government (whether National Statistics or not) and, also as the Statistics Commission

does now, to maintain an overview of the coverage of the whole system so that, when taken together, work programmes across the system meet user needs.

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)

The Government notes the Committee's recommendation. Government statistics encompass a wide range of outputs, from databases, to departmental management and administrative data, to one-off research projects, much of which may be published or publicly available. Against this background, to attempt to define a proportion of total outputs in any one department which comprise National Statistics is difficult to do consistently and accurately.

6. We acknowledge the benefits of the current decentralised 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)

The Government welcomes the Committee's endorsement of our approach and recommendation against bringing all of the Government's statistical operations together into a single office. The UK has a long history of decentralised statistical production, and the Government believes there are important strengths and benefits in these arrangements, including:

- keeping statisticians close to data suppliers and customers, giving them better understanding of their data;
- ensuring good working links to policymakers, allowing them key insights into developments and needs; and
- maintaining professional statistical expertise across government.

The strengths that flow from decentralisation outweigh the potential benefits from centralising all statistical activity in one office. The Government therefore plans to maintain the current decentralised nature of the UK system.

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)

The Government notes the Committee's recommendations. In the new system, statisticians will, as at present, continue to be employed by government departments. Departmental Heads of Profession for statistics will continue to be appointed by their Heads of Department, but following consultation with National Statistician, as Head of the Government Statistical Service.

All statisticians in government will have a line of professional accountability to the National Statistician, as Chief Professional Adviser. The Government intends that statisticians outside of the central statistics office will remain within the formal line management of their departments, and be accountable to departmental Ministers for other aspects of their responsibilities.

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 society", because they do not include some of the most frequently quoted data on health, crime and education. (Paragraph 43)

The Government recognises the importance of addressing the independence of statistics outside the ONS. The Government's proposed reforms go well beyond the central statistics office. The new Board will have a statutory responsibility to independently assess the quality and integrity of all National Statistics, to consistent professional standards, whether produced within the central statistics office or in policy departments across government.

Of around 1,450 statistical series produced by the GSS, around 80 per cent are currently designated as National Statistics, and will therefore be subject to independent assessment by the new Board. Of these, the ONS is responsible for around 250 series; the remainder (around 80 per cent) are produced in departments and agencies outside the ONS.

In addition, the Board will have a statutory responsibility to advise – as the Statistics Commission does now – on areas of concern about any statistics produced across government (whether National Statistics or not) and, also as the Statistics Commission does now, to maintain an overview of the coverage of the whole system so that, when taken together, work programmes across the system meet user needs.

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)

The Government's proposed reforms go well beyond the central statistics office and, having rejected an approach that would centralise all the Government's statistical operations in one office, it is important that the reforms do go beyond the ONS. The new

Board will have a statutory responsibility to independently assess the quality and integrity of all National Statistics, to consistent standards, whether produced within the central statistics office or in policy departments across government.

Of around 1,450 statistical series produced by the GSS, around 80 per cent are currently designated as National Statistics, and will therefore be subject to independent assessment by the new board. Of these, the ONS is responsible for around 250 series; the remainder (around 80 per cent) are produced in departments and agencies outside the ONS.

In addition, the Board will have a statutory responsibility to advise – as the Statistics Commission does now – on areas of concern about any statistics produced across government (whether National Statistics or not) and, also as the Statistics Commission does now, to maintain an overview of the coverage of the whole system so that, when taken together, work programmes across the system meet user needs.

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)

The Government notes the Committee's recommendation. The Government remains of the view that Ministers, as ultimately accountable to Parliament and the electorate for determining priorities and directing the resources of departments, should retain the decision on whether to propose statistics for assessment by the Board. With the added status and credibility that the independent assessment process will give to confidence in National Statistics, there will increasingly be an incentive for Ministers to want within the system statistics that cover the key areas of activity that their department is responsible for. It will, however, be a matter for the new Board – having undertaken its independent assessment – to decide whether statistics should be approved as National Statistics.

The Board will also be given a statutory responsibility to advise on areas of concern about any statistics produced across government (whether National Statistics or not) and to maintain an overview of the coverage of the whole system so that, when taken together, work programmes across the system meet key user needs.

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 governing 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)

The Government is aware of the concerns of the Statistics Commission regarding the clarity and enforceability of the existing Code of Practice. The Board will have a statutory responsibility to develop and maintain the code. In order to ensure that the Board has the flexibility to ensure the code is fit for purpose, it will be backed by statute, but not set out in statute. In practice, the Government expects that any changes to the code made by the Board will be based on the advice of the National Statistician, following consultation with key stakeholders as appropriate. The Government welcomes the announcement by the Statistics Commission that it will consider bringing forward proposals on how the Code of Practice might be developed for the new system.

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)

The current RPI governance arrangements reflect the importance of the RPI as a key economic indicator, used for a wide range of policy, legislative and contractual purposes including: up-rating pensions and social security benefits; indexing tax thresholds; and calculating the inflation uplift on index-linked gilts (ILGs). In particular, changes to the RPI have the potential for widespread economic consequences, especially through the impact on ILGs.

Like other gilts, ILGs' terms and conditions are covered in the prospectuses under which they are issued. ILGs first issued before July 2002 were issued under prospectuses that contained an early redemption clause to protect investors' interests. This requires the Government to offer to redeem ILGs at (inflation-adjusted) par if there is a change to the way that RPI is constructed which "*in the opinion of the Bank of England, constitutes a fundamental change in the Index which would be materially detrimental to the interests of the stockholders*". If this clause were triggered while the ILGs were trading below par (that is, where the prices of the relevant ILGs in the secondary market were below the inflation-adjusted face-value of the bonds), then rational investors would be expected to take up the offer in the prospectus; the costs to Government in this case could be significant. The potential implications of such a change on investor confidence, also has the potential to have a disruptive impact on the market more generally, requiring large-scale refinancing, and fragmenting the market.

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 functions. 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)

The Government notes the Committee's recommendation. The Government intends that the independent Board will be non-executive in nature, composed of a majority of non-executives and headed by a non-executive chair. The National Statistician will be Chief Executive of the central statistics office, and have responsibility for the day-to-day delivery of the business of the office, and head of the executive team. The Board will be responsible for holding the National Statistician to account for the running of the central statistics office, replacing the role of Ministers now.

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)

The Government has considered carefully the case for a separate scrutiny body, in addition to the Board. The Government believes that its proposals – for an independent Board which will be non-executive in nature, and with the National Statistician, as Chief Executive, responsible for the day-to-day delivery of the business of the office, and head of the executive team – provide the best way forward.

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 on the actions of board members than upon the way in which they are appointed. (Paragraph 68)

The Government welcomes the Committee's recommendation. To ensure the independence of appointments to the Board, the Government intends that all members – including the Chair and Chief Executive/National Statistician – be appointed through open and fair competition and in line with the Office of the Commission for Public Appointments (OCPA) guidance. The Government intends that the Chair and Chief Executive/National Statistician will be Crown appointments, on the advice of Ministers,

and all other non-executive Board members will be Ministerial appointments, following consultation with the Chair.

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)

The Government believes it should be a matter for the new independent Board to decide how to organise its support team. The Government has made clear that the independent Board will be non-executive in nature, composed of a majority of non-executives and headed by a non-executive chair. The National Statistician, as Chief Executive of the central statistics office, will have responsibility for the day-to-day delivery of the business of the office, and head of the executive team.

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)

The Government's proposals aim to strengthen the role of the National Statistician in the new system. The Government intends that the National Statistician will, as now, be:

- the *Chief Executive of the central statistics office* (and therefore responsible for the day-to-day delivery of the business of the office and head of the executive team);
- the *Chief Statistical Adviser* to the Government and the Board on all professional and technical statistical matters; and
- *Head of the Government Statistical Service* (GSS), providing leadership to all professional statisticians within government, and being consulted on the appointments of all departmental Heads of Profession for Statistics (who will continue to have a responsibility to the National Statistician for the professional quality of their work).

In addition, the Government intends that, in the new system, the National Statistician will be:

- a *full member of the new Board* (sharing responsibility with other Board members for ultimate decision-making rather than, as now, advising Ministers as the decision makers); and
- a higher-status *Crown appointment* (rather than, as now, appointed by Ministers).

18. We believe that the professional authority of the National Statistician over the executive delivery and coordination 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)

The Government has made clear that the National Statistician, as Chief Executive of the central statistics office, will have responsibility for the day-to-day delivery of the business of the office, and head of the executive team. The National Statistician will also be the Chief Statistical Adviser to the Government and the Board on all professional and technical statistical matters. The Government is keen to ensure the any legislation allows for the effective operation of the new system.

19. We recommend that the title 'National Statistician' be retained. (Paragraph 79)

The Government notes the Committee's recommendation, and intends to strengthen the role of the National Statistician in the new system. The Government intends that the National Statistician will, as now, be:

- the *Chief Executive of the central statistics office* (and therefore responsible for the day-to-day delivery of the business of the office and head of the executive team);
- the *Chief Statistical Adviser* to the Government and the Board on all professional and technical statistical matters; and
- *Head of the Government Statistical Service* (GSS), providing leadership to all professional statisticians within government, and being consulted on the appointments of all departmental Heads of Profession for Statistics (who will continue to have a responsibility to the National Statistician for the professional quality of their work).

In addition, the Government intends that, in the new system, the National Statistician will be:

- a *full member of the new Board* (sharing responsibility with other Board members for ultimate decision-making rather than, as now, advising Ministers as the decision makers); and
- as a higher-status *Crown appointment* (rather than, as now, appointed by Ministers).

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)

The Government welcomes the Committee's recommendation that the residual responsibilities of Government in relation to the new independent statistics office should remain with HM Treasury, and its recognition that the residual responsibilities of ministers in respect of the new non-ministerial department are likely to be limited. Central to the Government's proposals is the creation of a new Board, independent from Ministers, composed of a majority of non-executives and headed by a non-executive chair. The Board will replace the current role of Ministers in holding the National Statistician, as Chief Executive, to account for the running of the central statistics office. Independence will be further reinforced, through the creation of a Non-Ministerial Department, removed from Ministerial control.

The Government recognises that perception plays an important role in reinforcing the independence of statistics produced in government. The Government is determined to ensure high standards of public trust in the integrity of official statistics, and build on the progress made to date, and accepts that the way in which it communicates the independence of statistics to the public will play an important role ensuring its proposals help reinforce the quality and integrity of statistics produced in government.

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 in this process. We look forward to the Government producing detailed proposals and recommend that it outline these proposals in its response to this report. (Paragraph 94)

The Government notes the Committee's recommendation. 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*.

Given that statistics are a public good, it is appropriate – as now – for funding to come principally from general taxation. To reinforce independence, while allowing for long-term planning, the Government intends that funding for the functions of the new Board and the central statistics office be set outside the normal Spending Review process, via periodic review, with subsequent increases determined by formula. The expenditure of the new Board and the central statistics office will be paid out of money voted by Parliament. The Government will provide further detail in due course.

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)

The Government notes the Committee's recommendation. To reinforce independence, while allowing for long-term planning, the Government intends that funding for the functions of the new board and the central statistics office be set outside the normal Spending Review process, via periodic review, with subsequent increases determined by formula. The expenditure of the new Board and the central statistics office will be paid out of money voted by Parliament. The Government will provide further detail in due course.

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)

The Government notes the Committee's recommendation, and will provide further detail in due course.

24. We share the concerns expressed by some of our witnesses, that the Government's proposal to retain the census within the Spending Review 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)

The Government notes the Committee's recommendation, and will provide further detail in due course.

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 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)

As the Minister testified before the Committee, the Government expects that the new funding arrangements will be designed in such a way that the Board is subject to the "discipline on the sorts of efficiencies that we expect of departments and public agencies".

The Government intends that any reforms to the statistical system should, as far as possible, reinforce the significant beneficial organisational and modernisation work already underway in ONS, and across government more generally, in light of the Lyons Review of public sector relocation and the Gershon Review of public sector efficiency. The Government will provide further detail in due course on the funding arrangements for the new Board and the central statistics office.

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)

The Government welcomes the Committee's recognition that the production of statistics is an executive function and its recommendation. Statistics are a public good, serving a wide range of users. The Government therefore intends to reinforce with legislation the existing independence of statistics, rather than making statistical production a function of Parliament. However, the Government places a high priority on the central role of Parliament in holding the statistical system directly to account, and plans to introduce more direct reporting and accountability to Parliament.

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)

The Government notes the Committee's recommendation. The Government expects Parliament to play the central role in holding the statistical system to account under the proposed reforms. The Government expects there to be full and direct accountability to Parliament for the statistical system under the proposed reforms, in the same way as for other independent institutions, such as the Bank of England, the Financial Services Authority and the competition regulators. The Government invites Parliament to consider how to reinforce its role in scrutinising the performance of the reformed statistical system and holding the new Board to account, including through the select committee system.

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)

The Government welcomes the Committee's views on the appropriate Parliamentary procedures to ensure there can be full and direct accountability to Parliament for the new statistical system. It also notes the current practice in respect of other non-ministerial departments and that it does not appear to compromise their independence. As such, the Government accepts the Committee's recommendation.

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)

The Government welcomes the Committee's views on the appropriate Parliamentary procedures to ensure there can be full and direct accountability to Parliament for the new statistical system, and notes the views in evidence of the Clerk of the House. The Government accepts the Committee's recommendation.

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)

The Government notes the Committee's recommendation and welcomes the Committee's recognition of the importance of pre-release 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. The principle of early access to data 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. The Government continues to consider how pre-release might operate in the future and will announce further detail in due course.

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)

The Government notes the Committee's recommendation. The Government continues to consider how pre-release might operate in the future and will announce further detail in due course.

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)

The Government notes the Committee's recommendation. The Government continues to consider how pre-release might operate in the future and will announce further detail in due course.

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)

The Government notes the Committee's recommendation. The Government continues to consider how pre-release might operate in the future and will announce further detail in due course.

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)

The Government notes the Committee's recommendation. Reflecting a long history of decentralised statistical production in the UK, the devolved administrations retained authority over statistical processes and production within their respective countries as part of the 1998 devolution settlement. The Government notes the concerns raised about the impact of this on the delivery of coherent and comparable statistics across the UK, but as the Financial Secretary made clear in evidence to the Committee, there is no question of re-opening the devolution settlement. As a result of the 2001 Memorandum of Understanding between the UK Government and the devolved administrations, it will be a matter for the devolved administrations to decide what action they might take in response to the Government's proposed reforms; the Government cannot impose new arrangements on them.

The UK Government continues to work closely with the Devolved Administrations on the proposed statistical reforms, including scope to update the Concordat on Statistics, agreed alongside the 2001 Memorandum of Understanding, to secure delivery of coherent and comparable statistics across the UK into the future.

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 cooperation with the devolved administrations, to improve coordination 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)

The Government notes the Committee's recommendation. The UK Government continues to work closely with the devolved administrations on the proposed statistical reforms, including scope to update the Concordat on Statistics, agreed alongside the 2001 Memorandum of Understanding, to secure delivery of coherent and comparable statistics across the UK into the future.

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)

The Government notes the Committee's recommendation. Reflecting a long history of decentralised statistical production in the UK, the devolved administrations retained authority over statistical processes and production within their respective countries as part of the 1998 devolution settlement. The Government notes the concerns raised about the impact of this on the delivery of coherent and comparable statistics across the UK, but as the Financial Secretary made clear in evidence to the Committee, there is no question of re-opening the devolution settlement. As a result of the 2001 Memorandum of Understanding between the UK Government and the devolved administrations, it will be a matter for the devolved administrations to decide what action they might take in response to the Government's proposed reforms; the Government cannot impose new arrangements on them.

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)

The Government welcomes the Committee's recommendation. The idea of using any statistics legislation as a way to increase sharing of administrative data across government departments drew strong support during the Government's recent consultation process, including in reference to international practice (given that the principle of access by national statistics' offices to administrative data for statistical purposes is one which is widely accepted in many other countries).

The Government believes that increased data sharing for statistical purposes has the potential to bring real benefits in terms of: improving statistical analysis and therefore the evidence-base for better policy making and resource allocations; reducing the burden on business (especially small business) of completing surveys on information already held by government; addressing the problems of declining survey response rates; and reducing the cost to government of conducting such surveys.

The Government recognises that the debate is a complex one, and there are rightly concerns around the privacy rights and confidentiality aspects of such data sharing, which were also reflected in representations during the consultation.

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)

The Government notes the Committee's concerns. The ONS has a long history of maintaining data confidentiality and already securely holds sensitive information on individuals, including census returns, employees' earnings, and individual businesses' profits. The Government intends that the new Board will have a statutory objective to protect the confidentiality of all data provided to it.

The National Statistician will also have an important role to play in ensuring the Board meets this objective, through their roles as: Chief Executive of the central statistics office, Chief Statistical Adviser to the Government and the Board on all professional and technical matters, Head of the Government Statistical Service (providing leadership to all professional statisticians within government), and as a member of the new Board themselves.

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)

The Government recognises that high quality statistics are a key resource for business, academia and the wider community, and notes the Committee's recommendation.