

MANAGEMENT STATEMENT

INTRODUCTION

This document

1. This Management Statement and its associated Financial Memorandum have been drawn up by the Treasury, in its role as sponsor department to the Statistics Commission.
2. Taken together, the Management Statement and the Financial Memorandum, and the *Framework for National Statistics*, set out the broad framework within which the Statistics Commission will operate, in particular:
 - the rules and guidelines relevant to the exercise of the Statistics Commission's functions and duties;
 - the conditions under which public funds are paid to the Statistics Commission;
 - how the Statistics Commission is to be held to account for its performance.
3. The Financial Memorandum sets out in greater detail certain aspects of the financial provisions which the Statistics Commission is required to observe.
4. The Statistics Commission or the Minister for National Statistics, or the Treasury on behalf of the Minister for National Statistics, may propose amendments to either document at any time. The Treasury, or Minister for National Statistics as so decided, will determine what changes, if any, are to be incorporated. Legislative changes will take precedence over any part of these documents.
5. The Treasury shall resolve any question regarding the interpretation of this document or the associated Financial Memorandum, after consultation with the Statistics Commission.

Status and classification

6. The Statistics Commission is a Non-Departmental Public Body (NDPB) established on a non-statutory basis. For administrative purposes, the Machinery of Government and Standards Group, Cabinet Office, classify the Statistics Commission as an advisory NDPB.
7. The Statistics Commission is to review the need for legislation after its first two years and report back to the Minister for National Statistics. Any emerging requirement for statistical legislation will be assessed against other priorities at the time.

THE ROLE, AIMS AND OBJECTIVES OF THE STATISTICS COMMISSION

The role

8. The role of the Statistics Commission is to advise on quality assurance and priority setting for National Statistics, and on the procedures designed to deliver statistical integrity, to help ensure National Statistics are trustworthy and responsive to public needs. It is independent of both Ministers and the producers of National Statistics, and operates in a transparent and open way - making its operations publicly available for scrutiny.

Aims and objectives

9. The Treasury's Public Service Agreement (PSA) provides the framework within which the aims and objectives of the Statistics Commission are set.

10. Within this framework, the Statistics Commission will establish itself as a source of high quality and independent advice on statistical issues. Its advice will be made available to the wider public, who must be able to rely on it as both considered and impartial.

11. The Statistics Commission has freedom in the way it operates, subject to the requirements laid down in this document, the Financial Memorandum, and the Framework for National Statistics. It will ensure that satisfactory systems are in place for the delivery of its role in monitoring and advising on the quality, procedures for priority setting, and integrity of National Statistics.

12. As set out in the *Framework for National Statistics, the Statistics Commission*, in conducting its work programme, will:

Improving Quality and Relevance of National Statistics

(a) ensure that it is able to assess the needs of users;

(b) consider and comment to Ministers on the high-level programme for National Statistics, drawing on the views of users and suppliers, taking account of:

- (i) the resources available for National Statistics;
 - (ii) the compliance costs of providers of raw data; and
 - (iii) the management needs of organisations required to supply raw data.
- Proposals by the Commission for modification of the National Statistics programme will be accompanied by a compliance cost assessment;

(c) advise Ministers of areas of widespread concern about the quality of official statistics, so that Ministers can take these considerations into account in determining priorities and making decisions about National Statistics

Improving Public Confidence in National Statistics

(d) comment on the application of the National Statistics Code of Practice and other procedures designed to promote statistical integrity;

(e) comment, as necessary, on the arrangements for promoting professional standards across all official statistical work;

(f) comment on the quality assurance process of National Statistics, as well as being able to carry out spot checks on Departmental or other audits of National Statistics, to advise the National Statistician of any areas of concern that merit review and, if necessary, to carry out or commission its own audits;

(g) respond to ad hoc requests from the Minister for National Statistics for advice on any matters related to National Statistics, subject to resource constraints;

(h) review the need for statistical legislation after two years and report back to the Minister for National Statistics, and keep the legislative framework under review thereafter;

Operate Efficiently

(i) take account of compliance costs of responding to statistical enquiries and the need to secure value for money when commenting on the proposed annual statistical work programme;

Co-ordination with Government

(j) secure effective communication channels between the Commission and the Minister for National Statistics, and between the Commission and the National Statistician;

Devolution

(k) advise Ministers on the effectiveness of the arrangements to ensure the consistency and co-ordination of statistics on a UK-wide basis following devolution, as appropriate, and establish working relationships with devolved administrations as it, and they, see fit;

Performance Reporting

(l) submit an annual report to the Minister for National Statistics commenting on the annual report of the National Statistician and on the way the Commission has fulfilled its remit.

RESPONSIBILITIES AND ACCOUNTABILITY

The Minister for National Statistics

13. The Chancellor, as Minister for National Statistics, is responsible for co-ordination across National Statistics and, where there is no clear Departmental responsibility for cross-Departmental statistical issues, will be accountable to Parliament for such issues.

14. The Minister for National Statistics is also accountable to Parliament for:

(a) providing information to Parliament about the Statistics Commission as required;

(b) determining the amount of grant-in-aid to be paid to the Statistics Commission, and seeking Parliamentary approval;

(c) carrying out responsibilities set out in the Framework for National Statistics, including appointments to the Statistics Commission and laying of its annual report before Parliament.

The Permanent Secretary to HM Treasury

15. The Permanent Secretary, as the Department's principal Accounting Officer, is responsible for the overall organisation, management and staffing of the Treasury, and for ensuring that there is a high standard of financial management in the Department as a whole. The responsibilities of the Treasury's Accounting Officer with respect to the Statistics Commission are set out in the Financial Memorandum.

16. The responsibilities of a Departmental Accounting Officer are set out in detail in Chapter 6 of Government Accounting.

The sponsor in HM Treasury

17. Within the Treasury, the Macroeconomic Policy and International Finance (MPIF)

Directorate is the sponsor of the Statistics Commission. MPIF is the primary source of advice to the Minister for National Statistics on the discharge of his or her responsibilities in respect of the Statistics Commission, and the primary point of contact for the Statistics Commission itself within the Treasury.

18. The main functions of MPIF as sponsors are:

(a) to advise the Minister for National Statistics on an appropriate budget for the Statistics Commission within the Treasury's overall public expenditure provision;

(b) to monitor the Statistics Commission's expenditure against its total financial provision; to submit advice to the Minister for National Statistics as appropriate; and to take action where appropriate;

(c) to act as the liaison point for the Commission within the Treasury, taking delivery of any issues raised by the Commission and assisting with their resolution;

(d) to communicate relevant Government policy to the Statistics Commission and advise on the interpretation of that policy; and to issue specific guidance to the Statistics Commission, publicly, if and as necessary.

The Chair of the Statistics Commission

19. The Chair is appointed by the Minister for National Statistics in accordance with the Code of Practice of the Commissioner for Public Appointments. Appointment will usually be for three years, and may be renewable up to a maximum of 10 years, unless terminated before that date.

20. The Chair of the Statistics Commission is personally responsible for probity in the conduct of the Statistics Commission's affairs. Where the Commission speaks corporately, it will normally do so through the Chair.

21. The Chair has a responsibility for providing effective strategic leadership on the following matters in particular:

- formulating the Commission's strategy for discharging its duties;
- encouraging high standards of regularity and propriety and promoting the efficient and effective use of staff and other resources throughout the Statistics Commission;
- representing the views of the Commission to the general public; and
- providing a confidential assessment of individual Commissioners, both on request from the Minister for National Statistics and when they are being considered for re-appointment.

22. The Chair should ensure that all members of the Commission, when taking up office, are briefed fully on the terms of their appointment and on the associated duties, rights and responsibilities.

The Statistics Commission's members

23. The Minister for National Statistics appoints the ordinary members in accordance with the Code of Practice of the Commissioner for Public Appointments. In normal circumstances, appointments will be for three years initially, and may be renewable up to a maximum of 10 years, unless terminated before that date. Differing lengths of term may be offered to ensure continuity of experience on the Commission.

24. The Chair and members have corporate responsibility for ensuring that the Statistics Commission complies with statutory or administrative requirements for the use of public funds. Other important responsibilities of members are:

(a) ensuring that high standards of corporate governance are observed at all times;

(b) establishing the overall strategic direction of the Statistics Commission within the policy and resources framework agreed with the Minister for National Statistics;

(c) ensuring that the Commission operates within the Framework for National Statistics and the terms of this document and the associated Financial Memorandum, and in accordance with any other conditions relating to the use of public funds.

25. Members of the Commission (including the Chair) must not give the Chief Executive instructions which conflict with the latter's duties as the Statistics Commission's Accounting Officer.

The Chief Executive

26. The Chief Executive of the Statistics Commission is designated by the Treasury's principal Accounting Officer as the Accounting Officer of the Statistics Commission for its use of, and expenditure from, the grant-in-aid. In this role, the Chief Executive is personally responsible for safeguarding the public funds for which he or she has charge, for propriety and regularity in the handling of those public funds and for the day-to-day operations and management of the Statistics Commission. He or she should act in accordance with the terms of this document and the associated Financial Memorandum.

27. The Statistics Commission should have a code of openness based on the Code of Practice on Access to Government Information, and the Chief Executive should ensure this is put in place.

28. The Chief Executive should ensure that effective procedures for handling complaints about the Statistics Commission are established and made widely known.

BUSINESS PLANNING AND BUDGETING

29. The Statistics Commission will prepare annually a draft business plan covering the coming year in detail and outlining future plans. The plan will set out:

(a) the Statistics Commission's key objectives and associated milestones, and its strategy for achieving those objectives;

(b) a review of the Statistics Commission's performance in the preceding financial year, together, in due course, with comparable outturns for previous years, and an estimate of performance in the current year;

(c) a forecast of expenditure taking account of guidance on resource assumptions and policies provided by the Treasury at the beginning of the planning round. These forecasts should represent the Statistics Commission's best estimate of its expenditure.

30. The main elements of the plan - including key milestones - will then be agreed between the Treasury and the Statistics Commission in the context of the Department's resources and the Government's wider public expenditure plans. In due course, the plan will be made available to the public.

31. In advance of each financial year the Treasury will send the Statistics Commission a formal statement of its financial provision, which will be subject to Parliamentary approval and will form part of the Treasury's overall Departmental Expenditure Limit (DEL). As part of its business plan, and taking account of its approved financial provision, the Statistics Commission will prepare a budget of estimated payments and receipts, including a profile of expected expenditure and draw-down of grant-in-aid over the year.

32. Once the budget has been approved by the Treasury, and subject to any restrictions in this document and the Financial Memorandum, the Statistics Commission will have authority to incur expenditure approved in the budget without further reference to the Treasury, on the following conditions:

(a) the Statistics Commission will provide the Treasury with such information about its operations, performance, individual projects or other expenditure as the Treasury may reasonably require;

(b) the Statistics Commission will notify the Treasury immediately and formally if it becomes apparent at any time that an overspend of the estimates of its expenditure over the year, as voted by Parliament, is likely to occur;

(c) the Statistics Commission will notify the Treasury as soon as possible if it is likely to underspend by more than the equivalent of 2 per cent of its total grant-in-aid.

33. The Statistics Commission will operate management information and accounting systems which enable it to review its financial and non-financial performance against agreed budgets in line with the business plan. The Statistics Commission and the Treasury will have quarterly bilateral meetings to review financial plans in addition to any informal meetings that take place. The Statistics Commission's performance against objectives will be reported in its annual report.

FINANCIAL CONTROL

34. The Statistics Commission will provide the Treasury with:

(a) a financial statement every quarter showing for each main budget heading the payments made and any receipts received in the previous quarter, together with the accumulated net payments to date and the balance of cash remaining available to the Statistics Commission for the year;

(b) details of the outturn for the full financial year.

Internal audit

35. The Statistics Commission will establish and maintain arrangements for internal audit in accordance with the objectives, standards, scope and practices set out in the Treasury's Government Internal Audit Manual and with the guidance provided in the Government Information Systems Audit Manual.

EXTERNAL ACCOUNTABILITY

Annual report and accounts

36. After the end of each financial year the Statistics Commission shall publish an annual report, together with its audited annual accounts, to outline its main activities and performance during the previous financial year and to set out in summary form its forward plans. The report and accounts will comply with relevant Treasury guidance on NDPBs' annual reports and accounts; and the annual accounts will be prepared in accordance with the requirements of the Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance. The report and accounts will be laid before Parliament.

External audit

37. The Comptroller and Auditor General (C&AG) will audit the Statistics Commission's annual accounts, examine regularity and propriety and be responsible for laying the accounts before Parliament. The C&AG will also have access to the Statistics Commission's books and records by virtue of the National Audit Act 1983 for the purpose of carrying out examinations into the economy, efficiency and effectiveness with which the Statistics Commission has used its resources in discharging its functions.

External auditing procedures

38. Before being laid before Parliament the report and accounts will be submitted to the appropriate Treasury Minister.

39. The accounts will be prepared in accordance with the specific Accounts Direction issued by the Treasury. The Accounts Direction will specify the form and content of the accounts, the information to be contained in the statements, the manner in which the information is to be presented, and the principles according to which the statements are to be prepared.

REVIEWING THE ROLE OF THE STATISTICS COMMISSION

40. The Treasury will conduct a Financial Management and Policy Review of the Statistics Commission at least every 5 years or at such other intervals as the Department may determine.

The review will be in two stages:

(a) the initial stage will focus on whether the Statistics Commission continues to be required; whether the NDPB status is correct; and whether the functions in question are being delivered in the most effective manner. As part of this examination there will be an examination of the case for abolition; transferring all or part of the functions to another body; rationalisation; privatisation; and continuing as an NDPB;

(b) if it is decided that the Statistics Commission should continue, the review will focus on the efficiency and effectiveness with which the Statistics Commission carries out its activities; its financial and other management systems; and the efficiency and effectiveness of the Treasury's procedures for monitoring the Statistics Commission's activities.