

PREM 19/1248

Confidential Filing

Review Of The Statistical Services

GOVERNMENT MACHINES

October 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
6.11.79		5.10.81					
9.11.79		16.11.81					
21.1.80		2.12.81					
30.1.80		2.17.81					
7.2.80		45.12.81					
12.8.80		22.1.82					
22.12.80		28.4.82					
1.1.81		18.6.82					
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27.1.81		14.3.83					
2.2.81		28.3.83					
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2.3.81		17.10.83					
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25.3.81		29.2.84					
13.4.81		6/3/84					
16.4.81							
28.4.81							
4.9.81							
16.9.81							
29.9.81							

PREM 19/12/88

● PART 1 ends:-



DB to Sir J. Boreham 6.3.84.

PART 2 begins:-

RTA to PM (A084/1184) 16.4.84.

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Cmnd. 8236 – Government Statistical Service, published by HMSO April 1981.

Signed

S. Gray

Date

19/9/2013

PREM Records Team



804

10 DOWNING STREET

From the Private Secretary

SIR JOHN BOREHAM

INTEGRITY OF GOVERNMENT STATISTICS:
PUBLICATION

Thank you for your minute of 2 March, which I have shown to the Prime Minister.

The Prime Minister considers that there is an insufficient case for her writing to her colleagues on this subject at present.

I am sending copies of this minute to Mary Brown (Lord Gowrie's Office), Mike Corcoran (HM Treasury) and Richard Hatfield (Cabinet Office).

MR. D. BARCLAY

6 March 1984

K

010



CABINET OFFICE

Central Statistical Office

Great George Street, London SW1P 3AQ Telephone 01-233 6117

From the Director: Sir John Borcham, K.C.B.

Prime Minister ⁽¹⁾

A bit thin.

Do you prefer
a) to write yourself?
or b) a private secretary
letter?
or c) no letter at all?

MR. D BARCLAY

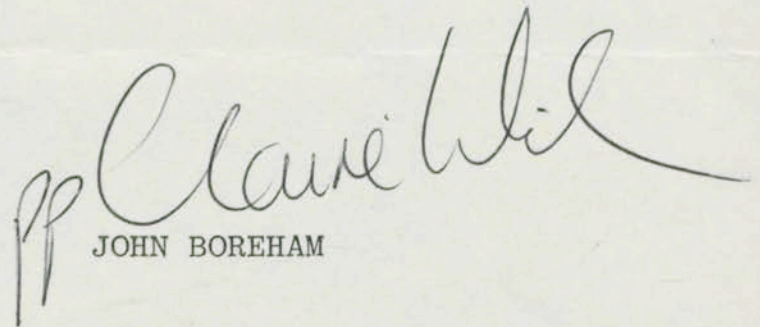
INTEGRITY OF GOVERNMENT STATISTICS: PUBLICATION

You asked for further advice on why a letter should be sent on statistical integrity at the present time.

Ministers in the present administration since 1979 have not received advice on statistical integrity. Minor problems do arise from time to time and it is helpful to have a Prime Ministerial minute to which reference can be made.

DMS
5/3

No letter -
not

pp 
JOHN BOREHAM

2 March 1984

Thank you for your letter of 2 March which I have shown to the PM

The PM considers that this is a ...

Gov Maan Oct 79 CSO

-5 FEB 1984

1 2 3 4 5 6 7 8 9 10 11 12

CABINET OFFICE

(Cabinet and Privy Counsellors)

Great George Street, London SW1A 2AA

For the Secretary, see page 2

CONFIDENTIAL



Emf

10 DOWNING STREET

From the Private Secretary
SIR JOHN BOREHAM
CABINET OFFICE

INTEGRITY OF GOVERNMENT STATISTICS:
PUBLICATION

The Prime Minister was grateful for your minute of 22 February, in which you recommended that she should write to her Ministerial colleagues to remind them of the arrangements for the publication of Government statistics.

BF

The Prime Minister has enquired why it is thought necessary to send such a letter at the present time. I should be grateful for further advice.

I am sending copies of this minute to the Private Secretaries to the recipients of yours.

MR. D. BARCLAY

29 February 1984

JG

MR

Prime Minister ⁽¹⁾

MR BARCLAY

In the attached minute Sir John Boreham invites you to write to colleagues to remind them of the arrangements for publishing statistics.

Agree with Bernard Ingham's advice below, that the letter should go at private secretary level, with the addition at X?

JMB
28/2

Sir John Boreham does not advance any reason for such a letter from the Prime Minister at this time, and I would therefore prefer it to go at Private Secretary level.

It is all familiar stuff but I would like to suggest an addition to the first indent in paragraph 3 on page 1 - viz:

- only people who strictly need to know should see sensitive statistics before they are released, but that should not inhibit preparation for their effective presentation and explanation.

My point is that secrecy is no good whatsoever if the only consequence is bad presentation. It is one thing to preserve the integrity of Government statistics; it is entirely another to do that and end up with egg on our faces.

There is in my view altogether too much secrecy over statistics and all too little intelligent planning for their presentation.

B. INGHAM
27 February 1984

Why the sudden need to write at all?

mb

1) Mr Ingham See attached MR P31/4

2) Prime Minister (4)

Content to write to colleagues
on these lines ? The letter could
go at Private Secretary level if
you prefer.

DMS
23/2

PRIME MINISTER

INTEGRITY OF GOVERNMENT STATISTICS: PUBLICATION

Publication dates of important economic statistics are announced in advance and closely adhered to. This is of great help in preserving the integrity of statistics and public confidence in it. The dates announced are set to follow as soon as possible after the figures are available; in the intervening period only those with a strict need to know can see the figures.

I think it is helpful, from time to time, for you to remind ministers of these arrangements. I would like you to take the opportunity, also, of extending the practice beyond economic statistics.

I would be grateful if you would agree to sending a minute to ministers in charge of departments, on the lines of the attached draft. The last paragraph of the draft refers to my role as Head of the Government Statistical Service, as set out in the White Paper on Statistical Services in 1981, and in a minute sent from your Private Secretary on 12 January of that year to Sir Robert Armstrong.

I am sending copies to Lord Gowrie, Mr Hayhoe and Sir Robert Armstrong.

JOHN BOREHAM

22 February 1984

DRAFT MINUTE FROM PRIME MINISTER TO MINISTERS IN CHARGE OF DEPARTMENTS

INTEGRITY OF GOVERNMENT STATISTICS: PUBLICATION

It is of the highest importance for the Government to maintain public confidence in the integrity of its statistics. Arrangements for the publication of statistics must give great weight to this.

The release dates of the major economic series are published in advance each month in a Central Statistical Office Press Notice and repeated in "Economic Trends". I should like this to be extended to other major series of statistics and I would like your Department to arrange this, (if it is not already done), in consultation with the Central Statistical Office. Pre-announced publication dates should be strictly adhered to: delays can only be countenanced when there are unavoidable problems in producing the statistics.

Press Notices

Departments generally use Press Notices to achieve fast publication of important series. Arrangements for the issue of Press Notices should take account of the following:

- only people who strictly need to know should see sensitive statistics before they are released;
- there should be an expected delay of at most two working days between the compilation of all the figures for a Press Notice and its release to the Press: this should be reduced to one working day wherever practicable;
- statistical Press Notices should contain a clear and standardised identification that they are prepared by the Government Statistical Service, in order to establish a clear and visible separation of statistical information from any subsequent policy comment and to emphasise their common professional origin;

- Press Notices should include, where appropriate, an objective commentary on the figures; where this includes comparisons with earlier figures, these should normally be over standard periods for any given series; major revisions to earlier published figures should normally be mentioned.

Other publications

The guidelines for the issue of Press Notices may not be entirely appropriate for the publication of statistics in regular journals or in special digests. However, it remains important to meet pre-announced publication dates and to distinguish between statistical information and policy comment.

Responsibility for action

The senior professional statistician in each department carries responsibility for the integrity and validity of his statistics. He should consult the Central Statistical Office whenever there is any doubt about the form of presentation or timing of statistical series for which he is responsible.

In addition the Director of the Central Statistical Office in his role as Head of the Government Statistical Service has the right of direct access to me on matters concerning the validity and integrity of Government statistics and the professional competence and working of the statistical service. Where he is providing advice to other departments, he may deal directly with the appropriate Minister.

Govt. Machinery Oct 79
Review of STAFF



23 JAN 1984



10 DOWNING STREET

CHARLOTTE PLATMAN

The Prime Minister has now written to Sir John Boreham to congratulate him on his report on the Government's Statistical Services. I attach a copy, together with a minute to me about this, from Lindsay Wilkinson.

Could you please now arrange for the related Parliamentary Question to be tabled and answered?

JMB

18 November 1983

*Answered
with*

*B Hayhoe's
Office*

21/11

CS.



10 DOWNING STREET

THE PRIME MINISTER

18 November 1983

Dear Sir John,

Barney Hayhoe will be making a Written Statement shortly about your report on the Government Statistical Services 1982-83. I should like to congratulate you and your staff on the splendid progress it records. The improvements in efficiency and the reduction in the number of forms sent out reflect very great credit on all involved. Well done!

Yours sincerely
Raymond DeLia

Sir John Boreham, K.C.B.



10 DOWNING STREET

PRIME MINISTER

You wanted to write to Sir John Boreham before Mr Hayhoe makes a statement about the Report on the Government Statistical Service. I attach a draft.

DMB

17 November 1983



Ref. A083/3264

MR BARCLAY

David

Would you kindly inform Charlotte Stevens when the Prime Minister has written to Sir John Boreham in order that she can make the necessary arrangements for tabling and handling of the related Parliamentary Question.

*Thank you
Lindsay*

LINDSAY WILKINSON

15 November 1983

GR : Please type attached draft for PM's sig, with a cover note as follows:

" You wanted to write to Sir John Boreham before Mr Hayhoe makes a statement about the Report on the Government Statistical Service. I attach a draft."

DRAFT MINUTE FROM THE PRIME MINISTER TO

SIR JOHN BOREHAM *KCB.*

Government Statistical Services: Annual Report 1982-83

I would like to congratulate you and your staff on the splendid annual report which you produced on the Government Statistical Services 1982-83. The results demonstrate substantial progress in implementing recommendations in the Review of the Government Statistical Services (Cmnd 8236).

*Bamey Hayhoe will be making
written
a statement about this shortly.*

Bamey Hayhoe will be making a Written Statement shortly about your report on the Government Statistical Services 1982-1983. I should like to congratulate you and your staff on ^{the} splendid progress it records. The improvements in efficiency and the reduction in the number of ^{sent out} forms ^{very} reflect ^{well done!} great credit on all involved. ~~Well done!~~

I know, too, that you are determined to keep up the good work. Well done!

Ref. A083/3264

MR BARCLAY

Would you kindly inform Charlotte Stevens when the Prime Minister has written to Sir John Boreham in order that she can make the necessary arrangements for tabling and handling of the related Parliamentary Question.

LINDSAY WILKINSON.

15 November 1983

DRAFT MINUTE FROM THE PRIME MINISTER TO

SIR JOHN BOREHAM

Government Statistical Services: Annual Report 1982-83

I would like to congratulate you and your staff on the splendid annual report which you produced on the Government Statistical Services 1982-83. The results demonstrate substantial progress in implementing recommendations in the Review of the Government Statistical Services (Cmnd 8236).

Gyork March : Review of Stats Oct 79.



FILE

607

10 DOWNING STREET

From the Private Secretary

17 October, 1983

GOVERNMENT STATISTICAL SERVICES: ANNUAL REPORT

1982/83

The Prime Minister was grateful for Sir Robert Armstrong's minute of 10 October about handling of the Report on the Government Statistical Services.

The Prime Minister is content with the draft question and answer. She is minded to write to Sir John Boreham to congratulate him on the results so far. I should be grateful if you could provide a draft, suitably timed in relation to the proposed statement.

I am sending a copy of this letter to Mary Brown (Lord Gowrie's Office), and Mike Corcoran (Mr. Hayhoe's Office).

(David Barclay)

Richard Hatfield, Esq.,
Cabinet Office

(1)



Prime Minister

Agree the draft

Written Answer?

Ref. A083/2849

PRIME MINISTER

*Yes - I think we
may not write and
congratulate
Sir John
on the
results
pub.*

*Dms
14/10*

Government Statistical Services:
Annual Report 1982-83

You asked me to discuss with Sir John Boreham the handling of the report of the Government Statistical Services. This I have done. I recommend that the report should not be published, but I propose that (as last year) a Parliamentary Question for written Answer be tabled.

- 2. I attach a suggested Question and Answer on the lines of that which Mr Hayhoe gave on 28 July 1982 to demonstrate the progress in implementing the recommendations in the Review of the Government Statistical Services (Command 8236).
- 3. I am sending copies of this minute and the draft Question and Answer to Lord Gowrie and Mr Hayhoe.

RA

ROBERT ARMSTRONG

10 October 1983

Government Statistical Services (Review)

QUESTION: TO MINISTER FOR THE CIVIL SERVICE

What further progress has been made in implementing the recommendations in the Review of the Government Statistical Services (Cmnd 8236)?

ANSWER: Statisticians continue to provide a wide ranging service of information, advice and analysis in every Government department.

The target saving arising from the Review of Government Statistical Service (Cmnd 8236) were £26½ million. By April this year £25 million had already been implemented. It is expected that savings will rise to £28½ million a year by April 1984.

These savings will mean that staff and administrative costs in the Government Statistical Services have been reduced by a quarter since 1979. During that period the number of forms sent out to businesses has also been very substantially reduced. In 1982 one million fewer forms were sent out than in 1979: - a reduction of a third.

The credit for this substantial progress rests firmly with the members of the service. They will continue their efforts to realise further savings.

The system of departmental statistical budgets will be an important tool in managing statistical resources. It is being successful in generating greater awareness amongst statisticians and their customers of the costs of the service and in stimulating them to question existing methods and processes and to examine alternative ways of doing things. It will be made more effective by relating costs to clearly stated objectives and measures of output.



10 DOWNING STREET

From the Private Secretary

SIR JOHN BOREHAM

Government Statistical Service: Annual Report 1982-83

The Prime Minister has read with interest the annual report submitted with your minute of 21 June. She was pleased to see that implementation of the 1981 White Paper is still on course and was impressed by the number of statistical forms no longer sent to businesses. No doubt these successes will serve as a spur to continuing efforts to find new opportunities to increase efficiency, reduce the number of forms and use resources more effectively.

The report raises a number of specific issues. The Prime Minister has asked Sir Robert Armstrong to discuss these, and the question of what should be published, with you.

I am sending copies of this minute to Mary Brown (Lord Gowrie's Office) and Richard Hatfield (Cabinet Office).

T.J. Flesher

4 July 1983

PRIME MINISTER

GOVERNMENT STATISTICAL SERVICES: ANNUAL REPORT 1982-83

I have seen Sir John Boreham's annual report attached to his minute of 21 June.

Content

The report shows continued success in implementing Derek Rayner's 1980 Review of Government Statistical Services - a million less statistical forms were sent to businesses in 1982 than in 1979, and total savings of £28.5 million and 2464 staff are expected by next April. The development of budgetary control is also important, although the £5 million underspend in 1982-83 suggests that there is still some fat.

Some features of the report are, I think, more worrying. Spending on social statistics is not being trimmed as rapidly as spending in other important areas, (for example the central economic indicators). And the targets for improvement in the next year are very general.

The report raises two other issues of which you should be aware:

- (1) Sir John Boreham has expressed concern about the Police and Criminal Evidence Bill. I understand that the present draft of the Bill will not have the serious effects he once feared.
- (2) He also mentions quality of statistics. But there is no evidence that this is affecting the adequacy of the information Ministers use for decisions.

Publication

I am by no means convinced that it would be appropriate to publish this report: for instance the remarks on quality and on the Police Bill could be misused. But, if you agree, we could report the progress on savings to Parliament in a PQ.

I recommend that you note the report and ask Sir Robert Armstrong to discuss the specific issues indicated above with Sir John Boreham on your behalf. A draft minute from your Private Secretary is attached.

LORD GOWRIE

30 June 1983

*I agree with Lord
Gowrie on publication
and his other advice.*



Prime Minister:

*Attached at
flag A to Sir John*

*Boreham's commentary. Lord
Gowrie's comments are based upon
advice from the Rayner unit. Agree that
I may respond on your behalf as*

*Lord Gowrie
suggests*

*17
1/7*

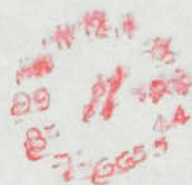
*I agree
don't publish*

g.g.

Govt Mach.
Review of Services
Statistical Services
Oct 79



30 JUN 1979



COMMUNICATIONS SECTION

Management and Personnel Office
Whitehall
London SW1A 2AZ
01-273 4400



With the Compliments of the
Private Secretary
to the

MINISTER OF STATE
PRIVY COUNCIL OFFICE

DRAFT MINUTE FROM MR FLESHER TO:

SIR JOHN BOREHAM

Pl
Tylor

GOVERNMENT STATISTICAL SERVICE: ANNUAL REPORT 1982-83

The Prime Minister has read with interest the annual report submitted with your minute of 21 June. She was pleased to see that implementation of the 1981 White Paper is still on course and was impressed by the number of statistical forms no longer sent to businesses. No doubt these successes will serve as a spur to continuing efforts to find new opportunities to increase efficiency, reduce the number of forms and use resources more effectively.

The report raises a number of specific issues. The Prime Minister has asked Sir Robert Armstrong to discuss these, and the question of what should be published, with you.

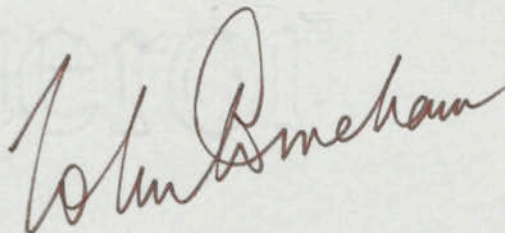
I am sending copies of this minute to Mary Brown (Lord Gowrie's Office) and Richard Hatfield (Cabinet Office).

T J FLESHER

PRIME MINISTER

I attach my second annual report following the White Paper on Government Statistical Services in April 1981. It covers the year 1982-83.

I would like to circulate it (but with a less explicit form of the commercially sensitive 10(ii) and 10(iii)) within the Government Statistical Service and possibly also to publish it in "Statistical News" and I would be grateful for your agreement to this.



JOHN BOREHAM

21 June 1983

GOVERNMENT STATISTICAL SERVICE - SECOND ANNUAL REPORT

1. This report:-

states the expenditure on statistical activities in the past year compared with the previous year and gives a forecast for the current year (paragraphs 2-4).

describes the work of the Government Statistical Service, with examples of important features in 1982-83 (paragraphs 5-11).

notes the emphasis I am giving to work in the year ahead (paragraphs 12-16).

EXPENDITURE ON STATISTICAL ACTIVITIES

2. The cost⁽¹⁾ of Government Statistical Services in 1982-83 is estimated to have been £125 million, some £5 million below budget. This is £42 million lower than in 1981-82 on the same price basis. Of this reduction, £33 million is accounted for by the census of population whose cost was concentrated in 1981-82. In addition further notable savings were made in central economic statistics (£3 million) and in labour market statistics (£4 million). A breakdown is as follows:-

	£ million	
	1981-82	1982-83
Central economic statistics	44	41
Labour market statistics	20	16
Census of population	40	7
Other social statistics	46	45
Other statistical work (Defence, Scottish and Welsh Offices etc)	17	16
	<u>167</u>	<u>125</u>

(1) Costs are at 1982-83 prices. The figures given in last year's report have been revalued and a further £3 million has been included in both years as a result of new information from two departments.

3. A further reduction of £4 million is planned for 1983-84, of which half is due to the further run down of work on the census of population. Other savings - from the traditional and manually intensive areas of work - now assume more modest levels following the 25 per cent cuts in manpower and expenditure over the last four years.

4. The system of departmental statistical budgets which forms the basis for costs in this report and in departmental reports to Ministers is an important tool in managing statistical resources. It has been successful in generating greater awareness amongst statisticians of the costs of the service they provide and stimulating them to ask questions about existing methods and processes and to examine alternative ways of doing things. To develop this approach, I am seeking to relate costs to objectives and measures of output. I am also initiating a few inter-departmental and possible international comparisons of methods and costs of similar statistical activities, looking for techniques and practices which work well in one situation and are capable of wider application.

THE WORK OF THE GSS

5. The main emphasis of GSS management in 1982-83 was placed on economy, efficiency and relevance to policy needs over the whole sphere of government. Statisticians provide a wide ranging service of up to date, accurate and reliable information, advice and analysis in every government department.

6. As well as controlling its costs to Government the Government Statistical Service minimises the form filling burden imposed on businesses. The number of forms sent out to businesses in 1982 was two million, making a total reduction of one million forms, a third, since the Government came to office. The system of five-yearly reviews of business surveys, which was called for by your minute of 19 October 1981, came into operation during the year.

7. There are some features of our work in 1982-83 that I would like to mention to illustrate a few of the areas where statistical expertise can improve the formation of policy and administration of government.

8. Exploiting the 1981 census of population continued: the market is very diverse and the analyses contributed to many decisions. Many local authority resources and statisticians in a number of departments have supported ministerial initiatives to obtain more efficient and effective use of resources in local authorities, in education, and in the health service.

9. We have continued to provide a briefing and analysis service on, for example, unemployment, retail prices, and - of increasing interest - productivity. Similarly statisticians were also involved with economists in assessing the impact of falls in the world oil price on the price of north sea oil, the exchange rate, taxation, revenue and inflation.

10. The following examples of work illustrate the wide involvement of statisticians:-

- (i) In the Department of Energy a detailed analysis of how the UK can maintain adequate strategic stock levels of the most important petroleum products at minimum cost has resulted in potential savings to oil companies of something like £20 million per annum.
- (ii) Analysis by the Department of Health and Social Security of the effective pricing policy between pharmaceutical suppliers and chemists has resulted in a saving to the NHS of around £18 million per annum in the cost of reimbursing chemists for prescriptions.
- (iii) A statistical model developed in the Ministry of Defence has identified savings of £½ million to be made on the current year's orders for spare parts to the SEADART missile, without reducing operational capability. Predictions of future savings are difficult to make, but there are some 15-20 other weapon systems which might be susceptible to the same approach.
- (iv) The Department of Employment has successfully introduced a new computerised system of unemployment statistics. Considerable savings have been made here and in the census of employment, amounting to some £3½ million, through tighter management control, innovation in methods and greater use of new technology.

- (v) Treasury statisticians have developed a simpler data base system for Civil Service Manpower. The new system MANDATE has replaced PRISM with an annual saving of £½ million.

11. In the last few years we have experienced difficulty in recruiting sufficient graduate entrants of the necessary quality to the Statistician Group. We are investigating ways of improving recruitment and dealing with the shortfall.

THE YEAR AHEAD

12. In the year ahead the GSS will further develop its professional service to Ministers and officials. Regular work will continue, with attention to effectiveness and efficiency, and we shall look for new areas where statistical expertise can improve value for money in government more generally. Statisticians can make an important contribution to the Financial Management Initiative and I have encouraged this. A common feature reported by Directors of Statistics in their budget plans for 1983-84 is further computerisation and the use of micro-computers in order to improve efficiency and provide a better service.

13. I might briefly mention the following examples of developments in 1983-84.

- (i) Work has begun on a new computer system for the Retail Prices Index that will lead to saving 10 posts in the Department of Employment.
- (ii) The Central Statistical Office has launched a new computer-based macro-economic data service to provide government and Members of Parliament with quicker and cheaper access to GSS figures on the national accounts, balance of payments, industrial and financial statistics on prices, earnings and employment. In conjunction with a commercial computer bureau, the information is also available to outside organisations and individuals both here and overseas.

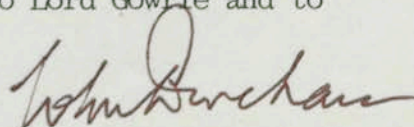
(iii) Streamlined working practices, increased computerisation and the elimination of some less essential services in the Department of Trade and Industry will lead to saving 70 posts. The main work areas affected are the annual census of production, balance of payments statistics, distribution and service inquiries and the maintenance of registers.

14. I should mention that the GSS was concerned about one aspect of last session's Police and Criminal Evidence Bill and I expressed this concern to the previous Home Secretary. The Bill as prepared would have made it impossible to give respondents unqualified pledges that statistical forms would be confidential. In the case of voluntary inquiries such assurances are vital in obtaining adequate response levels and nowadays even statutory inquiries, like the Census, can succeed only if they win consent. The West Germans have recently been forced to cancel their Census at considerable cost through neglecting this.

15. By April 1984 our contribution to the Government's target savings arising from the White Paper on Government Statistical Services in April 1981, and expressed in 1979 prices, is expected to be £28½ million and 2,464 staff, as compared with target savings of £26½ million and 2,550 staff - just over a quarter of 1979 levels. Some savings have been higher than expected, particularly in computing, but some have had to be deferred until after April 1984. When the postponed savings are implemented we expect to make further cash savings putting them £3 million above target and also to make good the small shortfall on staff numbers.

16. Finally I must emphasize that the savings have had adverse effects on quality. The trade figures are the most notable example; provisional monthly figures now take ten days longer to produce and there has been some loss in accuracy at the most detailed level. In addition, Directors of Statistics have had to guard against deteriorating quality when savings increased individual work-loads. For the future we shall continue a restless search for savings, and aim to reap the rewards either directly in cost reductions or in restoring quality - which has been weakened by the cuts - or in necessary new work, especially, perhaps, management information.

17. I am sending copies of this report to Lord Gowrie and to Sir Robert Armstrong.



SIR JOHN BOREHAM



Parliamentary under
Secretary of State

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 6620/6690
Switchboard 01-213 3000

Willie Rickett Esq
Private Secretary
10 Downing Street
LONDON SW1

8 April 1983

Dear Willie, ^{WM} ^{15/4}

Thank you for your letter of 28 March about the correspondence with Sir John Boreham on the revision of the Construction Industry Training Board's Statutory Return.

... My Minister has now written to Sir John along the lines agreed by the Prime Minister, and I am enclosing a copy of his letter for your information.

Yours Sincerely,
Power

RICHARD POWER
Private Secretary



Parliamentary under
Secretary of State

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213.....6620/6690
Switchboard 01-213 3000

Sir John Boreham KCB
Director
Central Statistical Office
Cabinet Office
Great George Street
LONDON SW1P 3AQ

8 April 1983

Thank you for your recent letter about the Survey Control Unit's review of the Construction Industry Training Board's Statutory Return.

I am grateful for your full explanation as to why there was so much delay on this review and I am happy to accept your apology. I am pleased to note your assurances for the future and I shall continue to take a personal interest in this sort of issue.

I have suggested to the Board that they might wish to discuss with the Unit the contents of its Report. My officials would also be very willing to discuss implications for any future reviews involving industrial training boards.

PETER MORRISON

Gant Meadh

PRIVATE AND CONFIDENTIAL

JTC



file

@

10 DOWNING STREET

From the Private Secretary

28 March 1983

Thank you for your letter of 23 March about the correspondence with Sir John Boreham on the revision of the Construction Industry Training Board's Statutory Return.

The Prime Minister is content for Mr. Morrison to reply to Sir John Boreham on the lines suggested in your letter.

W. F. S. RICKETT

Richard Power, Esq.,
Department of Employment

PRIVATE AND CONFIDENTIAL



Parliamentary under
Secretary of State

Department of Employment

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....6620/6690.....

Switchboard 01-213 3000

Prime Minister

Sir John explains that the CSD were unable to meet their deadlines largely because of a shortage of staff and because they underestimated the difficulty of the task. Are you content to leave

Willie Rickett Esq
Private Secretary
10 Downing Street
LONDON SW1

Peter Morrison
to take the line at A

23 March 1983

or would you prefer him to add that you have been informed of this episode and that you do not expect this sort of delay to occur in future?

Dear Willie,

In your letter of 14 March you said that the Prime Minister would like to see a copy of Sir John Boreham's reply to Mr Morrison's recent letter about problems with the Construction Industry Training Board's Statutory Return.

WM
25/3

... A copy of Sir John's reply is attached. Mr Morrison's inclination is that, given the apology for past delays and the promise to do better in future, he should not pursue this issue any further. He feels that he has now registered his very strong concern and that the need to deal more quickly with this sort of work has been taken on board by the Central Statistical Office.

A My Minister therefore proposes simply to reply to thank Sir John for his investigation, to accept his apology and to register that he will continue to take a close personal interest in work of this sort. However, before doing so Mr Morrison would be grateful to know whether the Prime Minister is content with this line or would like him to pursue the matter further or, indeed, wishes to intervene herself.

Yours Sincerely,
Richard Power

RICHARD POWER
Private Secretary

A 04563



CABINET OFFICE

Central Statistical Office

Great George Street, London SW1P 3AQ Telephone 01-233 6117

From the Director: Sir John Boreham, K.C.B.

Our ref: F39/16

Dear Parliamentary Secretary.

Thank you for your letter of 10 March about the Survey Control Unit's review of the Construction Industry Training Board's return. I am really very sorry about the delay in completing this review; in explaining the background to this delay and the factors that contributed to it, I am not trying in any way to excuse it.

As you know, the remit of the Survey Control Unit was widened by the Prime Minister's minute of 19 October 1981, which required them, in addition to carrying out their reviews of ad hoc surveys, to ensure that every regular survey directed to businesses or local authorities was reviewed at least once every five years. The number of such surveys is so large that we have had to divide them into two categories, based mainly on the size of the total burden on respondents; the larger surveys (Category A) are to be reviewed jointly by the Survey Control Unit and the department responsible, while the smaller (Category B) are to be reviewed by the department with SCU merely monitoring the results.

It was recognised from the start that the SCU would need more staff to carry out these additional reviews, and an extra professional statistician post was allocated. This post was filled in the spring of 1982 by promotion from within the Unit; although steps were taken to try to fill the consequent vacancy, it was not possible to do so until the beginning of January 1983. Until then, therefore, there was no increase in the staff available to cope with the increased workload.

The Construction Industry Training Board's return is among those surveys assigned to Category A. When we were told of your interest in this return, it was decided to carry out the intended review early in the programme. The SCU was already committed to carrying out the first two Category A reviews starting in the middle of 1982, and so the CITB review was scheduled to follow the first of these to be completed. Because these were the first reviews of their kind they took longer than expected, and we were not able to start work on the CITB review until the middle of last December.

The Hon Peter Morrison MP
Parliamentary Under Secretary
of State
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF



In carrying out this review, we encountered a problem of allocation of responsibility, which will affect other surveys carried out by Industrial Training Boards. At first we regarded the Manpower Services Commission as the responsible department, and approached them to provide the other half of the review team. It was soon clear, however, that MSC staff had no detailed knowledge of the conduct of the survey. They gave useful background information and described how MSC use the statistical results, but they were no better placed than SCU to carry out a critical review. We therefore had to rely on a contact in the CITB for all detailed information. We shall discuss with your officials in the Department of Employment the implications of this for future ITB reviews.

Since all discussions with MSC, CITB and the sample of respondents were the responsibility of one person in the SCU, it was not possible to speed up the actual progress of the review. Nevertheless, I think that once work had started the targets were reached. Mr Kenny did report the progress to MSC as promised at the end of January, and the draft report promised for mid-February was sent to MSC on 18 February. Having received comments from CITB and from MSC policy divisions, the SCU is now preparing the final report, which in fact will differ very little from the draft.

There are two points about the content of the report which are worth bearing in mind. First, the return is used primarily for the administration of the Board's levy system, and statistical considerations play very little part in determining its content. Any complexity in the return is therefore mainly the result of the complexity of the levy system, which was outside the remit of the SCU review. Although the changes proposed in the report are worth while, they cannot have any major effect while the levy system remains as it is. Second, the small sample of respondents who were approached during the review did not seem to find the return burdensome. In particular, some large firms pointed out that they had established systems to deal with the return as it is, and there would be a cost to them in changing their systems to cope with a modified return.

Once again I would like to apologise for the delay, and particularly for the failure to keep you fully informed about the reasons for the delays during the second half of 1982. With hindsight I can see that we were clearly too optimistic about progress on the Unit's other tasks and about the prospect of filling the staff vacancy. I shall ensure that we do better in our future reviews.

Yours sincerely
John Boreham

JOHN BOREHAM

Govt. Matter

Review of State
Linn
Oct 79



file

de

10 DOWNING STREET

From the Private Secretary

14 March 1983

The Prime Minister has seen your Minister's letter of 10 March about his efforts to get the Central Statistical Office to change their levy of return form. She found this a very worrying story, and was grateful to your Minister for drawing it to her attention. She would like to see Sir John Boreham's reply the moment it arrives.

I. W. F. S. RICKETT

Richard Power, Esq.,
Department of Employment.

PRIVATE AND CONFIDENTIAL

JO



Department of Employment
Caxton House Tothill Street London SW1H 9NA F
Telephone Direct Line 01-213.....6620/6690.....
Switchboard 01-213 3000

Parliamentary Under Secretary
of State

The Rt Hon Margaret Thatcher MP
Prime Minister
Prime Minister's Office
10 Downing Street
LONDON
SW1

Prime Minister

This is a pretty
dreadful story but
you may wish to await
Sir John Boreham's reply
10 March 1983
before deciding whether to
comment.

Let me see it. At
moment it
annoying.

See Peter's file.

WML
11/3

I thought that you might be interested to learn
of my rather unfortunate experience with the
Central Statistical Office in trying to get
... changes made in a levy return form. I attach
a copy of a letter I have sent to Sir John Boreham.
In effect we have lost a year in getting a
simpler return and I do not think that even now
we would have left the starting blocks had I
not suggested about a month ago that I would be
talking to you direct about this.

I will let you see a copy of Sir John's reply.

[Handwritten signature]

PETER MORRISON
PRIVATE AND CONFIDENTIAL



Parliamentary under
Secretary of State

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 6620/6690
Switchboard 01-213 3000

Sir John Boreham CB
Central Statistical Office
Great George Street
LONDON SW1P 3AQ

10 March 1983

See Sir John

I am writing on a matter about which I am considerably concerned and of which you may already be aware.

You may know that under the Industrial Training Act 1982 industrial training boards must seek approval of the Secretary of State for Employment for returns and other necessary information which they wish to ask employers in their industries to provide in order to carry out their statutory duties.

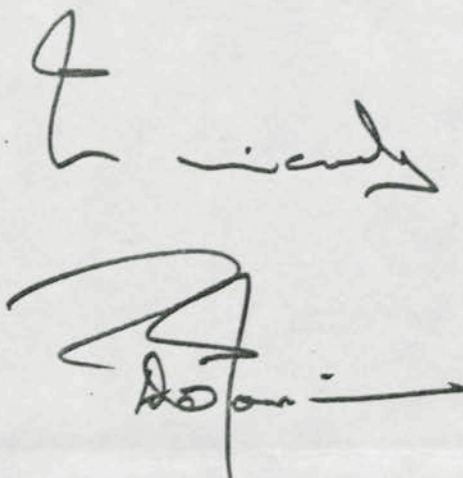
In March of last year the Construction Industry Training Board through the Manpower Services Commission submitted for the Secretary of State's approval its statutory 1982 levy return form. This seeks information mainly about employees of firms in its scope for the purpose primarily of assessing levy. I had previously been informed that Mr F Johnson of the Survey Control Unit of your office, had seen the form and had made a number of comments on its complexity and that he was discussing with the Board ways in which the form might be simplified. I fully agreed with what Mr Johnson said about the complexity of the form and I had asked the Manpower Services Commission to let the Survey Control Unit know that I would be taking a personal interest in seeing the form simplified. I asked for a report by the end of July last year.

Unfortunately no report came from the Unit at that time and so I asked my officials to pursue the matter. The response which finally came from Mr P Kenny of the Unit in September last year was that problems delayed the start of the exercise but that it would be treated as a major, and I presume, important review which would begin at the end of that month. Mr Kenny also undertook to keep my officials informed of progress. Again I heard nothing until my officials took up the matter in December. The report they received was that more problems and other difficulties had meant that the work had only just been started some 10 months after the Survey Control Unit had first commented adversely about the form.

Mr Kenny then said that he would hope to have a preliminary version of the report available by mid-February this year but would write again at the end of January to let my officials know of the progress that had been made. I asked my officials to let the Unit know that I expected some real progress on this review at that time. I have just received a draft copy of the final report on this matter which I think makes some useful suggestions for simplifying the Board's Statutory Return - some 8 months after I had asked for it.

It really is most unsatisfactory that so much time was spent on this exercise. The whole saga is further worsened by the fact that the Construction Industry Training Board has now submitted for the Secretary of State's approval its Statutory Return for this year, basically unchanged from last year, so my efforts to reduce the amount of bureaucracy and form-filling inflicted on employers have so far been entirely frustrated.

I should welcome your comments.

A handwritten signature in dark ink, appearing to read 'Peter Morrison', with a stylized, cursive script.

PETER MORRISON



CC HMT

LPS

CO

DR's office

LPO

Govt Mach

10 DOWNING STREET

From the Private Secretary

SIR JOHN BOREHAM

GOVERNMENT STATISTICAL SERVICES

The Prime Minister has seen your minute (reference A03782) reporting on the Government Statistical Service for the year 1981/2. She has also seen the Lord Privy Seal's minute of 17 June commenting on progress in the implementation of Sir Derek Rayner's review of Government Statistical Services. The Prime Minister is delighted with the progress revealed in the report and in particular with the way in which Sir Derek's review is being implemented. Like Lady Young, she considers that a great deal of credit for this is due to yourself and to your colleagues in Departments. In addition, the Prime Minister has agreed to the Lord Privy Seal's proposal to announce progress on implementation by means of a Written P.Q.

I am sending copies of this minute to Mr. Kerr (H.M. Treasury), Mr. Buckley (Lord Privy Seal's Office), Mr. Wright (Cabinet Office) and Mr. Priestley (Sir Derek's Rayner's Office).

T. J. Baker

28 June 1982

HL

LFO



10 DOWNING STREET

THE PRIME MINISTER

28 June 1982

Dear Sir John.

My Private Secretary will be responding formally to your Annual Report on the Government Statistical Service. I am, however, writing personally to let you know how pleased I was at the way in which you and your colleagues in other Departments have put into practice the changes we agreed last year. I am particularly delighted with the excellent progress on the implementation of Sir Derek Rayner's Review; this could not have been achieved without the enthusiastic support of you and your colleagues.

Yours sincerely
Margaret Thatcher

Sir John Boreham, K.C.B.

HL

PRIME MINISTER

GOVERNMENT STATISTICAL SERVICES

You will recall that following Sir Derek Rayner's review of Government statistical services it was agreed that Sir John Boreham would report to you annually on the operation of the services: his report, together with a comment by Lady Young on progress in the implementation of Sir Derek's review, is attached.

The principal features of Sir John's report are:

- (i) An account of the census carried out last year (paragraph 6);
- (ii) A number of improvements in statistical procedures (paragraph 7);
- (iii) A comment on expenditure on statistical services which, for 1982/83, is £35 million less than in 1981/82. Most of this reduction is accounted for by the concentration of the cost of the census in 1981/82 (paragraphs 8-10);
- (iv) Progress on implementing Sir Derek's review (paragraphs 11-17).

As Lady Young points out in her minute, progress seems to have been very good and we are well on course for making the planned savings by April 1984. Lady Young proposes that the progress with the review ought to be given publicity by means of an arranged Question.

This seems to be something of a success story. If you agree, I will write to Sir John Boreham accordingly. — *(with sign)*

*The report, and the progress
it describes are
excellent
no*

18 June 1982

TF

18/6.



PRIME MINISTER

REVIEW OF GOVERNMENT STATISTICAL SERVICES

See below
Sir Derek Rayner reported in December 1980 on the Review of Government Statistical Services. As you asked I have been taking a close interest in the implementation work. Sir John Boreham is submitting his annual report on the work of the Government Statistical Service as a whole, but I believe his follow-up to the Review deserves special mention.

Savings so far

Savings worth £10 million a year were due by April 1982. £9.9 million have been achieved. Unfortunately, a delay in the computerisation of unemployment statistics has reduced the staff saving to 690 rather than the 990 expected by now, but the shortfall will be made good later in the year.

Savings to come

A further £6 million (470 staff) was originally planned to be saved between April 1982 and April 1984. We are well on course to make these savings: although a few of the original recommendations have slipped or been found to be impracticable, other savings have been found which balance them.

The review also recommended about £2½ million savings which colleagues decided needed further study. £½ million of these have now been agreed. Most of the balance depends on the arrangements for financing ad hoc social savings carried out by OPCS. This issue will be brought forward for decision shortly and I shall want to look at this carefully.

Conclusion

I consider that the implementation work is generally going very well. Much of the credit for this is due to Sir John Boreham and his colleagues in Departments. It is good to see that the recommendations of the studies have been proved to be sound and have been translated into action. As the first 'multi departmental' review of its kind this must add to our confidence in the later examples: Administrative Forms and Research and Development Support Services whose results have been reported to you, and the Resource Control Reviews, Running Cost Reviews and the Review of Personnel Work which are in progress now.

I propose to announce the good progress on implementation by means of a suitable written PQ.

Copies go to the Chancellor of the Exchequer, Sir Robert Armstrong, Sir John Boreham and to Sir Derek Rayner.

Janet Young

BARONESS YOUNG

17 June 1982

PRIME MINISTER

GOVERNMENT STATISTICAL SERVICE - FIRST ANNUAL REPORT

1. At the time of the publication of the White Paper on Government Statistical Services, in April, 1981, I was asked to prepare a brief report for you each year. This is the first of these reports, covering the year 1981-82.

2. The report

- notes the regular work of the Government Statistical Service, with examples of achievements in 1981-82 (paragraphs 3-7).
- mentions the introduction of a budgeting system for statistical work (paragraphs 8-10).
- describes progress in implementing the recommendations arising from the departmental scrutinies under Sir Derek Rayner, which are on target (paragraphs 11-17).
- comments on our aims in the year ahead (paragraphs 18-19).

The work of the GSS

3. There were several important special features of our work in 1981-82 - I shall refer to them below - but I begin by mentioning our regular work.

4. The GSS provides an information and statistical advisory service to Government for use in developing, implementing and monitoring policy.

5. The starting point is the collection of appropriate data. This we do with full regard to the costs of collection (including the burden on people and firms who complete returns) and to the degree of accuracy appropriate to the purposes for which the information is required.

6. Last year saw one of our most important (and expensive) undertakings - the decennial census of population. It is to the credit of the Registrars General and their staffs that the census cost substantially less than had been budgeted and that the preliminary results, including maps and a commentary, were published within 12 weeks of the census day. The more detailed results required for rate support grant calculations were supplied to the Department of the Environment in April 1982, well ahead of schedule and twelve months faster than last time.

7. Many statisticians are involved in large scale data collection, but more are concerned with the interpretation of data, the provision of advice to their administrative colleagues and the introduction of sensible and cost-saving procedures. I might mention three good examples:

7.1 Work by statisticians in the Ministry of Defence has led to more efficient methods of determining the mix of spares to be carried on warships. The system should come into operation in 1983 and, besides increasing operational efficiency, is expected to save several million pounds over the next 5-10 years.

7.2 The Government came to power with a commitment to set up a register of dependants in the Indian subcontinent entitled to settle in this country. The cost of such a register has been put at several million pounds. Home Office statisticians have successfully established a new system of data collection, at an annual cost of well under £100,000, which provides more detailed information on those coming to this country and gives a possible alternative to the information a register would provide.

7.3 The statisticians in the Department of Health and Social Security collect and analyse objective factual information, which is used in the negotiations to determine the remuneration of various professional groups. They also use their interpretative and other skills to further the Department's case in the negotiations. It is a matter of fact that in 1981-82 these efforts have resulted in the saving of several million pounds.

Budgets

8. During the year the Central Statistical Office has co-ordinated the preparation of a set of departmental statistical budgets on common definitions. These will form the basis of reports to departmental ministers and will enable me to monitor changes in statistical activity and expenditure and to identify areas where improvements in efficiency may be sought.

9. The cost of Government Statistical Services in 1981-82 is estimated at £154 million, at 1981-82 prices. This is on a somewhat wider basis than the figures published in the White Paper. The total breaks down broadly as follows:

Central economic statistics	£42 million
Labour market statistics	£19 million
Census of population	£36 million
<u>Other social statistics</u>	<u>£43 million</u>
Other statistical work	£14 million

(Defence, Scottish & Welsh Offices etc)

Some of the expenditure is on statistical activities undertaken outside the control of departmental Statistics Divisions.

10. The budget for 1982-83 is £119 million at 1981-82 prices, a reduction of £35 million on 1981-82. £29 million of this reduction is accounted for by the concentration of the cost of the census of population in 1981-82. Half of the further £6 million savings relate to labour market statistics. Next year's report will comment on progress against budget over the whole of our expenditure.

The White Paper and Sir Derek Rayner's review

11. The most important special feature of our work in 1981-82 was major progress in implementing the plans for savings announced in the White Paper on the statistical service. These plans amounted to savings of £26 million (25 per cent) and 2,550 posts (28 per cent) between May 1979 and April 1984. (In this section costs and savings are at May 1979 prices and savings are continuing annual savings.)

12. The largest part of the savings - £19½ million - came from the series of departmental scrutinies, under the control of Sir Derek Rayner, which preceded the White Paper. The remainder were economies already known to be in prospect as a result of the Lord President's exercises to meet the Government's manpower targets.


13. Of the £19½ million, £17 million was accepted in principle and £2½ million remained to be decided. Further studies have resulted in identified savings of some £½ million on major surveys which are now being implemented: the remainder of the £2½ million is largely accounted for by recommendations on ad hoc social surveys, where it now seems clear that the scrutiny team were unrealistic in expecting that all ad hoc survey costs incurred by OPCS could be absorbed in existing departmental research budgets.

14. The action plans envisaged that £10 million of the £17 million committed savings could be achieved by April 1982. This has been done. A large element of saving - from the computerisation of unemployment statistics - has been deferred a few months into 1982-83 to coincide with the introduction of voluntary registration. However, this has been offset elsewhere by earlier or greater than expected savings, particularly on the census of employment (partly with the aid of some new technology) and on traffic models and studies.

15. The computerisation of unemployment statistics will lead to a substantial staff saving (of about 300 staff) and its deferral to 1982-83 has led to a shortfall of this amount on the Rayner target manpower savings - 990 at 1 April 1982 out of an eventual 1,530.

16. Savings other than those arising from the departmental scrutinies are broadly on target in both cash and manpower terms - indeed, they are £½ million or so ahead in cash terms.

17. I would like to mention particularly the savings achieved at HM Customs and Excise on the overseas trade statistics. Despite the difficulties caused by the Civil Service strike, which prevented compilation of the statistics and created a five-month backlog of work, virtually all of



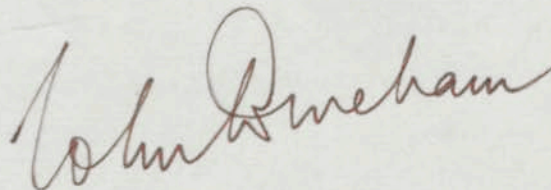
the Rayner target savings of over £1½ million at April 1982 were achieved, making savings since May 1979 of £2½ million a year. Offsetting the savings, the costs of the new export procedures, introduced to comply with the EC Export Directive, are about £600,000 a year. Net manpower savings on the trade statistics so far amount to 250 staff out of a total in May 1979 of 1,300, with further substantial savings in prospect. The savings include those resulting from the introduction of a more flexible and efficient computer system. Because of the strike it was not possible to test fully the new system and this has resulted in delays of some weeks to the trade figures in the first half of 1982.

The year ahead

18. The GSS has an important part to play in continuing to seek better value for money in government generally. I think that administrators are coming more to see the value of the special approach which statisticians bring to a problem - their special quantitative insight allied to knowledge of their subject areas, the ability to decide on the degree of accuracy which is appropriate in a particular situation (not too great, nor too small) and the ability to use modern technology to collect information and to make it easily and helpfully available.

19. We shall continuously scrutinise our regular activities, continue with the implementation of the White Paper, bring better and more easily handled information and advice to ministers and to our colleagues, and seek out areas where our special expertise can improve the administration of government and formulation of policy.

20. I am sending copies of this report to the Lord Privy Seal and to Sir Robert Armstrong.



JOHN BOREHAM

17 June 1982

Govt. Mad 2
Prime Minister

X is interesting

Plus 28/4

NOT FOR PUBLICATION, BROADCAST OR USE ON CLUB TAPES BEFORE 21.00 HOURS ON WEDNESDAY, APRIL 28, 1982. THIS DOCUMENT IS ISSUED IN ADVANCE ON THE STRICT UNDERSTANDING THAT NO APPROACH IS MADE TO ANY ORGANISATION OR PERSON ABOUT ITS CONTENTS BEFORE THE TIME OF PUBLICATION

April 28, 1982

AVERAGE HOUSEHOLD EXPENDITURE ROSE

16 PER CENT IN EARLY '81

Family Expenditure Survey

Average household expenditure in the first half of last year rose by about 16 per cent compared with the same period in 1980, according to new figures in an article published today in Employment Gazette*

The article, which contains early information from the 1981 Family Expenditure Survey, also says that real expenditure, that is after allowing for the increase of about 13 per cent in retail prices over the period, rose by about 2½ per cent. The average household size was 2.755, compared with 2.710 a year earlier, and the rise in average expenditure per person was therefore a little less, about 14 per cent in current prices, or one per cent in real terms.

Some three thousand eight hundred private households throughout the UK cooperated in the voluntary survey in the first half of 1981 to provide detailed information on the way they spent their money. The improved survey response in 1981 may have resulted in a slight difference in the composition of households taking part: the effect of this will be better assessed when full results of the 1981 survey become available.

Weekly spending in the first and second quarters of 1981 averaged £119.4 and £125.0 per household, or £43.4 and £45.4 per person. Between the first halves of 1980 and 1981 the largest (percentage) increases in spending were on fuel, light, and power, which increased by 29 per cent; services, where 26 per cent more was spent; and durable household goods and housing, which each went up by 21 per cent. In real terms, however, expenditure on fuel, light and power went up by three per cent, as the major part of the increase in current terms reflected substantial average price rises of over 25 per cent. There was more of an increase in real terms in spending on services, nearly nine per cent, due in part to more spent on holidays abroad. Less was spent, in real terms, on alcoholic drink and on tobacco.

* Employment Gazette, April 1982 HMSO £2.25

Stake in the Firm - an International Perspective

This month's issue of Employment Gazette contains the latest in a series of articles dealing with aspects of employee participation. "Sharing the incentive" looks at levels of financial participation in a number of industrialised countries including the UK, through share option schemes, profit-sharing and similar employee incentives.

Compared with other industrialised countries such as West Germany and the United States, employee financial involvement in Britain is on a fairly limited scale as yet, the article says. However, firms are being encouraged to set up schemes voluntarily by the existence of recent tax concessions in the UK in a way similar to the United States and one or two other EC countries. France alone among the European Community members has compulsory profit sharing for firms employing above a certain number in the private sector.

In the United States, where employee financial participation schemes have been in existence for a long time, it is estimated that about a third of a million firms covering some 15 million employees or about 20 per cent of the non-agricultural private sector, are covered by profit-sharing plans - either immediate cash plans or deferred programmes. Employee trusts in the United States currently hold over 50 billion dollars in invested trusts.

In West Germany the two main forms of employee financial participation are company profit-sharing schemes and savings plans. It is currently estimated that 800,000 employees are taking part in share-based profit-sharing schemes in about 770 companies, including the country's ten largest employers. Small companies have achieved higher participation than large ones: it is estimated that over 60 per cent of small companies with participation schemes have more than 90 per cent of their employees taking part in these profit-sharing schemes, compared with only 3.8 per cent of large companies achieving this level of involvement.

A Shorter Working Week

This month's issue of Employment Gazette also highlights recent changes in hours of work and holiday entitlements, under national collective agreements or wages orders.

By the end of the year, says Employment Gazette, manual workers' hours will average just under 39½ hours per week and 90 per cent of manual workers will be entitled to basic paid holiday of at least four weeks.

In 1981 about 3¼ million manual workers out of a total of just under 11 million covered by collective agreements, had reductions in their average hours of about 1 hour. In fact, more workers had reductions in hours than in any single year since 1966.

The rise in paid holiday entitlements generally, which has been a trend since 1979, continued and by the end of last year 87 per cent of manual workers under national agreements were entitled to a minimum of four weeks paid holiday. Over five million workers received increases in holiday entitlements last year.

Press Office
Department of Employment
Caxton House
Tothill Street
LONDON SW1H 9NF
Tel: 01-213 7439



CABINET OFFICE
Central Statistical Office

With the compliments of
Sir John Boreham K.C.B.

Wm

25/1

Great George Street, London SW1P 3AQ

Telephone 01-233 6117



Govt. Mach

CABINET OFFICE

Central Statistical Office

Great George Street, London SW1P 3AQ Telephone 01-233 6117

From the Director: Sir John Borcham, K.C.B.

22 January 1982

Our Ref G3/9

De Minimis

RAYNER SAVINGS FROM THE NATIONAL FOOD SURVEY AND THE FAMILY EXPENDITURE SURVEY

You agreed in your reply of 15 December 1981 to Mr Norman Tebbit that the National Food Survey and the Family Expenditure Survey should not be merged, and that the savings originally envisaged should be found from alternative reductions in the two surveys separately.

May I request that you ask your officials to submit specific proposals concerning the National Food Survey? For the Office of Population Censuses and Surveys to be able to implement the changes from January 1983, the proposals would have to be agreed by July 1982, which means I should have them by the first week of April to allow sufficient time for discussion with other departments. Your officials will need to consult closely with OPCS in order to quantify the savings their proposals are expected to yield.

The target savings set by Sir Derek Rayner is £220,000 at 1979 prices or £320,000 at 1982 prices. Severe cuts might be required in the two surveys to produce savings of that order of magnitude. To minimise the damage, the first step might be to explore the prospects of substantially increasing charges to non-Government users of NFS data. The larger the contribution of such charges to the total savings the smaller will be the cuts required to the surveys. Indeed, paragraph 72 of the Rayner Review of your department states:

"If the NFS were to continue as an independent survey, it would be recommended that the present charging policy be extended significantly, so that in effect an attempt would be made to make the whole NFS operation as near self-financing as possible".

As we do not know how much of the required savings can be met from increased charges, proposals should also be made of the cuts your department could make to the NFS, ranking them if possible in some order of preference.

I am copying this letter to Mr Norman Tebbit, to whom I am also writing separately concerning the Family Expenditure Survey. Copies also go to the Prime Minister, The Chancellor of the Exchequer, the Secretary of State for the Environment, the Secretary of State for Social Services, the Chancellor of the Duchy of Lancaster, Sir Robert Armstrong and the Registrar General.

*Yours sincerely
John Borcham*

A03363



Wh
25/1

CABINET OFFICE

Central Statistical Office

Great George Street, London SW1P 3AQ Telephone 01-233 6117

From the Director: Sir John Boreham, K.C.B.

22 January 1982

Our ref G3/9

Dear Secretary of State

RAYNER SAVINGS FROM THE NATIONAL FOOD SURVEY AND THE FAMILY EXPENDITURE SURVEY

In your letter of 2 December to Mr Peter Walker informing him of your decision not to authorise the merger of the National Food Survey and the Family Expenditure Survey, you suggested that comparable savings could be found from looking at the two surveys separately.

May I request that you ask your officials to submit specific proposals concerning the Family Expenditure Survey? For the Office of Population Censuses and Surveys to be able to implement the changes from January 1983, the proposals would have to be agreed by July 1982, which means I should have them by the first week of April to allow sufficient time for discussion with other departments. Your officials will need to consult closely with OPCS in order to quantify the savings their proposals are expected to yield.

I have asked MAFF to explore the prospects of meeting as much as possible of the required total savings of £320,000 (at 1982 prices) from higher charges to users of NFS data. Until we know the contribution such increases can make to the total savings, we shall not know how deeply we need to cut the two surveys. But that uncertainty should not prevent your officials considering the specific cuts they could make to the PES and ranking them in some order of preference.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Agriculture, Fisheries and Food, the Secretary of State for the Environment, the Secretary of State for Social Services, the Chancellor of the Duchy of Lancaster, Sir Robert Armstrong and the Registrar General.

Yours sincerely
John Boreham

JOHN BOREHAM

The Rt. Hon. Norman Tebbit
Secretary of State for Employment
Caxton House
Tothill Street
SW1



Govt Mach
✓
MAD

Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400 GTN 213

Switchboard 01-213 3000

Rt Hon Peter Walker MBE MP
Minister for Agriculture
Ministry of Agriculture, Fisheries
and Food
Whitehall
LONDON SW1

30.12.81

Dear Minister

PROPOSED MERGER OF FAMILY EXPENDITURE SURVEY AND NATIONAL FOOD SURVEY

Thank you for your letter of 15 December, in which you agree that the merger will not now go ahead.

I note what you say about recent developments in shopping patterns being reflected in the Retail Prices Index and my officials will be getting in touch about this issue with your officials and those of other departments with an interest.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Secretary of State for Social Services, Sir Robert Armstrong, Sir John Boreham (CSO) and the Registrar General.

Yours sincerely
Mamie Fabeay

(Approved by the Secretary of State and signed in his absence)

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CONFIDENTIAL

Gort Mach

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

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Prime Minister

MCS 15/12

From the Minister

The Rt Hon Norman Tebbit MP
Department of Employment
Caxton House
Tothill Street
London
SW1N 9NA

mt

15 December 1981

[Handwritten signature]

PROPOSED MERGER OF FAMILY EXPENDITURE SURVEY AND NATIONAL FOOD SURVEY

I was disappointed to learn from your letter of 2 December that you felt unable to authorise the merger of these two surveys. It did appear to me, and I think to most of the others concerned, that a merger was feasible and would offer a significant gain in the efficiency of collecting the data needed for the conduct of Government business. However, you have clearly been giving careful thought to the matter and I can understand the importance you must attach to the standing of the Retail Prices Index. But I remain convinced that with the will to make the merger work, which I understand exists in OPCS and certainly does in my Department, no harm would have come to the RPI. For the future, the search for the right formula will I am sure continue, and then perhaps a more streamlined system can be adopted.

Since the merger will not now go ahead, you suggest that efforts should be concentrated on the two surveys separately with a view to making the originally envisaged savings. The problem will be to achieve these without impairing the quality of data by more than might have occurred from the merger. I can see no possibility of the NFS contributing a more than proportionate saving, given that the survey methods are already much cheaper than those used for the FES.

Finally, whilst I entirely accept that public confidence in the RPI must be maintained, it is equally important that we are confident that the Index is reflecting accurately changes in the prices people actually pay for goods and services. I hope therefore that you will be taking up the suggestion I made in my previous letter that the Advisory Committee should consider whether recent developments in shopping patterns are being properly reflected in the Index.

/I am copying ...

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Secretary of State for Social Services, Sir Robert Armstrong, Sir John Boreham (CSO) and the Registrar General.

Walker
lle

PETER WALKER

75 DEC 1981

12-2-81
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Cox & Maud (2)
Prime Minister

Mus 4/12



Caxton House Tothill Street London SW1H 9NXP

Telephone Direct Line 01-213 6400 GTN 213

Switchboard 01-213 3000

Rt Hon Peter Walker MBE MP
 Minister of Agriculture
 Department of Agriculture,
 Fisheries and Food
 Whitehall
 LONDON SW1

2 December 1981

D Peter,

PROPOSED MERGER OF FAMILY EXPENDITURE SURVEY AND NATIONAL
 FOOD SURVEY

I have considered the points made in the replies from you and others to Jim Prior's letter of 7 September about the proposal to merge the National Food Survey with the Family Expenditure Survey.

My main concern, which I believe is in all our interests, is that confidence in the retail prices index must not be jeopardised. Amongst all the considerations that have been put forward, this must be paramount. The index is a central indicator of Government policy to reduce inflation. Any action which might be construed as reducing the reliability of the index could lead to great political difficulty and damage. I am quite sure that the effects of the merger are sufficient to pose a serious risk of loss of confidence in the index, even though there is debate about the precise scale of the effects. Accordingly I do not propose to authorise the merger.

Putting the issue to the Advisory Committee would not lessen the difficulty of maintaining confidence in the index. I would need to put forward a positive proposal for the merger. Yet I believe that there is a very strong likelihood that the Committee would give priority to safeguarding the index and advise against it. We would then be faced with either disregarding the Committee's advice, which would be certain to undermine confidence not only in the index but in the invaluable and long-established supportive



role of the Advisory Committee, or, alternatively, accepting belatedly that our proposal had been misconceived.

I am sure it is right that savings should be sought. Merging the two surveys, however, is only one possible means, and it does have some nasty snags. The alternative is to look at the two surveys separately. The savings expected from a merger were not much more than 10 per cent of the combined cost of the two surveys. Savings of this modest order could well be capable of achievement from looking at the two surveys separately and I suggest that studies to this end be set in hand.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Secretary of State for Social Services, Sir Robert Armstrong, Sir John Boreham (CSO) and the Registrar General.

*Yours
Norman*



-2 DEC 1981

Gov. Muel, Oct 79
Reverie de Stals

SM



*cc Sir John Boreham's Office
for information, with my comps.
Govt Machinery W Rickett
PS/PM*

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/18422/81

Your ref:

16 November 1981

Personal Minute

SURVEY CONTROL

I am replying to your Personal Minute of
~~19~~ October. I shall ensure that the
arrangements you suggest are implemented
in my Department from 1 January 1982.

ms

MICHAEL HESELTINE

The Prime Minister

18 NOV 1981

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SUBJECT

c.c. Harter
9/81

Gov Mack
C. J. Bachman



10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M12/81

MINISTERS IN CHARGE OF DEPARTMENTS

Survey Control

One theme of the White Paper on Government Statistical Surveys was that we should control more tightly the demands we make for form-filling. We can achieve this by keeping Ministers properly alerted to the survey work carried out on their behalf, and by extending the work of the Survey Control Unit (SCU) of the Central Statistical Office. Statistical surveys cost money, not only for those who conduct them but also for those who reply. We must ensure we get full value for this money. To help achieve this I propose that:

- a. regular surveys to business and local authorities should be thoroughly reviewed at least once every 5 years and reports presented to Ministers;
- b. new ad hoc surveys to businesses and local authorities should not go ahead without Ministerial authority; and the SCU's advice should be included in departmental submissions;
- c. agencies for which a Minister is ultimately responsible should also follow these new arrangements.

I set out in the Annex to this minute the procedure for bringing these arrangements into effect from 1 January 1982.

/ Returns which

5/81

Returns which are collected using statutory powers can be a source of particular resentment. Ministers responsible for surveys should be especially alert to these. Each Minister should ensure that he is provided once a year with a report comprising a list of all statistics collected using his statutory powers, the timeliness of the results, when each was last approved by him, a summary of any complaints from the public, and when the next scrutiny is planned.

To make the scrutinies of regular surveys more effective, the statistical services in departments should try to improve their estimates of the burdens which forms impose on the businesses who reply to them. Great precision is not necessary, and departments should ensure that obtaining this information does not add appreciably to the burden on firms.

SCU clearance will no longer be required for surveys to households and individuals; such surveys should be controlled within the department concerned. SCU should however still be given such details as are necessary to maintain their central register of Government surveys.

The aim of the new arrangements is to encourage better (and perhaps fewer) surveys, with less paperwork for respondents. The SCU will do all it can to help departments achieve this objective. I shall be grateful for your support.

Margaret Thatcher

19 October 1981

- 1. SIR ROBERT ARMSTRONG
- 2. PRIME MINISTER

RA

SURVEY CONTROL

Paragraphs 11-14 of Annex 2 to the White Paper on Government Statistical Services (Command 8236) propose new arrangements for controlling statistical forms sent out by government departments and agencies and in particular lay additional responsibilities on the Survey Control Unit (SCU) of the Central Statistical Office.

2. Present arrangements for survey control derive from Prime Ministerial directives issued in 1972, 1974 and 1976. However, they did not cover the full range of tasks now laid upon the SCU and I recommend therefore that a new directive should be sent to Ministers in charge of Departments to re-emphasise the importance of controlling the form-filling burden and to describe more explicitly the respective roles of departmental ministers and the Central Statistical Office.

3. I attach a draft directive to Ministers in charge of Departments.

*To issue JLB
WR
19/10*

John Boreham

Prime Minister

3

A minute to ministers in charge of departments is attached for your signature. It gives effect to the new arrangements for controlling statistical forms sent out by departments that were described in the White Paper on Government Statistical Services.

JOHN BOREHAM

6 October 1981

RA

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*WR
14/10*

PROCEDURES FOR SCRUTINIES AND FOR SURVEY CONTROL UNIT CLEARANCE

GENERAL

1. These procedures cover existing and proposed statistical surveys carried out either by or on behalf of all departments (including their regional offices), and those carried out by public bodies other than nationalised industries (eg. the Civil Aviation Authority, Tourist Boards and Industry Training Boards) whose range of activities are the responsibility of a department. All such surveys should be reported to the Survey Control Unit, Central Statistical Office.
2. Inquiries for administrative purposes should not be reported even though the information collected may, as a by-product, be used for compiling statistics. Broadly speaking, statistical surveys are concerned with compiling aggregated data, whereas administrative surveys collect data about individual entities (persons, businesses etc) for use directly in the administration of those entities. However, inquiries conducted for other purposes which contain questions solely for statistical purposes should be reported.
3. Surveys directed to fewer than ten respondents and surveys solely to respondents within Central Government should not be reported.

SURVEYS TO HOUSEHOLDS AND INDIVIDUALS

4. Brief descriptions only of surveys to households and individuals should be reported to the SCU by the departmental liaison officer (see below) for inclusion in the central register of surveys. SCU clearance is no longer needed. Standard forms for supplying the necessary information will be supplied by the SCU.

SURVEYS TO BUSINESSES AND LOCAL AUTHORITIES

5. Ad hoc and new regular surveys to businesses (including self-employed persons) and local authorities should be reported using a standard form available from the SCU. The form should be accompanied by sufficient background information to enable the SCU to ensure that there is no duplication with other studies within government and that the survey design is likely to meet the needs of the department paying for the research. All new surveys to businesses and

local authorities will require ministerial approval, which will normally be limited to the principle that a survey is required. The SCU should be consulted before that stage and their comments included in the submission to Ministers. Subsequent discussion of the design of the survey need not then involve Ministers.

6. Existing regular surveys to businesses and local authorities will also be subject to scrutiny. Departments will assist the SCU in maintaining a list of all such regular surveys. A regular survey is one where substantially the same data is collected at fixed intervals - though not necessarily from the same set of respondents. Departments should aim to review each regular survey at least once in every five years. The scrutinies should broadly cover the following points:

- a. Background - the statutory status of the survey (including any EEC obligation) - the date of the last revision to the questionnaire, content/frequency of the survey. Whether respondents (or their representatives) have been consulted about the survey and, if so, their views about the survey.
- b. Cost - both to government and respondents (in terms of both manpower and money).
- c. Use - internal to the department and external (distinguishing government/non-government users) - do outside users pay for the data or are they likely to?
- d. Other sources - the likelihood of another (non-government) source emerging if the survey were stopped - if other departments collect data in the same field would a joint approach be feasible?
- e. Options for simplification - the implications for users of reducing and/or simplifying the survey - including any comment on the adequacy of the present survey techniques.

7. For scrutinies of local authority surveys departments should use their existing machinery for consultation with local authority representatives in preparing reports on regular surveys. Copies of the reports should be sent

to the SCU which will monitor coverage of the points listed in paragraph 6.

8. Scrutinies of regular surveys to businesses will be divided into two categories. The first group (Category A) will comprise those where a joint report by the SCU and the department will be prepared. These will generally be surveys where the burden on the respondent is high. The second group (Category B) will be the subject of an internal report. The SCU should be sent a draft of this report and may wish to raise any matters arising from the review before it is finalised. The broad lines of the reporting framework are set out in paragraph 6 but the depth and timing of the review will depend on any other recent examination of the inquiry. The programme of reviews of both categories of survey will be agreed in advance between the SCU and departments.

9. Regular surveys undertaken by agencies should also be reviewed once in every five years.

LIAISON WITH THE SCU

10. Departments should nominate a person, preferably in their statistics division, to co-ordinate reporting to the Survey Control Unit and particularly to ensure the incorporation of SCU comments in submissions to Ministers about new surveys. Departments should ensure that design details of all new business and local authority surveys are reported as early as possible and, in any case, at least three weeks before fieldwork begins. Agencies with extensive survey activity should also arrange to nominate someone to co-ordinate reporting.

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Statistical Surveys cost money not only for those who conduct them but also for those who reply. We must ensure we get full value for this money.

PRIME MINISTER'S DIRECTIVE ON SURVEY CONTROL

1. One theme of the White Paper on Government Statistical Services was that there should be tighter control of the form-filling burden. This can be achieved through ^{by keeping} increased awareness by Ministers of the survey work carried out on their behalf and ^{by extending} through an extension of the work of the Survey Control Unit (SCU) of the Central Statistical Office. ^{To help achieve this, I propose} We must ensure that statistical surveys always provide full value for the money expended by respondents and by those conducting them. Accordingly it is my intention that

- a. regular surveys to business and local authorities should be thoroughly reviewed at least once every 5 years and reports presented to Ministers;
- b. new ad hoc surveys to businesses and local authorities should not go ahead without Ministerial authority; and the SCU's advice should be included in departmental submissions;
- c. agencies for which a Minister is ultimately responsible should ^{also know} conform to the ^{new} arrangements.

2. I set out in the Annex to this minute the procedure for bringing these arrangements into effect from 1 January 1982.

Ministers say should be followed what to him, Boyl

3. Returns which are collected using statutory powers can be a source of particular resentment. Accordingly, each Minister responsible for surveys should ensure that once a year he is provided with a report comprising a list of all statistics collected using his statutory powers, the timeliness of the results, when each was last approved by him, a summary of any complaints from the public, and when the next scrutiny is planned.

make

4. To ^{make} improve the effectiveness of the scrutinies of regular surveys, the statistical services in departments should try to improve ^{their} estimates of the burdens which forms impose on business respondents. Great precision is not necessary, and departments should ensure that obtaining this information does not add appreciably to the burden on firms.

more effective

5. SCU clearance will no longer be required for surveys to households and individuals; such surveys should be controlled within the department concerned. SCU should however still be given such details as are necessary to maintain their central register of Government surveys.

6. The aim of the new arrangements is to encourage better (and perhaps fewer) surveys, with less paperwork for respondents. The SCU will do all it can to help departments achieve this objective. I shall be grateful for your support.



Grant Mack

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE
LONDON S.E.1

TELEPHONE: 01-407 5522

Norman Tebbit Esq MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1

✓ MCB

5 October 1981

Dear Norman,

PROPOSED MERGER OF FAMILY EXPENDITURE SURVEY

I have followed the correspondence about this with interest and I agree that the views of the RPI Advisory Committee should be sought on the merger.

I agree with you about the importance of maintaining confidence in the RPI. Benefit levels for millions of pensioners and others, including the poorest, are determined by reference to the RPI. A clear pronouncement in favour of the merger by the Advisory Committee should serve to allay concern, but we shall have to be very careful about how we explain the change to the public.

The trials of the merged survey showed substantial under-recording of expenditure, especially expenditure by low income households. This would reduce the quality of analyses of the distributional effects of policy proposals, and other similar analyses, that depend on expenditure information in the FES - recent examples include work on fuel costs, unified housing benefit and the current review of the rating system. I hope that the changes agreed since the trials will moderate this loss of quality but I think that the point should be brought to the attention of the Advisory Committee.

I am sending copies of this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for the Environment, Sir Robert Armstrong, Sir John Boreham and the Registrar General and Director of OPCS.

Norman Fowler

NORMAN FOWLER

Govt Machinery



2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/17475/81

Your ref:

28 SEP 81

[Handwritten signature]

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I am writing in response to Jim Prior's letter to Peter Walker on the proposed merger of the Family Expenditure Survey and National Food Survey as recommended in the Rayner review of the Government Statistical Service.

Currently the Family Expenditure Survey is used to estimate the percentage take up of rent/rate rebates and rent allowance and as a base for calculations on the Unified Housing Benefits estimates. For this reason I am concerned that in future the survey has adequate representation of the lower income households and if the merger were to proceed, I should want to be assured that it would not reduce the reliability of the results that we use. Furthermore it should be ensured that we are getting good value in statistical terms for the cost of the survey.

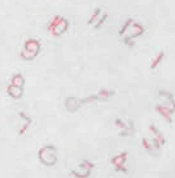
I am copying this to the Prime Minister, the Chancellor of the Exchequer, the Minister of Agriculture Fisheries and Food, and the Secretary of State for Social Services. Copies also go to Sir Robert Armstrong, Sir John Boreham and the Registrar General.

[Handwritten signature]

[Handwritten signature]

MICHAEL HESELTINE

12 9 SEP 1981



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Gov. MacL.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

16 September 1981

The Rt. Hon. Norman Tebbit MP
Secretary of State for Employment

Dear Norman

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17/9

I have seen Jim Prior's letter to Peter Walker of 8 September about the proposed merger of the family expenditure survey and the national food survey. I have also noted Sir John Boreham's comments. Mine are as follows.

We must continue our search for savings in expenditure. In this case, I understand that the costs of the merger, in terms of loss of information and the possible effects on the accuracy of measurement of the RPI, are likely to be fairly small; and that OPCS have made proposals to lighten greatly the response burden and so counteract the effects on the extent and quality of response in a full survey.

So far as the measurement of the RPI is concerned, an error of 0.1 per cent a year as a result of taking the expenditure weights from the trial merger is small. As for the impact on government expenditure, while the effects could be adverse in a particular year, there is no reason to expect any net addition over a period of years.

I attached more weight to Jim Prior's concern that confidence in the RPI could be put at risk. But on reflection it seems to me that if the actual consequences of the merger are minor, then so should be this danger. My conclusion is that we should put the proposition to the RPI Advisory Committee, and I hope that you will agree.

Copies of this letter go to the other recipients of Jim Prior's.

GEOFFREY HOWE

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Howe



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister
CONFIDENTIAL

Norman Tebbit Esq MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1H 9NA

16 September 1981

Dear Mr Tebbit,

PROPOSED MERGER OF THE FAMILY EXPENDITURE SURVEY AND THE NATIONAL
FOOD SURVEY

I am replying to Jim Prior's letter of 7 September and am sorry that our first exchange should be on an issue such as this and one which is in dispute. I do not however, regard this as a conflict between our Departments, especially as the cost of the National Food Survey is borne on the OPCS vote, and the object of Derek Rayner's recommendation was to save money there. He fully accepted the justification for both surveys, but thought that a merged survey could adequately meet the needs now met by the two - a view which I accepted. My Department has therefore done everything it could to help to implement this finding.

I feel bound to question Jim Prior's assertion that the year-on-year change in the Retail Prices Index is likely to be altered as a result of the merger, by at least 0.1 per cent (the change might, of course, go either way). For one thing, the figuring was done without excluding the high and low income families from the RPI weight calculations, although they are excluded from the basis of the RPI. Further, since the feasibility study was carried out it has been agreed that the size of the merged questionnaires should be simplified considerably, and Jim Prior admits that this would be likely to lessen the adverse effect.

I accept that you need to invite the views of the RPI Advisory Committee, and in fact I should welcome its reactivation. In recent years there has been a shift from small to large pack sizes, and from the corner shop to the supermarket, often selling lower priced own-name brands; the hypermarket has emerged, as well as discount outlets, farm shops

/and so

CONFIDENTIAL

and so on. I think it would be worth your while to ask the Advisory Committee to look at the extent to which these changes have kept down the increase in average food prices paid by consumers, in ways which the RPI does not fully or promptly recognise. These effects may well be vastly more important than the marginal shift now in question.

Sir John Boreham has sent me a copy of his letter of 11 September. I agree with all the points he makes and with his conclusions, in particular the one that the merger should go ahead so that the savings foreseen by Derek Rayner are achieved.

I am sending a copy of this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for the Environment and Social Services, Sir Robert Armstrong, Sir John Boreham (CSO) and the Director and Registrar General of OPCS.

15 SEP 1981

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Handwritten notes and initials

PETER WALKER

(Approved by the Minister
and signed in his absence)



63/9

Govt Mail

CABINET OFFICE

Central Statistical Office

Great George Street, London SW1P 3AQ Telephone 01-233 6117

From the Director: Sir John Boreham K.C.B.*

11 September 1981

4/5
The Secretary of State

PROPOSED MERGER OF FAMILY EXPENDITURE SURVEY AND NATIONAL FOOD SURVEY

Thank you for sending me a copy of your letter to Peter Walker. I would like to make a few points,

The tests done last year can be interpreted in different ways but I think a few points are fairly clear:-

The overall response rate in the trial merged survey was nearly 5% lower than in the FES. But it was about 15% higher than in the NFS. The fall was pretty well even for all levels of income and family size. (So was the rise.)

The level of expenditure recorded was about 7% lower than in the FES and the drop was a bit bigger for poorer households than for others.

The 7% fall was not even for all goods and services so that using the merged survey to provide expenditure weights for the RPI altered the estimated price change over 12 months by about 0.1%.

The change was upwards in 1980 but it could be up or down in other years and on those occasions we would not know which had happened.

Most of the linking of public expenditure to price inflation is done by means of forecasts which would not be affected by (unknown) differences of 0.1% in the index itself. Interest on index-linked gilts is different, of course.

The Rt Hon James Prior MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON SW1

To counteract the effects on the extent and quality of response in a full merger, proposals have been put forward by OPCS, and agreed by MAFF, that would greatly lighten the response burden.

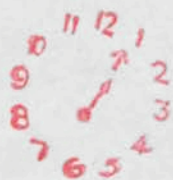
My personal view, in the light of these points, is that careful presentation of the change would reduce damage to public trust in the RPI to a perfectly acceptable level. If we did merge the two surveys, which in my view is the right decision, I think it is very important that we make the decision known quickly and that we explain what we are doing very completely; the longer any uncertainty persists the more speculation there is likely to be and the greater would be the damage to public trust in the index. No doubt you would want to inform the Retail Price Index Advisory Committee in time for them to be able to comment to you before the change actually took place.

I am sending copies of this letter to the Prime Minister, the Chancellor of the Exchequer, the Minister for Agriculture, Fisheries and Food, the Secretary of State for the Environment, the Secretary of State for Social Services, Sir Robert Armstrong and the Registrar General.

Yours sincerely
John Boreham

JOHN BOREHAM

SEP 1981





Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400 GTN 213
Switchboard 01-213 3000

Rt Hon Peter Walker MBE MP
Minister of Agriculture
Fisheries and Food
Ministry of Agriculture
Fisheries and Food
Whitehall
LONDON SW1

R

499

7 September 1981

Peter Walker

PROPOSED MERGER OF FAMILY EXPENDITURE SURVEY AND NATIONAL FOOD SURVEY

The Rayner review of the Government Statistical Service recommended that, subject to results of trials, the National Food Survey (NFS) should be merged with the Family Expenditure Survey (FES).

The aim was to make savings, then estimated at £220,000 a year (and now at £165,000), and also to provide your Department with better information than is available from the NFS at present. Some loss in the quality of the FES data seemed likely, but it was hoped that this would be both small and tolerable. To check on this there were to be trials of the merged survey.

The results of the trials show the effects of merging the two surveys to be considerably greater than had been hoped. Under the impact of the extra NFS questions, response was appreciably reduced, expenditure was under-recorded by widely varying amounts averaging 7 per cent overall, and low income households, an important and ~~sensible~~ ^{sensitive} group, were particularly affected. I am advised by my statisticians that the results of the trials should not be interpreted too precisely but calculations they have made give an indication of orders of magnitude of the effects of the merger on the RPI. If the RPI is recalculated using weights from the merger as in the trials, the year on year change is quite likely to be altered by at least 0.1 per cent which, though apparently modest, amounts to no less than £30 million in terms of Government expenditure linked to the RPI. Indeed, I understand it is possible to estimate that the effects could be more than twice as great.

In view of the results of the trials I understand that your Department has withdrawn its bid to include menus in the merged survey and the



Office of Population, Censuses and Surveys (OPCS) have proposed procedural improvements. These would be likely to lessen the adverse effects of the merger but by how much remains wholly uncertain.

My concern is that the potential gains, though important are not commensurate with the adverse effects of the merger on the RPI. The likely effect on Government expenditure linked to the index far outweighs the potential savings. Equally important, I believe that confidence in the RPI and its credibility could be put seriously at risk with widespread consequences. The effects on response and the quality of data, and especially for low income households, which we would have to publish, mean that the FES would become a less reliable, more uncertain and more vulnerable base for the index.

This would be fastened upon by outside observers and would be much exploited by the TUC, the Low Pay Unit and other groups with special interests. Expectations for wage bargaining could be affected and vast sums are now invested in national retirement certificates and the SAYE schemes which are linked to the RPI. Uniquely, I have an Advisory Committee on the RPI which is a recognition of the sensitivity of this index and which would have to be consulted. It includes representatives of the CBI and the TUC as well as outside experts and I believe that it would be found opposed to the merger.

In the light of all these concerns, I hope we can agree that the adverse consequences of proceeding with the proposed merger far outweigh the gains it could provide. The well established acceptability of the RPI would be otherwise opened to question.

I am copying this letter to the Prime Minister, and to the Chancellor of the Exchequer, the Secretary of State for the Environment and the Secretary of State for Social Services, who also have particular interests. I am also sending copies to Sir Robert Armstrong, Sir John Boreham at the CSO and the Registrar General and Director of OPCS.

18 SEP 1981

11 12 1 2
9 9 7 6

c. Mr. Gaffin

Jap

27 April 1981

Thank you for your letters of 24 April
about the White Paper on Government Statistical
Services.

I confirm that we are content with the
arrangements which have been made.

M. A. PATTISON

E.G.M. Chaplin, Esq.,
Civil Service Department.



Civil Service Department
Whitehall London SW1A 2AZ

Sar Maer
✓ *MA*

Telephone (Direct dialling) 01-273 5129
(Switchboard) 01-273 3000

M. Pattison Esq
10 Downing St.

Your reference

Our reference

Date

28 April 1981

WHITE PAPER ON GOVERNMENT STATISTICAL
SERVICES

I attach a copy of the Confidential ~~Final~~
Revise of the White Paper which is to be
published at 3.30pm on Wednesday 29 April.

Susan Scales

SUSAN SCALES
FP1 Division

ENC



cc Mr Gaffin

Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

Mike Pattison Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON SW1

24 April 1981

mr

²
PRIME MINISTER

To see these two letters about

Dear Mike,

The White Paper on the Govt Statistical Services-

WHITE PAPER ON GOVERNMENT STATISTICAL SERVICES to be published next Wednesday.

There have been no objections from Ministers to going ahead now with a White Paper on Government Statistical Services, a draft of which the Lord President circulated on 10 April. A few, minor drafting amendments have been made. We propose to publish on 29 April.

MJS
24/4

The Minister of State will take the opportunity of a written Parliamentary Question already down that day from Mrs Short to draw the House's attention to the White Paper. Similar arrangements are being made for the House of Lords. We shall also issue a press statement here. Departments' Press Offices have been invited to make appropriate preparations to cover their interests.

Copies of this letter go to Private Secretaries to the recipients of the Lord President's minute of 10 April.

Yours ever

Edward Chaplin

E G M CHAPLIN
Private Secretary

24 APR 1981

APR 24 1981

COMMUNICATIONS



cc Mr Gaffin

Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

Mike Pattison Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON SW1

24 April 1981

Dear Mike,

WHITE PAPER ON GOVERNMENT STATISTICAL SERVICES

As you will have seen from my earlier letter today to you, copied to other Private Secretaries of Ministers concerned, we plan to go ahead with publication of the White Paper on Government Statistical Services on 29 April.

As I mentioned on the telephone last week, the timing of publication (your letter of 13 April) was carefully considered. The Lord President is satisfied that this White Paper will be a useful precursor to the White Paper on Efficiency. The point about the Civil Service pay dispute is more relevant to the latter, which he agrees should not be published until after the Civil Service dispute.

Our two Press Offices are in touch, and together with Sir Derek Rayner's Office and the CSO, will agree arrangements for informing the press.

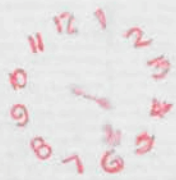
I am copying this letter to David Wright (Cabinet Office), Ian Stewart (Central Statistical Office), Jeremy Colman here and Clive Priestley (Sir Derek Rayner's Office).

Yours ever,

Edmund Chaplin.

E G M CHAPLIN
Private Secretary

3
APR 1987



CONFIDENTIAL

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Gen Hacks



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister



✓ MP

The Rt Hon Lord Soames CH GCMG GCVO CBE
Lord President of the Council
Civil Service Department
Whitehall
London SW1A 2AZ

16 April 1981

R. Christopher

REVIEW OF THE GOVERNMENT STATISTICAL SERVICES

I refer to your letter of 10 April and the draft of the White Paper setting out the results of the Review.

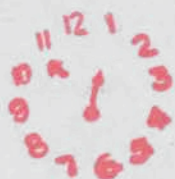
I have no comments on the draft, the sections relating to this department having been prepared in consultation with officials here. Annex 1 of the White Paper refers to the publication of the departmental "Rayner Reports" and the Action Documents. Those for this Ministry will be available very shortly and my officials will liaise with Sir John Boreham's office on this.

I am copying this letter to the Prime Minister and to Sir Derek Rayner, Sir John Boreham and Sir Robert Armstrong.

Peter Walker

PETER WALKER

16 APR 1981



[Handwritten signature]



Ed.
Gork Moeh.

10 DOWNING STREET

From the Private Secretary

13 April, 1981

The Prime Minister has seen the Lord President's minute of 10 April, about the Review of the Government's Statistical Services.

She is content with the format for publication of the outcome of the review suggested by the Lord President. As I mentioned on the telephone last week, the timing will need to be finalised in conjunction with that of the Efficiency White Paper. I understand that the progress of the Civil Service dispute may be relevant. Perhaps you could be in touch with us again about this when you have firm proposals.

I am sending copies of this letter to David Wright (Cabinet Office), Peter Unwin (Central Statistical Office), Jeremy Colman (CSD) and Clive Priestley (Sir Derek Rayner's Office).

M. A. PATTISON

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E G M Chaplin, Esq
Lord President's Office

of Press

Prime Minister

1.



PRIME MINISTER

The hon President proposes a White Paper, and arranged PP, to substitute the reductions in statistical staff. Timing will need to be considered alongside that of the Efficiency White Paper, which may be kept back until the Civil Service dispute is settled.

Yes not is settled. Agree in principle to White Paper? in folder MAJ

REVIEW OF THE GOVERNMENT'S STATISTICAL SERVICES

Last December, Sir Derek Rayner sent you his report on the review of the Government's statistical services. You asked me, with the help of the Director of the Central Statistical Office, Sir John Boreham, to follow Sir Derek Rayner's review through to implementation with a view to publishing a statement of results around Easter. 10/4

The Rayner reviews identified annual savings of £20 million (1730 staff). £17 million (1530 staff) of the recommended savings have now been confirmed by departmental colleagues. Some of them have been modified, others accepted in principle, subject to further work or consultation. This leaves £2½ million (100 staff) relating to savings in the Office of Population Censuses and Surveys (OPCS) identified in Sir Derek's final report, which Ministers have not yet finally decided. £½ million (100 staff) is unlikely to be confirmed.

Taking into account these and other exercises to reduce Civil Service costs, there is the prospect by April 1984 of reducing the annual costs of the statistical services by over £25 million (2500 staff) - a reduction of about a quarter compared with the position in May 1979.

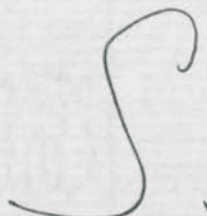
The decisions taken by Ministers confirm the success of the review in laying the foundations for an economical service which meets the Government's essential needs, and there is a good story to tell which will help to illustrate concretely the kinds of achievements which, on a wider scale, the White Paper on Efficiency and the Elimination of Waste will be about. I suggest the most effective way of doing this would be to answer a Question in Parliament and issue a White Paper. I attach a draft of the White Paper which - if you and our colleagues are content - could be published just after Parliament resumes after the Easter Recess. Sir Derek Rayner is content with the draft.

At the same time, the various Rayner reports and statements of Ministers' decisions would be made available. I see advantage in publishing all the background material and I am glad to say that nearly all colleagues agree (confirmation from one or two is still outstanding). There will no doubt be some protest when the White Paper is published from those who have grown accustomed to Government providing figures largely for their uses - be they academic or lobby groups. To counter such protests, I think Ministers will find it helpful to be able to point to all the detailed scrutiny which has underlain the changes they are making in their departments.

I believe that colleagues have in fact taken firm but informed decisions on the recommendations put to them, and that the majority of users of Government statistics will see the changes as reasonable. We all acknowledge the importance of objective, reliable and timely statistics and value the statistical support we receive. But the general taxpayer should only be asked to foot the bill for what is genuinely essential for Government's purposes, and he should not be asked to pay for systems which are more complex than they need be.

As for OPCS, I shall, with the help of Barney Hayhoe and Sir John Boreham, continue to monitor the implementation of the changes proposed by Sir Derek Rayner. The recommendations concerned (29 and 30 in his report to you) are opposed by the trade union side, and have aroused, after leaks, some opposition from academic and other users who fear a reduction in standards. There are some practical difficulties, but as there are prospects of saving 100 staff and £2½ million a year, I have asked Sir John Boreham to work out detailed proposals for Ministers to consider on the future commissioning of ad hoc social surveys and on the future scale and role of multi-purpose surveys. Meanwhile, we can accept in principle that private contractors should have greater opportunities to bid for Government survey work.

I am copying this minute to all members of Cabinet and Sir Robert Armstrong. I would be grateful for any comments by Thursday, 16 April so that publication can be set in hand immediately after Easter. I am also sending copies for information to Sir Derek Rayner, Sir John Boreham and the Chairmen of the Manpower Services Commission and the Health and Safety Executive.

A large, stylized handwritten signature, possibly 'S', is written in the center of the page.

SOAMES

10 April 1981

COMMUNICATIONS

170 APR 1981

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GOVERNMENT STATISTICAL SERVICES

1. The statistical services required by governments change over time. Adjustments are made in day to day management, but there is also a need for wider scrutiny. During 1980 all Ministers reviewed their statistical services. This White Paper reports on the results.

The need

2. Modern government must have objective, reliable and timely statistical information for the efficient conduct of business. Over the past 15 years Government statistical services have expanded in response to the demands made by Ministers and their officials, Parliament and the public. But data do not come free of charge. The Government wishes to ensure that the burdens it imposes on the taxpayer and the form filler are no more than is essential for the efficient discharge of its functions.

The cost

3. All Government Departments use statistics. The largest blocks of work are those concerned with data on industry, trade, employment and the main social programmes, such as health and education. There are also two important central statistical departments. The Central Statistical Office which forms part of the Cabinet Office, is responsible for preparing the national economic accounts and its Director exercises authority over professional statisticians and those who work with them (the Government Statistical Service)

as a whole. The Office of Population Censuses and Surveys is responsible for the Census of Population, registering births, deaths and marriages and for conducting the Government's main social surveys.

4. Government statisticians collect, analyse and interpret quantitative information. In 1979 the Government employed 540 professional and about 8,500 other staff on statistical services costing £100 million.

The Review

5. In January 1980 Civil Service Department Ministers asked Sir Derek Rayner to build on work already in hand in several departments in the light of meeting the Government's manpower targets, and to oversee its extension into a general review of statistical services throughout Government. The Government's aim was to sift all existing statistical work to establish what was essential and what less so, to look for ways of improving efficiency and value for money, and to decide on the best arrangements for the efficient future management of statistical work.

6. Sir Derek Rayner reported to the Prime Minister and the Lord President of the Council in December 1980. His report, the twenty two reports of the detailed examinations which were completed for Departmental Ministers as part of the review and the Ministers' decisions on the recommendations in the reports are published separately. The full list of

reports, together with sources from which they are available, is at Annex 1. Copies of the reports have also been placed in the Library of the House of Commons and in the Public Record Office.

The results

7. Ministers are now implementing a wide range of detailed changes in their statistical services. The review identified £20 million potential savings; of this £12½ million is going ahead, £4½ million has been accepted in principle by Departmental Ministers, subject to further examination and consultation, and £2½ million remains to be decided. Taking account of other economies in prospect, the Government is aiming at savings of over £25 million by 1984 involving about 2,500 fewer posts. This would amount to a reduction of about a quarter in both staff and administrative costs. Part 2 summarises the main changes in each Department.

8. There will be a substantial and welcome reduction in the burden of forms on businesses. Some inquiries have been cut out altogether; others will be made less often. The result is that the number of statistical forms sent each year by Government Departments to businesses will be running at an average of three quarters of a million fewer than three years ago, a reduction of about a quarter.

9. This is a valuable tautening of administration. It will involve doing some things differently; there will be some changes in frequency, coverage and methodology to get used to and some items of information will cease to be collected

by Government Departments. But the Government's statistical operations will still be substantial; the large body of essential economic, industrial, social and other statistics will continue, and the Government believes that the experience gained in all departments from the detailed reviews will help bring about a new and continuing impetus towards efficiency in the work that remains. Public access to government statistics will be maintained but more cost-effectively.

The future

10. The Government is determined to build on the success of the reviews. Its questions will go on being asked and the themes applied by those in Departments who use statistics and in the day to day management of statistical services. In particular:

- What happens to the statistics collected, paying particular regard to the main uses to which they are put in government itself?
- What do they cost to provide?
- Is the value of the statistics commensurate with their costs and can it be improved?

11. Important common themes are:

- More cost effective methods of gathering and processing information.
- More efficient use of computers for statistical purposes.
- More use of sampling instead of full-scale inquiries.
- Collect the minimum amount of data necessary for the essential purposes for which they are required.
- Reduce data burdens by simplifying administrative systems.
- Reduce the costs of making statistics publicly available, and aim to recover the costs.

Organisation and management

12. Commenting on the structure of the Government Statistical Service, Sir Derek Rayner wrote:

"Although initially attracted by the possible simplicity of a centralised statistical system I have been convinced that effective control and value for money are best encouraged by continuation of the decentralised organisation. The clear managerial lines of a single central office collecting and processing statistics are attractive but I do not believe the gains would be sufficient to justify the disruption, likely duplication of effort, and almost inevitable drift into isolation of the statisticians."

The Government endorses this view. Departments will continue to be responsible for their own statistical work and will make arrangements to strengthen financial control by improving the coverage and quality of their statistical budgets.

(See Annex 2, paragraphs 21-23).

13. Sir Derek Rayner's recommendations on management of statistical services are listed in Annex 2. Ministers, senior officials and the professional leadership of the Government Statistical Service will follow these through to ensure that the new approach to efficiency and value begun by the reviews continue to influence and guide all that is done.

14. Ministers will look first to their senior professional statistician to make the most of the scope for economies in their statistical activities and the opportunities provided by statistical methods and new technologies for reducing costs and improving value for money in government more generally. The senior professional statistician will carry responsibility for the integrity and validity of the departmental statistics and for the professional competence of the department's statisticians. In all these responsibilities he will also be expected to assist the Head of the Government Statistical Service in his duties.

15. The Government wishes to have a strong lead from the centre to keep up momentum in monitoring productivity and value for money in statistical work. The Prime Minister has given the Director of the Central Statistical Office - who is also the Head of the Government Statistical Service - a new remit as head of profession which reinforces and extends his role as the most senior officer to whom Ministers and their senior officials look for advice on how to obtain economical but effective statistical services. He will be responsible

for the performance of the Government Statistical Service as a whole within a system responsive to government needs for an objective and economical statistical service.

STATISTICAL SERVICES IN DEPARTMENTS

This part summarises the main actions being taken by departments to increase the efficiency and value for money of their statistical services. The manpower and expenditure figures relate to resources controlled by the department and devoted to the provision of statistical services. Figures for April 1984 are projections based on savings already made or scheduled and estimates of potential savings (or increased revenue) which departments will realise to the fullest possible extent, consistent with the outcome of any necessary further study or consultation. A table comparing the cost of statistical services and the staff numbers employed in May 1979 with those projected for April 1984 is given on page 18. Expenditure is at 1979 prices and includes the cost of staff, accommodation, common services and computing. Manpower figures exclude casual employees.

Central Statistical Office

	May 1979	April 1984	Reduction
Total Cost (£m/year)	4.1	2.8	1.3 (33%)
Manpower	263	196	67 (25%)

The savings come from limiting work to that essential for government, ending the subsidy on editorial costs of CSO publications and restructuring the Office to save senior posts. Resources devoted to balance of payments statistics have been reduced, reflecting the change in the United Kingdom's overseas trading position. Bench-mark analyses of economic transactions (input/output) tables will continue to be produced every five years, but will be updated for at most one intermediate year. The frequency of income distribution estimates has been reduced and CSO work

wealth distribution stopped. The Survey Control Unit will be strengthened and will periodically review existing regular surveys throughout Government Departments and Agencies.

Home Office

	May 1979	April 1984	Reduction
Total Cost (£m/year)	3.0	2.7	0.3 (11%)
Manpower	307	260	47 (15%)

Following the Rayner review, in addition to changes already agreed and being considered, the Home Office is exploring the possibility of other savings. Statistical collection systems are being reviewed and those which do not justify their cost are being reduced or stopped. Verification of computer input is being reduced, except for the most sensitive data. The need for the prison index, the central costs of which are £ $\frac{1}{2}$ million a year, are being reviewed with a view to making savings wherever possible.

Lord Chancellor's Department

	May 1979	April 1984	Reduction
Total Cost (£m/year)	0.66	0.57	0.09 (14%)
Manpower	74	62	12 (16%)

The savings will come from using a computer to process County Court returns and in the collection of Crown Court statistics.

Foreign and Commonwealth Office (Overseas Development Administration)

	May 1979	April 1984	Reduction
Total Cost (£m/year)	0.54	0.37	0.17 (31%)
Manpower	36	22	14 (39%)

Short-term technical cooperation assignments and related support, statistics of aid flows and attendance at international meetings will be reduced to the essential, saving senior and junior posts.

Inland Revenue

	May 1979	April 1984	Reduction
Total Cost (£m/year)	5.7	3.4	2.3 (41%)
Manpower	608	313	295 (49%)

Costs of compiling statistics of Corporation Tax and Schedule D Income Tax and the system of coding of orders for repayment of Income Tax will be reduced. The sample size of the annual income survey has already been substantially reduced. An investigation of the data base for company incomes and tax, seeking to realise potential savings of up to £400,000 per annum (40 man years), will be completed during 1981. A review of statistical returns (mainly from operational offices) is currently under way; and costs of processing and quality control will be reduced by restricting the size and complexity of surveys and by improving reporting standards.

Customs and Excise

	May 1979	April 1984	Reduction
Total Cost (£m/year)	9.9	7.6	2.3 (23%)
Manpower	1311	983	328 (25%)

An improved system for external trade statistics is being developed with checking and validation reduced to the essential minimum. The figures for April 1984 include additional staff required to implement the proposed new arrangements for export documentation. They also include savings which are subject to further study. In the longer term, as a result of this study and subject to the availability of replacement computers, a further reduction of some 70 staff and £460,000 per annum may be made after April 1984.

Ministry of Defence

	May 1979	April 1984	Reduction
Total Cost (£m/year)	4.1	3.6	0.5 (13%)
Manpower	292	237	55 (19%)

There will be a general reduction of statistical work to match essential needs, to be reinforced by regular reviews. There is a continuing demand for professional statistical services in the Ministry of Defence, especially in the areas of manpower, stores inventories and equipment. Statistical tasks will be examined in terms of the value of the end result to the Department compared with the cost of the work; and statisticians will be more involved in the decision-making processes of the Department.

Civil Service Department/Government Actuary's Department

	May 1979	April 1984	Reduction
Total Cost (£m/year)	1.24	0.79	0.45 (36%)
Manpower	114	61	53 (46%)

The central personnel record information system PRISM is to be closed down and replaced by a more cost-effective system. Further savings will be achieved by restricting central manpower planning to meet specific demands only. The value to government of the Occupational Pensions Survey is to be scrutinised this year.

Department of Employment/Manpower Services Commission

	May 1979	April 1984	Reduction
Total Cost (£m/year)	15.4	10.0	5.4 (35%)
Manpower	1430	960	470 (33%)

The Census of Employment will normally be triennial instead of annual, saving employers 400,000 returns annually, on average; operational improvements include increased centralisation and mechanisation and some sampling. Unemployment statistics will be mainly compiled from Unemployment Benefit Offices where operations are now computerised; if registration at Jobcentres becomes voluntary, further savings will accrue, with the main statistics relating to claimants, and data from Jobcentres not being transferred. Other changes include smaller samples, operational improvements and discontinuing some earnings surveys and analyses, saving employers a further 70,000 forms annually. Consultations with outside users, including the CBI and TUC, are in progress.

Health and Safety Executive

	May 1979	April 1984	Reduction
Total Cost (£m/year)	0.77	0.63	0.14 (18%)
Manpower	54	43	11 (20%)

The main savings will be achieved with the introduction of a new computer system which will serve as a source for statistics as well as an operational record and a management information system. Unnecessary clerical and computing work will be curtailed. Epidemiological work will continue at the present level, but computing costs will be reduced.

Ministry of Agriculture, Fisheries and Food,
Intervention Board for Agricultural Produce and Forestry Commission

	May 1979	April 1984	Reduction
Total Cost (£m/year)	5.7	4.6	1.1 (19%)
Manpower	324	245	79 (24%)

The number of forms sent out each year is being reduced by more than 100,000, mainly through stopping the March and September Agricultural Surveys, and exempting most smaller holdings from the annual Agricultural Censuses. Many forms are also being simplified. Development of a new computer system has been temporarily halted while resources are directed towards more immediate matters, with better use being made of existing facilities and expertise. Cost effectiveness is being increased by reducing the frequency and coverage of surveys to the minimum. More will be conducted by post and the greater use of mini-computers will reduce processing times.

The Forestry Commission will make savings by simplifying the Census of Private Woodlands in Wales and Scotland.

Departments of the Environment and Transport

	May 1979	April 1984	Reduction
Total Cost (£m/year)	14.20	11.25	2.95 (21%)
Manpower	527	360	167 (32%)

The collection of housing data has been rationalised by reducing frequency where appropriate and cutting out detail no longer required. Individual case returns on homelessness from many local authorities have been replaced by a more suitable aggregate return. In construction, the reduction of the size of samples, the trimming of questions, the reorganisation of collection and register work and the general maturing of development work will reduce costs to the Department and the burden on industry. Much of the detailed data obtained from local authorities on planning has been eliminated. The data bank for the Regional Highway Traffic Model will retain only data of direct value in traffic appraisal. Improved arrangements for conducting national traffic censuses will be phased in over the next five years. Large savings will be achieved from better organisation of computing and use of computer bureaux.

Scottish Office

	May 1979	April 1984	Reduction
Total Cost (£m/year)	2.00	1.75	0.25 (12%)
Manpower	158	140	18 (11%)

Local authorities are being consulted with a view to phasing out central government's routine collection of social work and homelessness case returns and replacing them with more appropriate aggregate returns. Further education statistical forms have been rationalised and simplified. There has been a reduction in the collection of agricultural statistics. Although some of the manpower savings will be part-posts, and difficult to obtain, the Scottish Office aims to achieve the overall reduction shown in its statistical services by 1984.

General Register Office (Scotland)

	May 1979	April 1984	Reduction
Total Cost (£m/year)	1.3	1.1	0.2 (15%)
Manpower	184	159	25 (14%)

Savings will arise from curtailment of statistical work, from simplification, reduced checking and charging for certain publications.

Welsh Office

	May 1979	April 1984	Reduction
Total Cost (£m/year)	0.86	0.68	0.18 (21%)
Manpower	90	69	21 (23%)

Savings have been achieved by the reduction of the amount of detail collected on local authority staff of social services departments, the curtailment of data on maintained schools and ^{on} tuberculosis and the use of cheaper methods for the publication of statistics.

Department of Health and Social Security

	May 1979	April 1984	Reduction
Total (£m/year)	5.56	3.43	2.13 (38%)
Manpower	517	322	195 (38%)

There will be substantial changes, in particular to health and personal social services statistics. Central needs for information in these areas cannot be considered in isolation from NHS and local authority needs, and they are among the organisations being consulted before proposals are implemented. Statistics collected centrally will be limited to the essential, will have more regard to the needs and information systems of local management, and will make improved use of computers.

Office of Population Censuses and Surveys (OPCS)

	May 1979	April 1984	Reduction
Total Cost (£m/year)	12.8	9.5	3.3 (26%)
Manpower ⁽¹⁾	1100	791	309 (28%)

(1) excludes extra staff required for 1981 population census

Reviews of the multi-purpose social surveys have suggested that overall cost savings of about one-quarter could be made without impairing their essential functions. The sample size of the General Household Survey will be reduced and field and clerical procedures will be considerably slimmed down. Subject to a final check of feasibility, the National Food Survey will be merged with the Family Expenditure Survey. Three options for matching the International Passenger Survey to essential government needs are being considered. Departments will aim to make maximum use of the multi-purpose surveys as an alternative to ad hoc data collection. Arrangements for commissioning ad hoc surveys will be

reviewed, to make use of the private sector when this can do the work as effectively ^{as} and at lower cost than the public service. In addition, once-off savings of £1½ million in processing the 1981 Census and of £500,000 in computing accommodation will be made.

Department of Education and Science

	May 1979	April 1984	Reduction
Total (£m/year)	1.7	1.5	0.2 (12%)
Manpower	140	111	29 (21%)

The publication of the annual volumes - "Statistics of Education" - will cease and alternative and more effective ways of meeting the demand for essential, particularly historical, data will be developed. Statistical Bulletins will continue to be published. Data handling procedures are being streamlined. To this end, for example, the development of the further education statistical record has been frozen and a range of improvements are being introduced in data preparation methods. Consideration will be given to rationalising statistics on university libraries.

Departments of Industry and Trade

	May 1979	April 1984	Reduction
Total Cost (£m/year)	13.9	10.9	3.0 (22%)
Manpower	1399	1054	345 (25%)

Reductions will come about partly from increased efficiency and partly from reducing the amount of work done.

Major savings will result from restructuring the quarterly manufacturers' sales inquiries from a wider use of sampling in the annual census of production, from slimming down the inquiries which contribute to the monthly Index of Industrial Production and from cutting out or reducing the frequency of other inquiries.

There will be corresponding reductions of over 100,000 forms per year sent to businesses. Further savings are being made by increased efficiency in the use of support staff, including those employed on data processing and on maintaining registers.

Department of Energy

	May 1979	April 1984	Reduction
Total Cost (£m/year)	0.99	0.83	0.16 (16%)
Manpower	73	63	10 (14%)

The work of the Economics and Statistics Division is being tailored more closely to Departmental needs with improvements in efficiency and an emphasis on value for money. The collection of certain statistics will cease, some returns will be sought less frequently, and the collation and analysis of those that remain are being increasingly computerised. Costing systems will be introduced to indicate the resources employed to produce statistical series. A policy of charging for the additional costs incurred in publishing statistics will be introduced. The statistical needs of international organisations are the subject of current reviews, consultation and negotiation.

Northern Ireland Departments

	Spring 1980	April 1984	Reduction
Total Cost (£m/year)	3.3	3.0	0.3 (9%)
Manpower	245	219	26 (11%)

Cost effectiveness will be increased by greater use of computers, introduction of sampling and simplifying some surveys.

ESTIMATED AND PROJECTED EXPENDITURE AND MANPOWER⁽¹⁾
ALL STATISTICAL SERVICES

DEPARTMENT	May 1979		April 1984		Reduction May 1979 to April 1984	
	Expenditure £million pa	Manpower nos	Expenditure £million pa	Manpower nos	Expenditure £million pa	Manpower nos
Central Statistical Office	4.10	263	2.80	196	1.30	67
Home Office	3.00	307	2.70	260	0.30	47
Lord Chancellor's Department	0.66	74	0.57	62	0.09	12
Overseas Development Administration	0.54	36	0.37	22	0.17	14
Inland Revenue	5.70	608	3.40	313	2.30	295
Customs and Excise	9.90	1311	7.60	983	2.30 (2)	328 (2)
Defence	4.10	292	3.60	237	0.50	55
Civil Service Department and Government Actuary	1.24	114	0.79	61	0.45	53
Employment Group (inc MSC)	15.40	1430	10.00	960	5.40	470
Health and Safety Executive	0.77		0.63	43	0.14	11
MAFF inc IBAP and Forestry Commission	5.70	324	4.60	245	1.10	79
Environment and Transport	14.20	527	11.25	360	2.95	167
Scottish Office	2.00	158	1.75	140	0.25	18
GRO(S)	1.30	184	1.10	159	0.20	25
Wales	0.86	90	0.68	69	0.18	21
Health and Social Security	5.56	517	3.43	322	2.13	195
OPCS(3)	12.80	1100	9.50	791	3.30	309
Education and Science	1.70	140	1.50	111	0.20	29
Industry and Trade	13.90	1399	10.90	1054	3.00	345
Energy	0.99	73	0.83	63	0.16	10
TOTAL	104.42	9001	78.00	6451	26.42	2550
Northern Ireland Departments:	3.30 ⁽⁴⁾	245 ⁽⁴⁾	3.00	219	0.30 ⁽⁵⁾	26 ⁽⁵⁾

(1) Costs are at 1979 prices and include basic staff cost, accommodation and common services. Manpower numbers include aggregates of part units of staff in some cases; and exclude casual staff.

(2) Further annual savings of £0.46 million (70 staff) may be made after April 1984.

(3) excludes extra staff required for 1981 population census

(4) Spring 1980

(5) reduction from Spring 1980 to April 1984

REVIEW REPORTS

Copies of Sir Derek Rayner's report and reports of the examinations which were completed for Departmental Ministers, with a note of the decisions which have been taken, may be obtained from the addresses shown below. A full set of reports may be obtained (price [£ 7]) on application to the first address. Prices include postage. Cheques should be made payable to the Department concerned.

<u>Report</u>	<u>Price</u>	<u>Address</u>
Sir Derek Rayner's report	£2.90	[Mr A N Other] Cabinet Office 70 Whitehall London SW1A 2AS
Central Statistical Office	£3.50	as above
Home Office	£5.00	Home Office Statistical Dept Room 1617 Tolworth Tower Surbiton, Surrey KT6 7DS
Lord Chancellor's Office		to follow
Foreign and Commonwealth Office (Overseas Development Administration)	£2.25	Overseas Development Administration Library Room 102 Eland House, Stag Place London SW1E 5DH
Inland Revenue	£5.00	The Reference Room Inland Revenue Library Room 8 New Wing, Somerset House London WC2 1LB
HM Customs and Excise	£5.00	General Information Branch Room 0024 King's Beam House Mark Lane, London EC3R 7HE
Ministry of Defence	£3.00	Management Services (Organisation Division) Northumberland House Northumberland Avenue London WC2N 5BP
Civil Service Department	£1.00	CSD Library Old Admiralty Building Whitehall, London SW1A 2AZ

Government Actuary's Department	£1.75	22 Kingsway London WC2B 6LE
Department of Employment	[to follow]	
Health and Safety Executive	£2.75	Director of Information Room 158 Baynard's House 1 Chepstow Place London W2 4TF
Ministry of Agriculture	[to follow]	
Departments of the Environment and Transport	[to follow]	
Scottish Office	£5.00	The Librarian New St Andrew's House St James Centre Edinburgh EH1 3SX
General Register Office (Scotland)	£2.00	New Register House Edinburgh EH1 3YT
Welsh Office	£3.50	Economics and Statistics Services Division Cathays Park Cardiff CF1 3NQ
Department of Health and Social Security	£6.00	Information Division Block 4 Government Buildings Honey Pot Lane Stanmore HA7 1AR
Office of Population Censuses and Surveys		
Department of Education and Science	£3.50	Information Division Elizabeth House York Road London SE1 7PH
Departments of Industry and Trade	£4.00	Miss M Hitchcock Room 280 1 Victoria Street London SW1H 0ET
Department of Energy	£4.00	Mrs Goonasend Library Thames House South Millbank London SW1P 4QJ
Northern Ireland Departments	£2.50	Policy Planning and Research Unit Room 249A Department of Finance Stormont Belfast BT4 3SW

SIR DEREK RAYNER'S RECOMMENDATIONS

Sir Derek Rayner's report to the Prime Minister on the Government Statistical Services contained the following thirty recommendations:

Improvements in methods and processes

1. Departmental management should ensure that, with the help of the Head of the Government Statistical Service, a greater proportion of statistical talent is deployed at the "sharp end" of data collection, than has up to now been the practice in many areas. It should work closely with computer experts. Periodic reports on productivity improvements achieved should be asked for and discussed by senior management.

2. The Head of the Government Statistical Service should have a specific responsibility for keeping up the pressure for technical improvement and for disseminating knowledge about cost-effective techniques. He should work closely with departmental management and statisticians. I suggest you might ask him too to make a brief annual report on improvements made in methods and processes across government, and savings achieved thereby.

3. Where departments have not already reviewed their external records they should do so to see whether they are all needed, can be kept more efficiently, and whether the burdens imposed on citizens can be simplified and reduced.

Computing

4. I commend to Ministers and their staff managers the probability that a valuable number of these scarce resources [computer systems designers and programmers] could be transferred to other duties if there were a stronger presumption that statistics should use generalised systems in place of the tailor-made.

5. The Central Statistical Office and the Central Computer and Telecommunications Agency should keep an eye on regular cross-service comparisons of [computing] costs and productivity. Departments should require computer management to cost computer work consistently and to provide customers with the costs of their various jobs.

6. Computing at the Office of Population Censuses and Surveys (OPCS) would be suitable for inclusion in the "scrutiny programme".

Taking a sharper view of government's real needs for data

7. Departmental rules should require all divisions to consult the senior statistician before proposals with a statistical implication are put to Ministers, so that data costs can be properly brought out.

8. When reviewing statistical work (see recommendations 10 and 22) generalised arguments for preserving the status quo need to be challenged. Particular attention needs to be paid to all information collected or costs incurred primarily to meet demands outside central government. There will be exceptions (for example due to confidentiality of data sources), but in general there is no more reason for Government to act as universal provider in the statistical field than in any other.

9. Big data bases should be regularly reassessed. They are often associated with ambitious information systems or mathematical modelling and can be very costly. If they are not serving specific purposes or coming up to expectation, they may well deserve to be cut back (like, for example, the reductions planned in the Civil Service Department's database and manpower model). Here, as elsewhere, the presumption should be that information should use reduced resources.

10. Ministers and senior officials can set a useful lead by showing that they too are aware that data is not a free resource, by probing, for example, any cases where they are given more information than they need and generally encouraging their departments not to over-insure by collecting too many statistics.

Control of forms

11. Nine out of ten statistical forms sent to businesses belong to regular inquiries. A great number are compulsory under statutory powers. I believe very strongly that Ministers should know how their powers are being used. The need for each statistical return should be scrutinised from top to bottom at least once every five years and options for simplification set out for the Minister concerned. The Survey Control Unit in the Central Statistical Office should draw up and agree with Departments a rolling programme of scrutinies. The Unit should be involved in each scrutiny and should ensure that the interests of the form-filler are properly represented. Authorisation and re-authorisation of surveys should require Ministerial approval. When it is sought the submission to Ministers should contain the views of the Survey Control Unit.

12. Once a year, each Minister responsible should be provided with a report comprising a list of all statistics collected using his statutory powers, the timeliness of the results, when each was last approved by him, a summary of any complaints from the public, and when the next scrutiny is planned.

13. Ministers should ensure that all Agencies for which they are ultimately responsible conform to the new arrangements.

14. Too little is known about the burden that business inquiries impose on respondents. The total number of forms may not be a good measure. The statistical services should devote a modest effort to improving estimates of the burdens forms impose (without adding appreciably to the burden on firms), to understanding the simplifications and improvements to particular inquiries that business respondents would find most useful and should ensure the scrutiny of forms takes them into account.

Sampling

15. The Central Statistical Office should monitor the availability of registers for improving sampling and should stimulate development of techniques for more efficient estimation of grossed-up values and samples that avoid concentration on individual small firms period after period. Ministers should consider on their merits proposals to amend administrative systems to improve their usefulness for sampling and for statistics generally, bearing in mind any savings in form-filling as well as possible administrative costs.

Analysis and interpretation

16. The impression I have from the departmental reports is that most departments value very highly the interpretative service which they receive. But there may sometimes be too many advisers in the quantitative field: not only 540 statisticians, but 370 economists, 225 operational researchers and other groups of specialists with quantitative skills as well. I recommend that in implementing their reports Departments look closely not only at the implications for their statistical manpower but, at the same time review the overlaps which may exist with the other quantitative specialisms and ensure other relevant specialisms are no less firmly controlled than the statistics.

Dissemination of statistics

17. I endorse the more rigorous approach to the cost of dissemination of statistics which most of the reports clearly thought would be justified, and suggest the following general principles -

17.1 Information should not be collected primarily for publication. It should be collected primarily because government needs it for its own business.

17.2 Topical information is often of more use than compendia of descriptive statistics. Press notices should be used extensively, as they already are in many areas.

17.3 Information of value to business should be made available with a timeliness which maximises its value and should be charged for commercially. (Business bulletins financed by subscription are a case in point.)

17.4 I do not believe that general subsidy is necessary. By this I mean not covering costs incurred in checking, tabulating, editing,

printing and distributing figures for publication, ie any costs which the government would not incur for its own purposes. Subsidy of statistical publications should be quickly curtailed. This is not just a question of pricing, but also concerns better distribution and marketing of the finished product.

17.5 Less costly (to government) and more flexible means of enabling the public, in the form of interested bodies, researchers, historians and so on to have access to figures held in government should be exploited. I have in my mind here the use of camera ready copy, public use tapes, computer printouts, microfiche and so on. If necessary, departments should be allowed more freedom from HMSO to pursue promising innovation - using information technology as appropriate. The costs of providing such facilities should be covered by appropriate charges to the individuals or bodies concerned.

17.6 Where departments wish exceptionally to continue to subsidise reference publications, for instance as an important part of the task of keeping Parliament informed, I suggest that this should require Ministerial authorisation in each instance. The Civil Service Department should carry out a review of all such cases in 2 years time.

17.7 Clear rules about the use of data for statistical purposes should be published to combat public mistrust and to enable more statistical research to be undertaken in the universities and institutes instead of in the civil service. The draft code of conduct on the use of data for statistical purposes should be submitted for approval to Ministers and published as soon as possible.

International obligations

18. Without shirking the obligations of membership, we should apply the same standards of value for money to European Community work as we do domestically. If necessary, changes to United Kingdom procedures for compiling Community statistics should be discussed with the Commission and implemented - for example when existing costs seem to our statisticians to be greater than necessary.

19. It can be difficult to obtain information about the precise uses for which European Community statistics are needed. Nevertheless, obligations to provide the Community with statistics should only be accepted in knowledge of the likely costs and uses of the proposed data and after consultation with those who will do the work.

20. I have not found persuasive evidence of widespread heavy additional costs of providing statistics to international organisations such as would suggest that there is an urgent need to curtail the statistical effort of the European Community or other international institution in general terms. I am also aware there are counter-instances where essential Community statistics are not good enough. Nevertheless, Departments will wish to follow up individual cases where there are well founded suggestions that existing work is excessive. I recommend that the policy towards international statistics should be that the United Kingdom should not, in general, undertake work it does not need - always bearing in mind specific United Kingdom interests in the work of international or Community agencies. The statistical services should always seek to meet international statistical needs from work already carried out and where that is not possible should seek to meet domestic needs using the international standard.

Management of statistical services

The departmental aspect

21. Those responsible for managing the Department's resources of money and manpower under the Minister should know about the work that is being done in the statistical branches; they should exercise fully their responsibility to ask probing questions about this work on behalf of the Minister.

22. For their part, professional statisticians in charge of the Department's statistical services should accept that they have not only the clear responsibility to provide an effective and cost conscious service to users in the Department and elsewhere, but also for accounting to central departmental management for the resources that they command.

23. Ministers and their senior officials need a regular statement - annually seems about right - of how much has been spent in providing which statistical activities, with what result, what productivity gains there have been, and how much it is planned to spend next year. A good start has been made, for example, with the Central Statistical Office "statistics budget". With this kind of information senior managers can watch how the costs of a service develop, ask whether the value added by the service is commensurate with the costs, and restrain any tendencies for empires to grow.

The inter-departmental aspect

24. The professional head of the statistical services should give a strong lead towards value for money and economy. I recommend that you give him a new remit which will emphasise his role as the officer Ministers and their Permanent Secretaries can look to for advice on efficiency in statistics.

25. For the purpose of implementing this report there should be a presumption for the centrally managed Statistician Group that the Head of the Government Statistical Service may look with confidence to individual Departments to release statisticians for service elsewhere. If, having taken into account local staffing issues, the Head of the Government Statistical Service makes such a request to the Permanent Secretary concerned I hope that he will receive ready cooperation.

26. The Central Statistical Office (CSO) is best left as part of the Cabinet Office. The Head of the CSO should report in the first instance to the Secretary of the Cabinet on the work of the CSO, particularly on all questions of cost and management. On matters concerning the validity and integrity of Government statistics and the professional competence and standing of the Government Statistical Service, the Director of CSO, as Head of the Government Statistical Service, should have the right of direct access to the Prime Minister.

Payment

27. In following up their reports I recommend Departments consider putting work they undertake for others on a payment basis where that does not make bureaucratic nonsense. I recommend that full transfer of financial provision should not be automatic, particularly where there may be opportunities for taking a tauter view of the service to be provided.

Interdepartmental statistics

28. The introduction of payment between departments is one mechanism for improving the allocation of responsibilities. In addition, and especially where a customer - contractor relationship based on payment is impracticable, the Head of the Government Statistical Service should ensure there is adequate articulation between the parties concerned. He should take the lead in resolving uncertainties and obtaining specific understandings between the producer and user departments.

29. The aim should be to contract out all ad hoc social surveys where private sector costs are less than those of the Office of Population

Censuses and Surveys (OPCS) and surveys by OPCS's Social Survey Division should be on payment terms from existing departmental budgets.

30. Modifications should be made to key multi-purpose social surveys to increase value for money.



Govt. Mail

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE
LONDON S.E.1
TELEPHONE: 01-407 5522

The Rt Hon Lord Soames CH PC GGCMG GCVO CBE
Lord President of the Council
Civil Service Department
Whitehall
London SW1

✓ M.A.

25 March 1981

Dear Christopher,

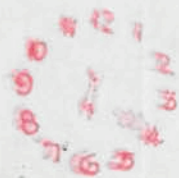
REVIEW OF THE GOVERNMENT STATISTICAL SERVICES *with data
if required*

In your letter to Willie Whitelaw dated 2 February, you showed me in the annex as being the Minister responsible for pursuing Recommendation (6) in Sir Derek Rayner's report on the Government statistical services, viz that computing at OPCS should be included in the Scrutiny programme.

This has been under discussion at official level. The proposal first arose out of a recommendation in the initial Rayner study of OPCS that there should be a service-wide study of computer installations dealing with statistical work. The idea was to make comparisons between the practices in different computer installations, so it would not make much sense to hold a scrutiny of OPCS computing in isolation. However, Sir Derek Rayner's recommendations (4), (5) and (6) all relate to statistical computing and I understand that Sir John Boreham is considering how to follow them up as a package. This would, as I understand it, include OPCS computing in the Scrutiny Programme alongside other departments. On this basis I agree that computing should be OPCS's contribution to the Scrutiny Programme.

*Your ever
Patrice*

25 MAR 10 01



Gorb Mach.

FILE

dl



10 DOWNING STREET

From the Private Secretary

MR. HIBBERT
CENTRAL STATISTICAL OFFICE

The Prime Minister has seen your minute to me of 17 February, about the uses of input-output tables. She has asked me to send you the attached copy of some comments on the subject made to her by Alan Walters here.

M. A. PATTISON

4 March 1981

PRIME MINISTER

Please put this back
to CSO with A.W.'s
comments.
mt

USE OF INPUT-OUTPUT TABLES

These tables are used for three primary purposes.

1. To check the base data of the national accounts.
2. To serve as a basis for enquiries concerned with external shocks, such as the oil price increase, or changes in policy, and their effects on different industries.
3. As a basis for planning models of the United Kingdom. (Such as the Cambridge model.)

In my view the data have been unequivocally useful only with respect to the checks of the national accounts. The input-output tables, in their use in various enquiries into inter-action effects, have been disappointing and have often produced nonsense results. In modelling complete economic systems it has been shown that the predictions of the input-output model are superior to simple alternatives only for a period of three years after the date of the data. Since the data normally take longer than three years to process, the models have been of little or no use in practice.

It is conceivable that if these input-output tables were produced very promptly that they would be of some use in analysing some of the problems of much current interest, such as the interaction of the private and public sectors. But with the present rapid advance in technology and efficiency out of date tables can be quite misleading.

As a general point, however, I would stress that the main economies in statistical services should be found in reducing the collection of data rather than in reducing the analysis of what data have been collected. (Collection, of course, is largely paid for by the private sector.)

AAW

2 March 1981



2 pages

GovMad

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

23 February 1981

M.A. Pattison, Esq.,
Private Secretary,
10, Downing Street

Dear Mike *MAJ*

I promised to send you a note of the way
the Treasury uses CSO input-output
tables in my letter of 19 January.
This note is attached.

I am copying this letter to the
recipients of yours of 8 January.

Yours ever
Peter.

P.S. JENKINS

TREASURY USES OF INPUT-OUTPUT ANALYSIS

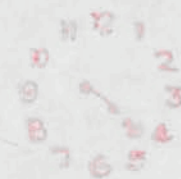
The Treasury does not regard itself as the principal direct user of input-output tables, although it does use them widely. The main customers within Government are the Departments of Industry and Energy, but to the extent that the Treasury uses their analyses it is a user of the underlying input-output data by proxy. In this category comes for example studies of the industrial inputs to energy production and the employment consequences in supplier industries of BL closures.

2. Although they do not use them every day, Treasury economists rely on input-output analysis to calibrate a significant proportion of the Treasury model of the economy. This is of course used very frequently. Sections of the model which depend critically on input-output data for quantification, and which are themselves crucial to the model, include the following: manufacturing output, in particular the net manufacturing effect of expenditure categories like consumption and investment; prices and costs and the way they are influenced by the mix of wages, taxes and material costs; and the apportionment of indirect taxes to demand sectors. Of the Treasury's direct uses of input-output material this is probably the most routine. The quality of the model's forecasts obviously depends on the quality and timeliness of the data on which it is based.

3. Other direct Treasury applications of input-output analysis are concerned mainly with industrial forecasting and with a range of ad hoc microeconomic problems. In the first area comes work on the differential effects of policy and tax changes across industries. In the second, input-output tables frequently provide all that is required in gauging indirect effects. Where this is not the case the CSO statistician concerned can often supply relevant information not yet published.

4. There is no obvious sign that reliance on input-output data is likely to decline, or that data from other sources could do the same job. It may also be the case that only input-output tables can provide the basic material for certain kinds of new work on the supply side of the economy.

21 FEB 1981




PRIME MINISTER

When you discussed the Rayner report on Statistics, you queried the use made of input/output tables.

The Departments of Trade and Industry (through their common statistical services), the Department of Energy, and NEDO are the main users of the tables, although other Departments draw on them from time to time.

I attach a note from the CSO summarising the case for maintaining the tables, as it emerges from these enquiries.

*Let AW
have a look
mf* 

20 February 1981



CABINET OFFICE

Central Statistical Office

Great George Street, London SW1P 3AQ Telephone 01-233 7514

MR PATTISON (10 Downing Street)

A22/45

c Mr Lockyer

USES OF INPUT-OUTPUT TABLES

I minuted you on 16 January about the uses, in government, of input-output tables to which your letter of 8 January to the Treasury and other main economic departments had referred.

2. Although you have not, I understand, yet received a reply from Treasury, I trust that the replies from the Departments of Trade, Industry and Energy indicate the wide variety of important uses to which the input-output tables are put including, as Department of Energy noted in their reply, economic analysis for Cabinet Committees.

3. The response from the additional departments approached by me has been mixed. Without exception the value of the benchmark input-output tables is accepted though some departments use them only occasionally and not always, of course, in connection with issues of major policy concern. You will wish to note that the Ministry of Defence use the input-output tables in assessing both the direct and indirect employment consequences of changes in defence spending; one would expect the other major spending departments to use a similar approach for such analyses.

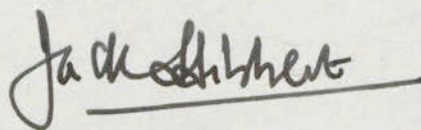
4. You will see from the attached copy of the letter dated 4 February from Mr Husain that the National Economic Development Office attaches particular importance to the availability of input-output tables. He mentions their use in connection with analysing the problems of particular industries such as textiles, for evaluating the micro-economic implications of macro-economic changes, for studying the effects of sudden exogeneous changes (such as the 73/4 oil price increases), as well as for other types of economic analysis. Mr Husain also draws attention to the fact that in all other advanced countries Government accepts the responsibility for compiling this material; he mentions the United States and Japan in particular as countries where the work is carried out on a more ambitious scale than in the United Kingdom with, in his view at least, very beneficial results.

Enc:

£100,000
Terry Barker
Cambridge
Economic

feedback to man national accounts

5. As we see it, the crucial question is whether the tables are of such value as to justify the costs of compiling them. The reply from the Departments of Industry and Trade notes that the marginal costs of compiling the five-yearly benchmark tables are small compared with the costs of collecting the basic data used, which are virtually all required for purposes other than input-output analysis. The CSO is in no doubt that the work is worthwhile when judged on value for money criteria. Please let me know if I can be of any further assistance.

A handwritten signature in dark ink, appearing to read 'J. Hibbert', written over a horizontal line.

J HIBBERT

17 February 1981

National Economic Development Office

Millbank Tower, Millbank, London SW1P 4QX
Direct line 01-211 5609 or 4782 Switchboard 01 211 3000

Mr. Hibbert %



Mr J Hibbert
Cabinet Office
Central Statistical Office
Great George Street
London SW1P 3AQ

NED Council
Interdep
between private
and public sector

CSO
G 5201
- 5 FEB 1981
FILING INSTRUCTIONS
FILE No. H21/H3

4 February 1981

Dear Jack

USES OF INPUT OUTPUT TABLES

You wrote to Roger Gibbs and myself in January asking for a statement of our interest in the collection and analysis of input-output data by Government. You told us that the Prime Minister had questioned the usefulness of this work to Government. Roger and I combine our views in this letter with those of our colleagues in Economic Division.

You will already have seen my statement of 4 June 1980 about general NEDO interests in the context of the discussions then going on about proposed economies. We do not want to change the view given then on input-output and purchases enquiry work. We will in fact expand that view by describing our current and past needs for such information in some detail. But first we feel we should restate with renewed force the opinion that the framework in which economies are decided upon should be long term; and that judgements placing too much weight on current uses could prejudice future enquiries requiring particular kinds of analytical information. Even if we made only occasional use of some forms of statistical information (I-O or any other type) as analytical users, we have to consider the potential value of such material, whether it uniquely describes an aspect of the economy, and whether continuity must be preserved to provide time series.

In my note of 4 June I put that point as follows:

"Moreover, the Office is well aware, as others are, that the emphasis to be placed on this or that particular aspect of the statistical service varies greatly from one period to another. The problem is therefore not only one of current requirements, but of anticipation of valuable analysis which will almost certainly be of interest. Once abandoned, a strand of economic information may only be revived at great cost and effort, while continuity may never be revived."

We feel that this statement has particular relevance to input output work.

Having emphasised this general approach, our detailed experience will perhaps benefit from being placed in its perspective.

You will know well our interest in longer term developments of the supply side of the economy. Central to this interest must be studies of changing economic structure and of inter-sectoral flows. Such studies are not only concerned with static influences of demand changes in particular sectors, but also the more important dynamic processes requiring information about relative supply elasticities, investment flows and changes in technical coefficients. Moreover, our interest cannot be confined to the UK alone, and the comparison of interactive sectoral performance with that in economies more successful than our own must be part of our work in support of understanding the reasons for secular deterioration relative to competing economies. That sort of concern is clearly not exclusive to NEDO and reflects uses outside Government.

Our overall commitment to structural studies has produced a number of specific applications of I-O material over the years, and we summarise these below under general headings. If it would be useful we could give more specific descriptions of work done in every case.

1. Industrial demand and supply patterns

I-O tables have been frequently used by EDCs and SWPs as an indication of the quantitative structure of markets and supply systems for the sectors they cover. Guidance in forecasting and product development are specific objectives to be added to general descriptive ones. This material is particularly useful to industries with complex supply and market structures such as agriculture/food, textiles and chemicals. Textiles is a particularly good example of an industry which has linked upstream and downstream sectors in a sectoral flow model - at a more disaggregated level than official data provided and with volume units added. This work clearly exposed inter-dependence, links subject to import pressure, and the need to intensify maker/user contacts in a way which no other type of data could have done.

2. Micro-economic implications of demand and supply changes

Whatever opinion one has of past industrial reviews and so called planning exercises, the information base had to be an I-O one if attention was to be paid to sectoral implications of macro-economic policy. Perhaps the policy was incomplete, or the approach wrong, but the information base can hardly be blamed for that. Whatever alternative policy or process of regeneration is adopted, its balance and success at micro level can conveniently be monitored only through a similar statistical structure. Indeed such a structure is also essential to the simulation of policy options, in which detailed analysis of the supply side is required.

We at NEDO are occasionally under some pressure to evaluate potential changes in supply side behaviour and possible changes in technical coefficients. Our experience from the Neddy plan in the early 60s through successive studies to the present has consistently involved us in being aware of both the micro

implications of macro changes, or (more important in recent studies) the macro implications of improvements in performance at detailed sector level.

3. Study of exogenous changes

Sudden and major exogenous influences may have to be studied quickly for their likely effect on sectoral behaviour and performance. The prime example is the price propagation study carried out by the Office for its report on the industrial effects of the first oil price rise in 1973/4. No such work could even have been contemplated without I-O data.

This kind of ad hoc investigation may not take place often, but in our case that is rather a function of the resources they absorb than their usefulness. Nevertheless requests for such enquiries could emerge and demand the necessary priority at any time. Possible subjects are exchange rate changes, further energy price movements, the effects of protection, and many others.

4. International comparisons

We have been trying to find resources to compare and analyse the UK's input-output structure with those of close competitors for some time. Staff shortages have been the main constraint, not the value of such a project. The comparison of product and investment flows, and the rate of change in technical coefficients would raise important questions for industrial consultation to resolve. We have comparable I-O tables for EEC countries, and we need to examine them.

5. Industry and financial models

Besides the solution of ad hoc problems raised by individual industry groups, we try to meet demands for sectoral simulation models. One of these - the textile model has already been mentioned. Input-output data were also used in another type - a financial structure model - for Chemicals, which has been intensively used by the EDC. Further sector projects are under discussion.

6. Trade investigations

Import penetration is a particular aspect of EDC/SWP work in which I-O studies can help. One clear example is a study which was done for the Distributive Trades EDC on the import content of consumers expenditure analysed by the full range of commodities covered in the I-O tables. Complete studies of import penetration are impossible without I-O type data.

7. Direct requests from Council

Some studies in this category call upon I-O data casually as an aid to general analysis. Others use I-O as a major resource. Such data for example made a significant contribution to the support studies for the Office's report on the Nationalised

Industries. Again, in May this year we are committed to producing a paper for NEDC on the interdependence of the public and private sectors. Work is already in hand drawing on the new I-O data about to be published. Another example, though not directly for Council, is a general study for the Building and Civil Engineering EDC being conducted by Professor Stout at Leicester, on the influence of infrastructural investment on industrial costs and efficiency.

These undertakings also, could not be or could not have been done without I-O data.

In conclusion we want to make three points. The first, and vitally important in our view, is that there is no conceivable substitute for I-O information. If we want to examine structural positions, movements and interactions, we have no alternative but to continue the collection of purchases data and the compilation of I-O tables.

Second, there is really no substitute for central collection of such data which is remotely cost effective. In the preparation of national information we do not know of any advanced country whose Government does not accept the responsibility for the collection of such material, nor any country which does not value its analytical possibilities. Indeed we strongly suggest that where sophisticated I-O data and systems have been built up (e.g. in the US and Japan) a significant contribution has been made both to Government analytical work and to corporate planning.

Third, far from condoning the reduction or abandonment of I-O work by Government we must urge improvements. NEDO was disappointed that the plans of the early 70s to extend disaggregation and frequency had to be abandoned, and we must still point out that the delay in publishing I-O data will have been an important factor in reducing their usefulness - though not eliminating it by any means. It would border on the tragic if a reduction in analytical uses arising out of delay should prejudice the continuity of a unique body of data. With best efforts brought to bear, tables based on the 1974 purchases enquiry are only now appearing; seven years after the structural situation which they describe. Bearing in mind the major structural developments which we more than suspect have accompanied oil price changes and the growth of NSO production, it will surely be important to analyse closely the changes which have taken place in the late 70s. It would be difficult enough to accept that the major source of data for such analyses could possibly be delayed until 1986. It would be unnerving indeed to think that they might never emerge at all.

We hope these comments are of some value.

With best wishes

Rafi.

R A HUSAIN
Head of Statistics Section

17 FEB 1957





Sav Mad

CABINET OFFICE

Central Statistical Office

Great George Street, London SW1P 3AQ Telephone 01-233 6117

From the Director: Sir John Borcham, K.C.B.

Our Ref: A22/26

2 February 1981



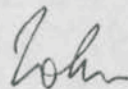
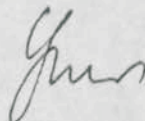
SIR DEREK RAYNER'S REVIEW OF GOVERNMENT STATISTICAL SERVICES

1. The Lord President has written today to Ministers in charge of departments with statistical services inviting them to provide information about implementing the recommendations in Sir Derek Rayner's Report to the Prime Minister on his Review of the Government Statistical Services. The Lord President's aim is to publish the Report and a statement containing Ministers' decisions on its recommendations (including all the recommendations in the individual departmental reports) before Easter. The Lord President has asked the Minister of State (CSD) to act on his behalf and asked me to assist Mr Hayhoe and departments as necessary. In practice this means that I will have to produce a draft of the statement, drawing on information provided by departments, soon after 6 March.
2. Because of the very tight time table I have made a start by writing directly to heads of statistics divisions in departments asking for their help in putting in hand the work needed to provide me with material for the statement. Copies of my letter and its annex are enclosed for you and your Principal Establishment Officer. The annex is a schedule setting out my proposals for action needed to implement Sir Derek Rayner's Report, the first part of which contains recommendations of common interest to departments.
3. There are 5 recommendations (nos. 7, 8, 21, 25 and the 2nd part of 15) which affect the general running of departments and I would like to draw your attention to them. The full texts are attached. I should be grateful if you would let me know if you feel that there would be any difficulties in accepting these recommendations.
4. The second part of Sir Derek Rayner's Report includes a brief summary of the individual departmental reports. The Lord President's letter to Ministers and my more detailed letter to Directors of Statistics set a very tight timetable for resolving outstanding points in each department's individual action

Sir Brian Cubbon KCB
Home Office
50 Queen Anne's Gate
London
SW1H 9AT

document and ask for summarised action documents to be produced in a uniform format suitable for publication. This timetable is necessary if the Report and the Government's statement are to be published before Easter. Please let me know if there is any way I can help to resolve difficulties and speed things up. My people will of course be in touch with Directors of Statistics on a day-to-day basis.

5. I am copying this letter to those on the attached list.



JOHN BOREHAM

ENCS

Extracts from "Review of Government Statistical Services"

Recommendation 7

Departmental rules should require all divisions to consult the senior statistician before proposals with a statistical implication are put to Ministers, so that data costs can be properly brought out.

Recommendation 8

When reviewing statistical work (see recommendations 10 and 22) generalised arguments for preserving the status quo need to be challenged. Particular attention needs to be paid to all information collected or costs incurred primarily to meet demands outside central government. There will be exceptions (for example due to confidentiality of data sources), but in general there is no more reason for Government to act as universal provider in the statistical field than in any other.

Recommendation 15

✓The CSO should monitor the availability of registers for improving sampling and should stimulate development of techniques for more efficient estimation of grossed-up values and samples that avoid concentration on individual small firms period after period. ✓ Ministers should consider on their merits proposals to amend administrative systems to improve their usefulness for sampling and for statistics generally, bearing in mind any savings in form-filling as well as possible administrative costs.

Recommendation 21

The review has shown that generalists, working constructively and openly alongside the professionals, can inform themselves without getting blinded by science. The reports have demonstrated convincingly the benefits to be gained from this. Those responsible for managing the Department's resources of money and manpower under the Minister should know about the work that is being done in the statistical branches; they should exercise fully their responsibility to ask probing questions about this work on behalf of the Minister.

Recommendation 25

The likely reduction in the Statistician Group is 8% and in the Social Survey Officer Group 40% - though the former may increase as departments work out their plans. I am concerned that this reduction should be worked through effectively and so as to preserve the best in the statistical services. For the purpose of implementing this report there should be a presumption for the centrally managed Statistician Group that the Head of the Government Statistical Service may look with confidence to individual Departments to release statisticians for service elsewhere. If, having taken into account local staffing issues, the Head of the Government Statistical Service makes such a request to the Permanent Secretary concerned I hope that he will receive ready cooperation.

COPY LIST FOR SIR JOHN BOREHAM'S LETTER OF 2 FEBRUARY TO SIR BRIAN CUBBON:

Sir Wilfrid Bourne
Sir Peter Preston
Sir Douglas Wass
Sir Lawrence Airey
Sir Douglas Lovelock
Sir Peter Carey
Sir Kenneth Clucas
Sir Frank Cooper
Sir Kenneth Barnes
Sir Brian Hayes
Sir John Garlick
Sir Peter Baldwin
Sir William Fraser
T P Hughes
Sir Kenneth Stowe
Sir Patrick Nairne
Sir Donald Maitland
Sir James Hamilton
J S Cassels
J H Locke
E A Johnston
Sir Derek Rayner
Sir Ian Bancroft
Sir Robert Armstrong
PS/The Lord President
PS/Mr Hayhoe
R H Wilson



CABINET OFFICE

Central Statistical Office

Great George Street, London SW1P 3AQ Telephone 01-233 6117

From the Director: Sir John Boreham, K.C.B.

Our Ref: A22/26

2 February 1981

SIR DEREK RAYNER'S REVIEW OF GOVERNMENT STATISTICAL SERVICES

1. You already have a copy of Sir Derek Rayner's report to the Prime Minister on the review of the Government Statistical Services together with two minutes from the Prime Minister's Principal Private Secretary (one to Ministers' Private Offices, the other to Sir Robert Armstrong). These ask the Lord President, with my assistance, to follow through all the recommendations in the departmental and interdepartmental reports with a view to publishing a statement of the results around Easter.
2. The Lord President has now written to Ministers asking them to reach final decisions on all outstanding recommendations in their departmental reports and to let the Minister of State (CSD) and myself have, as soon as possible, a statement of their decisions in the form shown in the Annex. The aim is that these should be agreed between Ministers and the Minister of State CSD by 6 March. The Lord President has asked me meanwhile to take up directly with departments any particular issues or points that arise from the action documents prepared so far. If it proves necessary to depart from particular recommendations, the Lord President hopes that this will be done so as to preserve the objective of simplification and to make savings equal to or greater than those originally recommended.
3. Soon after 6 March, I shall submit to the Minister of State CSD a progress report to the Prime Minister. This will include a draft statement, suitable for publication, showing decisions made on the seven hundred or so detailed recommendations in the individual departmental reports and commenting on the action being taken to implement the general recommendations in the interdepartmental report. This will require a great deal of work to be done in a short time and I shall be grateful for your help in making this run smoothly. In particular I shall need to have from you the material required for the draft statement well before 6 March. I have written to the Head of your Department about this direct approach I am making to you.

Departmental Action Plans

4. I already have at the CSO copies of most of the departmental reports and action plans although they are not all the final versions.

- 4.1 Will you please let Julian Calder have a note by 13 February of any recommendations on which action has not yet been agreed by your Minister or where the agreed action produces smaller savings than the corresponding recommendation.
- 4.2 Please aim to clear with your Minister any outstanding issues and send me a copy of your return in the form shown in the Annex, as soon as possible, and in any case not later than 27 February. If it is convenient I should prefer to receive the material in stages (with blanks to be filled in later against some recommendations) provided that it is all in by the 27th. Please ensure that the entries in the "decision" column of the form are kept as brief as possible - preferably not more than 2-3 lines each. An ideal entry would be "Accept (1981/82)", the figures in brackets denoting the year in which the savings would be made. Any points which cannot be resolved at official level will need to be referred to the Minister of State CSD who will take them up, as necessary, with your Minister.

All this has to be completed by 6 March.

Action following Interdepartmental Report

5. Each of the numbered recommendations in Part I of the interdepartmental report will require action either by departments or by me or both. I attach a schedule showing a summary of the recommendations with overall responsibility for their implementation and proposed action to be taken initially by 6 March and then later.

- 5.1 Please let me have any comments on the schedule by 13 February. Once agreed, it will form the basis for that part of the published statement dealing with the interdepartmental report.

6. The emphasis in the interdepartmental report is on the steady improvement in cost-efficiency and value for money - both within the GSS and, through our activities, more widely within government. Recommendation 23 proposes an annual cost statement for Departmental Ministers and recommendation 2 requires me to report annually to the Prime Minister on the GSS achievements.

- 6.1 To do this, I shall have to obtain from you reports, with some budgetary information, covering the activities of your division in 1981/82. It is important that this should be consistent with the systems you devise for the annual statements to your Ministers; and it will, no doubt, be condensed from these. I shall circulate my proposals for discussion as soon as possible. They will relate particularly to recommendations 1 (productivity improvements), 2 (Annual report), 5 (computing costs), 18-20 (international work), 22-24 (efficiency and use of resources), 27-28 (payment between departments).

7. A number of recommendations concern reviewing needs for data. The Survey Control Unit is drawing up proposals to cover recommendation 11 on the periodic review of regular inquiries. There will be advantages in coordinating this with action on recommendations 3 (review data collection), 9 (reassessing data bases), and 12 and 13 (lists of compulsory statistics) where the initiative lies with Departments. I have written to Permanent Secretaries asking if they see any difficulties in accepting recommendations 7, 8, 21 and 25 (which make various proposals for continuing scrutiny of statistical work) and the second half of recommendation 15 on the amendment of administrative systems for the benefit of statistics.

8. Recommendation 17 on dissemination needs coordination across the GSS. Draft guidelines will be circulated for discussion in CSO(CP) before submission to CSD Ministers.

9. Recommendations 29 and 30 embody the main conclusions of paragraph 1-27 of Part II of the Report, dealing with OPCS and multi-purpose social surveys. Responsibility lies with the Registrar-General and myself. Some of the proposals raise major issues which I shall discuss with the Registrar-General before we proceed.

10. Paragraphs 28-47 of Part II deal with some issues on macro-economic statistics arising from four of the Departmental reports. I propose the action set out in the schedule.

11. Work in the CSO is being coordinated by Julian Calder (233-8298) assisted by Eric Lomas (233-8518). They will deal with any immediate queries. I am copying this letter to those on the attached list as well as to their Heads of Department.

JOHN BOREHAM

Emcs

Miss R J Maurice
K V Henderson
Miss M P Brown
J W S Walton
N Harvey
L S Berman
M J Erritt
A G Carruthers
C W Capstick
A A Sorrell
E J Thompson
C M Glennie
D Adams Jones
J Murray
A R Smith
E H M Price
W B Wakefield
G L Reid
B C Brown
R F A Hopes

HO
ODA
HMT
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MSC
HSE
CSD

REVIEW OF GOVERNMENT STATISTICAL SERVICES

STATEMENT OF DECISIONS ON RECOMMENDATIONS

ANNEX

For consistency the statement of decisions should be in the following form -

RECOMMENDATIONS			DECISION AND DATE OF IMPLEMENTATION	RECURRENT ANNUAL SAVINGS/COST RESULTING FROM DECISION	
Recommended Recurrent Annual Saving/Cost		£ ⁽¹⁾		Manpower	
£ ⁽¹⁾	Manpower				
Each recommendation set out as it appears in the departmental study report					
Total recommended net recurrent savings (as in Annex A to Sir Derek Rayner's report)			TOTAL NET RECURRENT SAVINGS		
			TIMING OF NET RECURRENT SAVINGS ⁽²⁾⁽³⁾ RESULTING FROM DECISIONS		
			1980/81 -		
			1981/82 -		
			1982/83 } -		
			1983/84 } -		

NOTES (1) Cost basis: Staff-Col(V) of CSD Ready Reckoner 1979 Edition other -1979/80 prices

(2) The full annual value of any savings to be entered once only - against the period in which the saving is first made

(3) Any one-off savings/costs should be identified in a separate note to the table

Manpower and Annual Expenditure ⁽⁺⁾ All Statistical Services		
	May 1979	April 1984
Manpower (nos)		
Expenditure (£000/yr)		

(+) cf Tables 1 and 2 Annex B of Sir D Rayner's Report

INTERDEPARTMENTAL RAYNER REPORT ON GSS
Overall Responsibility and Proposed Action

SUMMARY OF RECOMMENDATIONS	OVERALL RESPONSIBILITY	PROPOSED ACTION BEFORE 6 MARCH 1981		PROPOSED LATER ACTION	
		Head of GSS	Departments	Head of GSS	Departments
<u>Methods and Processes</u>					
1. Increase statistical talent on data collection; involve computer experts; report on productivity improvements to senior management .	Departmental management with the help of the Head of the GSS.	To develop proposals.	To note.	To implement proposals for provision of suitable staff for data collection. Greater weight to be given in career assessment to experience in data collection.	To cooperate with Statistician Group Management Unit (SGMU). Report annually to senior management on productivity and other improvements; and inform Head of GSS.
2. Head of GSS to stimulate improvements in GSS methods and efficiency. Annual report to PM.	Head of the GSS	To begin preparation of proposals on information required on GSS methods and efficiency for report to PM.	To note.	To examine Departmental performance and advise. Prepare annual report.	Report annually to Head of GSS. Consider periodic proposals from Head of GSS and other Depts.
3. Departments to review external records (statistical and administrative).	Minister of State CSD, in consultation with Head of GSS (statistical forms).	To note reference to statistical data collection.	CSD to make proposals.	To monitor statistical reviews (in conjunction with rec. 11).	Depts. to conduct reviews of statistical data collection in collaboration with Survey Control Unit (SCU) and report results to Head of GSS. Depts. to review external administrative records in consultation with CSD as necessary.
<u>Computing</u>					
4. Use generalised statistical software.	Head of GSS in consultation with Depts. and CSD (CCTA).	Instruct CSO(C) to begin consideration of scope for savings.	Comment to CSO with suggestions for savings.	Set up working group to catalogue existing generalised software. Investigate possibility of implementation in each Dept. Prepare final report by end 1981.	List existing computer uses. Take part in review.
5.(a) Compare Depts. computing costs and productivity.	Head of GSS and CCTA.	Coordinate with CCTA and consider information needed centrally.	To note.	Issue guidance to Depts. jointly with CCTA. Report annually.	Report on costs. Investigate further cases where costs appear capable of reduction.

INTERDEPARTMENTAL RAYNER REPORT ON GSS (Cont'd)
Overall Responsibility and Proposed Action

SUMMARY OF RECOMMENDATION	OVERALL RESPONSIBILITY	PROPOSED ACTION BEFORE 6 MARCH 1981		PROPOSED LATER ACTION	
		Head of GSS	Departments	Head of GSS	Departments
<u>Computing (Cont'd)</u>					
5. (b) Computer management should cost computer work consistently and inform customers of the costs of their jobs.	Departments in consultation with CCTA	To note.	CCTA to issue guidance.	See next column.	Report annually to Head of GSS on improvements. To note and take account in budgetary arrangements.
6. Scrutinise OPCS computing.	Secretary of State for Social Services.	See next column.	Secretary of State for Social Services to consider, Head of GSS to be informed of his decision.	Possible involvement in scrutiny.	Undertake scrutiny (if agreed).
<u>Examine Needs for Data</u>					
7. Directors of Statistics to be consulted on any proposal to Ministers with a statistical implication.	Departments	To write to Perm. Secs.	To note.	To monitor.	To maintain.
8. Be harder on outside demands.	Departments in consultation with Head of GSS.	To write to Perm. Secs.	To note.	To monitor.	To maintain.
9. Reassess "big" data bases regularly.	Departments with CSO assistance.	To consider information required from Departments following a reassessment.	To note and prepare timetable for reassessments. Liaise with Survey Control Unit.	To liaise with Departments; and review CSO databases.	Reassess big data bases at least once every five years, in collaboration with Survey Control Unit as appropriate. Report results to Head of GSS.
10. Ministers to challenge need for statistics.	Departments	To note.	To note.	-	To keep under review.
<u>Control of Forms</u>					
11. SCU to review regular inquiries by Departments and Agencies.	Head of GSS to take up with Departments in first instance.	Arrange for paper to be drafted setting out: 1. method of review and tentative timetable; 2. scope of ad hoc survey assessments.	To note new role for SCU. Begin preparation of list of regular inquiries. Make necessary arrangements with Departmental agencies.	Establish new system. Undertake reviews in conjunction with Departments. Annual report.	Agree method and timetable. Collaborate in reviews with SCU.
12. Provide Ministers with annual report on statistics collected using statutory powers.	Departments	Agree uniform reporting arrangements with Depts.	See previous column.	Monitor as necessary	Compile reports annually. Copy to SCU.
13. Include agencies in arrangements for controlling forms.	Departments	As 11, 12, 14	Arrange with agencies.	As 11, 12, 14	As 11, 12, 14
14. Improve estimates of form-filling burden imposed by Departments and Agencies.	Departments in consultation with Head of GSS	Discuss work programme with BSO and other relevant Depts.	See previous column.	To collate and circulate Departmental experience and use in regular reviews (rec.11).	Carry out investigations and report.

INTERDEPARTMENTAL RAYNER REPORT ON GSS (Cont'd)

Overall Responsibility and Proposed Action

SUMMARY OF RECOMMENDATIONS	OVERALL RESPONSIBILITY	PROPOSED ACTION BEFORE 6 MARCH 1981		PROPOSED LATER ACTION	
		Head of GSS	Departments	Head of GSS	Departments
<p><u>Sampling</u></p> <p>15. CSO to monitor inquiry registers and research sampling and estimation techniques. Consider amendments to administrative systems to improve statistics.</p>	<p>Head of GSS</p> <p>Departments</p>	<p>To propose suitable work programme.</p> <p>To write to Perm. Secs. on administrative systems.</p>	<p>To note.</p>	<p>To liaise with Depts. on register availability.</p> <p>To coordinate research in sampling and estimation.</p> <p>To consider possible amendments to administrative systems under rec. 11.</p>	<p>Liaise with SCU on registers.</p> <p>Undertake research; implement findings.</p> <p>Advise within Dept. and Head of GSS on desirable amendments to administrative systems.</p>
<p><u>Analysis and Interpretation</u></p> <p>16. Reduce overlaps with other specialisms.</p>	<p>Departments in consultation with Head of GSS and CSD.</p>	<p>To consult CSD</p>	<p>To note.</p>	<p>To consult CSD and monitor as necessary.</p>	<p>Consider and inform Head of GSS of any proposals affecting statistician posts.</p>
<p><u>Dissemination</u></p> <p>17. More rigorous approach to cost of disseminating statistics.</p>	<p>CSD Ministers in consultation with Head of GSS and Department.</p>	<p>To draft guidelines to achieve uniform approach across GSS. Arrange for discussion in CSO(CP) with a view to making a submission to CSD Ministers as soon as possible.</p>	<p>To note and comment to Head of GSS on specific Departmental aspects as necessary.</p>	<p>Establish guidelines and monitor as necessary.</p>	<p>Follow up.</p> <p>Report to Head of GSS on improvements.</p>

INTERDEPARTMENTAL RAYNER REPORT ON GSS (Cont'd)
Overall Responsibility and Proposed Action

SUMMARY OF RECOMMENDATION	OVERALL RESPONSIBILITY	PROPOSED ACTION BEFORE 6 MARCH 1981		PROPOSED LATER ACTION	
		Head of GSS	Departments	Head of GSS	Departments
<u>International Obligations</u>					
18. Apply value for money to international work.	Departments in conjunction with Head of GSS and FCO.	Arrange for Departments to provide information regularly on the cost of items of international work.	Initiate review of international obligations and their cost.	Co-ordinate action required.	Review international obligations. Notify CSO of burdensome returns.
19. Cost international work before accepting responsibility.		-ditto-	To note.	Annual report.	Consult CSO on doubtful cases.
20. Harmonise UK and international requirements and methods.		Begin consideration, in conjunction with Depts. of possible approaches to SOEC and other international bodies.	Identify major cases and begin consideration of appropriate action.	Follow through as necessary with FCO, SOEC etc. Annual report.	Consider major cases and report.
<u>Management of Statistical Services</u>					
21. Those responsible for managing departmental resources should inform themselves about statistical work.	Departments in consultation with Head of GSS,	To write to Perm. Secs	To note.	-	To maintain.
22. Directors of statistics to account for their use of resources.		As below.	To note.	As below.	As below.
23. Annual cost statement to Ministers.		Consider how to integrate information needed centrally with Departmental arrangements.	To note.	Agree capital information needs with Departments	To devise and implement suitable budgeting and reporting systems, taking note of Head of GSS' need for information.
24. Head of GSS to be given new remit which includes advising on on efficiency.	Prime Minister. Head of GSS.	Begin consideration of methods.	To note the new remit which has been issued by Prime Minister.	As above and regular discussion with Depts. See also 2.	As above. Regular reports and discussion with Head of GSS.
25. Depts. to release statisticians if required elsewhere.	Departmental senior management and Head of the GSS in consultation with CSD.	To write to Perm. Secs.	To note.	To co-ordinate.	To maintain.
26. CSO to stay in Cabinet Office.	-	No action required.	To note.	No action required.	To note.
<u>Payment between Departments</u>					
27.1 Introduce where sensible.	Departments in consultation with Head of GSS.	Invite Departments to identify major items of work done for others in Departmental budgets.	Identify cases.	Draft and issue guidelines on categories of work suitable for repayment.	Take up appropriate cases. Consult HMT and CSD as necessary.
27.2 Transfer of finance should not be automatic.		-	-	To monitor.	To consider cases as they arise.

INTERDEPARTMENTAL RAYNER REPORT ON GSS (Cont'd)
Overall Responsibility and Proposed Action

SUMMARY OF RECOMMENDATION	OVERALL RESPONSIBILITY	PROPOSED ACTION BEFORE 6 MARCH 1981		PROPOSED LATER ACTION	
		Head of GSS	Departments	Head of GSS	Departments
<u>Interdepartmental Statistics</u>					
28. Where payment is not introduced (27.1) Head of GSS to ensure clear understanding between parties.	Head of GSS.	Invite Departments to identify major items of work done for others without repayment.	Identify cases.	Periodic checks of main examples.	Review understandings with other Depts. as necessary.
29. Contract out ad hoc social surveys whenever cheaper; OPCS to work on payment terms.	Departments in consultation with Director of OPCS and Head of GSS.	To consult Director of OPCS and prepare draft plan of action for discussion with Departments.	See previous column.	To monitor.	Implement agreed arrangements.
30. Modify multi-purpose surveys.	See below.	Identify with Depts. those responsible for action.	See previous column.	Follow up through CSO Committee system.	Make proposals and discuss as required.
<u>PART 2</u>					
OPCS (paras 1 - 27)	Director of OPCS, Head of GSS and Departments.	To consult Director of OPCS.	OPCS to consider and begin preparation of corresponding Action Plan.	Handle broadly as a Departmental Report.	See previous column.
<u>Macro-Economic Statistics</u> (paras 28 - 47)					
para 35 DIT to review data required for industrial sponsorship.	DIT	No action required.	DIT Statistics Divisions to make necessary arrangements.	To advise on effect on govt. statistics.	DIT to review. Report proposals to Head of GSS.
para 39 Head of GSS and Statisticians in DoE and BSO to reconsider provision of adequate construction data to SOEC without an annual census (ACOC).	Head of GSS, DoE and BSO.	To arrange working party of CSO, DoE and DIT(BSO).	DoE and DIT(BSO) to note.	working Set up/ party to report in time to complete any negotiations required with SOEC before decisions needed on ACOC in respect of 1981.	See previous column.
para 42 Treasury and Trade and Industry Ministers should discuss recompensing HM Customs and Excise for work necessary to bring export statistics up to the standard required.	HMT and DI	To write to colleagues in Customs and DIT.	See previous column.	To monitor and comment as necessary on quality of Trade and Balance of Payments statistics.	To make any arrangements required and report periodically to Head of the GSS
para 47 Sec of State for Environment in consultation as necessary with Sec of State for Education & Science and other Ministers concerned, should set up early examination of costs of information required for local authority finance.	Sec of State for Environment.	-	-	To consider effects of proposals on govt. statistics generally.	To undertake examination.



DEPARTMENT OF INDUSTRY
Permanent Secretary's
Office
Ashdown House
123 Victoria Street
London SW1E 6RB
Tel: 01 212 7003

Mr M. ~~Pattison~~

With the Compliments of
Sir Peter Carey



Sir Peter Carey KCB
Permanent Secretary

Earl. Mad

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 7003
SWITCHBOARD 01-212 7676

27 January 1981

Sir Robert Armstrong KCB CVO
Cabinet Office
70 Whitehall
LONDON SW1

Dear Robert,

CSO AND PRESTEL

Thank you for your letter of 12 January asking whether we thought it would be appropriate for this Department or British Telecommunications (BT) to provide funds to keep the CSO's information on Prestel.

The Department has discussed the position with the CSO and BT. BT do not feel it is in their interest to subsidise information providers to Prestel.

We would like to consider the CSO's problem in the wider context of the Government's role as an Information Provider to Prestel, and we have agreed with Ian Arnison of the CSO that IT(O) should consider and reach a view on the matter within the next few weeks.

In the meantime temporary arrangements have been made with BT for the CSO to keep their information on Prestel without renewing their contract.

I am copying this letter to recipients of yours.

Yours ever,

Peter

Peter Carey

Await further Tsy letter. MRJ

DEPARTMENT OF INDUSTRY
 ASHDOWN HOUSE
 123 VICTORIA STREET
 LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
 SWITCHBOARD 01-212 7676

PS/ *Secretary of State for Industry*

22 January 1981

Mike Pattison Esq
 Private Secretary to the
 Prime Minister
 10 Downing Street
 London SW1

Dear Mike

INPUT-OUTPUT TABLES

Thank you for sending us a copy of your letter of 8 January to Peter Jenkins about the use of input-output tables. I am replying on behalf of both the Secretaries of State for Industry and Trade, as they receive a common statistical and economic advisory service.

2 Some examples of recent work which has drawn on these tables are attached. A number of these items are continuing projects where the quality of the advice depends on the continued availability of input-output tables. However, in some cases, other sources of information are available but the tables have been preferred because they present the data in a more convenient or consistent manner.

3 The Director of Statistics here has pointed out that almost all the basic data used in compiling the 5-yearly detailed input-output tables is collected by the Business Statistics Office for other purposes; for example, the provision of "weights" for compiling the Index of Industrial Production and the wholesale price indices. The extra cost of compiling the input-output tables once every 5 years is small in relation to the cost at the BSO of collecting and compiling the basic data. Moreover, because of confidentiality restrictions on the basic data, it is more efficient for the tables to be compiled within the Government Statistical Service than outside (eg at research institutions).

4 I note the request that until the end of February papers which draw heavily on input-output material should be annotated as such.

*Yours ever
 Richard*

RICHARD RILEY
 Private Secretary

LIST OF PROJECTS WHICH HAVE DRAWN ON THE INPUT/OUTPUT TABLES

1. Assessment of the direct and indirect effects of possible closures at British Leyland, British Steel Corporation and the shipbuilding industry.
2. Ongoing exercises to monitor the energy intensity in the manufacturing sector to advise on energy pricing policy.
3. A study of the impact of exchange rate movements at a detailed industrial level.
4. A continuing assessment of the take up of petroleum derivatives by the petrochemicals industry to assist the formulation of pricing policies for North Sea output.
5. An analysis of the industrial incidence of public sector expenditure to help formulate advice on public sector purchasing policy.
6. Evaluation of the importance of exports to UK industry both directly and indirectly.
7. An analysis of the use of steel by industry during the BSC strike.
8. As a response to a ministerial query on the percentage of total employment dependent directly and indirectly on manufacturing industry.
9. Briefing on prospects for individual industries.

Faint, illegible text, possibly bleed-through from the reverse side of the page.

23 JAN 1981





Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

19 January 1981

M Pattison, Esq.,
No.10 Downing Street

BF ide

Dear Mike,

// You wrote to me on 8 January about the Treasury's use of CSO input-output tables. We will let you have a note in due course, but I should point out that the Treasury does not regard itself as the main customer in this particular area.

Yours ever

Peter

P.S. JENKINS

P.S. I understand that the main customers are in fact industry, energy and NEDO.

20 JAN 1981





NBPM get-

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01-211-6402

M A Pattison
10 Downing Street
SW1

16 January 1981

Dear Mike

CSO INPUT-OUTPUT TABLES

Your letter of 8 January asks for a note on the extent to which the CSO input-output information is used in the Department of Energy.

The input-output tables and data drawn directly from one of their main sources, the Industrial Purchases Inquiry, have been used in the Department for assessing the importance of energy and of individual fuels as inputs to particular industries. The proportion of total costs which is accounted for by energy costs gives a measure of the energy intensity of any industry and this in turn facilitates calculations of the impact of prospective fuel price increases on particular industries. Results of calculations of this nature were embodied in the recent Cabinet E Committee paper E(80)12Q, Industrial Energy Pricing.

The tables also facilitate calculations of the indirect impact of fuel price increases on final consumer prices through fuel using industries. Such calculations are made in the Department, particularly in respect of oil price increases.

The changing structure of industry is one of the major determinants of the possible future growth of UK energy demand. Input-output tables provide a method for analysing the way in which the structure of industry has developed in the recent past and for studying the likely effects of Government policies on industrial structure in the future. Cambridge Econometrics have constructed a model of the UK economy employing CSO input-output tables which is used by the Department in their analyses of energy policy options in the longer term and the likely development of (and hence investment requirements of) the energy industries.



A further use which the Department is making of the input-output tables is in connection with a project currently being conducted by the Statistical Office of the European Communities (SOEC). This is aiming to produce input-output tables with a particular emphasis on energy; that is the energy part of the tables will contain more detail than the tables for the Community which are normally produced by the SOEC. The purpose of the project is to facilitate calculations of the energy intensiveness (direct and indirect) of different goods and services and hence, through analysis of the impact of possible changes in final demand or external trade on the energy system, to improve energy demand forecasts.

Yours ever,

G S Dart

G S Dart
Private Secretary

CONQUEROR

Gov Min



MR PATTISON (10 Downing Street)

A22/45

c Mr Lockyer

Following the Prime Minister's meeting with Sir John Boreham to discuss the Rayner Report on the CSO you wrote to departments on 8 January asking for contributions to a note about the use of input-output tables. I have now also written to the appropriate economists or statisticians in those departments asking them to assist the people to whom you have written.

In addition, because I believe there are a number of important government uses in other departments or public service bodies, I have written to the people on the attached list asking them to let me know whether they wish to have their use of input-output tables drawn to the Prime Minister's attention. I shall, of course, let you know the outcome as soon as they have replied.

J HIBBERT

Central Statistical Office

16 January 1981

Enc:

R A Husain Esq	NEDO
R M Gibbs Esq	NEDO
C M Glennie Esq	Scottish Office
R G L McCrone Esq	Scottish Office
O T Hooker Esq	Welsh Office
M S Bradbury Esq	Office of Fair Trading
J D Gribbin Esq	Monopolies and Mergers Commission
B M Nonhebel Esq	Monopolies and Mergers Commission
H J D Cole Esq	DoE
K F Glover Esq	MOD
R F Haselden Esq	MOD
A R Smith Esq	DHSS
D A Walker Esq	Bank of England
B F Middleton Esq	Customs and Excise



Go to TTP
Meal

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

The Prime Minister has noted the scope for savings and managerial improvements suggested by the review of Government Statistical Services. She is grateful for the part played in this by the Director of the Central Statistical Office and by the Departmental Directors of Statistics.

The Prime Minister has considered Sir Derek Rayner's comments on the role of the CSO and of its Director, not least in his capacity as professional head of the Government Statistical Service. She welcomes the recommendations which clarify the role of the Government Statistical Service in providing an objective and economical statistical service.

For the future, the Prime Minister would like the Director to take a particular responsibility with regard to securing value for money. For example, as professional head of the GSS, he should keep before the Directors of Statistics in Departments the scope for economies in their operations and the opportunities provided by statistical methods for reducing costs and improving value for money in Government more generally.

Ministers and their senior lay officials need and she believes would welcome sound advice on how to obtain economical but effective statistical services. The Prime Minister would like the Director of the CSO to take the initiative in providing this advice and to continue to make himself regularly available to Departments for this purpose.

I confirm that on matters concerning the validity and integrity of Government statistics and the professional competence and standing of the Government Statistical Service, the Director of the CSO, as Head of the GSS, has the right of direct access to the Prime Minister. Where he is providing advice to other Departments, he may deal directly with the appropriate Minister. On other matters, and particularly on the cost and management of the CSO, the Director should report in the first instance to you.

The Prime Minister has asked the Lord President of the Council to take the lead on her behalf in following through the review to implementation with a view to publishing a statement of the results early this year. The Prime Minister would be grateful if you would arrange for the Director to assist him. She is inviting the Lord President to look to the Director to report on progress with the implementation of recommendations in a form which can be issued publicly.

/Subsequently,

48

Subsequently, the Prime Minister would like to be kept informed - by means of an annual report - about the cost of Government Statistics and the contribution they are making to economies and improvement in the public sector.

AW.

12 January 1981



10 DOWNING STREET

From the Principal Private Secretary

12 January 1981

Dear John,

The Prime Minister is grateful to Ministers for arranging for their statistical services to be examined as part of the government-wide review which she asked Sir Derek Rayner to undertake last January.

He has submitted to the Prime Minister and the Lord President his final report summarising the results of the departmental reviews and making general recommendations for the future conduct of the Government's statistical services. I am sending you a copy herewith and the results will be announced shortly. The Prime Minister believes that this report should be made widely available and is asking the Lord President to consider how this can be done.

Potential savings

The Government inherited statistical services costing £104 million a year and using 8,800 staff. If all the recommendations made in the review are implemented, there will be savings of £20 million in annual spending and 1,700 in manpower. With other actions in hand, it is now possible to contemplate a reduction in the workforce to around 6,000 by 1984 at a cost of £75 million. That would be a valuable tightening of the Government's administration, but the costs, activity and manpower engaged would still be substantial. It is accordingly of great importance that the Government should apply the recommendations made in respect of its departments vigorously and promptly.

Professional Head of the Government Statistical Service

As part of the review the Prime Minister has received a report on the Central Statistical Office. She has approved the proposals put to her by the Director of the CSO and the Secretary of the Cabinet for implementing its recommendations and she has issued guidance for the Director of the CSO, with particular reference to his functions as the professional head of the Government Statistical Service. The Prime Minister places particular emphasis on the help the Director can give Ministers and their departments in the search for economy and greater value in government statistical services generally.

Management

The report recommends ways in which the Government can strengthen its management of these services, drawing on the lessons which have been learnt from the departmental reports. The Prime Minister commends Sir Derek Rayner's advice to your Minister. He will wish to ensure

/that his

H.S.

that his senior management, lay and professional, takes full account of it and submits to him early proposals for improved arrangements to keep statistical services cost-effective. Statistics are not an optional extra for good policy management but the watchword should be to do the minimum necessary and to do it well.

The Prime Minister invites Ministers to make full use of the advice of the Director of the CSO on economy in statistical services. She has asked him to provide her with an annual report on the improvements in methods and processes across government which have been achieved by the statistical services.

Implementation

The Prime Minister has asked the Lord President, with the help of the Director of the CSO, to take the lead on her behalf in following through the review to implementation with a view to publishing a statement of the results around Easter. He will be arranging for decisions to be taken by the Ministers concerned on the report's inter-departmental recommendations and will monitor and keep her in touch with progress with the implementation of departmental recommendations.

I am sending a copy of this letter to Michael Collon (Lord Chancellor's Department), George Walden (Foreign and Commonwealth Office), John Wiggins (HM Treasury), Ian Ellison (Department of Industry), Stuart Hampson (Department of Trade), Brian Norbury (Ministry of Defence), Jim Buckley (Lord President's Office), Richard Dykes (Department of Employment), Kate Timms (Ministry of Agriculture, Fisheries and Food), David Edmonds (Department of Environment), Anthony Mayer (Department of Transport), Godfrey Robson (Scottish Office), John Craig (Welsh Office), Roy Harrington (Northern Ireland Office), Don Brereton (Department of Health and Social Security), Julian West (Department of Energy), Peter Shaw (Department of Education and Science) and to Sir Ian Bancroft, Sir Robert Armstrong, Sir John Boreham and Sir Derek Rayner.

Yours sincerely,

Alan Whittman.



10 DOWNING STREET

From the Private Secretary

MR. PRIESTLEY

The Prime Minister has now considered Sir Derek Rayner's minute of 7 January, under cover of which he submitted the report on the Review of Government Statistical Services. She is pleased to note the recommendations in the report, and she is grateful for the thorough work which has gone into it.

She has agreed that the report should be circulated to the Ministers involved; that they should be asked to reach decisions within Departments by the end of March; that the report and the decisions should then be made available to Parliament, preferably at the time of publication of the proposed White Paper on efficiency and elimination of waste; that CSD Ministers, assisted by the Head of the Government Statistical Service should oversee implementation; and that new guidelines for the Head of the Government Statistical Service should be issued.

The Prime Minister does not herself see a need for a statement to Parliament at this stage about completion of the review and the scale of the proposals. The effect of the review has already been made known, and the Prime Minister's own preference is to leave any further detailed statement until there are clear decisions to report. But if the Lord President feels strongly that there should be some form of statement at this stage, she would not object to CSD Ministers making one.

I attach Sir Derek Rayner's copies of Mr. Whitmore's letter to the Departments involved in the review, and his minute to Sir Robert Armstrong about the role of the Head of the Government Statistical Service.

I am sending copies of this minute to Mr. Buckley, Mr. Green, Mr. Colman, Mr. Wright and Mr. Unwin.

MP

12 January 1981

085

Mr M A Pattison



CABINET OFFICE

With the compliments of
Sir Robert Armstrong KCB, CVO
Secretary of the Cabinet

70 Whitehall, London SW1A 2AS
Telephone: 01-233 8319

Serv Mach



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet Sir Robert Armstrong KCB CVO

Ref. A03968

12 January 1981

Prestel

The CSO has been providing a wide-ranging statistical service via Prestel since 1975. It has never been self-supporting and in 1979/80 its net cost was £25,000 per annum.

The Rayner team reviewing the CSO recommended that the CSO should withdraw from Prestel, on the grounds that it was unlikely that income would ever catch up with costs and that in any event Prestel duplicated CSO's publications.

In submitting the Rayner team's report to the Prime Minister, John Boreham and I accepted that, if cost effectiveness was to be the decisive consideration, the CSO should come out of Prestel, but we noted that the wider interest of the Government in promoting information technology, might justify the costs of the CSO staying in Prestel. It could be argued that it would hardly be seen as consistent with the Government's policies for promoting the development of information technology, if the Government itself were to be seen to withdraw its own input from this particular British development.

The Prime Minister thought that, as there was no strong CSO interest in staying in Prestel, the Cabinet Office vote should not bear the cost of the CSO service to Prestel. She suggested that, if British Telecommunications regarded the CSO service as an important means of attracting subscribers to Prestel, they should meet the cost. Alternatively, if it was felt that the CSO should stay in Prestel as a demonstration of Government support for the development of information technology, it was suggested that it would be appropriate that the Department of Industry should bear the cost.

If it can be agreed in principle that British Telecommunications or you will fund the CSO service, the CSO are ready to discuss details with your people, including ways of reducing the deficit by developing the service more in line with potential customers' needs and by increasing the charges. The CSO contact is Ian Arnison, Head of the CSO Information Branch.

/ I should

Sir Peter Carey KCB

I should add that there is some pressure on the CSO just now from British Telecommunications to sign a new contract for the Prestel service. The deadline was 31 December 1980 but the CSO have obtained an extension of a fortnight. They can probably arrange a further extension to the end of January, but I hope it will be possible to decide one way or another before then.

I am copying this letter to Robin Ibbs, John Boreham and Michael Pattison (No 10).

ROBERT ARMSTRONG

13 JAN 1981





je vs

10 DOWNING STREET

From the Private Secretary

8 January 1981

BF 20-1-81

The Prime Minister recently had a discussion with Sir John Boreham about some aspects of the work of the Central Statistical Office. In the course of that meeting, she asked about the use made of CSO input-output tables. She would like to have some idea of the extent to which this material is drawn on in preparation of papers which come to her. I understand that the Treasury is the main customer for input-output information. It would be helpful if you could let me have a note giving some idea of the extent to which this information is used - without commissioning any extensive new work. Until the end of February, it would be helpful if papers which do draw heavily on this information are annotated to that effect.

I am copying this letter to Geoffrey Dart (Department of Energy), Catherine Bell (Department of Industry), Nicholas McInnes (Department of Trade) with a request for similar responses. I am also sending copies to David Jones (MAFF), John Anderson (Department of Employment) and Barbara Riddell (Department of Transport), and would welcome responses from them if they feel they can usefully contribute. Copies also go to Mr. Unwin in the Central Statistical Office and David Wright in the Cabinet Office.

M. A. PATTISON

Peter Jenkins, Esq.,
H.M. Treasury.

JS

1. MR. WHITMORE *HW*
2. PRIME MINISTER *Li.*

Derek Rayner now reports on the overall review of Government Statistical Services. He recommends:

1. circulation of the report to Ministers; ✓

2. a personal minute from you covering the report. You
x very rarely use personal minutes, and it might be better to
do this in the form of a letter from Clive; ✓

3. a statement to Parliament about completion of the review
and the scale of the proposals - either by you, or by the
Lord President and Minister of State;

4. a target date of the end of March for decisions on
the recommendations within each Department; ✓

5. publication of the report to Parliament and the public,
together with a detailed recommendation of the decisions
reached, in due course - preferably with the same timing as
the proposed White Paper on efficiency and waste; ✓

6. CSD Ministers, assisted by John Boreham to oversee
implementation; ✓

7. new instructions from you to Robert Armstrong about the
role of the Head of the Government Statistical Service - again
this is drafted as a personal minute from you but can easily
go in the form of a minute from Clive on your behalf.

/The

*Why - it is
part of the
larger statement
I mentioned
made.*

The Statistical Services were, in May 1979, costing £40 million per annum and 8800 staff. The full recommendations would save £20 million per annum and 1700 staff. Coupled with other work in hand this could reduce the workforce to 6000 by 1984 at an annual cost of £75 million.

Agree recommendations 1-7?

It seems to me that an oral statement should be made of the decisions have been made.

Agree that Clive should write to Ministers, and minute

Sir Robert Armstrong, on your behalf?

Yes

Would you prefer CSD Ministers to make a statement about completion of the Review?

If they wish not.

Prime Minister.

I think you can agree all the recommendations: they are all sensible.

I suggest that I should write to Ministers and to Sir Robert Armstrong on your behalf, as Mike suggests.

I do not think that you need make a statement about the review yourself. This can be left to Lord Soames and Mr Hayhoe.

7 January 1981

*John
7.1.81.*

Prime Minister



REVIEW OF GOVERNMENT STATISTICAL SERVICES

1. I attach the report on the Review of Statistical Services which you commissioned last January. The review has consisted of

- 19 scrutinies in departments;
- a scrutiny of the Central Statistical Office, reported to you separately;
- and, in addition, the examination of certain inter-departmental questions by a central team (para. 14 below).

2. The review followed on a "Rayner project" in 1979 on the joint statistical services of the Departments of Industry and Trade. In parallel with it there was a scrutiny (as part of the scrutiny programme) of the economic and statistical services of the Department of Energy.

3. I judge that this experiment, in extending the scrutiny technique to a multi-departmental topic, has been a success.

4. The Lord President and I propose the following action to carry the Review through to a conclusion.

Informing Ministers

5. The sharing of knowledge gained on a common subject should be an important benefit of the approach. We recommend that you circulate the Report to Ministers who have taken part. This would also provide the opportunity

Recn. 1



Recn. 2

for you to encourage them to implement their report's recommendations vigorously. We recommend that you do this through a Personal Minute; I attach a possible draft.

Informing Parliament and the public

Recn. 3

6. We recommend that the completion of the Review and the scale and nature of its proposals should be announced in a short statement to Parliament. You may wish to do this yourself or to ask the Lord President or Minister of State, CSD, to do so.

Recn. 4

7. Departmental Ministers are consulting outside interests as necessary and making decisions on the recommendations in their own reviews. We recommend that the aim should be to complete this as soon as possible and by the end of March at the latest. A few Departments may require a little longer on particular issues, but most have had their Reports since the end of the summer and should be able to meet this timetable.

Recn. 5

8. In our view, it would then be beneficial to make the Report available to Parliament and the public, together with a detailed statement of the decisions reached. We so recommend.

9. The timing should conform, we think, with publication of the White Paper on efficiency and elimination of waste which the Lord President is preparing.

Monitoring progress and keeping up pressure from the centre

Recn. 6

10. We recommend that CSD Ministers should see the Review through to implementation, with the help of the Head of the Government Statistical Service. You might ask the Lord President to arrange for the Ministers most concerned to take decisions on the Report's inter-departmental recommendations; to monitor implementation of the departmental recommendations; and to keep you in touch with progress.

The Central Statistical Office

11. You have considered and taken decisions on the report on the work of the Central Statistical Office.

12. I should draw your attention to a factual reference to the office of Prime Minister. This is in connection with the General Household Survey in paras. 17 and 21 of Part 2 of the attached report. I understand that the CSO has taken the lead responsibility for this Survey as a matter of central statistical policy, namely because the survey ranges over the interests of several Ministers. That makes you theoretically responsible for it, as for other aspects of the CSO's work.

Future Duties of the Head of the Government Statistical Service

13. The future duties and accountability of the Head of the Government Statistical Service are matters for your decision. If you agree with my recommendations in paras. 57 to 61, I recommend that you should issue the Secretary of the Cabinet with up-to-date guidelines for the Head of the GSS. A draft minute for this purpose is contained in Annex F of the report.

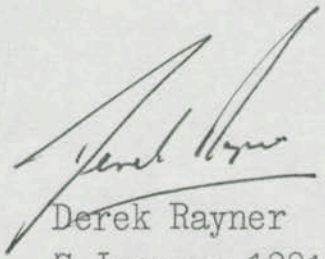
Recn. 7

Acknowledgements

14. The former Minister of State, CSD, made the original proposal for the review. I am grateful to him and to the Director of the CSO for providing me with a central team to co-ordinate the separate departmental scrutinies and to deal itself with the inter-departmental questions raised; I commend to your notice the work done for me by the team, especially Mr R H Wilson, Assistant Secretary, CSD, and Mr I B Beesley, Chief Statistician, CSO (who has now joined my staff).

15. I am also grateful to Ministers and their top management for their co-operation and to Sir Robert Armstrong and Sir John Boreham for the help they have given me throughout.

16. I am copying this to the Lord President, the Minister of State, CSD, Sir Ian Bancroft, Sir Robert Armstrong and Sir John Boreham.



Derek Rayner
7 January 1981

Encs: Draft Personal Minute to Ministers in charge
of Departments

Review of Government Statistical Services

Draft Minute to the Secretary of the Cabinet
(forming Annex F of the Review)

DRAFT PERSONAL MINUTE FROM THE PRIME MINISTER TO MINISTERS
IN CHARGE OF DEPARTMENTS WITH STATISTICAL SERVICES

REVIEW OF GOVERNMENT STATISTICAL SERVICES

1. I am grateful to Ministers for arranging for their statistical services to be examined as part of the government-wide review which I asked Sir Derek Rayner to undertake last January.

2. He has submitted to the Lord President and me his final report summarising the results of the departmental reviews and making general recommendations for the future conduct of our statistical services. I am sending you a copy herewith and shall be announcing the results shortly. I believe that this report should be made widely available and am asking the Lord President to consider how this can be done.

Potential savings

3. We inherited statistical services costing £104 m million a year and using 8800 staff. If all the recommendations made in the review are implemented, there will be savings of £20 million in annual spending and 1700 in manpower. With other actions in hand, it is now possible to contemplate a reduction in the workforce to around 6000 by 1984 at a cost of £75 million. That would be a valuable tightening of our administration, but the costs, activity and manpower engaged would still be substantial. It is accordingly of great importance that we should all apply the recommendations made in respect of our

departments vigorously and promptly.

Professional Head of the Government Statistical Service

4. As part of the review I have received a report on the Central Statistical Office. I have approved the proposals put to me by the Director of the CSO and the Secretary of the Cabinet for implementing its recommendations and I have issued guidance for the Director of the CSO, with particular reference to his functions as the professional head of the Government Statistical Service. I place particular emphasis on the help the Director can give Ministers and their departments in the search for economy and greater value in government statistical services generally.

Management

5. The report recommends ways in which we can strengthen our management of these services, drawing on the lessons which have been learnt from the departmental reports. I commend Sir Derek Rayner's advice to you. You will wish to ensure that your senior management, lay and professional, takes full account of it and submits to you early proposals for improved arrangements to keep statistical services cost-effective. Statistics are not an optional extra for good policy management but the watchword should be to do the minimum necessary and to do it well.

6. I invite Ministers to make full use of the advice of the Director of the CSO on economy in statistical services. I have asked him to provide me with an annual report on the improvements in methods and processes across government which have been achieved by the statistical services.

Implementation

7. I have asked the Lord President, with the help of the Director of the CSO, to take the lead on my behalf in following through the review to implementation with a view to publishing a statement of the results around Easter. He will be arranging for decisions to be taken by the Ministers concerned on the report's inter-departmental recommendations and will monitor and keep me in touch with progress with the implementation of departmental recommendations.

8. This is copied to Sir Ian Bancroft, Sir Robert Armstrong, Sir John Boreham and Sir Derek Rayner.

MHT

Enc: Review of Government Statistical Services.

MAPPEN

MR PATTISON

cc Mr Wright
Mr Priestley
Mr Hibbert

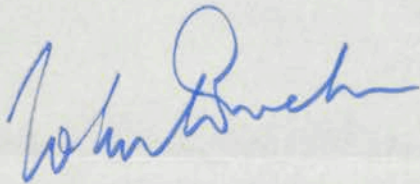
RAYNER REPORT ON THE CSO

At the meeting which Sir Robert Armstrong, Sir Derek Rayner and I had with the Prime Minister on 31 December she asked that a note should be prepared showing how much the input-output tables were used in the preparation of papers coming to her.

I cannot take an initiative on this as I see only a small proportion of the papers going to the Prime Minister. I suggest that you write to the departments who are likely to use input-output material in papers going to the Prime Minister and ask them for some notes about their use.

The Treasury is the main department which makes use of input-output information; others are Energy, Industry and Trade and just possibly Agriculture, Fisheries and Food, Employment and Transport.

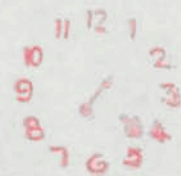
Of course I, or Jack Hibbert the under secretary in the CSO in charge of producing input-output tables, will be glad to help them and you in any way we can.



JOHN BOREHAM

7 January 1981

- 8 JAN 1981





10 DOWNING STREET

From the Private Secretary

MR. WRIGHT
CABINET OFFICE

Rayner Report on the Central Statistical Office

The Prime Minister discussed on 31 December with Sir Robert Armstrong, Sir John Boreham and Sir Derek Rayner the recommendations set out in Sir Robert's minute of 22 December (ref A03853).

In the case of Prestel, Sir John Boreham explained that the information put out through Prestel was costing CSO £24,000 per annum. Receipts to date were only £1,000 per annum, although there were now many more Prestel subscribers. The issue was whether to show a degree of Government support for this way of making information available. The Prime Minister accepted that this might be a legitimate aim of Government but wished the Department of Industry to meet the cost. It might be possible to find the necessary funds through the micro-processor awareness project, or some other DOI programme. Sir Robert Armstrong undertook that he and Sir John Boreham would investigate the possibilities with the Department of Industry.

The Prime Minister agrees that work on input/output tables, production accounts, cyclical indicators and productivity measures should be continued on the basis proposed in Sir John Boreham's minute of 18 December.

She was far from convinced that the input/output tables were a useful aid to decision making, or that they were in practice used for this purpose. She asked that a note should be prepared showing how much these tables were used in the preparation of papers coming to her.

/ In the case

In the case of cyclical indicators, the Prime Minister argued that their success in one cycle was probably fortuitous. Sir John Boreham explained that cyclical indicators had worked elsewhere, and those used by CSO were based on observation of past trends. If they proved completely inadequate in predicting the next upturn, he would be ready to abandon them.

In the case of production accounts, the Prime Minister accepted that they had a useful function in enabling CSO to check their series.

The Prime Minister also agreed that CSO should continue its experiment with productivity measures, given the minimal cost involved.

The Prime Minister would now like Sir John Boreham to implement the findings of the Rayner study team, subject to the modifications agreed at the meeting.

I am sending copies of this minute to Peter Unwin (Central Statistical Office) and Clive Priestley (Sir Derek Rayner's Office).

M. A. PATTISON

2 January 1981



[Blue copy:
Mr. Pattison]

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01- 233 8224

22 December 1980

The Rt Hon Lord Soames CH GCMG GCVO CBE
Lord President of the Council

See below to her.

REVIEW OF STATISTICAL SERVICES

1. The Prime Minister asked me in January to conduct a Review of the Government's Statistical Services and to provide you and her with a Report.
2. It is now very nearly ready and I am sending a copy to you tomorrow. I have shown it to Ian Bancroft, Robert Armstrong, Douglas Wass, John Boreham (head of the Central Statistical Office) and a few other Permanent Secretaries who have in general greeted it favourably. I should like to get it to the Prime Minister as soon as possible after Christmas, but first, I should be grateful for any comments you might have on handling.
3. I should particularly like to agree with your advice to the Prime Minister on this. My suggestions are set out in the attached draft minute to the Prime Minister covering the report.
4. I think that the Review will have been a very solid success if Ministers achieve the potential savings and other changes it has recommended. CSD contributed very substantially both to its conception and execution; I should like you to know how much I have valued the hard work done on my behalf by Mr Richard Wilson and his staff in FP Division, in collaboration with Mr Ian Beesley, a Chief Statistician in the CSO. I suggest that CSD should now take the lead in carrying the review forward to a successful conclusion. I believe that with determination there is every prospect of substantial savings, not least in manpower, and valuable management improvements.
5. I am copying this to Paul Channon, Ian Bancroft and Robert Armstrong.

Derek Rayner
Derek Rayner

DRAFT OF 22 DECEMBER 1980

PRIME MINISTER

REVIEW OF GOVERNMENT STATISTICAL SERVICES

1. I attach the report on the Review of Statistical Services which you commissioned in January 1980. The review has consisted of 19 scrutinies in departments; a scrutiny of the Central Statistical Office, reported to you separately; and, in addition to the co-ordination of 19 scrutinies and to conducting the scrutiny of the CSO, the examination of certain inter-departmental questions by a central team (para. 12 below). It followed on a "Rayner project" in 1979 on the joint statistical services of the Department of Industry and Trade; in parallel with it there was a scrutiny (as part of the scrutiny programme) of the economic and statistical services of the Department of Energy.
2. I judge that this experiment, in extending the scrutiny technique to a multi-departmental topic, has been a success.
3. The Lord President and I propose the following action to carry the Review through to a conclusion.

Informing Ministers

- Recn. 1 4. The sharing of knowledge gained on a common subject should be an important benefit of the approach. We recommend that you circulate the Report to Ministers who have taken part. This would also provide the opportunity for you to encourage them to implement their report's
- Recn. 2 recommendations vigorously. We recommend that you do this through a Personal Minute; I attach a possible draft.

Informing Parliament and the public

- Recn. 3 5. We recommend that the completion of the Review and the scale and nature of its proposals should be announced in a short statement to Parliament. You may wish to do this yourself or to ask the Lord President and Minister of State, CSD, to do so.
- Recn. 4 6. Departmental Ministers are consulting outside interests as necessary and making decisions on the recommendations in their own reviews. We recommend that the aim should be ^{to} complete this as soon as possible and by the end of March at the latest. A few Departments may require a little longer on particular issues, but most have had their Reports since the end of the summer and should have no trouble in meeting this timetable.
7. In our view, it would then be beneficial to make the Report available to Parliament and the public,

Recn. 5

together with a detailed statement of the decisions reached. We so recommend.

8. The timing should conform, we think, with publication of the White Paper on efficiency and elimination of waste which the Lord President is preparing.

Monitoring progress and keeping up pressure from the centre

Recn. 6

9. We recommend that CSD Ministers should see the Review through to implementation, with the help of the Head of the Government Statistical Service. You might ask the Lord President to arrange for the Ministers most concerned to take decisions on the Report's inter-departmental recommendations; to monitor implementation of the departmental recommendations; and to keep you in touch with progress.

The Central Statistical Office

10. You now have the report on the work of the Central Statistical Office. Sir Robert Armstrong is advising you on the decisions which will be needed. I should draw your attention to the reference to the office of Prime Minister in connection with the General Household Survey in paras. 17 and 21 of Part 2 of the attached report and with the CSO review at the beginning of its Annex A. I understand that, in theory, responsibility for the General Household Survey rests with the Prime Minister because ^{the} survey ranges

over the interests of several Ministers, although I would have thought that, similarly with the population census, it might rest with the Secretary of State for Social Services.

Future Duties of the Head of the Government Statistical Service

11. The future duties and accountability of the Head of the Government Statistical Service are matters for your decision. If you agree with my recommendations in paras. 57 to 61, I recommend that you should issue the Secretary of the Cabinet with fresh instructions for the Head of the GSS. A draft minute for this purpose is contained in Annex F of the report.

Recn. 7

Acknowledgements

12. The Minister of State, CSD, made the original proposal for the review. I am grateful to him and to the Director of the CSO for providing me with a central team to co-ordinate the separate departmental scrutinies and to deal itself with the inter-departmental questions raised; and I commend^{to}/your notice the work done for me by the team, especially Mr R H Wilson, Assistant Secretary, CSD, and Mr I B Beesley, Chief Statistician, CSO.

13. I am also grateful to Ministers and their top management for their co-operation and to Sir Robert Armstrong and Sir John Boreham for the help they have given me throughout.

14. I am copying this to the Lord President, Sir Ian Bancroft, Sir Robert Armstrong and Sir John Boreham.

Derek Rayner

Encs: Draft Personal Minute to Ministers in charge
of Departments

Review of Government Statistical Services

Draft Minute to the Secretary of the Cabinet
(forming Annex F of the Review)

DRAFT PERSONAL MINUTE FROM THE PRIME MINISTER TO MINISTERS
IN CHARGE OF DEPARTMENTS WITH STATISTICAL SERVICES

REVIEW OF GOVERNMENT STATISTICAL SERVICES

1. I am grateful to Ministers for arranging for their statistical services to be examined as part of the government-wide review which I asked Sir Derek Rayner to undertake last January.

2. He has submitted to the Lord President and me his final report summarising the results of the departmental reviews and making general recommendations for the future conduct of our statistical services. I am sending you a copy herewith and shall be announcing the results shortly. I believe that this report should be made widely available and am asking the Lord President to consider how this can be done.

Potential savings

3. We inherited statistical services costing £104 m million a year and using 8800 staff. If all the recommendations made in the review are implemented, there will be savings of £20 million in annual spending and 1700 in manpower. With other actions in hand, it is now possible to contemplate a reduction in the workforce to around 6000 by 1984 at a cost of £75 million. That would be a valuable tightening of our administration, but the costs, activity and manpower engaged would still be substantial. It is accordingly of great importance that we should all apply the recommendations made in respect of our

departments vigorously.

Professional Head of the Government Statistical Service

4. As part of the review I have received a report on the Central Statistical Office. I have approved the proposals put to me by the Director of the CSO and the Secretary of the Cabinet for implementing its recommendations and I have issued guidance for the Director of the CSO, with particular reference to his functions as the professional head of the Government Statistical Service. I place particular emphasis on the help the Director can give Ministers and their departments in the search for economy and greater value in government statistical services generally.

Management

5. The report recommends ways in which we can strengthen our management of these services, drawing on the lessons which have been learnt from the departmental reports. I commend Sir Derek Rayner's advice to you. You will wish to ensure that your senior management, lay and professional, takes full account of it and submits to you early proposals for improved arrangements to keep statistical services cost-effective. Statistics are not an optional extra for good policy management but the watchword should be to do the minimum necessary and to do it well.

6. I invite Ministers to make full use of the advice of the Director of the CSO on economy in statistical services. I have asked him to provide me with an annual report on the improvements in methods and processes across government which have been achieved by the statistical services.

Implementation

7. I have asked the Lord President, with the help of the Director of the CSO, to take the lead on my behalf in following through the review to implementation with a view to publishing a statement of the results in the early part of the New Year. He will be arranging for decisions to be taken by the Ministers concerned on the report's inter-departmental recommendations and will monitor and keep me in touch with progress with the implementation of departmental recommendations.

8. This is copied to Sir Ian Bancroft, Sir Robert Armstrong, Sir John Boreham and Sir Derek Rayner.

MHT

Enc: Review of Government Statistical Services.

DRAFT MINUTE FROM THE PRIME MINISTER TO SIR ROBERT ARMSTRONG*
REVIEW OF GOVERNMENT STATISTICAL SERVICES

1. I have noted the scope for savings and managerial improvements suggested by the review of Government Statistical Services. I am grateful for the part played in this by the Director of the Central Statistical Office and by the Departmental Directors of Statistics.
2. I have considered Sir Derek Rayner's comments on the role of the CSO and of its Director, not least in his capacity as professional head of the Government Statistical Service. I welcome the recommendations which clarify the role of the Government Statistical Service in providing an effective and economical statistical service.
3. For the future, I should like the Director to take a particular responsibility with regard to securing value for money. For example, as professional head of the GSS, he should keep before the Directors of Statistics in Departments the scope for economies in their operations and the opportunities provided by statistical methods for reducing costs and improving value for money in Government more generally.
4. Ministers and their senior lay officials need and I believe would welcome sound advice on how to obtain economical but effective statistical services. I should like the Director of the CSO to take the initiative in providing this advice and to continue to make himself regularly available to Departments for this purpose.
5. I confirm that on matters concerning the validity and integrity of Government statistics and the professional competence and standing of the Government Statistical Service, the Director of the CSO, as Head of the GSS, has the right of direct access to me. Where he is providing advice to other Departments, he may deal directly with the appropriate Minister. On other matters, and particularly on the cost and management of the CSO, the Director should report in the first instance to you.

* Or in the form of a minute from the Principal Private Secretary

6. I hope to make an announcement very shortly about the outcome of the review. As regards following up the review I have asked the Lord President of the Council to ~~take the lead on my behalf~~ in ^{following through the review to implementation with a view to publishing a statement of the results early this year.} ~~implementing its inter-departmental recommendations.~~ I should be grateful if you would arrange for the Director to assist him. I am inviting the Lord President to look to the Director to report on progress with the implementation of recommendations in a form which can be issued publicly.

7. Subsequently, I should like to be kept informed - by means of an annual report - about the cost of Government Statistics and the contribution they are making to economies and improvement in the public sector.

010

Prefer to talk to Sir Derek Rayner &

Prime Minister

MANAGEMENT - IN CONFIDENCE

Ref. A03853

PRIME MINISTER

Agree that
(i) Sir John Boreham should proceed as he proposes in paragraph 3 of his submission;
(ii) the CSO should stay in Prestel?

With me J.R. when he can do so. I'll be at No 10 in the evening & he would like to come

Sir John Boreham first - is before deciding Please

Rayner Report on the Central Statistical Office

I attach the final report of the Rayner study team on the Central Statistical Office (CSO) and Sir John Boreham's submission to you on the report.

2. I have discussed the report and the submission with Sir Derek Rayner and Sir John Boreham. You will see that Sir John Boreham would like to continue certain work which the study team recommended should be discontinued. Sir Derek and I accept Sir John Boreham's professional judgment that this work should be continued on the basis he describes, and subject to annual review; and we have noted that he proposes to absorb in other ways five out of the eight posts that would be retained. We also accept his revised proposals on the reduction of top management. We accordingly endorse his recommendation that he should proceed as he proposes in his submission.

3. As you will see from paragraph four of Sir John Boreham's submission, the study team recommends withdrawing the CSO input to Prestel to produce a net saving of something over £20,000 in cash and two staff. The use of Prestel is growing rapidly and with it no doubt the use of the CSO input to Prestel. Nonetheless it is likely to be a long time before Prestel becomes a main source of Government statistics for public use. In terms of cost effectiveness, therefore, the CSO should come out of Prestel. But you may think that the wider interest of the Government in promoting information technology would justify incurring the costs of the CSO staying in Prestel: it can be argued that it would be hardly be seen as consistent with the Government's decisions (in the Ministerial Committee on Economic Strategy) to promote the development of information technology, if the Government itself were to be seen to withdraw its own input from this particular British development.

4. We shall be grateful for your decision on this point. If the CSO is to stay in Prestel, the net reduction in the staff of the CSO will come down from 41 to 39 posts and the new total will be 198.

RA

(Robert Armstrong)

22nd December, 1980

MANAGEMENT IN CONFIDENCE

1. SIR ROBERT ARMSTRONG
2. PRIME MINISTER

c Sir Derek Rayner

I attach the final report of the Rayner study team on the Central Statistical Office (CSO). *Folder behind file*

2. The team's general findings are summarised in the introduction to the Report (paragraph 6 to 31). In general they recommend more emphasis on value for money in the CSO, and a shift of emphasis in the CSO's work towards a closer relationship with the central government and away from service to the public at large, so that publication to the general public becomes essentially a by-product of the main task of meeting the Government's statistical requirements. The study team's specific recommendations, leading to a reduction of 46 staff, are set out in paragraph 32.

3. I welcome both the general drift of the report and the specific recommendations and if the Prime Minister approves I propose to implement them quickly, subject to only three points:

(1) The team recommends that work on input/output tables should be reduced and, if possible, contracted out to universities (paragraph 86); that production accounts should be discontinued (paragraph 88); that work on cyclical indicators should be stopped and the computer software sold (paragraph 94); and that the development of productivity measures should be discontinued (paragraph 97).

In my judgement the production accounts are a valuable means of monitoring the national accounts and helping to account for apparent discrepancies between the three measures (income, expenditure and output of gross domestic product) in those accounts. Cyclical indicators are proving to be useful pointers to turning points in the economy and the Chief Economic Adviser has asked for them to be continued. The development of productivity measures is a recent initiative taken within the CSO, and we have not yet taken it far enough to assess its value.

Accordingly I should like to retain a team of eight people headed by a Chief Statistician, at a cost of about £125,000, to continue with those three tasks and to do the input/output work, on the scale recommended by the study team, at least until it could be contracted out. That would be possible only if we were free to give people outside government information about individual firms which would require legislation.

I believe that this team would give good value for money; but I would make its continuance subject to annual review.

(2) The study team recommends a reduction of top management of the CSO from five (1 Director, 1 Deputy Director (Deputy Secretary), and 3 Assistant Directors (Under Secretary) to three (1 Director and 2 Assistant Directors). I am content to lose the Deputy Secretary post, but if I do that I shall need to retain three posts at Under Secretary level, particularly if (as I understand) Sir Derek Rayner will recommend that I should take a larger role in the management of the Government Statistical Service and shall therefore have less time to give to the work of the CSO as such.

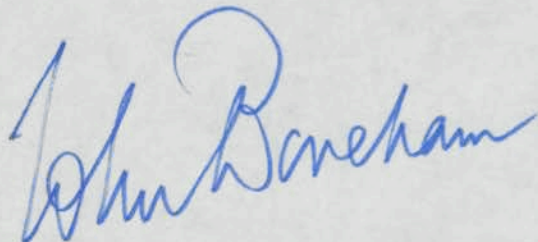
MANAGEMENT IN CONFIDENCE

(3) The team recommends that all the costs of compiling figures and reports for publication (ie all costs beyond those which the Government would have incurred in collecting and assembling the figures for its own purposes) should be recovered from sales. This is a general issue which arises on all Government statistical publications, not just on the CSO's, and I am content to consider this recommendation in the context of Sir Derek Rayner's separate interdepartmental report on the Government Statistical Service, in which it is to be repeated.

4. The study team also recommends withdrawing the CSO input to Prestel. It costs us £24,000 a year to maintain that input; last years revenue from it was only £1,000 though we could have charged a higher price. The number of users is rising rapidly (from 2,000 to 7,000 between February and December this year); even so I accept that, at the present level our input is not cost effective. We should withdraw unless Ministers feel that general support for developments in information technology justified continuing. The Official Committee on Information Technology has suggested to the Ministerial Committee on Economic Strategy "a small number of demonstration projects in the public and private sectors" (E(80)147); the CSO's presence in Prestel could be one of them. If the COI takes over responsibility for all government input into Prestel, we will of course allow them to take data from our databank (at an appropriate fee) for Prestel.

5. I am prepared to forego 5 of the 10 staff needed for my points; together with the study team's recommendations that would make a net reduction of 41 posts (17 per cent) to a total of 196. Taking account of reductions made last year, this would represent a cut of 25 per cent in the CSO since May 1979.

6. I seek agreement to proceed accordingly.



JOHN BOREHAM

18 December 1980

MANAGEMENT IN CONFIDENCE

Conf

Gov. Mark

MR. WRIGHT
CABINET OFFICE

The Prime Minister has seen Sir Robert Armstrong's minute (Ref. A02863) about the review of government statistical services.

She has noted his summary of the draft report on the Central Statistical Office, and she is content for the study team to consult the Cabinet Office Staff Side on the basis of a factual summary of the proposals, despite the risk of a leak which might form the basis for a campaign against the conclusions of the report.

M. A. PATTISON

12 August 1980

GB

Prime Minister

This covers one - central - part of the Rayner work on statistics.

Ref. A02863

PRIME MINISTER

The proposed reductions (para 3) are encouraging.

Yes mb.

Respite visits (para 8), content for Staff Side to be consulted

Review of Government Statistical Services: Report on the proposed Central Statistical Office by Sir Robert? MA 11/8

On 21st January, in response to proposals from the Minister of State, CSD, you commissioned a review of government statistical services. You invited Sir Derek Rayner to oversee the review in general and to direct the examination of the work of the Central Statistical Office in the Cabinet Office.

2. Sir Derek will report the outcome of the review as a whole in the autumn. Meanwhile the draft report on the CSO is at an advanced stage. This is the right time to consult the Staff Side in the Cabinet Office on its findings, in accordance with agreed practice for Rayner reviews. The final document can then note, and reflect as appropriate, the Staff Side's observations.

3. The report proposes savings of:

20 per cent in staff numbers, saving 46 staff;

23 per cent in basic staff costs, saving £500,000 a year;

30 per cent on total costs if proportionate savings in accommodation, computing and other overheads are achieved, saving £1 million a year.

4. When your Government came to office the CSO had 263½ staff in post - including 73 professional statisticians. The report proposes an office of 186 with 51 professional statisticians. This would reduce the numbers in the office by over a quarter since May 1979.

5. The proposed savings derive from:

- (a) Reducing the frequency of statistics wherever possible, eliminating duplication, curtailing those quality controls on economic statistics which the study officers judge are not cost effective, and putting other statistics on a caretaker basis when they are not in the policy spotlight - saving over £700,000 pa.
- (b) Fewer posts at senior level (i.e. Assistant Secretary and above) - saving £145,000 pa.

MANAGEMENT IN CONFIDENCE

(c) A new publications pricing regime to cover the cost of editorial work etc., and not just, as at present, printing and distribution costs - to yield an extra £ $\frac{1}{4}$ million pa.

(d) Withdrawing the CSO input into Prestel.

6. The Director of the CSO supports the general line of the report but does not support certain of the recommendations covering about a quarter of the savings, the most important of which is the proposed new pricing strategy. This of course goes wider than just the CSO and will be considered in the interdepartmental report.

7. The report has been prepared by a small team working directly to Sir Derek Rayner, comprising Mr. I.B. Beesley of the CSO, Mr. R.H. Wilson of the CSD and Mr. G.J. Wise on loan from Natwest Bank. Sir Derek has told me that he is impressed with it. He considers that it sets the right tone for his whole review. The report seems to me also sensible and to the point, though obviously neither Sir Derek nor I can comment on the technical details.

Ms | 8. I should be grateful to know that you are content for the study team to consult the Cabinet Office Staff Side now on the basis of a factual summary of the proposals. There is clearly a risk that the proposals will leak from the Staff Side, and that a campaign will be built up against the proposals. Such a campaign might well attract some powerful academic (as well as political) support. But sooner or later we have to face that possibility, and I think that subsequent criticism will be sharper if we have not consulted the Staff Side at this stage. When that is done I will then report back to you with proposals for action on the recommendations.

9. I have discussed all this with Sir Derek Rayner, who agrees with these proposals for handling the report.

RA

(Robert Armstrong)

11th August, 1980

Govt Mach



10 DOWNING STREET

PRIME MINISTER

If time permits, you may wish to mention two matters which you have undertaken to raise with Cabinet colleagues.

I attach speaking notes on

- (1) review of leak procedure;
- | (2) review of Government statistics.

MAD

6 February 1980

RESTRICTED

Garman
RH

BF 6/2/80

30 January 1980

Thank you for your minute of 29 January, enclosing speaking notes for the Prime Minister to use at Cabinet on the Review of Government Statistics and the Review of the Leak Procedure.

You may like to know that the Prime Minister does not now propose to mention these matters this week, as Cabinet has a heavy agenda. We will nevertheless keep the notes to draw on when there is a better opportunity: next week looks possible.

I am sending a copy of this letter to David Wright (Cabinet Office).

M. A. PATTISON

KRF

D P Laughrin Esq
Civil Service Department

RESTRICTED

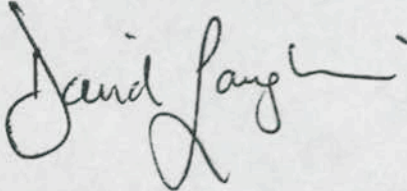
MR M A PATTISON

CABINET: 31 JANUARY

... The Prime Minister has kindly agreed to mention two forthcoming reviews at the next Cabinet, a review of Government Statistics, and a review of the leak procedure. I attach speaking notes.

Sir Ian Bancroft has asked me to suggest that, as far as the review of statistics is concerned, the Prime Minister's attention should be drawn to the fact that several departments already have studies of aspects of their statistical activity in hand. An example is Mr Heseltine's initiative, involving other departments with local authority expenditure, to reduce the information burden on local authorities. The intention is to build on this work, where it exists, and not to duplicate it. (In the case of Mr Heseltine's initiative, it is due to be completed by Easter and there is no intention to seek to alter this timetable or to expect results which will conflict with the general review.)

I am copying this minute to David Wright in Sir Robert Armstrong's Office.



DAVID LAUGHRIN
PS/Sir Ian Bancroft

29 January 1980

SPEAKING NOTE FOR THE PRIME MINISTER
REVIEW OF GOVERNMENT STATISTICS

I have authorised Paul Channon to set in hand a general review of the government's statistical activities.

I have asked Sir Derek Rayner to conduct the review and to report to me at the end of the summer with recommendations for improved efficiency, cost savings and tightened cost control.

h Part of the review should be a series of departmental studies building on any work already being done. v

The review should also take a hard look at statistics which are said to meet the needs of more than one Department or the public at large. This includes the work of the Central Statistical Office.

4 I would be grateful if Ministers would give their full support. We need to assure ourselves both collectively and individually that the work being done in our name meets real needs and is being done efficiently. 4



Govt made

10 DOWNING STREET

Mike

Yes. PM has now
seen & agreed. End
of this episode. MAP

When I checked Cabinet
Office this morning for
comments on the review of
the statistical services

Martin Vize said their
comments were incorporated
~~in~~ Paul Channon's minute
to the PM of 14 Jan 1980 which
is, I believe, with you.

Tessa

21. 1. 1980

MR. PRIESTLEY

Thank you for your minute of 16 January, covering Mr. R de L Holmes' report on Government statistical services in the Departments of Industry and Trade.

The Prime Minister was interested to see these papers. I am today writing to Mr. Paul Channon's Office to confirm that the Prime Minister is content for a review of Government statistical services to be set in hand.

MAP

21 January 1980

GC



10 DOWNING STREET

From the Private Secretary

21 January 1980

The Prime Minister has seen Mr. Channon's minute of 14 January about the Government's statistical services.

She agrees that a review on the lines set out in Mr. Channon's minute should now be initiated. As Mr. Channon has suggested, she will try to find an opportunity to mention this in Cabinet.

I am sending copies of this letter to Martin Hall (HM Treasury), N.V. Brotherton (Lord Cockfield's Office, HM Treasury), Clive Priestley (Sir Derek Rayner's Office), Martin Vile (Cabinet Office) and Peter Unwin (Central Statistical Office).

M. A. PATTISON

G.E.T. Green, Esq.,
Civil Service Department.

GT



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

GOVERNMENT STATISTICAL SERVICES

I have read with interest Paul Channon's minute of 14th January to you about reviewing Government statistical services which he copied to Arthur Cockfield and myself. I should say at once that I fully endorse his idea of mounting such a general review.

2. Of my departments the Inland Revenue, the Customs and Excise and the Department of National Savings collect statistics largely for their own purposes whilst the Treasury, though not a significant collector, is a major user of statistics collected in other departments. I therefore think it is important that economies in individual departments should be assessed in relation to the effects on the statistical system as a whole. I therefore welcome the idea of a systematic review and I would think it important that studies in individual departments should be supplemented by a central assessment of costs and priorities. While CSO should be aware of our interests in most respects, we would hope to be consulted as users at relevant stages of the review.

3. I am copying this to those to whom Paul Channon copied his minute.

A handwritten signature in dark ink, appearing to be 'G.H.' with a flourish.

(G.H.)

18 January 1980

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CONDICION

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10 DOWNING STREET

PRIME MINISTER

Mr. Channon is now ready to review Government statistical services. You have been pressing for this.

Derek Rayner is to be in charge. One of his projects focussed on statistical services at Trade and Industry. He regards the report as one of the very best. I have put a marked-up copy in the weekend box in case you would like to glance at it.

1. Agreed that the review should be set in hand as proposed in Mr. Channon's attached minute (Flag A), for completion by the end of the summer? (The Chancellor's minute at Flag B supports the proposals.)

2. Would you like to mention this in Cabinet as requested by Mr. Channon?

Yes

MAD

18 January 1980



10 DOWNING STREET

PRIME MINISTER

This is the Rayner Project Report on statistical services in the Departments of Trade and Industry. I have mentioned it in connection with Mr. Channon's proposed review - papers in the Action folder. You might like to glance at the key sections summarised in Mr. Priestley's minute below.

MAP

MB

18 January 1980

Mr PATTISON



GOVERNMENT STATISTICAL SERVICES: RAYNER PROJECT BY Mr R de L HOLMES
IN THE DEPARTMENTS OF INDUSTRY AND TRADE

1. Mr Holmes's synopsis of findings and recommendations (Flag A) summarises his conclusions and recommendations. I have marked the main points of interest.
2. The broad approach is shown in paragraph 1.5 of the text (Flag B). It takes the shape of four main questions and an acknowledgement that it costs industry and others to supply government with raw data.
3. These questions are elaborated in paragraph 2.3 in the shape of nine sets of questions applicable to each statistical enquiry (Flag C). A one-man band, Mr Holmes did not have time to apply these to all the enquiries he looked at but they are a good basis on which to interrogate those who demand statistics.
4. His treatment of related issues - organisation, operational efficiency, effective use of resources and the structure of management and control within which statistical services are provided - is creditable. It is also relevant to such questions as the following given that one wants to know what service is being provided at what cost and with what benefits:
 - a. What is the Government's statistical policy? Who is responsible for deciding it? Who is responsible to whom for managing its implementation?
 - b. What are the respective roles of the CSO and of statistical services in Departments? Why is there a "Central" Statistical Office when the Government Economic Service does not have one?
 - c. Who within each department is responsible for its statistical policy? Who is responsible to whom for costing it, reviewing it and implementing it?
 - d. Taking each department as we retrench, what is the irreducible service of good quality needed by Ministers' in the light of the sort of questions Mr Holmes asks in his paragraph 2.3?
5. Those are the sorts of points Sir Derek Rayner will want to cover in the report mentioned by Mr Channon in his minute to the Prime Minister of 14 January.

h
9
C PRIESTLEY
16 January 1980

Enc: Holmes Report

MANAGEMENT IN CONFIDENCE



RAYNER PROJECT

Miss Sullivan
For the Dept. of Industry
file in your room, please.

THE STATISTICAL SERVICES OF THE DEPARTMENTS OF INDUSTRY AND TRADE SYNOPSIS OF FINDINGS AND RECOMMENDATIONS

S.P.
23.12.79

The main purpose of the study has been to identify any areas within the statistical services in which resources are being unnecessarily or inefficiently employed and to recommend appropriate remedial action. The study has therefore questioned both the need for statistical work and the current organisation and working methods of the statistical services. It has not been possible in the time available to examine every aspect of the statistical services in detail; the study has concentrated on those aspects which on initial scrutiny appeared to merit further investigation. But the study has also proceeded to examine the present machinery for decision-making and managerial control in this field, with a view to ensuring that the services are efficiently managed and adequately scrutinised on a continuing basis in the future.

(a) Statistical inquiries

Taking account both of the progress made in reducing the form-filling burden on smaller firms in recent years (forms sent out by the Business Statistics Office (BSO) reduced by over 20% in 1978 compared with 1976) and of the proposals already made for the 10% option cut (which include a major restructuring of the inquiries into manufacturers' sales), the broad conclusion of the study is that there is no evidence of further major areas in which clearly unnecessary statistics are being collected by the Departments of Industry and Trade. However, the report identifies a number of areas in which statistical activity appears to be less than fully cost/effective, ^{eg because} of duplication, excessive statistical refinement or collection of information primarily of interest to non-governmental bodies. The following reductions in statistical activity are therefore recommended, subject to appropriate consultations with statistics users:-

Recn.

- (i) cessation of quarterly inquiries into manufacturers' sales where it can be established that trade associations or other bodies are effectively collecting information which would serve the same purposes;

MANAGEMENT IN CONFIDENCE



- (ii) transfer of annual inquiries into distribution and service trades to a biennial basis, alternating between distribution one year and services the next;
- (iii) abandonment of one of the three surveys of investment intentions each year and also of the request for a breakdown of manufacturers' investment intentions by type of asset;
- (iv) dropping of plans to include 1200 firms with less than 50 employees in the complex 1979 inquiry into manufacturers' purchases;
- (v) dropping of plans to collect separate information on research and development in Scotland and Wales as part of 1981 survey of R&D (unless representatives of industry can confirm that no significant extra burden on firms is involved);
- (vi) transfer of requests for information on retailers' stocks and credit sales for monthly to quarterly basis;
- (vii) review of quarterly inquiries into company liquidity and sources and uses of funds at the end of 1980 with a view to abandonment of the sources and uses inquiry, at least, unless its cost/effectiveness has improved over the remainder of its current trial period;
- (viii) abandonment of quarterly inquiry on stocks and consumption of steel; and
- (ix) abandonment of annual inquiry into film distributors' receipts.

The report also concludes that the case for continuing the monthly Index of Production is at best marginal on value-for-money grounds and recommends that Ministers should consider the pros and cons carefully before allowing the monthly inquiries which support the Index to proceed.

Recm.

MANAGEMENT IN CONFIDENCE



Recm.

A list of key questions in the cost/benefit analysis of statistical inquiries was drawn up during the study, and it is recommended that such questions must in future be addressed in all submissions seeking Ministerial approval for new statistical inquiries or reviewing existing inquiries. It is also

Recm.

recommended that, wherever users of the statistical services ask for significant amounts of statistical work to be done, they should be made aware of the cost of meeting their requests, and other measures to encourage a closer relationship between the statistical services and the policy divisions they serve are proposed.

(b) Organisation

The report accepts the decentralised nature of the Government Statistical Service, in which statistical services are attached to individual departments and use departmental resources even though they serve many inter-departmental needs. It also accepts that within the Departments of Trade and Industry the geographical division between the Business Statistics Office at Newport (responsible for the collection and processing of most business statistics) and the Economics and Statistics Divisions (EcS) in London must continue. However, the following recommendations are made to minimise duplication and improve the utilisation of facilities at BSO:-

Recm.

- (i) a re-allocation of work on construction statistics should take place between BSO and the Department of the Environment under which BSO would take over all computer work including the creation of a unified register, whilst DoE would bring together all desk work including contact with the industry;
- (ii) three substantial blocs of work largely unconnected with Departmental policy formation - the compilation of wholesale price indices, the quarterly inquiries into capital expenditure and manufacturers' stocks together with the investment intentions survey, and the analysis of published company accounts - should be transferred from London to Newport, involving some 100 posts in all;



(iii) all work on distribution and services statistics, research and development statistics and the monthly inquiry into engineering sales and orders should be brought together at BSO instead of being divided between London and Newport as at present;

(iv) the number of EcS Divisions in London should consequently be reduced from 5 to 4.

(c) Efficiency of working methods and in use of resources

The collection and processing of statistics is already to a considerable extent computerised. The study has revealed a number of problems at the interface between manual and computer work as well as particular instances of the inefficient use of resources. The main recommendations in this section of the report are:-

Recn.

- || X (i) the buildings and land occupied by BSO should be more fully utilised;
- X (ii) subject to the availability of ADP personnel, there is scope for further computerisation in several activities using existing techniques, without waiting for the more far-reaching advances in computer usage to be expected in the 1980's;
- || X (iii) instances of double-banking between manual and computer work should be eliminated;
- X (iv) BSO should take all possible steps to reduce their data preparation costs to levels comparable with the private sector, or, failing that, they should contract out as much of their work as possible;
- (v) pricing policy on publications should be revised to enable prices for certain publications of which industry is the main user to be raised, thus providing for a reasonable sharing of the costs of collecting and processing the relevant statistics

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between Government and industry;

X (vi) procedures for sending reminders to non-responding firms should be reviewed in order to eliminate any wasteful response-chasing, whether by letter or by telephone;

XX W (vii) there is scope for tighter personnel management both by line managers and by Establishment Division.

(d) Management and control

Two main deficiencies in the continuing machinery for decision-making and resource management in the statistical services have been identified - the lack of sufficient means to instil cost consciousness into managers at all levels within the statistical services; and the lack of adequate control for the Departments of Industry and Trade over the use of their resources by these services. The main remedial recommendations are:-

(i) revival of the budget planning system proposed last year for BSO and the drawing up of a corresponding costed work programme for EcS;

(ii) development of BSO's costing system so that it can be used by all managers to compare actual with expected costs and to provide useful indicators of cost/effectiveness;

(iii) establishment of a mechanism for proper consultation with officials of the Departments of Industry and Trade, particularly those involved in financial and manpower planning, before annual work programmes and any proposals for new statistical work are submitted to Ministers.

(e) Costs and savings

The statistical services of the Departments of Industry and Trade employ some 1,340 staff and are expected to cost £14.3m in 1979-80. The estimated savings achievable from implementation of the recommendations of this report in full should amount to between 60 and 100 staff and between £1,250,000 and £1,900,000 at 1979-80 prices, in addition to the savings from a 10% option cut. Just over half of these staff savings and roughly

= 4.5 - 7.5%
= 4.0 - 13.0%



a third of the financial savings would come from the recommended reductions in statistical activity (of which the change from annual to biennial inquiries into the distributive and service trades would be by far the most important). The remainder of the savings would come from the recommendations on organisation and improved efficiency. The estimated savings are likely to be realisable only gradually over the period 1980-85. The cost of the study and production of this report is estimated at approximately £9000.

Department of Industry

25 October 1979

RAYNER PROJECT

THE STATISTICAL SERVICES OF THE DEPARTMENTS OF INDUSTRY AND TRADE

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RAYNER PROJECT

THE STATISTICAL SERVICES OF THE DEPARTMENTS OF INDUSTRY AND TRADE.

Section 1

Description of the Project

(a) Terms of reference

- 1.1 A 3-month study of the statistical services of the Departments of Industry and Trade was commissioned in late June 1979, with the following terms of reference:-

"To identify any aspects of the operation of the Departments' statistical services in which resources are being unnecessarily or inefficiently employed; to make recommendations as to possible remedial action in these cases; and to draw any lessons of general application from the study, including any examples of particularly efficient administration".

(b) Area of Study

- 1.2 The statistical services covered by the study consist of:-

- (a) the Business Statistics Office (BSO) at Newport, employing just over 1000 staff on the collection and processing of statistics at a total estimated cost in 1979-80 of £9.22m;
- (b) the statistical sections of 5 mixed Economics and Statistics Divisions (EcS) in London, amounting to some 320 statisticians and support staff who primarily analyse and interpret industry and trade statistics, but also run a number of statistical inquiries not covered by the BSO (total expected cost of EcS in 1979-80 £5.12m, including some £600,000 spent by the Office of Population Censuses and Surveys in conducting the International Passenger Survey on EcS' behalf).

The expected overall cost of £14.3m compares with a total Departments of Industry and Trade budget of around £1000m, but in manpower terms the statistical services are more significant, accounting for 1,340 out of the two Departments' total of some 16,500 staff. A detailed breakdown of staff by grade and of expenditure by main items in BSO and EcS is shown in Annex A.

- 1.3 Although the Department of Industry is responsible for the financial and manpower resources used in the statistical services, the Department of Trade has equal

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access to the services; and more generally the services are part of the Government Statistical Service. A considerable amount of the data collected by the two Departments' statistical services is used by the Treasury principally for macro-economic policy purposes, and by other Departments such as the Scottish and Welsh Offices; and the Central Statistical Office (CSO) is responsible not only for incorporating industry and trade statistics into the national accounts but also for the personnel management of the professional statistician group. Moreover the clientele of the Departments' statistical services extends beyond the Government, since business statistics are published whenever possible and are widely used in industry, commerce and elsewhere. The study has therefore taken account of the costs and benefits of the statistics to business as well as to Government.

(c) Usage of time during study

1.4 Accordingly it has been necessary to obtain information and opinions on the statistical services from a wide range of interests. Of the 12 working weeks spent on the study, some 5 weeks has been devoted to familiarisation with the services under study, primarily through discussions with staff at all levels; 2 weeks to discussions with users of the services within Government; 2-3 weeks to discussions with outside interests covering both providers and users of statistics - principally individual firms, trade associations, wider representative bodies such as the CBI, NEDO and the Organisation of Professional Users of Statistics, and individuals with a special interest in industry and trade statistics including members of the statutory Advisory Committees on Production and Distribution Statistics; and 2-3 weeks to the validation of evidence and discussion of possible findings and recommendations with senior management. Around 125 separate fact-finding interviews took place.

(d) Method of examination

1.5 The approach throughout the study has been to ask on every possible occasion -

- why is this statistical inquiry or statistical exercise being carried out?
- who uses the results, and do these results meet their real needs?
- how would users be affected if particular statistical work were abandoned or reduced in accuracy or frequency in order to cut costs?
- why is the work done in this particular way, and would there be any significant loss of effectiveness if more economical methods were adopted?

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1.5 In the light of the scope identified for possible reductions in current statistical activity and for improvements in current organisation and working methods, the study has extended in its later stages to consideration of whether recommendations for improvement in the continuing management and control of the statistical services would be justified.

(e) Contact with Minister

1.7 The study has been undertaken by a Principal working full time and reporting direct to Lord Trenchard, Minister of State in the Department of Industry. Lord Trenchard, together with other Ministers concerned and the Permanent Secretary, has been kept in touch with the study, primarily through a written progress report on the first 7-8 weeks' work. Lord Trenchard has also written to his colleagues in other Departments which use statistics collected by BSO and EcS to ask them to re-assess their Departments' need for this information. Their response is reflected in the analysis and recommendations on statistical inquiries (paragraphs 21-27 below).

(f) Involvement of Staff Side

1.8 Two meetings have been held with the Departmental Staff Side and two separate meetings with the local union representatives at the BSO. The prime function of these meetings has been to convey information to the Staff Side about the objectives of the study and the progress of work and to invite any Staff Side contribution. The Staff Side have concentrated on questioning the validity of a 3-month study of such a large and complex area of the Department and have complained about lack of time for proper consultation. They have offered no views on the substance of the study. However, individual staff at all levels have co-operated willingly with the study in providing information and views as requested.

(g) Cost of study

1.9 No specific support staff have been allocated to work on the study, although two statisticians (one in London, one in Newport) were made available to provide expert assistance as necessary and did so with great effectiveness and goodwill. Taking account of a rough estimate of the proportion of their time taken up by the study, the total cost of the study (inclusive of some £300 travel and subsistence and of the time taken to prepare the report) is estimated at around £9000. This estimate does not include the cost of the time of those interviewed

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whether inside or outside government nor time taken by those other than the Statisticians mentioned above to meet requests for information arising from the study. The additional figure would be almost impossible to estimate with any degree of accuracy, but it should be substantially lower than the direct cost of the study, since every effort was made to use information already available for other purposes rather than asking for any special exercises to be conducted.

Structure of study and report

1.10 The remainder of this report is divided in accordance with the main subjects on which the study has concentrated:-

- (i) the need for statistical information to be collected from businesses on the present scale and with the present degree of frequency and accuracy (section 2);
- (ii) the need for the analytical and interpretative work which at present forms one of EcS' main functions (section 3);
- (iii) the internal organisation of the statistical services and their relationships with the bodies and interests which they serve (section 4);
- (iv) the efficiency of the working methods used within the statistical services (section 5); and
- (v) the conclusions which can be drawn from the analysis and findings on the above subjects about the adequacy of the management and control of the statistical services (section 6).

1.11 It must be emphasised that, in view of the 3-month deadline for completion of the study, selectivity has been essential within the subject-headings covered. Lines of enquiry have been pursued in detail only where, on initial investigation, there appeared to be a possibility that resources were being unnecessarily or inefficiently employed. In addition, two issues were not fully investigated for specific reasons:-

- (a) Regional information. A separate management services investigation is to be launched this autumn into the information system used by the Departments' regional offices and its relationship with other regional industrial statistics.
- (b) New BSO computer. No attempt has been made to intervene in the process of ordering a new ICL 2982 computer for the BSO, since a halt for a major reappraisal at this stage would carry a serious risk that BSO's entire computing operation could break down in the early 1980's.

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SECTION 2

Statistical inquiries

Scope of remit

2.1 A list of statistical inquiries conducted by BSO or EcS, with information on the number of forms sent out annually and the latest available annual costs in each case, is attached at Annex B. (A few small inquiries have not been identified separately or have been excluded altogether on de minimis grounds.)

2.2 A number of limiting factors on the scope of this part of the study have been recognised from the outset:-

(a) An inter-departmental remit would have been needed in order to question the Government's statistical needs from scratch and to tackle some of the possible areas of duplication or potential economy, such as employment statistics or the wider use of VAT data for statistical purposes.

(b) It has been assumed that the reduction in inquiries proposed to meet a 10% option cut will go ahead - this would mean a major reduction in BSO's collection of manufacturers' product sales and the dropping of the export prospects survey, of the monthly manufacturing stocks inquiries and of one of the two quarterly inquiries into the turnover of the catering and motor trades.

(c) As part of the same cuts exercise, other EEC member states are being approached informally to discover whether there would be any support for a relaxation of the EEC Directive requiring a full Annual Census of Production, since to reduce the UK Census to a biennial basis with only a simplified inquiry for national accounts purposes in the intervening years would save 35 staff and nearly £300,000 per annum. The study has not therefore covered this area in detail.

(d) It would not have been possible, within a 3-month study, both to identify any further possible reductions in statistical activity and to secure the firm acceptance of these reductions by the users of the relevant statistics. Decision-making on the recommendations will therefore be a two-stage process in most cases - a decision in principle, followed by a final decision on implementation in the light of detailed consultations with users.

Analysis of inquiries

2.3 The study has therefore concentrated on examining each of the existing statistical inquiries carried out by the Departments' statistical services, beyond those

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affected by a 10% cut. In the course of this examination, a standard analytical framework has been developed which would supplement the basic facts on ^{an} inquiry with the information necessary for a cost/benefit assessment. This framework consists of the following questions:-

- (a) What is the cost to the Government in both manpower and financial terms, and how would the cost be affected by reducing the frequency or the coverage of the inquiry?
- (b) What is the cost to industry, taking account of the number of forms sent out and any information which can be obtained about the man-hours needed to deal with them (not simply in filling in the forms but in directing them to the right person, returning them and answering any queries)?
- (c) Have providers of statistics made any representations or expressed any views about the inquiry? Is the inquiry statutory or voluntary, and what is the response rate?
- (d) Is similar information being collected by another organisation? If so, why cannot this alternative source be used for all purposes? Even if there is no alternative source at present, would such a source emerge if the Government stopped, or cut down on, the collection of this information?
- (e) Who are the main users, and to what specific use do they put the information? What other use is made of the information?
- (f) What would be the precise effect on users if the inquiry were discontinued altogether, and how would they be affected if the inquiry were reduced in frequency or coverage or conducted by any other organisation emerging from question (d) above as an alternative source?
- (g) How long after the reference period of the inquiry does it take to produce the results (this is sometimes a good indicator of the usefulness of the inquiry)?
- (h) What are the views of external users (if any) on the timeliness and reliability of the results? How many copies of the published results are sold?
- (i) Is the UK obliged, legally or morally, to provide the results to an international organisation, and how does the quality and quantity of UK statistics in this area compare with those of other countries?

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2.4 Another promising type of test - that of comparing the costs and output of different inquiries - turned out to be less productive because of the great differences between inquiries. For example, the International Passenger Survey costs more than twice as much as the overseas transactions inquiries, although it makes up a smaller component of the balance of payments accounts; but it is inevitably more expensive to take a sample of the travelling public than of companies. Moreover, cost per form processed varied at the BSO in 1978 - 79 between £5.43 for the fuel and energy inquiries to £31.91 for the Annual Census of Production, the main difference here being in the complexity of the forms. (However, the change in cost per form processed should be a valuable indicator of efficiency within an inquiry).

Cost/benefit assessment

2.5 The information emerging from the above analysis does not of course provide an automatic answer to the cost/benefit equation. Since the benefits cannot normally be expressed in money terms, the overall cost/benefit assessment of an inquiry is essentially a value judgement, as is the assessment of each individual aspect of an inquiry at the margin, eg monthly as against quarterly frequency or 60% as against 80% coverage of the relevant population. But, before even this stage is reached, value judgements are required to answer, or interpret the answers, to some of the analytical questions:-

- (i) The importance of each separate user need must be assessed. This entails penetrating behind such frequent statements as "this information is essential for briefing Ministers and monitoring developments in" to determine the precise importance of the information in policy formation. Most of the main inquiries are interlocking and multi-purpose, the results being used not only in aggregated form for the quarterly national accounts (by the CSO) and macro-economic policy formation (by the Treasury) but in disaggregated form (eg by sector of industry) by the Departments of Industry and Trade as well as outside interests. It is by no means simple to rank in importance the uses and users of such information as monthly retail sales, wholesale price indices, quarterly data on capital expenditure and stocks, the results of the Annual Census of Production and the balance of payments figures (the visible trade figures are not of course included in Annex B because the raw data is collected by HM Customs and Excise). Statisticians themselves find difficulty on occasion in determining priorities between different users.

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(ii) The relative interests of Government and industry have to be evaluated, in such inquiries as the detailed quarterly inquiries into manufacturers' sales and the steel stocks and consumption inquiry. It is not always easy to disentangle these interests, particularly where pressure for more information comes from a NEDO Sector Working Party on which both Government and industry are represented. Moreover, where it can be demonstrated that an inquiry is needed, the question arises as to which of the two parties ought to conduct and pay for it. The answer must depend not only on the relative extent of Government and industry need for the results but on the relative capability of each party to carry out the inquiry. In some cases the Government's centralised collection and processing facilities may be more comprehensive and more economical, whilst in others a well-equipped trade association might be willing and able to conduct the inquiry more effectively because of superior knowledge of the industry. In either event, some method of enabling the party carrying out the inquiry to recover a share of its costs from the other has to be considered (see paragraph 5.4 (g) below).

(iii) Conflicting interests may need to be balanced or reconciled. The study has encountered a considerable diversity of views within industry as well as between industry and Government. Although there are a number of frequently-voiced complaints from external providers and users - too low a priority being given to timeliness as opposed to accuracy of results; inadequate knowledge of individual industries leading to meaningless or misleading results; and duplication of requests from different parts of Government eg on employment - a cost/benefit approach reveals many divergences of interest. In general small firms find statistical form-filling burdensome and are not equipped to derive much benefit from the results; the larger and more efficient the firm, the greater the use it is generally able to make of official statistics even though its burdens are correspondingly greater; and the bias of trade associations and Sector Working Parties as well as of market researchers is generally towards the interests of users rather than providers of statistics. A recent CBI survey attempted a cost/benefit assessment of a number of individual inquiries (copy of results attached at Annex C). The findings from this small sample do not altogether correspond with views obtained during the study or indeed with the views of the CBI's own Statistics Working Party. But they illustrate that Government and industry views on priorities will inevitably diverge in some cases. Whilst most of the inquiries obtain a plus score on value as against cost in the CBI survey, some of the inquiries with the lowest scores are the most irreplaceable for the Government's own purposes - for example, the overseas transactions inquiry in the balance of payments.

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(iv) The true implications of an inquiry's legal status need to be evaluated. The Statistics of Trade Act 1947 does not require any inquiry to be carried out, other than an annual census of production. The Act's main purpose is to provide back-up powers to require businesses to provide information for certain purposes. Most BSO inquiries are conducted on this statutory basis. However, it should not be assumed that the voluntary status of an inquiry is in itself sufficient evidence of satisfaction on the part of providers and users. Even though all BSO and EcS forms now make it clear on the front page whether the inquiry is statutory or voluntary, many companies feel a moral obligation to assist in compiling national statistics and therefore try to fulfil voluntary as much as statutory requests for information. There is also a definite cost to Government as well as to industry associated with voluntary inquiries, such as the annual overseas transactions inquiries, which are outside the scope of the Statistics of Trade Act. An extension of the Act's back-up powers to cover these essential inquiries would actually save 2 staff since the present late and inadequate response to the inquiries involves extra work in recruitment of new contributors, response-chasing and estimating. This does not of course mean that a statutory basis to an inquiry ensures general compliance. Response can be less than two thirds even on statutory inquiries, and it would be impracticable to mount extensive prosecutions. In consequence, the effectiveness of official statistics depends considerably upon the co-operation of industry in their collection.

General findings on statistical inquiries

2.6 In spite of the complexities discussed above, the approach outlined in paragraph 2.3 provides a workable basis on which to analyse individual inquiries. In view of the limited time available, this analysis has not been pursued in depth on every inquiry, but only where there appeared to be a prima facie case for further investigation. It is not therefore proposed to set out in this report the costs and benefits of every inquiry but to concentrate on aspects of current inquiries which appear to justify immediate reconsideration. Recommendations on these are set out in paragraph 2.7 below. The findings on the remainder of the inquiries can be encapsulated in the following general conclusions:-

(a) In response to the pressure to reduce the form-filling burden on smaller firms, a substantial reduction in the number of statistical forms sent to businesses has been achieved in recent years. BSO's total dispatch of 431,000 forms in 1978 represented a fall of over 20% compared with 1976.

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(b) Although a full international comparison has been difficult to make both because of the major differences between national statistical systems and because of the limited time available, the study has uncovered no evidence that the UK collects more business statistics overall than its main industrialised competitors.

(c) Taking account of these points and of the likely effect of a 10% cut in BSO and EcS manpower, the study has revealed no further major areas in which clearly unnecessary statistics are being collected by the Departments of Industry and Trade; but the recommendations in paragraph 2.7 below tackle a number of inquiries, or refinements within inquiries, which appear not to be fully cost-effective.

(d) Given the limitations on the scope and period of this study and the speed with which requirements for statistics can change, all inquiries should be reviewed regularly. All Ministerial submissions which review, extend or initiate inquiries should in future cover the questions listed in paragraph 2.3 (which has not always been the case in the past) or should indicate clearly where the information is inappropriate or unobtainable. The proposed method of regular review is set out in paragraph 6.5.

Specific recommendations on inquiries

2.7 Recommendations with the main reasons for them, are listed below; a more detailed discussion of items (i) - (x) is contained in Annex D, together with proposals for the procedure to be adopted to reach a final decision in each case.

(i) BSO quarterly inquiries into manufacturers' sales by detailed product headings. These inquiries were designed a decade ago to provide comprehensive data on the sales of some 4000 products in 160 manufacturing industries. They have not, however, been uniformly successful in replacing alternative sources of data, and in some industries their results are not used; for example, some trade associations have continued to collect sales or production data in parallel with the BSO system because their members are not satisfied with the BSO results. In addition to the reductions in frequency or in coverage of smaller firms which will be consequent upon a 10% cut, further savings in these inquiries could therefore be made by cutting industries in the above category out altogether from the inquiries where they are sufficiently self-contained to have little effect on the results for other industries and where the alternative source of data is satisfactory for Government purposes. It is recommended that the possible availability of alternative data should be investigated in these cases with a view to cutting out duplication or unnecessary coverage wherever possible.

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(ii) Monthly manufacturing inquiries for Index of Production. The major contribution made by the Departments' statistical services to the monthly Index requires some 25 staff, over £500,000 per annum and the dispatch of some 70,000 forms each year to industry. Although the monthly Index is regarded as a leading economic indicator and is required by EEC obligations, it appears to have no major direct policy use which a prompt quarterly Index based on BSO's quarterly inquiries could not serve. It is recommended that Ministers should specifically consider whether the Monthly Index gives value for money before it is allowed to continue; that they should be presented with an option involving a cruder and cheaper Index which would greatly reduce the monthly inquiry network; and that, if the monthly inquiries continue, elements of duplication between the monthly and quarterly sales inquiries should be removed whenever possible.

(iii) Annual distribution and services inquiries. A substantial saving of some 30 staff could be made by putting these inquiries on to a biennial basis, with alternation between distribution in one year and services in the next. The main statistical loss would be in the less frequent benchmarking of the capital expenditure, stocks and turnover figures obtained for the national accounts from separate monthly or quarterly inquiries using smaller samples. But the results of the annual inquiries arrive too late to have any bearing on most of the possible policy uses of the data. Thus any major divergence between the results of the short-period and annual inquiries would be dealt with more cost/effectively by improving the short-period inquiries than by maintaining annual benchmarks (and in some series there is no major divergence). It is recommended that a proposal to move from annual to biennial inquiries in 1981 or 1982 should be put to the CSO and the Treasury.

(iv) Investment Intentions survey. Of the three surveys conducted each year, there appears to be no major continuing need for the spring survey or for the asset breakdown required from manufacturers in the other two surveys. The results of the manufacturing sector of the spring survey are supplied to the EEC on a contract basis, but, as the fee covers only about one third of the cost of the survey, this would not alone justify continuation. It is recommended that, subject to consultation with the Treasury, both the spring survey and the asset breakdown of manufacturing investment in the other two surveys should be dropped as soon as possible.

(v) 1979 purchases inquiry. Although a major inquiry into manufacturers' purchases is clearly necessary once in every 5 years or so, the inquiry is

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burdensome for firms and generally meets with a low response. Firms with less than 50 employees are generally to be excluded from the 1979 inquiry but for 19 industries the intention has been to include firms with 35-49 employees too, in order to obtain satisfactory coverage of these industries. The extra 1200 forms involved do not appear to be cost-effective, however, taking account of their complexity and the cost to Government of securing a reasonable response and processing the returns, since in practice only about 3 percentage points on average to the coverage of these industries in terms of employment. would be added/ It is recommended that no firm with less than 50 employees should be required to participate in this inquiry.

(vi) Research and development - Scottish and Welsh information. Although a periodic (once in 3 years at present) inquiry into research and development would appear to be justified on economic grounds as well as forming our input into OECD's international statistics in this field, it is more difficult to justify the proposed request for separate information on R & D in Scotland and Wales in the 1981 inquiry. Such information may well prove difficult for some firms to provide, and its validity as an indicator of prospects in the Scottish and Welsh economies is highly questionable. The Welsh Office have said that the information is not essential. It is recommended that the proposal to collect Scottish and Welsh information on R & D should be dropped if, when industry is consulted about the proposal next year, clear evidence is provided that the extra information will significantly increase the work involved for the relevant companies.

(vii) Retail stocks and Credit. Since data on manufacturers' stocks is no longer to be collected monthly, there should be no need to maintain the collection of retail stocks data on a monthly basis. However, BSO could obtain a worthwhile saving from transferring this series to a quarterly basis only if retail credit information were similarly reduced in frequency. Since retail credit appears to be now declining as a proportion of total credit, it is recommended that both stocks and credit should be transferred to a quarterly inquiry as soon as practicable; 1981 would appear a reasonable target for the transfer, but this must depend on consultations with users and the speed with which retail credit declines.

(viii) Sources and uses of funds. This new quarterly survey of large companies is burdensome for contributors (though the CBI were associated with its launch) and has yet to provide results of sufficient quality for publication. It is recommended that, after a further trial period, this survey should not be allowed to continue beyond the end of 1980 without strong evidence of user need and of improved quality of results; and that the longer-established and less burdensome

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quarterly survey of company liquidity should be reviewed at the same time.

(ix) Steel stocks and consumption inquiry. This voluntary quarterly inquiry of some 1600 steel consumers and stockholders is conducted by EcS in London to enable Ministers and senior officials to be fully briefed on steel demand and to provide published results which are used mainly by the British Steel Corporation. To abandon the inquiry would save EcS some £50,000 per year as well as lifting a burden from the respondents; but in consequence, BSC would have to conduct their own market survey of their customers (there is already alternative data available on the stockholders) and the Department of Industry would be more reliant on BSC for information. This special treatment for the steel sector does not appear to be cost-effective, and it is recommended that Ministers should consider either abandonment of the inquiry or, as a second best, continuation only on condition that the steel industry is prepared to meet the bulk of the cost.

(x) Film distributors' receipts. This annual inquiry has been conducted almost entirely for the benefit of the trade. Although the trade have argued strongly for continuation of the inquiry, it is recommended that the inquiry should be abandoned in view of the lack of Government interest in the results.

(xi) To set against the possible reductions in statistical information listed above, the study has encountered one area in which a gap in official statistics might lead to waste. The abandonment of the proposed 1981 Shops Inquiry (decided in the light of the 3% 'good housekeeping' cut already put into effect) may result in surveys being mounted by individual local authorities and market research organisations to such an extent that it would have been less wasteful to have conducted the inquiry from the centre. It is recommended that the incidence of local surveys should be monitored (through existing channels of information) so that any such waste can be taken into account in considering the need for some form of shops inquiry at a later stage.

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SECTION 3

Analytical and interpretative work of EcS

3.1 It may seem unnecessary to examine the need for the analytical and interpretative side of statistical work, since it is the collection rather than the analysis of statistics which consumes the bulk of the allocated manpower and financial resources. It has not in any event been possible to examine at a fine level of detail the analytical exercises which are conducted within EcS, and such an examination would have had limited value because the content of this work tends to change substantially from year to year. On the other hand, it is this EcS function which is seen by both statisticians and policy divisions as the main direct contribution of statisticians to the day-to-day work of the Departments of Industry and Trade and lies at the heart of the concept of a decentralised statistical service, which the UK maintains (to a greater extent than a number of other industrialised countries) in order to ensure that statisticians are orientated towards the service of current user requirements. Individual exercises in this field can account for several man-years' work.

3.2 Some policy divisions interviewed during the study considered that they received a good service from statisticians and their support staff. But the study has highlighted the following problems:-

(a) A considerable proportion of EcS time is taken up with routine work on production and dissemination of results, statistical development and internal exercises, eg on forecasting. As a result, a relatively small proportion (perhaps some 30% in EcS3, the Division servicing most Department of Industry policy divisions) is available to meet direct requests from policy divisions and related bodies (such as NEDO Sector Working Parties).

(b) Most of the regular EcS work is regulated by fixed timetables and deadlines (eg articles for publication in 'Trade and Industry') which means that other work has to be fitted in around those timetables. Some of these deadlines are of course fixed for the good reason that last-minute changes in publication dates can give rise to suspicions about the integrity and impartiality of statistical information.

(c) Consequently some administrators feel that their needs are not given proper priority by statisticians and suspect that the service generates too much of its own work; others are discouraged from using the statistical services as much as they should, and their feeling of remoteness from EcS is also fostered by the fact that EcS are for the most part accommodated in

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separate buildings from the policy divisions they serve.

(d) Conversely statisticians may find it difficult to decide on priorities between users, since they are not always well placed to weigh the relative importance and urgency of requests from policy divisions. Ministerial requests of course receive top priority, largely irrespective of the resources involved.

(e) Users, including Ministers, may sometimes press hard for information without realising the work involved and indeed without necessarily wishing for the degree of statistical refinement which is devoted to answering their requests. For example, EcS were under considerable pressure from Ministers and senior officials to develop a capability for providing export volume indices by area. To meet this request, some crude information was produced which involved considerable resources but which is only of very limited value because of its potentially misleading nature. Simultaneously an attempt, involving even more resources, was made to construct well-founded area volume indices, but this has now been stopped because of resource considerations. EcS might wish to resume this work as and when the necessary resources become available, although users generally continue to be unaware of the resource use involved.

3.3 The study has also examined two very different ways in which the alleged problem of remoteness between administrators and statisticians has been addressed:-

- (i) It has been suggested that policy divisions are, because of their remoteness from EcS, undertaking their own statistical work which could be done more effectively and efficiently by EcS. The findings of the study are that the statistical activity of policy divisions (normally comprising the maintenance of data banks covering their responsibilities, plus in a few cases the special processing of trade figures where day-to-day knowledge of the relevant international agreements or industries is required) does not represent any significant duplication with statisticians and could only be reduced if there were enough statisticians to locate one next door to each policy section.
- (ii) Air Division of the Department of Industry has a unique arrangement whereby a Principal specialising in statistics and formally attached to EcS works within Air Division on all the Division's statistical requirements. However, this arrangement is unsuitable for wider application, or indeed

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for indefinite extension, because the work could be absorbed more efficiently within EcS3 alongside the professional work which EcS3 currently have to do in relating aerospace statistics to industry statistics generally. (The report on the recent staff inspection of the relevant EcS Division has recommended that this arrangement should be reviewed when appropriate changes of personnel can be made.)

3.4 It would not be appropriate to exaggerate the problems in paragraph 3.2 above by comparison with the overall standard of service provided by EcS. It must also be accepted that statistical work cannot and should not line up exactly with current user needs, if only because statisticians must sometimes anticipate user requirements if sudden requests from policy divisions are to be met on time. The following modest changes are recommended:-

- (i) EcS should ensure that, whenever possible, the deadlines governing their routine work are sufficiently flexible to enable specific requests for work from policy divisions to be met promptly - this applies in particular to such work as articles for the 'Trade and Industry' journal and regular bulletins circulated around Whitehall.
- (ii) Users, whether Ministerial or official, should be confronted with the estimated cost of meeting their requests, if the cost exceeds a specified figure (say £500) - wherever possible, this should take place before the exercise begins. (It should be noted that a 2-hour meeting between a Chief Statistician, 2 Statisticians and 2 Principals would cost nearly £100).
- (iii) Although there are strong arguments against any general bedding out of Statisticians in policy divisions (since there are simply not enough to go around, and statistical activity does need to be closely coordinated), the possibility of an experimental bedding out of a professional Statistician from EcS within one of the larger Department of Industry sponsor divisions with a relatively heavy use of statistics should be considered. The Statistician should not, as in the Air Division case, shed any of the functions he would have performed in EcS3; the main purpose of the arrangement would be for EcS3 to learn general lessons from the experiment about the service which policy divisions require.
- (iv) In exchange for the proposed vacation of some EcS accommodation in London in consequence of the proposed moves to Newport (see paragraph 4.7 below), the remaining London divisions should have greater priority given to their

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requests to be located as close to the policy divisions they serve as is practicable.

3.5 In addition, the Industrial Assessment System (a forecasting exercise which many sponsor divisions in the Department of Industry consider does not give value for money) is under separate review.

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SECTION 4

Organisation

4.1 The decentralised nature of the Governmental Statistical Service has already been referred to in this report, and it has not been within the remit of this study to enter into the arguments over whether centralisation should be increased, for example by hiving off the BSO from the Departments of Industry and Trade and giving the CSO greater central control. Decentralisation and its consequences have been accepted for the purposes of this report. These consequences include:-

(a) BSO and EcS will continue to carry out inquiries and analysis for other Departments who will not be accountable for the resources used. A repayment system was considered for this work by an inter-departmental working party last year. Since around 90% of BSO's work is conducted primarily for the Departments of Industry and Trade and very little of this or the remaining 10% can be ascribed to a single department, the general conclusion was that the difficulties of effecting a realistic attribution of costs to different Departments in these circumstances outweighed the advantages of repayment. Repayment was not, however, absolutely ruled out where, for example, there was disagreement between BSO and a single user Department on priorities. The present study has not revealed any evidence which would challenge this conclusion or any particular case where the immediate introduction of repayment appears justified.

(b) The Department of Industry is thus fully accountable for the resources employed in its statistical service and should therefore have an important say in their use (see paragraph 6.1-6.5 below).

(c) It is not possible to iron out anomalies in the division of responsibilities between different Departments other than by persuasion of the Departments concerned. Within this constraint, the study has highlighted one area in which it may be feasible for two Departments to agree on a useful rationalisation of functions - construction statistics.

Construction statistics

4.2 The prime agency for collection of construction statistics is DOE's recently established unit at Bristol, using the DoE computer at Hastings for computer processing work. BSO, however, run the Annual Census of Construction, which particularly for EEC purposes is regarded as an offshoot of the Annual Census

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of Production. Although it involves no major avoidable duplication in statistics collection, this arrangement gives rise to the following problems:-

- (a) BSO have to keep a modified version of DOE's register of construction firms on their computer, and this lack of a single unified register leads to register amendments being sent backwards and forwards between BSO and DOE in a wasteful manner.
- (b) The 13 staff at BSO who deal with the Annual Census of Construction have to develop a knowledge of the construction industry which should be the stock-in-trade of DOE staff at Bristol.
- (c) DOE's computer work is carried out on a computer which is more geographically distant from their office than BSO's own computer and which is serviced by ADP staff and ancillary machinery less well equipped to handle statistical inquiries.
- (d) The construction industry has to deal with two different statistical offices on inquiries which appear fairly closely related in content.

4.3 Since it would appear wasteful for DoE to disrupt their recently-established Bristol unit at present by a transfer of their construction statistics operations to BSO, it is recommended that discussions should be held between the two Departments with a view to:-

- (i) a complete transfer of all DOE's computer work from Hastings to BSO once the new BSO computer is installed in 1981/82, linked with the creation of a unified register;
- (ii) a corresponding transfer of the manual work on the Annual Census of Construction from BSO to DOE, with BSO's role being limited to association with the design of the Annual Census form and the combining of the results with those of the Annual Census of Production for EEC and other purposes.

In the long run it should be possible to save up to half dozen staff through this rationalisation, especially since DoE may be able to use the Annual Census work to smooth out peaks and troughs in their own work.

Division between BSO and EcS

4.4 The establishment of BSO at Newport almost 10 years ago was a product of dispersal

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policy at that time but was also based on two other assumptions:-

(a) that as far as possible the collection and processing of all business statistics would be centralised there over a period of years; and

(b) that, if statistical work had to be divided at all, the least inefficient geographical split of functions was between collection and processing on the one hand and analysis, interpretation and service to policy divisions on the other.

The movement at (a) above has not happened on the scale envisaged, one of the main reasons being that those responsible for inquiries still based in London and in other Departments were deterred from going ahead with scheduled transfers to BSO in the mid-seventies by the BSO's teething troubles and consequent poor record in handling inquiries. One consequence of this change of plan is that BSO have a well-equipped building which exceeds their needs - it could house some 200 more staff than at present and will perhaps have room for 300 if the 10% option cut is implemented at BSO; there is also spare land on the site.

4.5 In the light of the BSO's more recent record and of experience of the operation of the division of labour described in paragraph 4.4(b) above, this is an appropriate time to look again at the BSO/ECs split. The approach of the present study has been simply to consider - without any pre-determined philosophy - where, in the light of currently available facilities, the various parts of the statistical services can do their jobs with the optimum mix of effectiveness and economy.

4.6 The study has identified a number of problems flowing from the present organisation, in addition to the under-utilisation of facilities at BSO:-

(a) Large blocks of statistical work largely unconnected with departmental policy formation have remained in London (though in some cases with constant uncertainty about the possibility of dispersal) despite the lower costs of operations at BSO and the greater availability of good-quality support staff there.

(b) BSO's effectiveness in conducting inquiries and its general statistical capability have improved in recent years, but this growing expertise is not used in the analysis and interpretation of results, which are instead performed by staff in London cut off from the source of the data itself. As argued in

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in section 3 above, it is important in many areas that links with policy divisions should be maintained and even strengthened through a continued statistical presence in London. But the waste arising from the BSO/EcS split need to be taken into account in considering the question of location in each policy area on its merits.

(c) Many BSO staff - not only in the professional statistician group but amongst support staff - are frustrated both by the fact that their work sometimes has to go to London for completion (and is often cross-checked there) and also by their lack of contact with end-users to balance the morale-sapping effect of criticism and even abuse from reluctant providers of statistics. A CSD report on job satisfaction at the BSO in 1974 identified this frustration as an important factor, and the present study indicates that such feelings persist to a considerable degree.

(d) Some of the criticisms of BSO made by external users (paragraph 2.4(c) above) stem from BSO's total orientation towards collection as against end-use of statistics.

(e) In certain sectors of statistical work (such as distribution, services and research and development statistics) where there are units in Newport and London with a similar range of responsibilities, a clear duplication of expertise exists even if, with care and goodwill on both sides, a significant duplication of functions can be avoided. In addition to any waste arising from this duplication the consequence of spreading statistical capability thinly between London and Newport is that statisticians at either end must in some cases operate without professional cover if they are sick or on leave; this can be a serious problem if the relevant inquiries operate on a monthly frequency.

Transfers of work to Newport

4.7 It would be a mistake to rush into wholesale organisational change because of these problems, and it is important that close links with policy divisions in London should be preserved. However, the study has identified a number of changes which could be made over a reasonable period of time consistently with these considerations. These recommended changes are:-

(i) Three substantial blocks of work comprising over 100 posts should be moved in their entirety from London to Newport - the compilation of wholesale

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price indices, the quarterly inquiries into capital expenditure and manufacturers' stocks together with the investment intentions survey, and the analysis of published company accounts.

(ii) The analysis and interpretation of distribution and services statistics (excluding films, on which the need for a particularly close link with the policy division in London has been demonstrated) and research and development statistics should also be transferred to BSO.

(iii) Once a decision on the future shape of monthly/quarterly inquiries has been taken, EcS should press ahead as quickly as possible with the development of an integrated system for handling the monthly engineering inquiry so that BSO's work on processing the results no longer has to be re-worked and completed by EcS; and EcS should also ensure that any other routine checking or processing of BSO-based inquiries is handed over to BSO.

- 4.8 A more detailed discussion of the practicability of these moves and of timing is attached at Annex E. The timing should take account of the need to achieve the financial savings as quickly as possible, consistently with minimising the disruption of work during the transfer and phasing the moves to balance BSO's own staffing cuts as far as possible. A target of a phased move over the period 1981-83 is therefore recommended. The annual financial savings accruing from the proposals would be of the order of £1m on 1979-80 Ready Reckoner costings, though there would be little saving in the first year of the three main work transfers (paragraph 4.7(i) above) because of the need for a temporary increase in staff during the actual period of transfer. In the long run a small staff saving (perhaps 3 or 4 in all) should accrue from proposals (ii) and (iii), and perhaps a similar saving from eventual integration of the capital expenditure and stocks inquiries into the BSO register and other systems, so that comparison of these quarterly results with the results from BSO's annual inquiries would become easier and BSO's mechanised mailing facilities could be used.

Structure of EcS Divisions in London

- 4.9 The combined effect of a 10% cut, of the further reduction in industrial forecasting work (paragraph 3.5 above) and of the proposed transfers of work to Newport establishes a prima facie case for a reduction in the number of EcS Divisions remaining in London. There are 5 EcS Divisions at present:-

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EcS1 - primarily concerned with economic advice on broad industrial policy decisions, headed by an economist as Under-Secretary but with a small non-professional support staff on regional industrial statistics; no change is needed here, subject to the outcome of the management services assignment on the regional office information system.

EcS3 - a mixed division (with one branch staffed entirely by economists and another comprising both statisticians and economists) headed by a statistician as Under Secretary and responsible for statistical support and economic advice on manufacturing industries.

EcS4 - headed by an economist as Under Secretary and consists of a statistical branch responsible for the Wholesale Price Indices (which would be transferred to Newport), a mixed economist/statistician branch concerned with general economic policy and prices, and an economics branch covering aviation, shipping and competition policy.

EcS5 - the main trade statistics division headed by a statistician Under-Secretary though including an economics branch to advise on trade policy.

EcS6 - an entirely statistics division also headed by a statistician as Under Secretary, which deals with both trade and industry questions and is discussed in more detail below.

- 4.10 Since a review of economists' functions would have taken the study beyond its remit, it is not possible for this report to make a firm recommendation as to how the EcS Divisions might best be reorganised and their number reduced from 5 to 4. Looking purely at the statistical work, it would appear feasible to split up and abolish EcS6 at an appropriate time during the process of work transfer to Newport, since under the proposals in this report it would lose the equivalent of considerably more than one branch to BSO and its remaining functions are rather more heterogeneous than those of EcS3 or EcS5. These remaining functions could be re-distributed as follows:-

Company financial statistics (excluding acquisitions and mergers-see below - and the company accounts analysis work destined for Newport, and also excluding the source and uses of funds inquiry if this is abandoned at the end of 1980) - this work could be moved either to EcS3, on the grounds that it should be linked

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more closely with advice given by that Division on the problems of particular industries or companies, or to EcS4 because its present macro-economic emphasis links with other EcS4 work.

Other financial institutions (finance houses, insurance companies etc) - this work is at present within the same Chief Statistician responsibility as company financial statistics; this could continue or, if for example EcS3 were able to absorb company financial statistics alone without an increase in their complement of Chief Statisticians, the work on financial institutions could be moved separately to EcS5 in view of its links with overseas transactions work and other Department of Trade policy interests.

Statistics of acquisitions and mergers - this work would fit in well with the Office of Fair Trading (OFT)'s scrutiny of acquisitions and mergers (there is a small element of duplication at present) and should be offered to them on condition that they maintain the publication of these statistics and the supply of information to the CSO and other interested parties.

Overseas transactions - belongs naturally in EcS5 as part of the balance of payments responsibilities of that Division.

Films - this forms only part of a statistician job which could also be absorbed in EcS5, possibly in the section dealing with tourism.

Data on qualified manpower - could be absorbed by EcS3.

4.11 In addition to the saving of an Under Secretary post from an EcS reorganisation, it should also be possible to save a Chief Statistician post, because:-

(a) the reorganisation should enable BSO to take on more than the equivalent of two Chief Statisticians' areas of responsibility without requiring more than two extra Chief Statisticians (and this expansion may be partly offset by the probable loss of a Chief Statistician post at BSO as a result of a 10% cut); and

(b) other reductions in EcS work should leave some free Chief Statistician capacity.

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This saving ought to be achievable by either EcS3 /EcS4 (in the case of company financial statistics) or EcS5 (in the case of overseas transactions) taking on their extra responsibilities without an increase in the number of Chief Statisticians. The decision between the two would depend primarily on the destination of the EcS6 work on other financial institutions. However, all the options for reorganising EcS as a whole should be further explored in conjunction with the complementing staff of Establishment Management Services and Manpower Division.

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SECTION 5

Efficiency of working methods and in other uses of resources

5.1 The fall of over 20% in BSO's output of statistical forms between 1976 and 1978 was accompanied by a reduction of only 6% in BSO and EcS staff between 1 January 1976 and 1 January 1979. Thus cost per form processed has risen faster than the rate of inflation. There are many possible reasons for this - the demand for statistical analysis of existing data has probably increased; special efforts have been needed in some inquiries to catch up on previous unacceptable delays in the production of results; and there are inevitable time-lags and teething troubles before full advantage can be taken of changes in the scope or method of inquiries. But these figures provide a prima facie basis for examining why faster progress in cost-saving has not been possible.

5.2 Neither BSO nor EcS display any lack of awareness of the latest working techniques or mechanical and electronic aids nor any lack of willingness to introduce them. BSO are well advanced in computing techniques and are examining the feasibility of database management systems and the scope for further progress in computerisation once their new computer has been introduced in the early 1980's; they have also introduced word processors and automatic mailing machinery successfully. EcS are developing the use of a mini-computer for small statistical inquiries with very promising results. The overall impression given by BSO in particular is of a modern and well-organised office.

5.3 However, in any large organisation small pockets of outdated or inefficient practices may be overlooked. The interface between human beings and machines has attracted particular attention during the study. It has been argued by many of those interviewed within the statistical services that the existence of a large computer branch (some 300 staff) at BSO entirely separate from the sections responsible for particular inquiries has contributed to inefficiency in this area. In the short term there is no alternative to this arrangement, because BSO's ADP resources will need to be carefully marshalled to ensure the smooth introduction of the new computer. In so far as the overriding requirements of that task permit, it is desirable that existing liaison arrangements between ADP and inquiry sections should be embellished by more intensive participation of systems analysts in these sections' work, leading eventually to some outposting of systems analysts in inquiry sections. In the longer term computer-related work is likely to become so dominant throughout the BSO that the distinction between the computer branch and the rest should be largely broken down altogether.

5.4 More specifically, the study has led to the following findings and recommendations:-

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- (a) Use of building and land - BSO's building and land, which are Crown property, will remain under-utilised even after the proposed move of EcS work to Newport has taken place. It is recommended that the Departments of Industry and Trade as a whole should consider whether any further work could conveniently be located in the building; and when these possibilities have been exhausted, PSA should be informed of the remaining accommodation and land available so that they can explore other possibilities.
- (b) Further computerisation - Quite apart from the advances in computing techniques which can be expected in the 1980's and in which the statistical services are keeping a close interest, there is scope for examining what further savings could be achieved through existing computer techniques in a number of activities. It is recommended that such an examination should be set in hand, or continue in cases where work has already begun during the study, on the activities listed, with commentary where appropriate, at Annex F. All EcS Divisions should also review the possibility of moving their computer work to the new BSO computer once this is in operation.
- (c) Double-banking with computers - A number of examples of double-banking between human and computer work have been discovered. For example, staff on some BSO's inquiries perform checking operations which the computer is programmed to perform subsequently; and BSO's register of some 100,000 manufacturing establishments is maintained manually on cards as well as on computer files because of inadequate access for the register clerks to the computer. These instances are also itemised in Annex F, with recommendations for remedial action.
- (d) Manufacturing register - BSO's central register of companies derived from VAT data is at present only partly used because all manufacturing inquiries are based on the longer-established register of production establishments. A working party is at present examining this problem, which is complex and will take a considerable time to solve. But it is important that the cost advantages of a unified VAT register are given full weight against certain statistical arguments (such as continuity of statistical series) for adhering to the existing manufacturing register.
- (e) Data preparation costs - In one area of operations where direct comparison of costings with the private sector has been possible - data preparation - the BSO's costs appear to amount to more than twice the price being offered by a

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local data preparation bureau. Although BSO must of course look at all possible means of reducing their costs, CSD should also consider the problem, since BSO's costs are not out of line with those of other Government dataprep operations. It is recommended that the proficiency allowance for data processors should be examined, as 80-90% of BSO's data processors have little difficulty in reaching and maintaining the required level and little incentive to achieve more; and that any constraint on employing casual labour (eg on an occasional evening shift) to avoid keeping permanent staff to cover the peaks in workload should if possible be removed. If these and other areas of study do not produce significant savings, BSO should consider contracting out such proportion of their dataprep work as is not covered by the requirements of commercial confidentiality. On the other hand, this would produce operational disadvantages, because this work is useful in smoothing out some of the peaks and troughs in BSO's dataprep section.

(f) Management services BSO has its own management services unit which is generally used to the full within the Office but represents a substantial overhead. In order to ensure that the unit is efficiently employed on tasks of greatest priority to the Departments of Industry and Trade, it is recommended that the unit should be brought under the control of the Departments' management services branch in London; it would continue to be based at Newport but could then be used for assignments elsewhere.

(g) Publications The main characteristics of business statistics publications appear to be proliferation of numbers, low prices and low sales. Over 350 separate Business Monitors are published, but sales revenue is little over £250,000 per annum and average sales little over 500 per publication (of which considerably more than half is accounted for by standing orders for complete sets from libraries, market research organisations etc). The overall policy of the Government Statistical Service has been to seek to keep prices as low as possible ^{consistently} with covering Her Majesty's Stationery Office (HMSO)'s costs of printing and distribution, with the objective of achieving the widest possible dissemination of statistics. However, in the field of business statistics it seems unlikely that the sales of publications are highly price-elastic, and many business users consider Business Monitors and similar publications ludicrously under-priced. It is not a complete answer to point out that industry incurs costs in providing statistics, since providers and users are far from synonymous. A logical approach would be a full pricing system for statistics, whereby the Government reimbursed providers and passed on the costs to users. But this would be impracticable without a vast bureaucracy to administer it. More modestly, it is

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recommended that, where the Government incurs costs in collecting and processing statistics which are to a major extent for the benefit of industry, a share of those costs should be borne by users through the prices of publications. Annex G suggest a number of publications to which this criterion would apply and indicates the steps which would be needed to put this policy into effect. On two related matters - the ordering of statistical publications by BSO and the system of allocating time to work for which external customers are charged by EcS5 - steps have been taken to tighten up existing procedures since the study began.

(h) Response-chasing. Procedures for chasing up non-responders to BSO and EcS inquiries vary between inquiries, being dictated primarily by the quality and timeliness required in the results. Non-responders normally receive two or three written reminders, followed (if there is still no response) by telexes or telephone calls with varying degrees of selectivity and in a few cases by visits. In most cases these procedures are operated sensibly and with good reason - telephone calls and visits ^{are used selectively for those contributors whose returns are vital} to the accuracy of the results, and the full sequence is followed only where a prosecution is envisaged (since the Court has to be satisfied that all reasonable efforts have been made to secure compliance). The procedures can, however, on occasion be wasteful;

- (i) examples have been encountered of unselective chasing by telephone or telex after first results have been published, the main purpose of this work being to improve procedures for estimating missing results for those who have not responded initially to the inquiries;
- (ii) the value of written reminders seems also questionable on monthly inquiries where the results timetable is so tight that simultaneous telephone chasing of all key contributors may have to take place;
- (iii) the very large number of final written reminders which have to be issued on some annual inquiries (up to 50% of all firms covered by the inquiry) would appear to indicate that there is scope for relating the timing of reminders to the accounting years of the firms concerned, which in turn governs their ability to respond promptly.

It is therefore recommended that response-chasing procedures (both instructions and actual practices of staff) are reviewed on all BSO and EcS inquiries, with the objective of cutting out unnecessary response-chasing, whether by letter or by telephone. Some experimentation may be desirable in order to identify the most **cost-effective method in each case.**

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- (1) Personnel management. There is evidence that tighter personnel could contribute to reduction of costs, particularly if supported as necessary by Establishment Division. First, the incidence of sick leave at BSO appears high compared with the last national Civil Service figures (now 10 years old) and with all more recent surveys of particular Civil Service groups. (Unfortunately these surveys are few and do not cover any other parts of the Departments of Industry and Trade, where BSO seems unique in maintaining this aggregate data.) The BSO costing system shows an average of 16 days sick leave per head taken in 1978-79; further analysis to allow for maternity and other special leave in these figures has indicated, on a sample basis, an average of over 4 days uncertificated sick leave per annum for CO's and CA's and over 3 days per annum for EO's and above. The average uncertificated sick leave for 8000 MoD staff surveyed recently was 1.7 days. At present responsibility for looking into cumulative absences of sick leave rests with the Departments' Establishment Division in London. This responsibility needs to be exercised more energetically or devolved to BSO. Secondly, whilst BSO management is actively seeking to prevent abuse of the flexitime system (used by a large majority of BSO staff), line managers appear reluctant to override flexitime, as they are empowered to do, in order to ensure that operational needs are met. Thirdly, several managers who were interviewed were dissatisfied with the system for reporting adversely on idle or inefficient staff, believing that Establishment Division would not support them and would take all possible steps to avoid activating the procedure leading to possible premature retirement. Fourthly, several line managers in London commented on the poor quality of many of the support staff offered to them by Establishment Division observing that, if it were necessary to compel staff to take posts in EcS, Establishment Division should compel able (and numerate) as well as less able staff to do a tour of duty in EcS. It is recommended that Establishment Division should consider remedial action on all these four issues, including the possibility of giving a clearer lead to line managers on the second and third points.

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SECTION 6

Management and control

6.1 Sufficient evidence emerges from the preceding pages of this report to suggest that a more general review of decision-making and management in the statistical services would be justified. Many of the findings of this report are symptomatic of general problems, some of which are inherent in the existence of a large professional service which has both inter-Departmental and Departmental responsibilities:-

(a) Users of the service, often located in other Departments, do not have to bear the costs of the service and may not even be fully aware of their extent.

(b) The professional ethic of the statistician emphasises accuracy and timeliness as measures of achievement (although consciousness of the form-filling burden has greatly increased in recent years); this means that, in the absence of external pressures, it is difficult for a statistician as a manager to give or obtain credit for cost-saving at the expense of accuracy or timeliness, and cost has not always been given due prominence in submissions to Ministers on statistical matters.

(c) The Department providing the manpower and financial resources for the statistical service finds it difficult to question what appear to be professional judgements about the costs which need to be incurred in order to meet particular demands for information.

(d) The management tools necessary to instil a proper degree of cost-consciousness throughout the statistical service are lacking. EcS has no separate costing or budgeting system at all, and the statistical service is not identified separately in the Department of Industry's Estimates. BSO has an extremely elaborate computerised costing system, the main function of which is to generate publishable figures of the cost of BSO and of individual BSO inquiries (and these ought to be published more regularly than at present once the policy has been settled); but BSO does not use it to give line management either meaningful performance indicators or comparison with budgets.

6.2 What then are the existing procedures for control of the statistical services, and are they not adequate to overcome these problems?

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(i) A network of official Committees based on the CSO supervises BSO's statistical activities and decides on the overall programme of inquiries. These Committees are, however, almost entirely composed of professional statisticians; users other than the Treasury are not generally represented, nor are the financial interests of the Departments whose resources are being committed.

(ii) The Survey Control Unit of the CSO has to vet new inquiries and extensions to existing inquiries and has a particular remit to prevent duplication; but this is only a small part of the continuing programme of statistical work, and the Unit's primary concern is that the inquiry is not irresponsible or professionally unsound rather than that a Department's resources are being used in the most economical way.

(iii) Ministerial approval is sought for new inquiries and for extensions to existing inquiries, and the Permanent Secretary as Accounting Officer is consulted at the same time. But for most inquiries they have access to no other advice in the Department than the statistical service itself on the need for the inquiry; and they do not normally have the time to question statistical judgements in detail, particularly the key judgements on the margin which have featured in this report's findings on the current statistical inquiries.

(iv) A budget planning system has been proposed for BSO, under which an annual work programme would be compiled within the total resources available, discussed under the auspices of the CSO and submitted to Ministers for approval. This is a welcome development but still suffers from the defects of the decision-making machinery discussed above and begs the question as to how the Department decides what should be the total resources made available. The Department is rightly criticised in the statistical world if it proceeds by arbitrary cuts irrespective of the value for money obtained from its resources.

(v) Certain organisations within the Department do examine the statistical services from time to time - management services, staff inspectors and Internal Audit. However, these bodies have not generally had much success in questioning policy, which is essential here if 'value for money' is to be analysed by reference to the resources expended by the statistical services.

(vi) The statutory Advisory Committees on Production and Distribution Statistics provide a useful means of registering the views of external interests but are not of course concerned with the use of Government resources.

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6.3 Accordingly the conclusion^{and} of this study is that there are two important gaps to be filled in the management/control of the statistical services - a need for measures to improve cost-consciousness within the services and, as a logical consequence of a decentralised statistical service, a need to give the Department a bigger say in decisions on the statistical services so that the services are more genuinely accountable than at present to the Minister and the Permanent Secretary.

6.4 It will no doubt be objected that participation by Departmental officials in this decision-making process may cut across the existing inter-Departmental machinery and would involve the interference of non-statisticians with professional judgements. But there is no reason why the statistical services should not consult fully within the Department as well as outside it; and the relevant judgements are far from entirely statistical. They involve questions of resource availability, the strenght of user needs (which as observed in paragraph 2.5 are essentially value-judgements), and judgements as to the desirability of imposing burdens on industry. The required accuracy of a statistical inquiry often turns out to be a moveable feast when confronted with these and other constraints.

6.5 The following measures are therefore recommended:-

- (i) revival of the budget planning system proposed last year for BSO;
- (ii) development of BSO's costing system, along lines which BSO staff have themselves been considering, so that it relates actual costs to budgets, highlights any other available cost/performance indicators, such as cost per form processed, and is actually used by all BSO's senior management; the bureaucracy involved in the system should also be reduced if possible, eg. by requiring returns less frequently than once a week from sections with a relatively stable mix of functions;
- (iii) drawing up of a costed annual work programme for EcS;
- (iv) involvement of Finance Division (FEA) at working level in the above processes, with possible management services assistance being needed to draw up the model for an EcS work programme;
- (v) a requirement on the statistical services to consult FEA and other interested Divisions on their detailed annual budgets and work programmes and on any new inquiries or major internal exercises before

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these are submitted for Ministerial approval - this consultation should take place both at working level initially and then through a Departmental Committee chaired by the Director of Statistics on which the Under Secretaries of FEA, Establishment Management Services and Manpower (EM), Industrial and Commercial Policy (IC) and certain other Divisions would sit or be represented and which users in other Departments would be invited to attend if they wished;

(vi) the reflection of the views expressed in this Committee as well as the views of the appropriate inter-Departmental Statistical Policy Committee in submissions to Ministers, thus assisting Ministers in using the criteria set out in paragraph 2.3 to assess the costs the benefits of the proposal; the Committee's views should also be reflected in regular reports to Ministers and to the Permanent Secretary as Accounting Officer on the annual work programmes for the statistical services and on progress in implementing the measures agreed as a result of this report.

Details of how the above Committee would be constituted and approach its task are attached at Annex H.

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SECTION 7

Savings arising from report

7.1 Savings of manpower or financial resources would be obtainable in a number of different ways if the recommendations in this report were implemented:-

- (a) Savings from the discontinuation of inquiries and other possible reductions in statistical activity listed in paragraph 2.7;
- (b) Savings from improved organisation of the statistical services - these will be mostly financial since the transfer of work from London to Newport will not directly save many staff (see paragraphs 4.1- 4.11);
- (c) Savings from computerisation and other changes of working methods (paragraph 5.4);
- (d) Savings flowing indirectly from the recommendations designed to achieve greater cost-consciousness within the statistical services and tighter control of the relevant resources by the Department (paragraph 6.5).

7.2 There are many imponderables which will influence the timing and amount of the savings. The savings from the proposed reductions in statistical activity will depend in some cases on discussions with users and would not all be achieved quickly; moreover, a reorganisation of the relevant branch or section may be needed to realise some of the savings because the work involved forms only a part of the jobs of several staff. The organisational changes would also take a considerable time to plan, and the potential savings would be realised only when the new organisation had settled down. Indeed costs at the time of the changes themselves would temporarily increase because of the disruption which transfers of work generally cause. The savings obtainable from computerisation and improved working methods would also need time to be realised, particularly as BSO will be unable to take further significant steps in computerisation until their new computer is installed and in operation (probably from 1981). Some of the savings in the different categories are also interrelated, since for example it may be wasteful to proceed with implementation of new working methods until the content and organisation of the work has been finally settled.

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7.3 Accordingly it is only possible to give, with any degree of confidence, a range of possible savings for each of the categories (a)-(c) above, with a similarly broad time-span for the achievement of the savings. Savings from the recommendations in category (d) are of course unquantifiable. The savings estimated below are in addition to a 10% option cut but assume that in all other respects the present workload and organisation would otherwise have remained unchanged over the next few years:-

(a) Recommendations on inquiries - Excluding savings which would be achieved if the monthly Index of Production were transferred to a quarterly basis (probably some 20 staff), total potential savings from implementation of all the recommendations in paragraph 2.7 are estimated to range between 35 and 50 staff. The bulk of this saving would come from putting the annual distribution and service inquiries on to a biennial basis, and savings could not accrue from this change before 1982. If this recommendation were not implemented, total savings would amount to only 10-20 staff. It seems likely that these savings could be achieved by 1981/82. Additional financial savings would accrue from a reduction in demand for computer processing time. Total financial savings (excluding savings from discontinuation of a monthly Index - some £400,000) would amount to between £500,000 and £600,000 at 1979-80 prices, or £100,000-£200,000 without the recommendation on the annual distribution and service inquiries.

(b) Recommendations on organisation - The total estimated staff savings from the rationalisation of construction statistics work, the transfer of certain functions from EcS to BSO and the abolition of EcS6 would be in the range of 10-20. (The estimated saving on construction, 3-6, represents the combined saving between DoE and BSO and would not therefore be reflected fully in BSO's own figures). It is unlikely that more than 3-4 of these posts could be saved before 1982, and at that time the saving would be outweighed by a temporary increase in staff to cover the transfer of work to Newport. The full saving might not be realisable until the mid-1980's. Financial savings are estimated at £600,000-£800,000.

(c) Recommendations on working methods and use of resources This is the most difficult area in which to provide even a rough order of magnitude; but as a broad guide the potential staff savings from the recommendations should

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be in the region of 15-30, achievable gradually over the period 1980-85. Taking account of possible additional financial savings from the recommendations to improve utilisation of the building and to raise the prices of certain publications, total financial savings could vary between £150,000 and £500,000.

Total Savings

7.4 The total estimated savings from implementing this report in full (excluding any action on the monthly Index of Production) should therefore be within the range of 60-100 staff and between £1,250,000 and £1,900,000 at 1979-80 prices, spread over the period 1980-85. This represents 4 $\frac{1}{2}$ -7 $\frac{1}{2}$ % of total staff and 9-13% of the total costs of the statistical services at present levels. The actual outturn may not necessarily undershoot by these amounts the current manpower and financial projections for the statistical services as reduced by a 10% cut, since the totals will of course be influenced by many future policy decisions and possible efficiency improvements which the study could not have taken into account.

Department of Industry

25 October 1979

MANPOWER AND COSTS OF STATISTICAL SERVICES

(Staff in post on 1 July 1979; cost estimates for 1979-80 from Ready Reckoner)

Numbers in grade

Grade	<u>Numbers in grade</u>		<u>Total</u>	<u>Average salary cost</u>		<u>Average salary cost</u>		<u>Basic staff Cost + accommodation + Common Services</u>	
	<u>BSO (Newport)</u>	<u>EcS (London) (incl Dep Sec)</u>		<u>BSO (£)</u>	<u>EcS (£)</u>	<u>Cost EcS (£)</u>	<u>Cost EcS (£)</u>		
Deputy Secretary		1	1	—	25,216	—	25,926	38,230	
Under Secretary	1	3	4	20,811	65,367	67,347	99,705		
AS	1		1	17,924	—	—	—		
Chief Statistician	4	9	13	70,964	168,021	174,411	258,075		
Senior Principal	1		1	15,892	—	—	—		
Principal	12	2	14	151,752	27,148	28,568	42,712		
Statistician (+1 PRO(R))	9	35	44	107,964	452,375	477,225	714,805		
SEO	27	4	31	277,398	44,808	47,648	71,852		
Sen Asst Statistician	3	11	14	22,428	93,214	101,024	154,484		
Asst Statistician	2	3	5	10,676	19,014	21,144	32,982		
HEO	94	43	137	783,302	400,674	431,204	655,277		
HScO		1	1	—	8,571	9,281	14,182		
Librarian	1		1	8,333	—	—	—		
EO	232	74	306	1,420,536	527,028	579,568	897,324		
Asst Librarian	1		1	6,123	—	—	—		
CO	371	112	483	1,626,835	602,784	682,304	1,083,152		
CA	78	11	89	270,348	49,324	49,324	84,535		
SPS		1	1	—	7,234	7,234	10,252		
PS	7	12	19	36,232	74,076	74,076	104,964		
Snr Sup Typists	2		2	12,142					
Sup Typists	1		1	5,364					
Typists	23		23	85,376					
Photoprinter I	1		1	4,378					
Photoprinter II	1		1	3,671					
Snr Data Processor	24		24	120,600					
Data Processor	81		81	304,398					
Office Keeper II	1		1	5,462					
Chief Paperkeeper	1		1	4,798					
Snr Paperkeeper	4		4	17,972					
Paperkeeper	12	1	13	52,416	5,031	5,031	7,108		
Telex Op	1		1	4,205					
Telephonist	4		4	13,352					
Snr Messenger	3		3	12,162					
Messenger	17		17	63,648					
Total	1021	321	1343	5,557,462	2,569,855	2,776,815	4,269,639		

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BSO manpower costs in the table are confined to average salary costs, since BSO are able to cost their services element separately as follows (1979-80 forecast at 1978-79 prices plus 15%):-

Personnel	<u>£ 000</u>
- Direct manpower costs (brought forward from table)	5,557
- Allowances for ADP programming, proficiency & shift working	77
- Travel and subsistence	85
- Training	47
- Other	3
Accommodation	
- Rental, rates, fuel, furniture, maintenance	1,193
- Telephone and telex	207
- Security	52
- Cleaning	60
Plant and machinery	
- Depreciation	325
- Hire	64
- Maintenance	253
- Interest and insurance	40
Office services	
- Printing and stationery	239
- Postal and freight	115
- Other	2
Headquarters services	900
	<hr/>
Total forecast cost of BSO 1979-80	<u>£9,219,000</u>

EcS The following are the 1979-80 estimates of the major identifiable costs of EcS work not included in "basic staff costs + accommodation + common services" overleaf:-

Computer costs (other than BSO computer)	-	£185,000
Travel and subsistence	-	£ 45,000
Supply of fiches from		
CRO for company accounts work	-	£ 10,000

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Add: Staff cost, accommodation, common services	-	£4,270,000
(brought forward from table)		_____
Total forecast cost of EcS 1979-80		£4,510,000

In addition, the Office of Population Censuses and Surveys is expected to incur costs of £610,000 in conducting the International Passenger Survey, which EcS use in their work on estimates for the balance of payments and on tourism. Substantial costs are also incurred by HM Customs and Excise in preparing the trade figures for use by EcS, but these have not been included in the calculations since it is difficult to identify to what extent they are determined by EcS requirements; they are also under separate review by Customs as part of the option cuts exercise.

Revenue Forecast revenue of BSO and EcS from work charged to non-exchequer customers in 1979-80 is £44,000.

Therefore, total net cost of the statistical services in 1979-80 is estimated at:-

	£ 000
BSO	9219
EcS	4510
OPCS cost of International Passenger Survey	610

	14,339
Less: Revenue	44

Total	14,295

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ANNEX B

MAJOR STATISTICAL INQUIRIES CONDUCTED BY BSO AND EcS

<u>Inquiry</u>	<u>Frequency</u>	<u>No of forms issued 1978</u>	<u>Forecast cost 1979-80 (£'000)</u>
<u>BSO</u>			
Engineering Sales and orders	} Monthly	73,600	482
Production, stocks and orders in certain manufacturing industries			
Manufacturers' Sales	Quarterly	100,500	2799
Census of production (manufacturing)	Annual	34,100	1189
Census of production (construction)	Annual	13,400	195
Manufacturers' purchases	Occasional (1968; 1974; 1979)	-	121
Expenditure on research and development	Triennial	4,600	45
Building materials production	Monthly and quarterly	8,300	78
Minerals raised	Annual	3,500	80
Fuel stocks consumption of large users	} Monthly and quarterly	10,200	91
Purchases of fuel by large users			
Electricity generated by large users			
Short-period inquiries into distributive and service trades	Monthly and quarterly	66,700	413
Retailing (turnover, purchases etc)	Annual	25,000	622
Capital expenditure and stocks in distributive and service trades	Annual	67,300	} 448
Film exhibitors	Annual	1,600	
Register proving and other miscellaneous forms		20,900	
Total BSO		431,300	6563
<u>EcS</u>			
Capital expenditure	Quarterly	14,000	140
Manufacturers' stocks	Monthly and Quarterly	14,800	120
Investment intentions	4-monthly	7,700	50
Wholesale prices	Monthly and Quarterly	124,200	590
Overseas transactions	Quarterly and Annual	9,200	275
Company liquidity and sources and uses of funds	Quarterly	1,600	35
Steel Stocks and consumption	Quarterly	1,600	50
Financial institutions	Monthly, quarterly, annual	5,300	110
		178,400	1370

Footnote: BSO inquiries are costed at 1978-79 prices plus 15%; EcS costs are at 1979-80 prices.

Cost - Benefit Survey Results - June 1979

Figures given are the number of companies indicating a certain answer expressed as a percentage of the total number of replies received for the particular question.

Statistics

Is it easy for you to supply these statistics from your company records?

Are the published statistics useful to your company?

In your judgement is the amount of data justified by the level of usefulness of the results to your company?

	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Quarterly Manufacturers' Sales	93	7	65	35	57	43
Monthly Wholesale Prices of Materials and Fuels Purchased	75	25	81	19	82	18
Monthly Wholesale Output Prices	55	45	82	18	100	0
Monthly Figures of Sales and orders for certain industries* X	100	0	73	27	86	14
Triennial Statistics of Research and Development Expenditure	0	100	73	27	50	50
Quarterly Statistics of Corporate Liquidity	33	67	75	25	33	67
The various statistics derived from the Annual Censuses of Production, including the Classified Lists of Businesses and the Operating Ratios	14	86	78	22	58	42
Quarterly Corporate Profits	78	22	59	41	58	42
Statistics derived from annual overseas transaction inquiries.	25	75	47	53	11	89
Quarterly data on capital expenditure and stocks	80	20	56	44	40	60
Statistics of Earnings and Hours of Manual workers (April and October Surveys)	86	14	80	20	80	20
Annual New Earnings Survey Statistics	67	33	93	7	67	33
Employment Statistics	90	10	79	21	63	37

* Timber, Clothing, Engineering and Machine Tools Industries

RECOMMENDATIONS ON STATISTICAL INQUIRIES

This note contains detailed facts and arguments, as appropriate, to support the specific recommendations on reductions in statistical inquiries listed in paragraph 2.7 of the report -

(i) BSO quarterly inquiries on manufacturers' sales

2. The report recommends that the possibility of cutting out certain industries altogether from the quarterly inquiry system should be investigated. There are four possible reasons why the inclusion of such industries may be unnecessary:-

(a) Alternative sources of data may already be used to meet both Government and industry needs - this is the case with inquiries into 5 food and drink industries currently conducted for MAFF (milk and milk products; sugar; cocoa, chocolate and confectionery; biscuits; and animal and poultry foods).

(b) Existing monthly inquiries to service the Index of Production may (if they continue - see (ii) below) be sufficient to meet any other need for quarterly information.

(c) Trade associations may be collecting detailed sales or production information which would be, or could be adapted to be, sufficient to meet the Government's needs.

(d) Certain inquiries may be of little or no use to the policy divisions or industries concerned, either because they do not enter into a sufficient level of product detail or because they exclude sectors of the market which are needed to give the figures any economic meaning.

3. Clearly, with a total of 160 industries in the quarterly inquiry network, any findings from this study about specific industries are bound to be fragmentary. However, possible examples of industries in each category have been encountered. In category (b) might fall most of the sectors of the textile industry for which the monthly Index of Production is already serviced by data collected by the Textile Statistics Bureau in Manchester, the Wool Industry Bureau of Statistics in Leeds and the Man-Made Fibre Producers Committee in London. In addition, if a 10% option cut leads to a severe reduction of the product detail at present collected on a quarterly

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basis, it would not appear worthwhile to retain any form of separate quarterly inquiry into the sales of most of the engineering industry, for so long as the monthly inquiries for the Index of Production continue. Examples of category (c) are aluminium, domestic electrical appliances and paper. In category (d), the British Internal Combustion Engine Manufacturers continue to collect their own production figures because BSO's quarterly sales figures exclude in-house manufacture by certain users of engines and therefore have no economic meaning in their view; and statistics of button sales are collected but no longer separately published because too large a proportion of button manufacture is unidentifiable from other product headings to enable a meaningful total to be calculated.

4. It is recommended that, when a decision in principle has been reached about the frequency and level of detail at which these inquiries into product sales should continue in the light of a 10% option cut, all trade associations which are known to have a statistical capability should be asked about the feasibility of their undertaking these inquiries instead of the Government. This consultation should extend not only to establishing whether trade associations collect data which would be sufficient for Government purposes in its present form but also to asking whether trade associations could adapt their own statistics so that they met both industry and Government needs. Where trade associations express strong interest in the continuation of the relevant BSO inquiries, the possibility of sharing the costs through higher prices for Business Monitors (see Annex G) should be explored. Conversely, the Government should be prepared to pay for trade association data (as it does at present for monthly textiles statistics) where this is more economical than maintaining the BSO inquiry. Finally, where no real need for the product breakdown of an industry is discovered, the collection of the data should of course cease.

5. It is, however, important to maintain a system which provides consistent and comparable statistics covering all the industries where these are needed and enabling overall indices of production to be calculated and other related statistics such as the wholesale price index and the input/output tables to be properly weighted by product. This means that the Government can only leave statistical collection to trade associations in this field where the relevant industries are reasonably self-contained, where trade association membership covers the vast majority of manufacturers and where the trade association is willing to provide sufficient back-up information to enable Government statisticians to use the figures for their various purposes. The general judgement of this study is that these criteria are unlikely to be met for a large number of industries, although it would be reasonable to expect them to be met in a sufficient number of cases to make the exercise worthwhile.

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(ii) Monthly manufacturing inquiries for Index of Production

6. Since Department of Industry statistics provide the main input into the calculation of the monthly Index of Production, it has appeared more logical to consider the need for the Index as a whole than to examine the Department's input to it separately. The compilation of the full Index is, however, the responsibility of the CSO rather than the Department, and the main user is the Treasury.

7. The following arguments have been put forward during the study to justify a monthly Index of Production as against the possibility of relying on quarterly data:-

(a) The Index is one of a number of leading economic indicators which are collectively essential to the formation of economic policy by the Government. If quarterly figures were used, production data would lag considerably behind other indicators which are available on a monthly basis, such as retail sales, trade figures, price indices and unemployment.

(b) Monthly figures indicate developments within a quarter, such as the effect of strikes, more precisely than a quarter's figures could do and enable upward or downward trends to be spotted more quickly.

(c) The Index is given much attention by industry, the press and Parliament, and the Government would be heavily criticised for dropping it.

(d) An EEC Directive requires monthly indices of production to be supplied to the Commission, and no other member state has showed any sign of wishing to escape this obligation.

(e) The data is relatively straightforward for industry to provide, and small firms are in general outside the scope of the monthly inquiries.

8. The reasons for nevertheless questioning the cost/effectiveness of the Monthly Index are as follows:-

(a) The Department of Industry's contribution to the Monthly Index requires some 25 staff and expenditure of over £ $\frac{1}{2}$ million per annum at current prices. Further manpower and financial resources are involved in the CSO and other Departments.

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(b) The total cost to industry of filling in the forms, passing them backwards and forwards and answering queries is probably at least as much again; some 70,000 forms per annum are sent out in the course of the Department's monthly inquiries.

(c) It is difficult to identify any particular macro-economic policy decisions which depend critically on up-to-date information from the Monthly Index.

(d) Whilst the Index is certainly of general interest, little use appears to be made either inside or outside Government of the disaggregated indices for individual sectors of industry, either because the general need is for quarterly and more detailed information or because the disaggregated indices are not considered sufficiently reliable. Thus there is no major micro-economic ('spin-off' from the monthly inquiries which could not be undertaken satisfactorily on a quarterly basis.

(e) Ad hoc arrangements can be mounted to monitor the effects of strikes, as was done during the road haulage dispute earlier this year.

(f) With the quarterly sales inquiries likely to be reduced considerably in the detail they collect, the element of duplication between the monthly and quarterly inquiries will become more obvious and more difficult to defend. The opportunity of such a major change in the quarterly system could be taken to absorb the information previously collected monthly, with a reasonable expectation that the data for a quarterly Index could be provided considerably more quickly after the end of a quarter than is the case at present. This approach should also mean that more than two-thirds of the cost of the monthly inquiries should be saved by moving to a quarterly Index.

9. It is recommended that Ministers should consider the cost/effectiveness of the Monthly Index, which they have not previously been given the opportunity to do, and should decide between three options:-

Option A - decide in principle to reduce the frequency of the Index from monthly to quarterly and seek the support of our EEC partners for an amendment to the relevant Directive, as is being attempted for the Directive governing the Annual Census of Production.

Option B - maintain the monthly Index in its present form.

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Option C - maintain a monthly Index on a cruder and cheaper basis, whereby detailed statistics would be collected only on a quarterly basis but a monthly estimate would be made by extrapolation from the quarterly figures, supported by monthly production data obtained from a few hundred large manufacturing companies by telephone and by other general indicators such as Department of Employment data on overtime and short-time working. This option would be designed solely to meet any macro-economic policy needs and our EEC obligations and would have to be supplemented, eg by extension of the monthly telephone requests for information, if more detailed monitoring of the effects of major strikes were required.

10. A small number of monthly inquiries in the manufacturing sector are maintained for reasons other than the Index of Production, and the need for these to remain on a monthly basis has been reviewed. The monthly inquiry on paper is in the process of being handed over to the trade association; and a similar handover of the inquiry on imported timber is already under discussion. It is now recommended that discussions should also be opened with the trade about the monthly inquiry on wood chipboard and that the same approach should be adopted on both timber and wood chipboard - if the trade are unable to take over the inquiries, the work should only continue for as long as is considered necessary for Government purposes alone, and the Government should seek to secure a sharing of the costs by the trade through the pricing of the relevant Business Monitors (see paragraph 5.4(g) and Annex G).

11. If both monthly and quarterly inquiries into sales of the engineering industry are allowed to continue, it is recommended that the practice of asking for employment and export sales information in both inquiries should be stopped. Employment is used primarily as a means of checking the basis on which the sales data has been reported; even if the monthly and quarterly figures are received from different units of the company and cannot be reconciled, it should only be necessary to ask about employment in the monthly inquiries once a year. In general, export sales data duplicates Customs figures and has been retained only for those industries where the trade figures are deficient; but for these industries it does not appear necessary to ask for this information on a monthly as well as a quarterly basis.

(iii) Annual distribution and services inquiries

12. The main issue here is - how much is the Government prepared to pay (and to require the trades concerned to pay) to secure an annual rather than a biennial benchmark for use in adjusting estimates in the national accounts based on the

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results of shorter-period inquiries? The prime purpose of the annual inquiries into the distributive and service trades is to provide such benchmarks for the quarterly inquiries into capital expenditure, for the quarterly wholesalers' stocks inquiry, for the monthly inquiry into retail sales and stocks and for the quarterly inquiries into turnover in the catering and motor trades. These shorter-period inquiries use smaller panels consisting mainly of the largest companies. The annual inquiries ask questions on other subjects too; but there is no need to seek this further information annually. Indeed such information was obtained only on a very occasional basis until the new system of annual inquiries based on the VAT register was set up in the mid-seventies. However, the commodity detail of sales obtained from the annual retailing inquiry is now used to re-base the monthly retail sales inquiry each year.

13. The savings obtainable by transferring the annual inquiries to a biennial basis, alternating between distribution and services in order to smooth out the BSO's workload, would be of the order of 30 staff and up to £400,000 per annum. Some 90,000 forms per annum are involved, and henceforth firms would receive these forms every second year. The cost of the present inquiry system to industry is difficult to estimate, but evidence suggests that, although many small firms would be able to complete their annual forms in an hour or less, the time and cost of dealing with the forms is increased for many others by the need to pass on the forms to their accountants; and larger firms would expect to take considerably longer to fill in their more complicated returns. On these assumptions the saving to industry from biennial inquiries should comfortably exceed the saving to Government.

14. The main effect of a move to biennial inquiries would of course be that, for one year in two, the benchmarking of the results of the shorter-period inquiries would occur 4 quarters later than at present. The time-lag for the other year would be unaffected. The value of an annual benchmark must be judged against a number of criteria, and perhaps the most important is the time when the benchmarking process takes place. The results of the annual inquiries into the distributive and service trades are not normally available until 15-18 months after the end of the relevant year. Thus the national accounts are reliant on the results of shorter-period inquiries for as many as 9 quarters before the annual benchmark information becomes available, and the annual results do not influence the weighting of the monthly retail sales inquiry until the third year after the year to which they relate. Whilst the annual benchmarks may therefore improve the reliability of the national accounts as an historical record, it seems likely that any policy decisions which

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might be influenced by information on the capital expenditure, stocks and turnover of the distributive and service trades (or indirectly by their effect on the rest of the national accounts) would have been taken on the basis of the results of the shorter-period inquiries. The inescapable time-lag on annual inquiries must also limit their usefulness in short-term forecasting.

15. It is therefore arguable that, where there is a large and erratic divergence between the short-period and annual inquiry results, it would be more cost/effective to improve the short-period inquiries than to improve or even maintain the annual benchmarks. In fact, for the main aggregates important in the national accounts the annual inquiries for 1977 (the most recent year for which results are available) have not generally caused major revisions to the estimates which appeared in the 1978 Blue Book. The revision for capital expenditure in the distributive and service trades was roughly 2% of the figure given in the 1978 Blue Book; the revisions for individual sectors were considerably larger than 2% in some cases but were in general well within the year-on-year change experienced in 1977. The revision for retail turnover was approximately 1%. For retailers' stocks the revision was 11% in cash terms, although the short-period inquiry results were extremely accurate on stockbuilding as a percentage of total stocks. On wholesalers' stocks the quarterly inquiry results were much less accurate, with a 22% revision being generated by the annual inquiry. The annual inquiries have occasioned larger revisions to some of these aggregates in earlier years, but in view of the development of the VAT-based register it would appear more reasonable to look forward than back in assessing the likely effect of biennial benchmarking. The transfer of the quarterly wholesale stocks inquiry to the same VAT-based register as the annual inquiry should improve congruence between the two, and as explained in paragraph 27 below the proposed move from monthly to quarterly collection of retail stocks information may also make possible an improvement in the quality of this inquiry. In the longer term the quarterly capital expenditure^{inquiries} could be improved by transfer to the BSO register, (see paragraph 4.8 of the report).

16. On balance, the annual benchmarking process does not appear to justify the substantial extra cost compared with biennial inquiries. (Although a similar argument could be raised on manufacturing industry, information on the distribution and services sector is not governed by EEC obligations and is not so much demanded on a regional basis as in manufacturing, where the Scottish and Welsh Offices consider information on capital expenditure from the Annual Census to be essential). To give as much time as possible for improving the congruence between quarterly and annual inquiries before the change takes place, it is recommended that the annual inquiries

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other than for the motor trades should become biennial with effect from 1981 or 1982.

17. The quarterly inquiries into the turnover of the catering and motor trades are at present under discussion between the Departments' statistical services and the CSO with a view to eliminating one of them as part of BSO's contribution to a 10% cut. If, as seems likely, the quarterly motor trades inquiry is dropped because of its poor quality, the annual motor trades inquiry will need to be retained for national accounts purposes. (The estimated savings from a move to biennial inquiries allow for this.) The annual catering inquiry could, however, be part of a general move to biennial inquiries if its quarterly counterpart survives.

(iv) Investment intentions survey

18. (a) Need for spring survey This was introduced as a post-budget survey mainly at the request of the Treasury but has been little used by them in the last two years. The saving to the Government from abandoning this survey would be small, because of the continuing need for the August and November surveys. But some 2500 fewer forms would have to be filled in by industry; and the nature of the information may require the form to be filled in at a more senior level in a company than is the case with information about past sales, for example. The current fee recoverable from the EEC for supplying the results of the manufacturing sector of the spring survey on a contract basis is roughly £3500, compared with a total cost of well over £10,000. If the whole EEC contract were lost as a result of discontinuation of the spring survey, the total EEC contribution forgone would be roughly £7000.

(b) Need for asset breakdown of manufacturers' investment intentions
Manufacturers are at present asked in the August and November surveys to split their forecast investment into buildings, plant and machinery and vehicles. However, no significant use has so far been made of this breakdown. The total for vehicles is automatically added to that of plant and machinery; and although buildings are kept separate in the grossing-up calculation to estimate total investment, the effect of this separate grossing-up on the total does not appear substantial in view of the relatively small proportion of total investment which buildings represent. Interpretation of the results of the survey is based on the total investment figures rather than the asset breakdown. Accordingly the asset breakdown appears to have been a waste of Government time in processing returns and a waste of industry's time to the extent that firms

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may be making a special effort to forecast their asset split for the purposes of the survey. The Division responsible for the surveys have argued that they may soon begin to use the information to take account of the differences in the patterns of leasing and of price expectations between different types of asset, but it is difficult to accept that such possible uses are essential or that they could provide worthwhile results without further requests for relevant back-up information from industry.

19. An asset breakdown is, however, needed in the survey of the distributive and service trades, where expenditure is more evenly spread over the three types of asset and changes in the asset mix have to be taken into account in forecasting.

(v) 1979 inquiry into manufacturers' purchases

20. This inquiry, which is needed only every 5 or 6 years, is inescapably complex for firms because its objective of tracing the flow of goods through the economy involves obtaining information which firms would not necessarily collect for their own management purposes. Firms may well take some 3 man-days to fill in the forms, and it would be inconsistent with the objectives of the inquiry to simplify the breakdown of purchases in the forms sent to smaller firms.

21. The smallest firms are excluded from the inquiry by cut-offs related to employment which are designed to leave a reasonable proportion of each industry within the scope of the inquiry. Although most industries have been given cut-offs which exclude all establishments with less than 50 or 100 employees, establishments with 35-49 employees are to be included in the inquiry for 19 industries where a 50-employee cut-off would have reduced the coverage (by employment) to less than two-thirds. In fact, however, the sending of some 1200 forms to these small firms will only increase the average coverage of all 19 industries from 57% to 63% of employment even if all respond; and, assuming on the basis of past experience of purchases inquiries that only a 50% response can be obtained from firms of this size, the actual increase in coverage by employment is likely to average only 3 percentage points on an expected overall response of 40-45% for these industries. The burden imposed on the firms which do reply and the cost to BSO of sending out the forms and chasing up replies would appear to outweigh this small statistical gain. It should be borne in mind that, by the time the results of the inquiry become available for reweighting indices and other economic purposes, the effect of the time-lag would arguably render such fine tuning nugatory so far as any future policy use was concerned.

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22. This is a prime example of a marginal statistical decision which it is difficult for Ministers to question in depth but where non-statistical judgement is of great importance. It could be argued that the above approach could be used to erode statistical samples almost down to nothing, since the marginal element in any sample could be cut down in the same way. Such an extension of this approach would be a mistake; but it is reasonable to use the approach to question areas where some particular statistical refinement, such as the special 35-employee cut-off in this case, needs to be justified.

23. Although Ministers have approved the 1979 purchases inquiry, it is not too late to prevent forms being sent to the 1200 establishments concerned.

(vi) Research and development - Scottish and Welsh information

24. BSO have provisionally agreed with the Scottish and Welsh Offices that firms which acknowledge that they undertake research and development work in Scotland or Wales should be asked to provide separate information on this work in addition to their figures for the UK as a whole. In response to requests to reassess their need for this information, the Welsh Office agreed that it was not essential, but the Scottish Office insisted that the information would be important in assessing the prospects for Scottish industry and particularly for high technology industries. The Scottish Office also argued that, as information had to be collected for the UK as a whole, there would be little extra cost either for Government or for industry in generating separate information for Scotland.

25. Since this information has not been collected previously, the cost to industry is difficult to assess. It will depend on how many of the 1700 firms likely to be covered by the inquiry have research and development facilities in Scotland and Wales and on how easy it would be to identify expenditure in these countries separately. In the CBI survey at Annex C, information on research and development is shown to be extremely difficult for most firms to extract. It may therefore be deduced that, for large firms with operations covering England, Scotland and Wales (or any two of these), a breakdown by country may present even greater difficulties. For companies operating solely in Scotland or Wales or owning identifiable and separately costed research establishments, there would of course be no extra cost. The cost to Government would partly depend on the cost to industry, in terms of the numbers of firms involved and the possible difficulty in obtaining an adequate response. But it is doubtful whether the cost would exceed the equivalent of one man-year.

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26. Since the exploitation of research and development through production would not necessarily be influenced by the location of the R & D, it is difficult to see how the details of research and development in Scotland could be put to effective use either in economic forecasting or in policy formation. On balance, the benefit obtainable from the information would appear unlikely to match even a small extra cost to firms plus the extra cost to Government. It should be possible to assess the cost to firms when the CBI and other organisations are consulted on the proposed inquiry next year.

(vii) Retail stocks and Credit

27. Information on credit is sought from about 500 retailers and on stocks from about 250 retailers as part of the monthly retail sales inquiry. Since sales information would still be required each month, BSO would obtain very little saving from transferring only the stocks question to a quarterly basis, but a more worthwhile saving - at least 1 member of the inquiry staff plus computer processing work - could be achieved if all supplementary information other than sales (ie both stocks and credit) were on a quarterly basis. The saving to the firms concerned would also be significant, and it is possible that BSO could improve the quality of the stocks and credit information on a quarterly basis because more traders would find it possible to provide the information quarterly than monthly.

28. Retailers' credit accounted for roughly one third of total consumer credit in 1978, but the growth of credit cards seems likely to reduce this figure very substantially from this year onwards, perhaps to as little as 10% by 1982. Taking account both of BSO's desire to make the change for stocks and credit at the same time and of the need for monthly information while retail credit is still a major element in consumer credit, it is suggested that the change should be made in 1981 if the proportion of retail credit in total credit has by then fallen to below half its 1978 level. Failing that, the change should be made on stocks in any case, and on credit as soon as possible thereafter.

(viii) Sources and uses of funds

29. The quarterly survey of company liquidity, covering just over 200 large companies, has been conducted for many years, but the quarterly survey of sources and uses of funds - designed to explore the constituents of, and reasons for, changes in company liquidity - is of recent origin and is at present obtaining too

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low a response from the 160-strong panel to enable results to be published. In the CBI's ranking of inquiries at Annex C, these two inquiries together are shown to be burdensome for firms and to have raised considerable doubts in industry as to their cost/effectiveness. The main problems appear to arise on the survey of sources and uses of funds - for example, one large company has to devote 15 man-hours per annum to this survey but only 2 to the company liquidity survey. The most time-consuming aspect of the surveys for firms is the requirement to split UK from overseas financial data.

30. Since the sources and uses of funds survey was set up as recently as 1976 after consultations with industry, it seems reasonable to give this small survey a further trial period up to the end of 1980. But if it continues to fail to fulfil the purpose for which it was set up, it should certainly be abandoned at that time. It would be useful to review the company liquidity survey with users at the same time, since although it provides the only source of information on liquidity in manufacturing industry there are alternative sources for financial information on industrial and commercial companies as a whole.

(ix) Steel stocks and consumption inquiry

31. The central question here is one of principle - should information about a primarily commercial matter such as the market for steel be collected by the steel industry or by the Government? The arguments are set out in paragraph 2.7 (ix) of the report. If Ministers are reluctant to abandon the collection of this information, an alternative approach would be to ask the steel industry to meet most, if not all, of the cost of the inquiry. This would not, however, relieve the burden on the steel consumers and stockholders who provide the information. Although the inquiry is voluntary, many contributors no doubt feel a moral obligation to respond. This option would therefore appear to be a second-best to the abandonment of the inquiry.

(x) Film distributors' receipts

32. This small annual inquiry involving only 100 contributors has been strongly defended by the trade in the past, though it is the film exhibitors rather than the film distributors themselves who have pressed most strongly for continuation. Since there is no significant Government interest in the results and since response was poor in the 1978 inquiry, even the very small cost of this inquiry (in the

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region of £1000) outweighs any benefit from continuation. Although two external committees are at present considering the film industry, there would appear to be no advantage to the Government in awaiting their reports before taking a decision (or at least announcing a proposal) on this inquiry.

Procedure for further discussion of recommendations

33. Most of the above recommendations require further investigation or discussions with users before final decisions are taken. Items (ii), (iii), (iv), (vii) and (viii) need to be discussed with the Treasury at official level in conjunction with the CSO, and a report on the discussions should then be prepared for Ministers in the Departments of Trade and Industry and the Treasury (with the Departmental Committee recommended in paragraph 6.5 (v) of the report and Annex H being given the opportunity to register its views). Item (vi) will be discussed with the Scottish Office before industry is consulted. Item (i) will require detailed consultations with trade associations before the potential for savings can be reported to Ministers; and these consultations cannot begin until firm decisions have been taken on a 10% cut and on how it should be implemented at BSO. Items (v) and (ix) are for decision by Department of Industry Ministers and item (x) by Department of Trade Ministers.

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ANNEX E

TRANSFER OF ECS WORK TO BSO NEWPORT: FEASIBILITY AND TIMING

This note sets out the detailed reasoning behind the proposals in paragraph 4.7 of the report for the transfer of certain EcS functions to BSO and makes recommendations on the timing of the moves and on the organisation of the functions which would be transferred.

(a) Company accounts analysis

2 Approximately 30 staff, primarily EO's and CO's under the charge of a Statistician, are occupied in the analysis of published company accounts in order to produce data in various aggregated forms on company finance and profitability. This work has been under consideration for possible dispersal for some time, but in the light of the Government's recent announcement on dispersal policy it is likely that no further action would have been taken. The case for going ahead with the move on cost and efficiency grounds is:-

- (i) The cost difference between housing these staff in an existing under-utilised building in Newport compared with the much more expensive accommodation (and higher salaries) in London is very substantial.
- (ii) Apart the Statistician, the staff have little contact with other Divisions in London, and the service they require from the Companies Registration Office could be obtained at least as easily in Newport as in London.
- (iii) Whilst not in the same mould as normal BSO work on statistical inquiries, this work would dovetail well into the BSO structure because it is statistical in content yet would provide some variety and more demanding employment for EO's and CO's at BSO, who in some cases are over-qualified for the type of work normally available to them.
- (iv) The BSO computer is already used in this work.

3 The main problems will be the temporary cost of overlap and loss of continuity whilst BSO staff are trained in this specialised and demanding work and the danger that the Statistician, who is heavily involved in general advisory work on company finance as well as in supervision of company accounts analysis, would lose contact with users both in the Department of Industry and in other Departments. The first

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problem is inevitable, and a balance simply has to be struck between unacceptable loss of effectiveness during the transition period and excessive provision of extra staff to achieve a completely smooth transfer. This question will involve the complementing and perhaps also the management services branches of Establishment Manpower and Management Services Division, who will need to look critically at current estimates of a temporary overlap cost of 21 man-years' work (including 6-12 month training periods for a nucleus of staff) in the light of the present rate of staff turnover in this work. The second problem seems best solved by not transferring the Statistician from London and relying on non-statistical supervision of the company accounts analysis work at BSO, allied of course with continuous feedback from the Statistician in London on statistical matters and on users' needs. Involvement from London in this work should ~~not~~ detract from proper line management responsibilities in BSO.

4 There is general agreement that an appropriate time for the transfer to take place would be in the first half of 1982.

(b) Wholesale Price Index

5 This work occupies an entire branch of some 40 staff under the charge of a Chief Statistician. The main function is executive and clerical - the collection and processing of monthly wholesale price indices-but the branch is responsible for the monthly publication of the indices with accompanying analysis. Its status under previous dispersal proposals has been similar to that of company accounts analysis. The case for transfer to Newport is almost identical with that relating to company accounts analysis, with two significant differences - first, there are somewhat more London contacts which need to be maintained, although these are generally with other parts of the Government Statistical Service (who are growing accustomed to communicating with Newport) rather than with policy divisions in the Departments of Industry and Trade; and secondly the work of collecting and processing data from industry is closer to the mainstream of existing BSO work than is the analysis of company accounts.

6 The problems associated with the transfer are similar, and those relating to the transition period should be treated in a similar way, to those of the company accounts work. However, there should be no question in this case of any supervision from London other than from the Director of Statistics, since at present the branch requires the full-time involvement of a Chief Statistician on the spot but generates very little Under Secretary work.

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7 The branch has argued for deferment of the move to Newport until 1985 because of the intensive work involved in changing over to the new BSO computer in 1981 and in the planned rebasing exercise from 1982 to 1984. Whilst a firm date in 1985 would be preferable to no target date at all, it would be desirable on financial grounds to bring forward the move if at all possible, either to 1981 (since the changeover to the new BSO computer will certainly not be assisted by maintaining the inquiry work in London) or to 1983 after the bulk of the rebasing exercise has been completed for the 1983 Blue Book.

(c) Capital expenditure, stocks and investment intentions

8 This group of functions involves almost an entire branch under a Chief Statistician comprising some 30 posts. (The remainder of this branch's work - research and development statistics - is also proposed to be transferred, but this is considered separately in (e) below.) The work consists of:- quarterly inquiries into the capital expenditure of manufacturers and of the distributive and service trades; monthly and quarterly inquiries into manufacturers' stocks (though if the 10% option cut is implemented this inquiry will in future be conducted only on a quarterly basis); and surveys of investment intentions taking place generally in April, August and November of each year (though it is recommended in this report that the April survey should be dropped).

9 Monthly data on retailers' stocks and quarterly data on Wholesalers' stocks is already collected and processed at BSO Newport. The transfer of the wholesalers' stocks inquiry to BSO in 1975 was originally envisaged as the first stage of a phased move of the whole of the capital expenditure, stocks and investment intentions work to Newport. Further stages in the move were halted from the end of 1975 on the grounds that the investment intentions survey was too judgemental and too closely linked with forecasting functions in London to be transferred to Newport and that the capital expenditure inquiries needed to be located alongside the investment intentions surveys because of the frequent need for cross-checking between the two sources.

10 The case for transferring all these functions to Newport, taking account of the above arguments, is as follows:-

- (i) The financial savings will be substantial, with lower staff costs and improved utilisation not only of BSO's building but also of their automatic mailing facilities.
- (ii) There would be long-term gains in both statistical effectiveness and efficiency if the quarterly capital expenditure and stocks inquiries

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could be integrated into the BSO inquiry system using the same registers as the annual (or biennial) inquiries which act as their benchmarks. As a result comparison between quarterly and annual data would be easier and less labour-intensive.

- (iii) The new BSO computer, with its extra capacity, is likely to be better equipped than its predecessor would have been to provide the quick and flexible service which these inquiries need; if immediate transfer to the BSO computer were impracticable, BSO could accommodate the relatively small volume of computer work involved at present in these inquiries on their existing mini-computer or on additional mini-computer facilities.
- (iv) The extra experience and statistical expertise built up in BSO since 1975 should enable the Office to carry out the investment intentions survey more effectively than was feared in 1975.
- (v) The location of the manufacturers' stocks inquiry in London separately from the work on wholesalers' and retailers' stocks in Newport seems anomalous. Although the processing of data on manufacturers' stocks is more complex, BSO already have to handle similar complexities in collecting annual stocks data in the Annual Census of Production.
- (vi) Face-to-face contact between the relevant Statisticians and users in London, such as Departmental economists, the CSO and the Treasury, does not appear to be so intensive that it could not be maintained at a satisfactory level by travel to or from Newport.
- (vii) Firms would not have to supply data on the same subject to two different points in the Government Statistical Service.

11 Against these arguments, it must be acknowledged that the investment intentions survey is somewhat different from the factual inquiries which BSO normally conduct and that both this and the complete removal of expert statistical advice on capital expenditure, stocks and investment intentions from London to Newport involve risks. These risks do, however, appear worth taking in order to reap the financial savings and other advantages from the move.

12 The cost of overlap during the transfer should be less than for company accounts analysis or wholesale price indices because of BSO's existing experience in closely related work. The organisation of the work at BSO could take a number of possible

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forms. But if BSO chose to split the inquiries between their manufacturing and distribution branches to a greater extent than capital expenditure and investment intentions work is split at present, there is no reason why BSO should not make such accommodation and other liaison arrangements as are necessary to ensure that the inquiries are closely coordinated.

13 It would be important to ensure that these functions were fully centralised at BSO and that no duplication arose through the retention of a capability in London. If users have no alternative but to contact Newport and if the relevant Statisticians in Newport have responsibility for awareness of user needs placed squarely upon them, there is no reason why a satisfactory relationship should not be established without a middle man in EcS.

14 How far the transfer would need to be phased over a period requires detailed consideration in the light of availability of staff in BSO as well as the need to minimise disruption of work at critical times. No convincing reasons have been advanced for delaying the move beyond 1983, and it may be possible to begin the process from 1981.

(d) Distribution and services statistics (excluding films)

15 This is a small area of analytical and interpretative work, involving some 6 posts in all, in a field where all the relevant inquiries are conducted at Newport. The financial saving from transfer to Newport would therefore be small, although this is of course no justification for ignoring it. In this type of work full account must be taken of the quality and speed of advice available to Ministers and other users as well as of purely financial questions. From this point of view, there are certainly risks in abandoning any expert statistical presence in London on the distributive and service trades.

16 The case for the proposed transfer, in addition to the small financial gain from employing and accommodating staff in Newport rather than London, is as follows:-

(i) There is a duplication of knowledge and expertise between the relevant branches in London and Newport which, with the best will in the world, cannot permit a clear dividing line to be maintained between functions and is bound to lead to some cross-checking of others' work, duplication in attendance at meetings, duplication in record-keeping etc.

(ii) BSO's statistical expertise in this field has been growing and their

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new VAT-based register settling in, to the extent that cross-checking of BSO's work in London should no longer be so necessary as in the past.

- (iii) In the light of the above factors BSO should not need to take over the London organisation as it stands but would be able to absorb it into their existing structure, with a probable small saving and a better provision for covering the existing Statisticians at BSO when they are sick or on leave.
- (iv) Contact with policy divisions, other than Films Branch, is not extensive and ought to be maintainable adequately from Newport. BSO would have more incentive to increase their awareness of users' needs and serve these needs flexibly if they were solely responsible for this aspect of the work.
- (v) Although it is argued that BSO could not meet rapid requests for PQ material or Ministerial briefing or even take sole responsibility for providing the monthly press notice on retail sales with associated briefing, the experience of Parliamentary Branch and Press Office indicates that such problems could be overcome without requiring experts to be present in London. Indeed the monthly press notice on the Wholesale Price Index would have to be handled without such a presence. Moreover, there are few cases in this field where ad hoc briefing is demanded, and genuinely needed, within 24 hours. It would, however, be desirable at the same time to improve the present facilities for facsimile transmission of papers from BSO to London.

These arguments do not outweigh the attendant risks so much as on capital expenditure, stocks and investment intentions, where larger financial savings are involved. But on balance it is recommended that the transfer would be worthwhile.

17 It is suggested that the transfer of this work should take place in 1981, thus allowing a further year both for improvement in BSO's experience of operating their new register and for the gradual transfer of such background knowledge and expertise as is not at present available to the BSO.

(e) Research and development statistics

18 The analysis and interpretation of research and development statistics, together with the collection of these statistics from public corporations, private research laboratories and research associations not covered by the BSO inquiry, occupies 3 staff in EcS plus 50% of a Statistician's time. The arguments for, and risks of,

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transfer of these responsibilities to BSO are similar to those relating to distribution and services statistics, but stronger for two reasons:-

- (i) there is less need for urgent briefing or the speedy handling of press notices and PQ's in this case; and
- (ii) it is anomalous that EcS retains a small amount of statistics collection and processing even though the main R & D inquiry is run by BSO.

19 There seems no reason why the transfer should not take place in 1980 or 1981 before the main work begins on the triennial inquiry into R & D due to take place in respect of 1981.

(f) Monthly engineering inquiry

20

Although BSO is responsible for collection and initial processing of returns to the Monthly Engineering Inquiry (sales and orders information, - but used also to provide the engineering input to the Index of Production), some basic checking functions (occupying approximately half of the time of three executive and clerical staff and an appreciably lesser proportion of the time of the two professional staff) are undertaken in EcS3. The main calculations, the analysis, the presentation and publication of results are performed by EcS3. A limited amount of duplication of effort exists (in computer processing, record keeping and scrutiny of individual company figures), but EcS3 judge that their procedure is necessary at present because of the unique complexity of the adjustments which have to be made to keep the quality of the resulting volume indices at a sufficiently high level; but this leaves BSO staff all the more frustrated because they feel that they are not trusted to handle the complete job. EcS3 have been engaged in development work with the ultimate objective of enabling the inquiry to be processed in a more unified and efficient fashion. It is recommended that greater impetus be given to this work (including the active involvement of BSO) so that a firm date can be set for full transfer to the BSO. Two events are imminent which affect this. Firstly, the conversion by the BSO of monthly inquiries to BASIS - their new data storage system (planned to occur in early to mid 1980) - will require a particular section of the programme currently in use by EcS3 to be revised to take account of the new file format. Secondly, the introduction of the new computer for the BSO will to some extent pre-empt scarce staff resources at the BSO. A target of transfer by the beginning of 1981 would be desirable.

21 The head of EcS3 has undertaken to review any other routine tasks connected with BSO - based inquiries which are at present undertaken by his Division, with a view

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to ensuring that, wherever possible in his judgement, they are left to the BSO to perform in future.

Manageability of BSO and availability of professional staff

22 It may be argued that the acquisition of all the above functions would make BSO unmanageable in its present form (headed by a Under Secretary who is a professional statistician), particularly because of the different type and quality of work involved in many of these new tasks. This is bound to be a matter of judgement, principally the judgement of the Director of BSO, but the following points should weigh in favour of the view that BSO will be manageable:-

- (i) In terms of numbers, BSO would not become significantly larger than at present, taking account of the combined effect of these proposals and of a 10% option cut.
- (ii) Much of the work proposed for transfer has little or no Under Secretary content.
- (iii) The longer-established BSO's existing inquiries become, the less intervention they require at Under Secretary level.
- (iv) In relation to the new tasks which have a higher statistical policy content - such as capital expenditure, investment intentions and distribution and services statistics - BSO has a professional statistician rather than an administrator as a Director so that he can participate in this type of work. Moreover BSO are involved at present in these subjects, and to centralise responsibility for them may actually reduce rather than increase the number of high-level meetings which have to be attended.

23 It is also argued that BSO will have difficulty in filling their extra professional posts because of the general reluctance on the part of professional statisticians in London to move to Newport. To some extent this depends on how career prospects for the average statistician in Newport may in future compare with those in London. But early agreement on a phased programme of moves will certainly assist forward planning on this difficult subject, both at the BSO itself and in recruitment and career management in the Government Statistical Service as a whole.

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Savings

24. The estimated financial savings of the order of £¹/₂m quoted in paragraph 4.8 of the report are calculated on the basis of 110-115 posts being transferred, with the cost difference per post between London and Newport being the difference in average salary costs plus the cost of accommodation in London. Since BSO already possess a fully equipped but under-utilised building, marginal accommodation costs in Newport would be small; to balance these and an expected increase in travel and subsistence costs, no allowance has been made for the common services which are more expensive to provide in London than in Newport. This calculation gives a figure in excess of £450,000. To be added to this is the effect of the small staff savings mentioned in paragraph 4.8 of the report.

SCOPE FOR FURTHER COMPUTERISATION AND MORE EFFICIENT USE OF COMPUTERS

(a) Further computerisation

It has not been possible within a non-specialist study to enter into the sphere of advanced computer technology and prescribe methods and timescale for the widespread introduction of various techniques for the large-scale streamlining of statistical work which should become available some time in the 1980's. Examples are the use of micro-computers, database management systems, machine printing of tables for publication and more automatic means of data take-on to the computer. The computer staff at BSO are well aware of these possibilities, and there is no reason to believe that BSO will lag behind other Government computer operations in developing and introducing them.

2 Instead the study has concentrated on aspects of current work which, in the light of general observation and enquiries, appear to be capable of computerisation within existing techniques and where the necessary investment in programming and systems work could yield worthwhile savings on manual operations. In some of the activities listed below, progress towards computerisation is already being made or contemplated, but it is important that the impetus should not be lost, either because of delays during the rewriting of programmes for the new BSO computer or because of any misguided desire to cut short-term costs in a way which would sacrifice longer-term efficiency:-

(i) Comparison of annual inquiry returns with those of previous year - much repetitive desk work could be saved in BSO if, as part of the validation process for forms, the computer could be programmed to highlight large variances in firms' returns compared with the previous year.

(ii) Tabulation, and rolling up of headings to prevent unauthorised disclosure of individual returns - Many instances were observed throughout both BSO and EcS of staff engaged on laborious transcription of tables from computer print-outs. In some cases the figures were simply being set out in a different way, whilst in others the ostensible reason for undertaking the task manually was that human judgement was needed in a few cases where headings needed to be rolled up together to prevent disclosure. It is recommended that all inquiry sections should review their tabulation processes in conjunction with ADP staff so that scope for computerisation can be identified in detail; even where human judgement is required in a few cases, the computer could produce the necessary table with some form of marking to show the figures which might require checking or amendment. Computerisation would of course be justified only where it could be demonstrated to be cost/effective.

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(iii) Annual minerals raised inquiry - this inquiry is run entirely manually at present; despite its complexity, an annual total of 3000 forms should in theory be sufficient to justify computerisation.

(iv) Wholesale stocks inquiry - work has begun on bringing the form of this inquiry into line with other BSO inquiries; at present the inquiry is not even able to use any of BSO mailing facilities for its 2600 forms per annum because of lack of integration with BSO's computer systems.

(v) Processing of multiple shops return in monthly retail sales inquiry - this work is at present performed at the desk although all other returns in the inquiry are processed on the computer; it would appear sensible to aim for complete computerisation, though this will require greater flexibility and speed in the computer operations.

(b) Double-banking and deficiencies in work flows

The following instances of double-banking between human and computer effort and/or unsatisfactory work flows leading to wasted work have been observed:-

(i) Manual checking procedures. Where staff in inquiry sections at BSO receive forms before they are sent to the computer for data take-on, staff are in some cases performing checking operations which are then duplicated on the computer, eg comparing the return with that of the previous quarter. In some cases this is done to avoid having to raise queries with the firm both before and after the data is taken on to the computer; but this can easily develop into a general checking procedure which may lead to a complete waste of the computer's validation programme and error reports. There are a number of possible solutions; for example, computer systems could be developed to make it easier to take on data and check it even when the return is incomplete, thus reducing the need for inquiry sections to scrutinise forms in advance of take-on; and staff could simply be instructed much more clearly than at present to confine their initial checking to the bare essentials prior to computer take-on. BSO has already launched an O and M study into this problem which should identify the most economical work flow in each of the relevant inquiries. It is suggested that this aspect of procedure should be reviewed in all inquiry sections.

(ii) BSO register of manufacturing establishments. This register is kept on cards as well as on the computer, involving considerable manual work, primarily because of inadequate access to the computer. The two visual display units

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provided for the register section often fail to function, and the register section cannot directly put data on to the computerised register but have to raise forms for keying in by the computer section. It is recommended that whatever improvements in access to the computer are needed to enable the manual register to be dispensed with should be investigated as a matter of priority - these might include improved VDU equipment and equipment to enable the register section to key in individual register amendments directly to the computer where appropriate (although bulk keying operations would still be performed more efficiently by full-time data processors).

(iii) Access for BSO inquiry sections to computer. Most if not all inquiry sections appear to have their own system for receipting of returns in addition to the computer receipting system; and in some cases inquiry sections come across apparent requirements for register amendments and send the appropriate form to register section without having been able to check for themselves whether the register has already been amended. It is suggested that effort could be saved in both these areas by quicker access to information on returns receipted by the computer and by wider availability of VDU equipment for inquiry sections.

PRICING OF PUBLICATIONS

The following are the main steps which need to be taken in pursuit of the recommendations in paragraph 5.4 (g) of the report:-

- (a) Identification of appropriate publications where a price increase would be justified on the grounds that external users have at least as great an interest in the results as does the Government. Examples which have emerged during the study are:- the quarterly Business Monitor on computer services statistics; Business Monitor MA3 on company finance; and Price Index Numbers for Current Cost Accounting (shortly to be transferred to the Department from CSO). All quarterly Business Monitors flowing from the BSO's quarterly manufacturers' sales inquiries, together with certain monthly Monitors covering inquiries such as imported timber and wood chipboard which are conducted primarily for the trade, would also fall into this category at present, but their future position must depend on the outcome both of BSO's review of their quarterly inquiries in the light of the 10% cut and of approaches to the relevant trades to take over certain inquiries. (see Annex D).
- (b) Consideration of appropriate share of costs to be added to price. In some cases the costs attributable to the collection or processing of the statistics in a particular way to serve external users can be directly identified; for example, an estimate can be made of the extra cost of servicing Price Index Numbers for Current Cost Accounting to the branch compiling the Wholesale Price Index. In other cases a more general judgement is needed, taking account of the relative interest of Government and industry in the results and the costs to Government in relation to the current and expected circulation of the relevant publications. The cost to industry of providing the statistics may also be taken into account, but not to the exclusion of any possibility of adding a proportion of the Government's costs to publications prices; the users of statistics may be a quite different population from the providers in many cases. Moreover, this consideration does not apply to publications such as Business Monitor MA3 which consist of analysis of already published figures. It is suggested that, as a general rule, prices should not initially be more than doubled over and above what HMSO would charge to cover their printing and distribution costs, but it would certainly be desirable to experiment with price increases of this order in some cases.
- (c) Discussion in CSO Publications Policy Committee. This new approach to pricing will need to be discussed with the CSO and other statistical Departments. But in the last resort there is no reason why the Department should conform with a

MANAGEMENT IN CONFIDENCE

general rule about pricing of statistical publications, since there are clear differences in the markets for different types of publication, eg as between business and social statistics.

(d) Agreement with HMSO both on new prices and, as far as possible, on arrangements for the Departments to claw back the extra revenue in so far as this exceeds HMSO's own recovery of costs.

(e) Tightening up of copyright rules on Business Monitors so that they are in similar terms to other CSO publications (thus discouraging trade associations from re-publishing the Monitors almost in full, as some do in their regular bulletins to members). Care should also be taken to avoid re-publishing the Monitors in the 'Trade and Industry' journal in anything more than summary form.

(f) Evaluation of results. The effect of higher prices on the sales of Business Monitors should provide a useful guide to the value placed by users on the results of particular inquiries. This should feed back into reviews of the inquiries themselves. Where sales fall, all possible causes should of course be investigated, including the possibility that there is some duplication between different publications.

The savings from this exercise will be small but nevertheless worth making - total revenue from Business Monitors at present is only slightly above £250,000 per annum.

MANAGEMENT IN CONFIDENCE

Annex H

STATISTICAL SERVICES COMMITTEE

The purpose of the committee would be to ensure that the Departments of Industry and Trade are receiving value for money from their statistical services. Its main functions would therefore be to consider the annual work programmes and budgets of the BSO and EcS, plus any proposals for new statistical inquiries, extensions to existing inquiries or major new internal exercises which arise between the annual budgeting processes, and to advise Ministers, and the Permanent Secretary of the Department of Industry in his capacity as Accounting Officer, as necessary.

2 The Committee would thus need to meet at least once a year and on an ad hoc basis in the intervening months when new proposals arose. In some of these ad hoc cases it might be sufficient to obtain the Committee's views by correspondence. However, in all cases the statistical services should consult relevant Divisions at working level before circulating papers to the Committee. This should not only save the time of the Committee but ensure that the more detailed marginal decisions relating to statistical inquiries receive proper scrutiny.

3 The Committee should comprise:- the Director of Statistics as Chairman; the Under Secretaries (or their representatives) of Finance and Economic Appraisal (FEA) and Establishment Management Services and Manpower (EM) Divisions covering the common financial and manpower interests of the two Departments; the Under Secretaries (or their representatives) of Industrial and Commercial Policy (IC) Division of the Department of Industry and General (G) Division of the Department of Trade covering the general policy interests of the two Departments including the burden of statistics on industry and commerce; and the Under Secretaries (or their representatives) of Publishing, Tourism, Films and Distribution (PTFD) Division of the Department of Trade and of Regional Policy and Development Grants (RPDG) Division of the Department of Industry which should both have a wide-ranging interest in business statistics through their respective responsibilities for the distribution and services sector and for the regional organisation of the Department of Industry. The Director of the BSO and the Under Secretaries with statistical responsibilities in EcS would also be members but would normally attend only when their particular areas of responsibility were being discussed. Others who would attend meetings of the Committee as appropriate would be:- members of any policy divisions concerned with the particular issues under discussion (where a large number of policy divisions are involved, eg all divisions sponsoring manufacturing industries in the Department of Industry, members of two representative divisions should be invited); and representatives of other user Departments when their requirements were being discussed.

MANAGEMENT IN CONFIDENCE

4 Prior consultations at working level (see paragraph 2 above) should embrace, as a minimum, representatives of FEA, EM, IC and G Divisions. Although as a matter of convenience it is desirable to fix a threshold of, say, 2 man-years' work for internal statistical exercises which would be brought to the Committee's attention, the working level consultations should proceed at whatever finer level of detail the relevant Divisions consider appropriate, with contentious issues being brought to the Committee if necessary. Moreover, the annual work programme of EcS would need to show whatever level of detail was required to make the work of a particular branch comprehensible to the outsider.

5 The annual review of budgets and work programmes should provide the opportunity to re-examine continuing statistical inquiries as well as to consider new proposals. Most continuing inquiries are unlikely to require a detailed review each year, but it is recommended that each inquiry should be reviewed in detail at least every 3 years as part of the presentation of annual budgets and work programmes. It would be the responsibility of the statistical services to arrange this and of course to meet any specific requests for background information from the divisions represented on the Committee. The annual review should also include:-

(a) comparison of previous budgets with actual outturn (in terms both of cost and of work done);

(b) coverage of any other major statistical work being undertaken within the two Departments but outside the statistical services themselves;

(c) review of progress on implementation of the other recommendations in this report, including achievement of the estimated savings (a report to Ministers should be submitted through the Committee every 6 months on this question).

6 The Committee is not intended to take away from the statistical services the responsibility for efficient management of their resources or for taking the lead in advising Ministers and the Permanent Secretary on statistical issues. In particular it would be for the statistical services to put papers to the Committee and to prepare submissions to Ministers in the light of the Committee's views. The Director of Statistics would also have to decide in the light of the particular circumstances the sequence in which the CSO-based statistical committee, the Departmental Committee and the Statutory Production (or Distribution) Statistics Advisory Committee (consisting of representatives of external providers and users of statistics) are consulted on proposals

MANAGEMENT IN CONFIDENCE

for statistical inquiries, before Ministerial approval is sought. As between the inter-departmental and departmental committees, it would seem appropriate to consult the inter-departmental committee first on matters of primary interest to other Departments, and vice versa.

7 Finally, it must be emphasised that the Committee should not impose an unreasonable bureaucratic burden on the statistical services or significantly lengthen the process of taking statistical decisions. It should be simply the focus of what should become a natural process of consultation within the Department on the work of the statistical services and should save some Ministerial time in questioning statistical proposals.

PRIME MINISTER

GOVERNMENT STATISTICAL SERVICES

During the recent review of Civil Service Manpower some colleagues proposed reductions in the Statistical work of their departments. You will have seen the Chancellor of the Exchequer's letter of 20 December to the Secretary of State for Trade proposing a further reduction in the Customs & Excise Statistical Office. The Rayner project which studied the statistical activities of the Departments of Industry and Trade showed that worthwhile savings and improvements in efficiency can be obtained in this field. There are more than 20 departments who provide statistical services of one sort or another and much of this activity crosses departmental boundaries. I believe it is now time for a general review of Government statistical services.

Such a review would start with a set of short, sharp studies conducted in and by Departments of their statistical services. None of the studies should last more than 3 to 4 months; many should be shorter. They will build on work that has already been done or is in hand, though the official responsible should be able to go behind this if he feels something should be probed. (Michael Heseltine has in hand, for example, a review of the information required from local authorities.) A key part of the review would be the central assessment of services which meet wider needs than those of one department, including the work of the Central Statistical Office.

The Director of the Central Statistical Office supports the review and Sir Derek Rayner has kindly agreed to oversee and co-ordinate it. I have agreed with Sir Derek that he should look to the Civil Service Department, in collaboration with the CSO, for staff and professional support.

We should aim to complete the review by the end of the Summer. I suggest that Sir Derek Rayner might then put to you and the Lord President his report with recommendations for improved efficiency, cost savings and tightened cost control. We can then advise on follow up action.

If you agree with the idea of a review, I propose that I should launch it by writing individually to the Ministers concerned. At the same time, we will arrange for the study of the CSO to begin under Sir Derek Rayner's direction. (I hope that we will be able to find a suitable person from outside the Civil Service to help him with this.) Would you be prepared to mention in Cabinet that you had authorised a review on these lines? That would be extremely helpful. *Yes*

I am copying this to the Chancellor of the Exchequer, and to Lord Cockfield with whom I discussed the review before Christmas. I am also sending a copy to Sir Derek Rayner, Sir Robert Armstrong and Mr Boreham.

P.C.

PAUL CHANNON
14 January 1980

Cont Markhrey

(Blind copy: Mr Pattison)

✓
MAJ

Mr ALLEN

REVIEW OF STATISTICAL SERVICES

Sir DR spoke to Mr Boreham on the phone yesterday afternoon at the latter's request. Mr B said that he thought the review would be far more effective if it was overseen by someone who was neither a statistician nor a civil servant. He thought that Sir DR himself would fit the bill very well but wondered whether he might have another name to suggest.

2. Sir DR said, not off the cuff. If it would be helpful, he would of course lend his name to the exercise, on the basis that he would be unable to contribute as much as he would wish because of the other pressures on him. He wondered whether that was positive enough for Mr B.

3. Mr B said that Sir DR's name would be valuable but as he was a "belt and braces" man he would be glad for other names. Sir DR said that, while he felt that a particular individual was needed for an exercise of this kind, he could not readily think of the right person.

4. Mr B said that on the whole he preferred to leave the thing on the basis that Sir DR's name was attached to the exercise. Sir DR said that he would think further about other possible individuals, but was content with leaving things as Mr B suggested.

CP

C PRIESTLEY
9 November 1979

12 NOV 1979



await Cabinet
Office comment
MAA

(Blind copy: Mr Pattison) ^{B/8/1/179}

cc for information

Sir Derek Rayner
Mr Lane (CSO)
Mr Allen (CO)

Mr A W RUSSELL (CSD)

REVIEW OF STATISTICAL SERVICES

Thank you for copying to me your letter of 2 November to Mr Lane, together with its draft "outline note". My comments are as follows:

will request if required

General

2. I take it from your minute and from Mr Channon's letter of the same date to Lord Cockfield that the "outline note" is intended as the basis (a) for a request from the Prime Minister or the Lord President on her behalf to Ministers to nominate officials as if for the scrutiny programme but in addition to it and (b) for a decision by the Prime Minister herself also to establish the review in the CSO (which reports to her through the Secretary of the Cabinet who is its Accounting Officer) and to appoint the lead Department and the outsider.

3. If so, I think that the substantive document should be more exact than the "outline" in indicating who is to do what, and how, and the nature of the decisions sought from the Prime Minister and Ministers.

4. Tactically, however, I cannot help thinking that there is much to be said for not raising the issue with the Prime Minister until she gets reports on Ministers' proposals for the scrutiny programme. I see that Mr Channon's letter speaks of officials exploring "quickly" how best the review should be conducted, but it may well be that Ministers will propose statistics as a subject for study. If so, one could build on such suggestions. If not, the central departments could as readily propose that statistics should be included in the programme, but that because it is a big subject in its own right it deserves a review in its own right. What I do not think we want to suggest to the Prime Minister is that she should spring an extensive review on Ministers making new demands on their resources, either before the scrutiny programme is settled or as if it were something completely different. (I do not think it is, as in each case the Minister is asked, in effect, to look at his statistical policy and practice.)

Paragraph 2

5. What is meant by "each area of statistical work in Government"—"the statistical services available to each Minister and the use made of them"?

6. In 2a, does "each case" mean "each statistical service"? In the second line, should one say, "are justified" rather than "can be justified"?

Paragraph 3

7. In line 4, should one briefly define what the CSO manages?

Paragraph 4

8. In lines 2 and 3, I am not sure what is meant by "broadly adopt the methodology". (I have already commented on the separate-ness of the proposed review.) I wonder whether one needs to say more precisely:

"The examination would be conducted under the supervision of the Departmental Minister by one of his officials, on a footing very similar to that agreed by the Cabinet for the scrutiny programme. On the assumption that the statistical review is mounted in the near future, it would need to be accepted that it would be additional to the scrutiny programme."

Paragraph 5

9. I suggest deleting the words "it should be possible for" from lines 2 and 3 and substituting the word "should" for "to" in line 3.

Paragraph 6

10. I suggest deleting the word "reasonable" at the line of line 5.

Paragraph 7

11. Who would review the CSO's statistical services (para. 7a)?
12. Presumably the "bringing together" in line 1 of 7b means collation. As for departmental decisions (lines 2 and 3) how will one ensure that decisions are consistent?
13. In 7c, it will presumably be for the central agency to propose to Ministers - singly? collectively? - means for the assessment of departmental services?

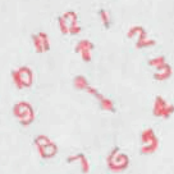
Paragraph 8

14. I understand the reference to "organising" in line 2, but not "providing a common input" in line 1. Nor am I absolutely clear about "associate an appropriately qualified outsider", as to either the verb or the adjectival phrase: with whom exactly will the outsider be "associated", what sort of person would he/she be and what "services" would he/she provide?

Paragraph 9

15. I am not clear about the start date and phasing here.

- 6 NOV 1979



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*await Cabinet
Office comment
MMP 5/11*



Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 3000

Minister of State

The Lord Cockfield
Minister of State
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

2 November 1979

Dear Arthur,

Thank you for your letter of 10 October suggesting an across-the-board investigation of the existing level of statistical work in Government.

Officials in CSD with Cabinet Office, Central Statistical Office and Sir Derek Rayner's Office have already been thinking about the possibility of a wide-ranging review of statistical services in the light of the draft report of one of the "Rayner" projects. This has looked at statistical services in the Departments of Industry and Trade and in particular at the Business Statistics Office. It has raised some basic questions about the usefulness of the statistical work and has suggested a number of areas where savings might be achieved.

Officials have now recommended that a wider review on similar lines should be undertaken, to take in the work of CSO and the Office of Population Censuses and Surveys as well as statistical work in Departments. I am sure this would be worthwhile. One particular advantage of an across-the-board review of this kind, as you have said, is that it can see whether there is any duplication or overlap of work which can be eliminated.

I have therefore asked CSD officials to explore quickly with the Cabinet Office, CSO and Sir Derek Rayner's unit how best such a review can be conducted. Proposals on this will then be put to the Prime Minister for endorsement, in view of her responsibility for the CSO.

not enclosed
I am sending a copy of your letter and of this reply to the Prime Minister and also to Sir Ian Bancroft, Sir Robert Armstrong and Sir Derek Rayner.

*Yours,
Paul*

PAUL CHANNON

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2 - NOV 1979





with compliments

MINISTER OF STATE

Please relate to our Minister's
letter of 2 November

CIVIL SERVICE DEPARTMENT
Whitehall London SW1A 2AZ

Telephone 01-273 5563/4086

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M/S 10 OCT 1979 EG

Treasury Chambers, Parliament Street, SW1P 3AG

10 October 1979

Dear Paul,

You may have noticed that nearly all Departments have chosen "statistics" as one of the prime areas for staff saving. In this connection the Chancellor has received a protest from the Head of the Central Statistical Office about the proposed cuts in the case of the Customs and Excise. I had already started probing in this area suspecting that there might have been a similar explosive growth of the kind we have seen with economists. The results are shown in the Table appended. This relates only to "statisticians". There will in addition be a large tail of non statisticians employed for example on data gathering and processing - and if the size of the staff savings under this head shown by some Departments is anything to go by it must be a very large tail.

The very fact that Departments generally seem so willing to sacrifice statistical work suggests that they do not think all that highly of what is produced. This in turn must lead one to ask whether there has not been excessive growth and whether despite the cuts now being proposed there might not be more to come. An investigation in depth of the whole area might not therefore come amiss. But this is a service wide problem and not one specifically relating to the Treasury and for this reason I draw your attention to the matter.

Yours,
Arthur

LORD COCKFIELD

Paul Channon Esq
Minister of State
Civil Service Department

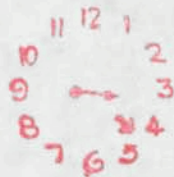
Department	No.									
	1964 ⁽²⁾	1969 ⁽²⁾	1972 ⁽³⁾	1973	1974	1975	1976	1977	1978	1979
MAFF	6	9	10	15	11	14	16	17	18	18
CSO	18	34	52	61	57	66	66	69	63	65
CSD)	-	3	19	22	28	31	28	20	16	16
CS College)	-	-	4	4	4	7	8	8	8	7
Customs and Excise	-	-	4	4	4	7	8	8	8	7
Defence	12	16	31	30	30	30	35	35	35	33
Education and Science	5	9	15	15	14	16	16	16	17	15
Employment	4	8	18	18	18	23	22	24	24	25
MSC	-	-	-	-	-	-	3	4	6	10
HSE	-	-	-	-	-	-	5	5	5	6
Energy	5	10	-	-	(12	14	15	15	16	14
Industry and Trade (incl. BSO)	33	56	75	84	(71	78	80	80	82	81
Environment and Transport	11	23	40	44	45	51	64	65	68	70
Health	11	16	26	28	32	35	38	36	37	41
Home Office	3	6	11	10	16	20	24	24	25	24
Inland Revenue	4	6	10	12	12	11	12	19	20	20
Lord Chancellors	-	-	1	1	1	2	2	2	2	2
ODA	1	9	10	12	13	17	19	21	19	14
OPCS	5	11	15	24	28	30	27	31	31	25
Scottish Depts.	1	5	13	12	16	18	28	28	28	28
HMT	3	3	12	9	9	10	13	17	13	12
DEA	-	7	-	-	-	-	-	-	-	-
Welsh Depts.	-	1	3	3	4	4	3	6	8	12
Total	122	232	365	404	421	477	524	542	541	538

(1) Excludes statisticians on secondment outside the service.

(2) January figure.

(3) July figure.

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