

**REVIEW OF  
GOVERNMENT STATISTICAL SERVICES**

**Final Draft  
Report on the  
Central Statistical Office**

**October 1980**

## INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

1. On 21 January 1980 the Prime Minister commissioned a review of government statistical services under the oversight of Sir Derek Rayner. Its purpose was to examine critically the statistical services available to each Minister and the use made of them by -

- a. assessing each statistical activity to see whether the costs to government and to those outside are justified by the benefits obtained and whether the work could be undertaken more efficiently;
- b. recommending the best means for the continuing scrutiny of the cost of, and the need for, individual statistical services.

2. The review is in two parts. Departments have had studies conducted of their statistical services and reports made to the relevant Ministers. Statistical services which meet wider needs and the work of the Central Statistical Office are to be assessed centrally.

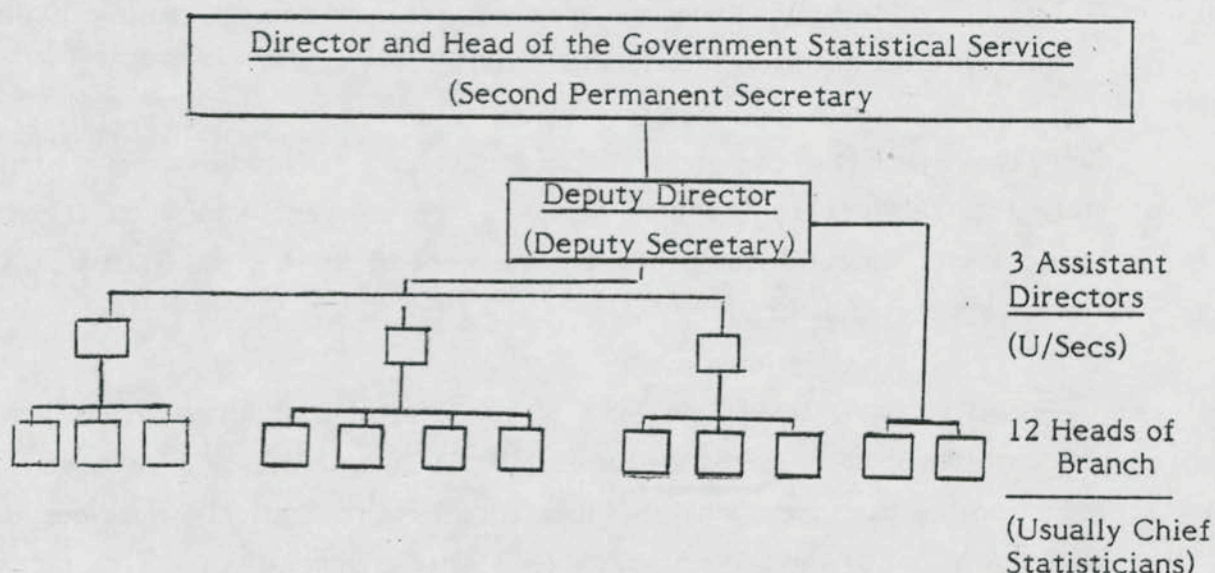
3. This report assesses the work of the Central Statistical Office (CSO). It concentrates upon the necessity for each of CSO's activities and leaves to a global report on the exercise a whole - which is still in preparation - wider questions of government policy and accountability for statistics generally.

4. The report has been prepared by Messrs. I B Beesley (CSO), R H Wilson (CSD) and G J Wise (on loan from Natwest bank) under the general direction of Sir Derek Rayner. It has cost £18,000 in staff time of the reviewing team and about £6,000 in the time of those consulted. The method of carrying out the study by the team is summarised in Annex D.

5. The remainder of this chapter describes our general findings and summarises the recommendations. Thereafter there are 8 detailed chapters on each of the CSO's programmes. Chapter 10 deals with management and organisation in the office.

6. Statistical services in the United Kingdom central government are, in common with policy and administrative responsibilities, organised on departmental lines under departmental Ministers. Most policy departments employ professional statisticians.

7. Unlike most developed countries there is only a small Central Statistical Office (CSO); it is located in the Cabinet Office under the Prime Minister. It costs about £3 $\frac{3}{4}$  million per year and on 1 July 1980 had 61 professional statisticians and 173 other staff. Directly it accounts for about 5 per cent of the cost of government statistical services, though its importance is far greater because of the influence it has on the rest of the services. The Office is organised as follows -



History

8. The CSO was formally constituted on 27 January 1941 by the then Prime Minister, Mr Churchill. A minute was circulated to the War Cabinet which included:

"A Central Statistical Office is being established whose duty will comprise the collection from Government Departments of a regular series of figures on a coherent and well-ordered basis covering the development of our war effort. The Prime Minister has directed that the figures so collected should form an agreed corpus which will be accepted and used without question, not only in interdepartmental discussions, but in the preparation of documents submitted to Ministers for circulation to the War Cabinet and to War Cabinet Committees. This section, which will take over the work of issuing Statistical Digests hitherto performed by the Economic Section of the War Cabinet Secretariat, will form part of the staff of the War Cabinet Offices."

The Office took over the work of Lord Stamp and others on the preparation of annual estimates of national income and other data relevant to the economic plans for the war, and assumed a mantle of leadership for government statistics generally, especially on economic matters. In the late 1950's at the time of Mr MacMillan's remarks that running the economy was like trying to make a journey using last year's Bradshaw, quarterly estimates of the national income accounts and associated statistics were developed. Subsequent major expansions arose from the Radcliffe Report on the monetary system which led to financial flow statistics and the 1966/67 examination of government statistical services by the then Estimates Committee.

#### Objectives

9. In practice the objectives of the office have not varied much under successive governments since the changes associated with the Estimates Committee Report. The Director describes them as -

To make sure that each Minister (especially the Prime Minister and the Chancellor of the Exchequer) has an adequate and cost effective statistical service.

To make sure that the Cabinet need never argue about statistics. !

To maintain the integrity of government statistics and to maintain public belief in that integrity.

? To make sure that as far as possible Parliament and the public have ready access to the same statistical information as is available to Ministers.

? To maintain liaison with the profession and participate in developing statistical techniques.

To maintain the United Kingdom's contribution to international statistics.

*Agreed*  
In our view these objectives are too open-ended and need sharp emphasis on value for money. The report makes several practical suggestions designed to improve value for money but the general consideration of the objectives of the Head of the GSS (and hence the CSO) is dealt with in the Interdepartmental Report.

Functions

10. The office provides statistical series and advice on their interpretation. The CSO briefs Ministers collectively each month on the current state of the economy through the Director's Economic Report which is circulated to Cabinet Committee. The services are greatly used by Treasury officials in advising their Ministers. But CSO also informs Parliament and the country as a whole through Parliamentary Answers and through press reports. It also seeks to influence the provision of statistical services in other departments. Its own data are mainly published and usually reach Ministers indirectly through advice from departmental officials.

11. The heart of the CSO's statistics is the quarterly and annual system of national accounts. They provide a framework for the analysis of economic developments as a whole and, are relevant to both monetarist and Keynesian economics. The most important outputs are the national accounts (quarterly and annual), financial flow statistics (monthly, quarterly and annual), the index of production (monthly), the balance of payments estimates (quarterly and annual), estimates of income redistribution (annual) and the Tax and Price Index (monthly). Over half the CSO budget goes on these macro-economic data.

12. Fifteen per cent of the budget (£562 thousand pa) is spent on services to government statistics of a head office type. The Director, who as Head of the Government Statistical Service (GSS) is head of profession, seeks to influence and to co-ordinate the work of statistics divisions in departments in pursuit of his objectives. This co-ordination is carried out -

? through influence on key appointments - particularly at Chief Statistician level and open structure posts concerned with statistics;

through informal influence on fellow statisticians;

through the Chairmanship of two standing interdepartmental official committees on statistics - for economic and social policies respectively;

through a watching brief on statistics in Cabinet papers;

through a number of centralised management functions in the CSO - Survey Control Unit, The Statistician Group Management Unit, a Classifications and Standards Unit, Research and Special Studies and international liaison;

through a general strategy for the work of the GSS (still in its infancy).

13. Social statistics - income distribution, "Social Trends" and generalised briefing for Ministers on social topics - accounts for twelve per cent of the budget (£450 thousand pa); and a press and information service for ten per cent. General office services make up the rest.

#### External burdens

14. The form filling burden imposed directly by the work of CSO is minimal with total data collection costs to government of only £40,000 pa. However, extensive use is made of major surveys conducted by the Business Statistics Office, Office of Population Censuses and Surveys and of data derived from administrative records by the Inland Revenue, Customs and Excise and Department of Health and Social Security. Thus, at least £2½ million and possibly £4 million of the £8.8 million a year spent by the Business Statistics Office is wholly or partly in support of CSO statistics.

#### Growth

15. Since 1965 (the earliest year for which figures are readily available) CSO expenditure has grown over two and a half times in real terms. Annex B provides details. Expenditure grew rapidly in real terms in the decade to the mid 1970's. Staff numbers reached a peak in 1979 but by the start of 1980/81 real costs were 7 per cent lower than in 1975. Between the government taking office in May 1979 and May 1980 staff numbers were reduced by 11 per cent to 235. Our proposals are for an office of 186 (excluding 5 staff in the Registry and General Office).

16. The extra expenditure since 1965 has mainly gone on additional staff for social statistics (up £200 thousand between 1965 and 1979 at 1979/80 rates), publications press and information (up £200 thousand), GSS policy and co-ordination and management (up £425 thousand), macro-economic statistics (up £500 thousand) and on computing (up £625 thousand). There have been corresponding increases in senior posts, ie Under Secretaries and above (up £175 thousand). Since 1975 there has been little change in the relative shares of expenditure.

#### Acknowledgement

17. We should like to express our appreciation of the help given by CSO management and staff. We have benefited greatly from work to cost the office's outputs and to develop thoughts about the continuing scrutiny of its services which CSO senior management had begun. We have been able to talk to staff throughout the office and have found no formal hindrances to our investigations.

18. We provided the Cabinet Office Staff Side with our study plan and had a long discussion with its representatives at the outset of the work. The Staff Side were also invited to give us views on any aspect of the work undertaken by the CSO.

#### General Assessment

19. Our specific recommendations are summarised in paragraph 32. We considered the growth in expenditure since 1965, and in particular whether it was well founded. On the whole we think any excesses have been excesses of enthusiasm. We do not countenance turning back the clock to the mid 1960's in statistical terms. A highly numerate approach to the analysis of macro-economic policy issues and options has become a part of central economic decision taking; it is for others to judge whether that is right but it is a fact. On the other hand, we think the statistical services provided by the CSO have not always been subjected to rigorous appraisal of value for money. We think the costs of statistics have been (and still are) given insufficient weight by those who wish to use them.

20. The primary duty for the CSO is to serve central government requirements. In so doing it must ensure Ministers are advised what their requirements for statistics should be and it must advise Ministers directly where necessary. We acknowledge statistics cannot be turned on and off like a tap. But the government is entitled to expect its statistical services to be responsive to its changing requirements and to cut out data where they cease to give it value for money. Judgements on value for money are complex because the satisfaction of users beyond immediate government needs can itself be of value to government.

21. We do not think the CSO has been aggressive enough in pursuit of value for money and elimination of waste. The interdepartmental report deals with this aspect more fully.

22. As regards the services it provides, the CSO has adjusted in part. The extra work since 1965 on social monitoring provided new statistical series and assessments - for example, the synthesis of data in "Social Trends", work in support of the Royal Commission on the Distribution of Income and Wealth and in support of the Joint Framework for Social Policies. At the time almost all the work was justified by the then policy needs though the needs have changed and it is right to expect the CSO to respond to those changes.

23. The new expenditure on press, information and publications was intended to make government statistics as widely available as possible to give the people the full facts of economic and social change and to maintain public confidence in the integrity of the statistics. We have found the office too heavily committed to serving the public at large. We must ask whether value for money is encouraged when the office is based on meeting regular generalised demand for statistics (relatively independent from current policy preoccupations) through publications. It is difficult in these circumstances to withdraw statistics or to put them on a care and maintenance basis. Statistical services become like a coral reef - continuing accretion and little erosion.

24. These are difficult areas to judge. We have seen much that is good in the CSO. Notably the extent to which much of its work is praised by the Treasury; the widespread belief of its own staff in the importance of the majority of its statistics; and the high regard with which its data are held. Ministers do not have to defend themselves against charges of cooking the national books. The statistical services' reputation for honesty and integrity is an asset to government which it is in government's interest to protect. Generally the feedback from outside users of the value of statistical publications is favourable with inelastic demand to pricing of those publications they regard as essential.

25. Our recommendations are intended to shift the emphasis towards a closer CSO relationship with central government requiring statisticians to provide interpretive assessments of the required quality - not just of the highest quality possible; to address specific questions in a down to earth and practical way; and to be both relevant and responsive. The recommendations seek a flexible use of talent and enhanced opportunities for the main working grades to stretch their wings.

26. For the macro-economic statistics this means a responsiveness to changing circumstances which is visible in the effort which goes into compiling and assessing the accounts. There are also possible adjustments to the amount of detail included but we see little scope for cutting back the breadth of the accounts. Statisticians ought to be concentrating on the areas in the accounts which are most prominent in economic debate, and to be running other areas on more of a caretaker basis.

27. On the whole the CSO has risen to the challenge well where there has been a demand for new statistical services. Partially because of the difficulties of data assembly in this area - it rarely comes directly from surveys without the need for further evaluatory assessment - the professional statisticians have become so



integrated with the data compilation that they have found it difficult to disengage when the spotlight moves on to other issues or to limit effort when the task of compiling good data becomes more difficult. The temptation is to put energies into improving series even where that is a grossly uphill struggle which can hardly hope to be effective. There is an increasing reluctance in these circumstances to venture opinion about the course of events. The statistics quite soon begin to give less value for money.

28. The Director of the CSO told us that the value of the CSO's macro-economic statistics is in their analysis and interpretation as assessment and commentary about the current state of the economy. Our recommendations seek to make the individual statistician direct his contribution to the provision of assessment for government purposes. Knowledge of data sources and data series is necessary but not enough. The ability to make judgements on what is happening and the willingness to put himself in the shoes of policy advisors in a department require the statistician to have a breadth of view and an ability to spot interrelationships which too narrow a concentration on individual data sources and particular series hinders.

29. We have also observed that the main users of the macro-economic statistics take them for granted. It was difficult for the government economists and administrators we spoke to to imagine reducing the quality of the national accounts estimates. By and large these users had never been confronted with the costs of work done on their behalf. We were able to make some attempt at bringing this to users attention. It was significant that they were often surprised by the amount spent on servicing their needs and expressed willingness to consider a less expensive approach. Others took the view with which we do not concur that in relation to the importance of the decisions flowing from them the costs were insignificant and that that in itself was justification. There are few opportunities, however, when the users of CSO data are effectively confronted with costs. It is seldom, for example, that the choice of priorities is between, say, more effort on particular statistics or more effort to add extra variables into an economic model. This choice ought to be faced more often than it has been in the past otherwise the demand for figures will just grow.

#### Continuing Scrutiny

30. At the start of this study the Director of the CSO provided an invaluable brief, "The Central Statistical Office Work, Organisation and Costs". In essence it comprised a first output budget for the Office. It provided the focus for most of

our subsequent discussions and established in our minds the potential of a budget approach to securing value for money. We develop recommendations to put this approach at the centre of the management of the CSO and its accountability through the head of the Cabinet Office and the Prime Minister.

31. The CSO has traditionally started new statistics ventures and subsequently passed them on to the relevant department as a going concern. A recent example is the price index information for current cost accounting - now handled by the Departments of Industry and Trade. Some are in response to Ministers - eg the CSO has picked up the Minister of State, Home Office's statement about finding alternatives to the population census for estimates of the ethnic population; others are started by the Director - eg current work on labour and productivity. We recommend they should be given a sharper edge and purposive approach by requiring a report to Ministers within a reasonable (but short) pre-specified time limit. Proposed new arrangements for budgetary control and for work planning and monitoring can also improve the value.

Specific recommendations

32. Individual functions are examined in the succeeding chapters. In summary our recommendations are -

Reductions in activity

	Paragraph reference	Staff saving (Nos)	Expenditure saving* (£'000 pa)
Reduced effort on training policy	41	2.0	30.1
Stop 'Statistical News'	65	0.4	4.0
Withdraw from PRESTEL	66-67	1.7	23.0
Restrict information service to straightforward enquiries	69	not quantified	
Reduce publicity budget	70	2.0	29.0 (Plus at least 30.0 off COI Vote)
Input-output tables to be prepared every 5 years only; prepare one immediate up-dated table; contract out if possible	82-86	6.6 (if con- tracted out)	60.0 (average)
Stop production accounts	87-90	3.9	116.0

	Paragraph reference	Staff saving (Nos)	Expenditure saving* (£'000 pa)
End work on Purchase Estimation Development within a year	91	1.5	31.0
CSO should take whatever steps are necessary to involve relevant departments in Economic Group work. It should not double up on what they do.	93	not directly quantified	
Stop cyclical indicators	94	0.8	32.0
Stop experimental work on productivity	97	1.2)	39.0
Stop quarterly estimates of public sector employment and re-locate annual estimates	98	0.4)	
Unify financial statistics database with Bank of England; more efficient data handling; less editorial work on 'Financial Statistics' etc.	107-112	3.4	79.0
Eliminate duplication of work on visible trade and introduce more flexible working. Realise savings from computerisation.	118-123	4.0	67.0
Reconsider the publication of monthly estimates of invisible trade	122	not quantified	
Combine and reduce editorial work on 'Social Trends' and 'Regional Statistics'	127-131	0.7 (minimum)	13.0
Stop the Social Brief	132-133	2.0	44.0
Reduce frequency of income distribution estimates	135	2.5 (average pa)	52.0
Reduce work on social protection accounts for the European Community	136	1.0	18.0

<u>Restructuring of the Office</u>	Paragraph reference	Staff savings (Nos)	Expenditure saving * (£'000 pa)
Transfer GSS policy work to a wider management unit	37 40	-	-
Merge classifications work with survey control	42 ) )		
Absorb release dates work in publications branch	43 )	2	31.1
Brigade economic assessment with central national accounts team	76	not quantified	
Partially absorb regional accounts in national accounts	78	0.6	12.3
Brigade company sector work with central national accounts team and reduce work effort	113	0.7	15.0
Reduction of branches to nine and director posts to three	159- 168	7	145.0
<u>Extra revenue</u>			
End subsidy on editorial costs of CSO publications	57-63	-	up to 275.0
Introduce rapid information Service	68	-	12.0
Charge Royal Commissions etc for graphical design work; allocate costs to CSO branches in budgetary exercise	71	-	5.0 (nominal entry)
Charge copyright fee on computerised current cost accounting data	99	-	not quantified
<u>Other improvements</u>			
Survey Control Unit to be concerned with value for money and to cover existing regular surveys. Issue new remit	34-36	1 (extra)	20.4 (extra)

	Paragraph reference	Staff savings (Nos)	Expenditure saving * (£'000 pa)
Research projects to have time constraints	38	-	-
Work on standardised computer software to be judged on the savings realised	39	not quantified	
CSO to pay close attention to minimising the burdens its publications impose on departments	50	not quantified	
Reduce undesirable duplication between CSO publications	64	not quantified	
Confront Treasury Ministers with the full costs of the national balance sheet work	115	-	-
Introduce Financial Information System data into the accounts and discontinue special returns	124	not quantified - will accrue to departments	
Make the database more "user friendly" and widen involvement with computing at main grade	141-150	2 (extra staff and expenditure)	40.8
CSO, Treasury and CCTA to re-assess the need for a new computer and report by September	151-154	-	(Up to 84.0 pa)
A budget approach be adopted for managing computer time	155-157	not quantified	
The proposed budget approach to assessment of branch work be introduced as soon as possible	169-171	-	-
The CSO's expenditure to be a separate sub-head in the Cabinet Office Vote	170	-	-

Other savings in the pipeline

	Staff saving (Nos)	Expenditure saving * (£'000 pa)
Reduced research effort	1	20.4
Downgrading of work on price index numbers for current cost accounting	0.5	5.5 achieved on transfer to DIT
Stop CSO work on reseach and development statistics	1	18.0
Reduced interdepartmental liaison on <u>social statistics</u>	1	20.4
Stop work on distribution of wealth	0.8	14.0
<hr/>		
Rounded totals after allowing for re-grouping of staff	46 (20%)	1123.5 (30%) (excluding possible computer deferment)

\*Estimated total savings on staff, accommodation, computing and other over-head costs. Staff costs only are usually smaller and are given in the detailed chapters.

## PROGRAMME 1 - GSS POLICY AND MANAGEMENT

33. Work in this area costs £562,000 pa and employs nearly 35 people. It comprises -

<u>Ref*</u>		<u>Staff</u>	<u>cost pa</u> <u>(£'000)</u>
1.1	Survey Control Unit	4.4	69
1.2	GSS policy unit	2.6	60
9.1	Research and special studies	5.4	125
9.2	Common GSS software	2.6	56
11.1	Statistician Group Management Unit	6.0	116
11.2	Training policy	1.6	24
11.4	Classifications	1.5	28
11.5	Release dates for key economic statistics	0.7	10
13.2	International liaison	3.0	46
13.5	Cadet statisticians	7.0	28
		<u>34.8</u>	<u>562</u>

\*References are to items in the annual CSO costs shown in table 4 of 'CSO Work Organisation and Costs' - shown as Annex E.

Survey Control

34. The Unit provides technical advice on new statistical surveys by Government and on changes to existing surveys. Currently it assesses surveys to individuals and households as well as those to businesses and local authorities. It makes only a minor contribution to improving the first group of surveys; and in general we feel that Departments should control them without being required to seek the Unit's advice. For surveys to businesses and local authorities, final responsibility should remain with Ministers and their Departments, but there is a strong case for an effective central examination of each survey to ensure that it is technically sound, does not duplicate other sources and that the information it aims to provide justifies the burden it imposes on the form-filler.

35. We recommend therefore that the Survey Control Unit (SCU) should be strengthened and improved so that: (a) it concentrates attention on surveys to businesses and local authorities; (b) its advice is considered explicitly by the Department before a survey proceeds; and (c) it should periodically review the content and purpose of existing regular surveys (90 per cent of all statistical forms to businesses). An increase in staff of one extra professional statistician will be required.

36. Historically, the authority of the unit has rested on a Prime Ministerial minute to Departmental Ministers. We recommend renewal of the remit with enhanced emphasis on scrutinising for value for money and new powers to consider

existing regular surveys. What is needed is that new surveys are not allowed to go ahead without Ministerial authority; and SCU's advice must be included in departmental submissions.

#### GSS Policy

37. The small GSS policy unit provides "staff officer" support to the Director and his Deputy other than on personnel matters. Main topics dealt with recently have been preparation of a strategy document for government statistics, data protection, and the development of budgetary controls in the CSO. There is no unnecessary work being undertaken, though the loading is patchy. We recommend that this work be transferred to a new unit concentrating upon the main management tools to be used by the Director and housing the Statistician Group Management Unit, the International Section and with responsibility for running the budgetary control system within CSO.

#### Research and Development, Common Software

38. The present research effort is scheduled to be reduced following the Lord President's exercise to staff costs of £35,000 pa. We are satisfied that the remaining work is necessary and likely to prove cost effective. It is mainly concerned with time series analysis. There is a relative dearth of academic interest in applied research in this area, but it is central to much government use of statistics. The amount of research and development undertaken by the Central Statistical Office will vary according to circumstances. It is not and should not be undertaken for its own sake but should be related strictly to government needs. We recommend that research projects are carried out under clear time constraints in the development stage and have subsequent target implementation dates.

39. The expenditure of £56,000 pa in developing common software for statistical computing could be very valuable because many complaints about the quality and quantity of computer facilities can be put down to the inadequacies of programs rather than machines. Nevertheless the expenditure will not be justified if the results are not used. We recommend the CSO work on the statistical analysis "Package X" should be required to show it will "pay for itself" in terms of savings realised in departments within the next four years. We do not think the case for new packages has been considered in a sufficiently cost conscious manner. We recommend that they should be justified and monitored in terms of the man and money savings they will achieve. Otherwise the work should be curtailed.

#### Statistician Group Management

40. The staff costs of the 520 or so professional statisticians in government is about £10 million a year. Central personnel management costs are 1 - 1½ per cent of this total. Unless Ministers abandon the concept of a separate professional



group for statisticians within the service virtually all the Unit's work needs to be done. It will have an important role in implementing the findings of this review especially in view of the present imbalance in the age structure of the Statistician Group. We recommend continuance of the SGMU in view of its essential role in helping the Director in his task of co-ordinating the GSS.

41. We recommend some modest savings are obtained by revising induction course procedures to reduce plenary time by making available pre-course material. Efforts directed to other informal central training should be curtailed. The organisation of summer vacation employee applications should be decentralised to departments.

#### Classifications and Standards

42. The Unit seeks to maximise the usefulness of statistics collected in different departments by encouraging the adoption of common standards and classifications. Thus, for example, the aim might be for the industrial analysis of output from DIT to be comparable with the industrial analysis of employment from DE. All countries devote money and time to this kind of work. Some spend greatly larger amounts than the United Kingdom. This co-ordination is probably done most effectively in a centralised statistical system because of the ability to concentrate effort, to switch between tasks, and to compare data from separate sources. The CSO effort is focussed through a Principal post who acts as a full-time co-ordinator. We consider that a more effective way to handle the work on classifications would be to make it an integral part of the tasks of each CSO branch. In future we recommend queries on specific classifications should go direct to sponsoring branches in CSO. Thus, queries on the Standard Industrial Classification would go to the industrial output specialists, those on household classifications to the social statisticians, those on sector classifications to the national accountants etc. Each branch should make it its business to consider the needs of other related areas and should consult the other branches as appropriate. Teams to work on specific projects to revise or to establish a classification can be brought together as and when necessary. The strengthened Survey Control Unit should draw on the advice of branches in considering the question of standards and application and should at the same time use its central position to ensure that the CSO as a whole is acting coherently.

#### Release dates for key statistical series

43. The main purpose of this work is protection of the integrity of the statistical service by ensuring that release dates for key statistical series are published in advance and then maintaining a watchdog role so that dates are met. We recommend that the work in future be done within publications branch.

Summary of savings

	Staff	Basic staff costs (£'000)	Staff and other costs (£'000)
Extra professional statistician for Survey Control	-1(S)	-13.6	-20.4
Reduced effort on training policy )	1(S)	13.6	20.4
Merge classifications unit with survey control )	1(CO)	6.1	9.7
Pass work on release dates to press and publications section )	1(P)	14.3	21.4
Total	3	26.5	40.8 (7%)

Memo item

Savings on research already in hand following the Lord President's Exercise and not included above	1(S)	13.6	20.4 (plus a pro-rata saving in computing costs estimated at £10.0 thousand pa)
--	------	------	--

**PROGRAMME 2 - DISSEMINATION AND INFORMATION**

45. This programme comprises -

<u>Ref</u>		<u>Staff</u>	<u>Cost pa</u> (£'000)
2.1	Publications - organisation and checking	9.4	125
2.2	PRESTEL	1.7	24
2.3	Press and information	4.1	56
2.4	Publicity	2.8	39 (plus 70,000 on COI Vote)
10.1a	Operating costs of databank )		10
10.1b	Less sales of databank information )	0.9	4
13.3	Graphic Design Unit	9.0	99
		<hr/>	<hr/>
		27.9	349
		<hr/>	<hr/>

46. The basis of the activities under this programme is a belief that -
- a. openness about the statistics used by government is an essential prop for the credibility of government;
  - b. government wishes the public to know the full facts of economic and social change;
  - c. government wishes to encourage the wider use of official statistics by industry and commerce;
  - d. the CSO has a responsibility to co-ordinate the development of government statistical publications.

47. The existing pattern of departmental statistical publications considerably reflects general CSO inspired policies but in the past 2 years a. and b. have been more important to the CSO than c. and d. There is now little effort by the office to influence other departments' publications except by example.

#### Publications

48. The main CSO publications are listed in Annex C (1). The costs incurred under this programme do not, however, represent the total CSO publication costs as certain branches retain editorial responsibility for their own publications. Adding back the more identifiable of these costs, and those of the work carried out by the Graphic Design Unit, the total figure is at least £300,000 pa.

49. The main publications range from monthly and annual general reference sources like the 'Monthly Digest of Statistics' (175 pages - all figures and no text); to more specialist reference documents like 'Financial Statistics' (125 pages, all figures) and to publications which seek to explain current developments like the annual 'Social Trends' (300 pages with coloured diagrams and easy to read articles of general interest) and the more specialist monthly 'Economic Trends' (125 pages, graphs and technical articles). The CSO also publishes a widely acclaimed comprehensive 'Guide to Official Statistics' (400 pages updated biennially).

50. These publications draw quite heavily on other departments in many cases. For example, the Social commentary in Social Trends can typically require input from 10 different departments. Departmental costs in providing such data are not included above. Whilst the CSO obtains an impressive degree of co-operation from Departments in this respect, we recommend that it should pay close attention to minimising the burdens so imposed. We reject a general repayment arrangement between departments as cumbersome, but we think the CSO should make itself aware generally of the costs it imposes in this way and should simplify

its calls by standardising requirements between publications, for example, between the 'Monthly Digest of Statistics' and 'Economic Trends' or between 'Social Trends' and the 'Annual Abstract of Statistics'.

51. The development of publications and trends in their sales are described in Annex C (2 & 3). In terms of the fairly recent past new publications added in the 1970s were the 'Guide to Official Statistics', 'Social Trends', 'Statistical News' and 'Regional Statistics'. 1979 sales data on the various publications since 1971 are still incomplete; but in general, apart from 'Financial Statistics' and 'Regional Statistics' the trend since 1975 has been downwards.

52. The pricing of the publications is intended to cover printing and distribution costs. No attempt is made to claw back the editorial costs incurred in the CSO. HMSO say that sales revenue in 1979 was less than printing and distribution costs in most cases. The CSO dispute this but there are no agreed figures to settle the argument.

53. The CSO has recently concluded a 3 year marketing agreement for its publications with Open University Educational Enterprises Ltd (OUEE) in an attempt to improve distribution, marketing and circulation. We recommend the trial link, which was negotiated at the CSO's initiative and is a positive step which is deserving of success. Under the arrangement the OUEE will bear the costs of advertising, marketing and distribution but HMSO will arrange printing, will remain the publisher and will receive royalties from OUEE on sales. Printing costs will be, in effect, the first charge on the OUEE. The result will be that the CSO can reduce its advertising expenditure (see paragraph 70) and stands no risk of having to reimburse HMSO if sales are lower than expected.

Commercial  
in  
Confidence

54. Publications serve government users as well as the general public. Most have a significant distribution within departments though it is unclear as yet what will be the effects of the 1979 change which requires departments to pay for them. They are slow, inflexible, and require a significant commitment to an editorial scrutiny designed to ensure that their statistics should not be potentially misleading even to the relatively uninformed.

55. There are dangers in concentrating on the generalised audiences reached through publications. One symptom is that the publications tend to increase in size and in number without the controlling focus a more commercial price mechanism would bring. A goal of the widest dissemination of statistics at the

cheapest price can be difficult to control. Another symptom is relative neglect of the internal, sophisticated, government user and a progressive isolation from policy and forecasting. The CSO exhibits some of these tendencies.

56. We accept that, in the interest of maintaining the integrity of the statistical services and of government, the statistics used by government in formulating and monitoring its policies should be available to the public; but we do not see why the anonymous tax payer should meet all these costs.

57. To achieve this we recommend a pricing policy that is both manageable and fair and serves an underlying belief that government generally should pay for the collection and basic compilation of the statistics it needs whilst users both inside and outside government should pay through the cover price for the extra work required to bring them together in definitive documents. This will result in a valid market test in the private sector and will be an incentive to Departments to ration their consumption.

58. Some of the CSO's editorial costs are quite obviously largely incurred for the benefit of the public at large. Examples are much of the work going into 'Social Trends' (£86,000 pa) and 'Regional Statistics (£20,000 pa), also much of the £40,000 pa of graphic design work on CSO publications. Other cases are less cut and dried but in total we estimate at least £300,000 pa of such efforts in the office.

59. The amount of these costs which is not recovered for government through sales revenue is in effect a subsidy. Similar subsidies may well exist for non-statistical departmental publications. They are outside our remit. On statistics we recommend a specific decision be made about the size of this subsidy and we further recommend setting the figure at zero. Copyright charges should be fixed to recover such amounts as are appropriate from OUEE.

Commercial  
in  
Confidence

60. The Director of the CSO does not accept our target of a zero subsidy in all circumstances. He believes government must promote wide use of its statistics as an essential part of a modern democracy. Hence, he concludes, government should in part subsidise the editorial effort required to make the statistics usable by the public. We acknowledge that our approach is likely to increase the cover price of publications. In one or two cases the rise may call in question the economics of the publication in its present form. It may also be argued that the possibility of pricing a few publications out of the market is not in the public interest. We recommend that if a publication cannot cover its costs in the way we have defined it should either be produced more cheaply so that it can or it should be stopped. In general we consider, that recovery of costs is the only reliable spur to increased editorial efficiency and lower staff numbers.

61. Developments which CSO should keep under review include the production of 'camera ready copy' from the computer, microfiche and the use of word processors. We note, for example, that the CSO already releases a high proportion of its key data in rapid summary form - with technical comment - through press notices. We feel that specialist users outside government should be increasingly encouraged to have their needs met by cheaper means such as this and the use of direct computer copy. We note that the Bank of England has already set itself on this course in relation to its quarterly bulletin.

62. We attach importance to this change of direction not only for the direct savings which result but also as a means to reduce the "publication-orientation" we have observed in the CSO (and which has been remarked on by several study officers in relation to other departments). We are worried by the use of publications as the means of keeping statistical work up to the mark since it focusses attention on the wrong user. The main client for the statistical work of the CSO must be government users. General reference publications should take second place to their needs. In our talks with users of CSO data we have gained the distinct impression that too often they do not.

63. We recommend therefore that the CSO should calculate the increases necessary in present publications prices to eliminate the subsidy as we have defined it. If this raises doubts about present publications Ministers might then be invited to consider whether, in the public interest, some small subsidy should continue in specific cases. But we recommend that the aim should be to impose a much tighter limit on this work.

64. There has not been time during this review to undertake an examination of duplication between publications. A small survey of the 'Monthly Digest' and 'Economic Trends' shows significant overlap between them and suggests there may be a case for rationalising publications. We recommend further investigation in conjunction with the standardisation referred to in paragraph 50.

65. One publication, 'Statistical News' was introduced in 1968 as a house journal for the GSS but with a wider appeal to academic and business statisticians. Sales have been gradually declining: 1975 - 2241, 1978 - 1801. Its printing loss is £4,000 pa and editorial subsidy about £4,000 pa. With such a small print these costs could not be recovered through revised pricing. If these 'losses' cannot be eliminated within 6 months we recommend this publication should be stopped.

Prestel

66. The Post Office's Prestel service is still relatively new. There are about 2,000 sets in existence though the Post Office is targetting for tens of thousands later this year and a rapidly rising growth thereafter. Generally it is acknowledged that for the time being, because of the costs involved, Prestel is more likely to appeal to business than domestic users. Whether the Post Office achieves the sales break through it is seeking is conjectural.

67. Current annual costs of maintaining the 500 CSO frames is £24,000 and annual revenue from accessing the frames is currently estimated at a maximum of £1,000. It is unlikely that growth required to generate income equivalent to costs can be achieved in the foreseeable future. We also question whether CSO should be in this market in any event. Prestel duplicates CSO's printed publications and it is unlikely to reach any segment of the market not already reached by existing literature. We are sympathetic to the use of new technology to improve the communications efforts of CSO but only where there is a pay-off in terms of efficiency and overall costs. We understand that COI may be planning to take over responsibility for updating all government frames on Prestel. This may reduce the costs, particularly if the frames could be linked to the existing computerised CSO data bank. We recommend that CSO should discontinue its staff input to the Prestel service by 1981/82 but should allow the COI (or others) to take data from its data bank (at an appropriate fee) for Prestel.

Press and Information

68. The CSO annually issues about 100 press notices and a print of on average 500 copies is sent out each time. Press notices are sent not only to the press but also to corporate/financial institutions interested in rapid information. The costs of sending press releases of the regular economic indicators to bodies other than the press is about £12,000 pa. We recommend that these costs should be recovered and suggest that non-press bodies should be offered a subscription to a 'Rapid Information Service'. If the costs of the service cannot be covered in this way, then it should be discontinued.

69. The information service deals with an average of 18,000 telephone enquiries from the public per year, 900 letters and 4,500 requests for leaflets. The costs of running the service are estimated at £20-£25,000 per year. All departments provide a free enquiry service to the public. It is an important contact between government and people. A system of charging for dealing with enquiries would be

difficult to administer and might well cost more than it produced. Charging for the service therefore appears impractical. We confirm, however, that only the most straightforward enquiries should be dealt with. Individuals making enquiries necessitating some degree of research should be guided to the appropriate publicly available source. We consider that this policy should apply also - unless there are good reasons to the contrary - where ad hoc requests from outside bodies are received elsewhere in the CSO.

#### Publicity

70. The current figure spent on publicity by CSO (£39,000 pa) has primarily been spent on the staff costs of back up to advertising, preparation of a free pocket reference card "The United Kingdom in figures", popular leaflets about statistical sources and small exhibitions. The COI have spent about a further £70,000 pa on printing and other media costs. With the marketing link with the OUEE some significant reduction is possible. We recommend continuing with 'United Kingdom in figures' and to support this work together with other generalised publicity for statistics a CSO budget of £10,000 pa should suffice. The call on the COI Vote should be cut by at least a half.

#### Graphic Design Unit

71. The GDU costs £99,000 per annum. Just under half of its work is concerned with the design of CSO publications, their covers and the charts and graphs displayed within. They provide an obvious and essential support to the publications branch. A further 25 per cent goes on support for CSO internal work to government and nearly 30 per cent on work for the Cabinet Office and other customers. We recommend work for Royal Commissions and the like should be on repayment terms and that as part of the new budgetary exercise the costs of GDU should be allocated to its users to give a better measure of value for money.

#### Databank Service

72. The databank costs £10,000 pa to operate and recovers £4,000 pa from public sales. It is peripheral to the main thrust of publication in the office and we think its potential as a revenue raising alternative to the printed publications is under exploited. We also think it could provide a better service to internal government customers in a cost effective manner. Our recommendations are contained in Chapter 9.

Commercial  
in  
Confidence  
not for  
Publication



Summary of savings

73.

	Staff	Basic staff costs (£'000)	Staff and other costs (£'000)
Elimination of editorial subsidy on publications	-	-	275.0 pa in revenue
Stop 'Statistical News'	0.4	3.0	4.0
Withdraw Prestel	1.7	13.4	23.0 (net)
Charge for rapid information service	-	-	12.0 pa in revenue
Reduce publicity	2.0	18.5	29.0 (plus at least 30.0 off COI Vote)
Charge outsiders for GDU work	-	-	5.0 pa in revenue (nominal entry)
<b>Total</b>	<b>4.1</b>	<b>34.9</b>	<b>56.0 (16%) (plus 292.0)</b>

**PROGRAMME 3 - NATIONAL AND REGIONAL INCOME AND EXPENDITURE**

74. This programme costs about £700,000 per annum and employs 30 people. Just over half the staff and about £420,000 pa of expenditure are deployed in a central national accounting team. The remainder of effort is scattered among other programmes -

<u>Ref:</u>		<u>Staff</u>	<u>Cost pa</u> (£'000)
<b>Central team:</b>			
3.1)	Expenditure based	7.4	173
3.2)	measure		
3.3	Income measure	1.3	36
3.4	Co-ordination of measures	6.3	176
11.3 (part)	Regional estimates	2.1	35
	<b>Sub-total</b>	<b>17.1</b>	<b>420</b>
<b>Other programmes (approximate):</b>			
2.	Publications, press and publicity	1.2	20
6.	Public sector	5.2	106
7.3	Company sector	2.7	61
-	Other	4.1	95
	<b>Sub-total</b>	<b>13.2</b>	<b>282</b>

National Accounts - central team

75. No major changes are proposed in the core framework for economic analysis. We have been impressed by the arguments of the Government's Chief Economic Adviser and other users that continuity in the availability of estimates is of first importance. The work within this programme is co-ordinating and compiling the quarterly and annual national accounts and monitoring the quality of the estimates for GDP (Expenditure measure) and GDP (Income measure). The figures are estimated by departments help of departments. Extra work undertaken in departments for the national accounts is estimated by departments to cost £2½ million a year.

76. The central national accounts team reconcile conflicting estimates and take the lead to eliminate discrepancies between the measures of gdp. Work to assess the size and importance of the "hidden economy" is also based here. It is therefore surprising that the secretariat of the monthly Economic Group is not also located here rather than in the input/output production accounts branch (programme 4). The economic assessment responsibility is not a full-time job. We recommend it be brigaded in the central national accounts branch. The half statistician post on national accounts co-ordination is an obvious post to combine with the half post as the main secretary of the economic group. This would then be a post "primus inter pares" for a macro-economic statistics expert.

77. A recommendation is also made in paragraph 113 to locate the company sector work in this branch.

Regional Statistics

78. Regional estimates of gdp and associated data are compiled in a section which co-ordinates regional statistical data defined according to standard regions, into a national accounts type framework for the regions. It also brings together regional statistical indicators on important social and economic topics. The work was developed primarily for the Commission of the European Community; Department of Industry economists however value the results, as do the Scottish and Welsh Offices. Total costs are £65,000 with production of the economic accounts £35,000, general co-ordination about £10,000 and editorial costs of 'Regional Statistics' £20,000. We recommend in response to an initiative offered by CSO that the work on regional economic accounts and co-ordination of economic statistics be transferred to the central national accounts branch to be absorbed at Statistician level.

79. The work on the 'Regional Statistics' and co-ordination of social statistics should continue in the social statistics branch where it is temporarily housed. Senior editorial effort will displace some of the effort previously exclusively devoted to 'Social Trends' and will make savings possible there (see paragraph 131).

Summary of savings

80.	Staff	Basic staff costs (£'000)	Staff and other costs (£'000)
Partial absorption of regional accounts	0.6(S)	8.2	12.3 (3%)

**PROGRAMME 4 - NATIONAL OUTPUT, INPUT/OUTPUT**

81. The programme costs £594,000 pa and employs 26 people -

<u>Ref:</u>		<u>Staff</u> (£'000)	<u>Cost pa</u>
4.1	Input/output	6.6	117
4.2	Production accounts	3.9	116
4.3	Quarterly sales database etc	1.5	31
4.4	Economic assessment	1.0	26
4.5	Cyclical indicators	.8	32
5.1	Monthly index of production	5.6	115
5.2	Quarterly/annual GDP(O)	2.8	60
5.3	Labour and productivity	3.1	51
4.6)			
)	Prices	.7	46
5.4)		<u>26.0</u>	<u>594</u>

Input/Output tables

82. Input/output analysis is a means of bringing out the inter relationship of the various industries in the economy by tracing the transactions between them. The tables are used to interpret the effects of economic events on industrial performance and to develop an industrial dimension to economic forecasts (such as in the Treasury's Industrial Assessment System). They can be used, for example, in assessing the overall effect on prices of a specific increase such as in oil prices. They also provide a means of comparing the supply and demand for commodities and industrial inputs or outputs. Hence, in principle they can also be used to track down discrepancies in the aggregate measures of economic activity.

83. Firmly based tables are produced every 5 years, substantially in arrears. The firm 1974 tables have only recently become available. This lag is due to data availability notably from the annual census of industrial production and the 5 yearly industrial purchases inquiry. It requires  $1\frac{1}{2}$  - 2 years and 12 man years of CSO work after these data become available to produce the input/output tables. Given the constraints of the basic data sources the timeliness of the CSO work can only be improved by months rather than years.

84. The majority of users to whom we have spoken, inside and outside government, have stressed the need for some structural presentation of the effect of changes of supply and demand on sections of industry. Despite their delay input/output tables fulfil the need - particularly if the statisticians are able to adjust for important and fast structural change such as may occur after a dramatic shift in relative prices. In practice it can be difficult to make such adjustments.

85. The next firmly based input/output tables will be produced in 1983 or 1984. Until that time users will have to rely on firm tables based on the structure of industries in 1974 roughly updated to 1977. Annual interim tables covering more aggregated industries for more recent years have been produced using estimating techniques; but they seem little used and do not in our view justify keeping the staff team together during the whole of the 5 year cycle.

86. The core time for producing firmly based tables is a minimum of two years. What is needed is a flexible approach to bring the team together for  $2-2\frac{1}{2}$  years and disband it when work is finished. Effective deployment in this way would bring a saving over the 5 year cycle which averages £60 - £70,000 pa. There are two possibilities for bringing this about. The staff of the CSO could rise and fall in the appropriate way. This would mean a fluctuation of about six people over the cycle, at statistician and more junior levels. The management problem would be to find the particular specialist expertise at the required time even given that in "close years" a minimum preservation of expertise could be maintained in existing staff in the index of production/gdp(o) sections. Alternatively, the work could be contracted out to specialists in the universities provided a way can be found to give them access to the necessary data. There are already input-output specialists in more than one university in the United Kingdom who work on tables for other countries. We have not followed this through in detail but we consider it would be appropriate for input-output work to be contracted out with only a small central government watchdog role. We recommend, however, that input-output tables are

produced every five years and the team necessary be kept together only for the minimum period necessary to make the estimates (2½ years at the most). We recommend the CSO consider further how this can be done managerially, including the scope for contracting the work out to university experts. In an effort to improve timeliness we also recommend that the production of a 'rough and ready' input/output update by the team be envisaged so that when the 1979 firmly based table is produced an update would be made available within six months.

#### Production Accounts

87. In the past five years a series of quarterly estimates of the supply and demand for the different goods and services in the economy - production accounts - have been developed. In our judgment they cannot be said to have fulfilled their original purpose to bring a new perspective to the national accounts. They are not used in the Industrial Assessment System, nor - as far as we can tell - in DIT's Disaggregated Industrial System (which distinguishes far more industries). The need for quarterly estimates of supply and demand in 37 industry groups of the economy, about 15 weeks in arrears, has not been expressed by policy advisers and we are sceptical about it.

88. We were told that the production accounts would provide insights relevant to the difficult judgements required in coming to a view about progress in the economy as shown by the (often diverging) three measures of gross domestic product (gdp) - from the income, expenditure and output approaches. A particularly serious discrepancy occurs in current estimates of gdp in 1979. The income and output measures suggest growth of 1½ per cent between the end of 1978 and the end of 1979; the expenditure measure suggests a fall of nearly 1 per cent. We could find no convincing evidence to support the claims of those who argue that the production accounts brought a significant new insight to the situation. Of course, the discrepancy still exists and it is possible the accounts will provide a resolution to the problems. So far, the indications are otherwise. In these circumstances we recommend that the production accounts should cease to be compiled after the National Income Blue Book of 1980.

89. The Director of the CSO considers the accounts have been of value in his Economic Group's work during 1980 and are of considerable potential in explaining supply side bottlenecks and failures. He acknowledges that their value would not justify the continued expenditure of £116,000 a year and the cost of the work has already been cut back to about £95,000 in 1980/81, with the intention of a further subsequent reduction to a largely maintenance basis. Merging responsibility for the estimates with that for the 5 yearly input-output estimates would save a further £55,000 pa on production accounts and input-output combined.

90. We prefer to stop production accounts work now since government has not called for them in support of its policies. The development work is largely completed and written up. This would save £116,000 pa on production accounts and the average of £60 - £70,000 pa on input/output described in paragraph 86.

#### Purchases Estimation Development

91. In the course of developing the production accounts the CSO has produced a more useful computerised means of presenting the BSO's quarterly sales data. We understand that the work of improving the QSI database is finished. As a development from the more reliable QSI figures the CSO is currently engaged in developing a better means of up-dating input/output tables to produce interim tables. This technique uses earlier established purchasing patterns to ascertain end-use allocations. Insofar as this development work fits with our recommendation in 86 we are content for it to continue. However it is due to be completed within 12 months which target date we recommend be closely enforced when manpower and computing resources totalling £31,000 pa will be released.

#### Economic assessment

92. As indicated in paragraph 76 the secretariat duties associated with the CSO Economic Group are currently located with programme 4 in branch 4. Half the time of a main grade and third of the time of an SEO are devoted to preparation and revision of successive drafts of a monthly report discussed and agreed at the Director's Economic Group. There are also significant inputs from most Statisticians in CSO with macro-economic responsibilities and from a selected number of statisticians from other departments.

93. The economic report goes each month to Ministers with economic portfolios. Its aim is to use the most recent statistics (from whatever source) to assess the current state of the economy. Since all statistics are to some extent out of date the building of an up to date assessment is often difficult and skilled. This "forecasting the present" is at the heart of the Director's vision of the CSO. It is controversial - some statisticians in CSO spoke of time wasted on Economic Group activities; some overseas statistical offices reject all forms of forecasting. They are also used by Treasury officials in more specific short-period briefing of the Chancellor. We think the activity is justified but we note that in the past reluctance of some departmental statisticians to participate has meant wasteful efforts by CSO to 'second guess' what they might have contributed. We

recommend the CSO should take whatever steps are necessary to draw on the expertise of economic statisticians in relevant departments (such as Employment and Trade and Industry) and to involve them in the Economic Group. We do not think CSO should make staffing provision for doubling up on what other departments do.

#### Cyclical indicators

94. CSO has developed indicators of leads and lags in the economy. The work started in 1974 and currently costs £32,000 pa. Although cyclical indicators are used for economic assessment within CSO they have not been used regularly by Treasury forecasters though they have been used on occasion for expositional purposes. Outside Government they are greatly used by brokers and financial analysts. We take the view that this work is not essential and need not be done by government. We recommend it should stop. At the same time, to recover the investment that has been made it is recommend that the computer software be advertised for sale to interested parties.

#### Index of Industrial Production

95. The monthly index of industrial production has already been given comprehensive consideration following the Rayner Project on the statistical services of the Departments of Industry and Trade. The report on interdepartmental statistical services considers the issue further.

#### Output measure of GDP

96. The index of production provides 40 per cent of the input to producing the quarterly measure of GDP(O), which is the third measure of GDP and is considered to be the most accurate assessment of short term movement. A first estimate is published seven weeks after the report to which the figures relate. We consider there is some spare capacity here which could be used, if necessary, to cover for input/output in "close years".

#### Productivity Measures

97. Development work was started by the CSO at the Director's initiative some 12 months ago to exploit available data in anticipation of increased government interest regarding output measures per head in the manufacturing sector. To date, test results only have been produced. We are not convinced the CSO need to do this work. It is not being done for a specific purpose and other departments could do any necessary work, for example, the Departments of Industry, or

Employment and - at a detailed level - NEDO. In line with our recommendation in paragraph 31 and in the absence of a specific request from government we recommend the CSO work should be stopped.

#### Labour statistics

98. This entails the production of public sector employment figures published (a) quarterly (non-trading) and (b) annually (trading and non-trading). The work is done within CSO chiefly because of the ready availability of classifications expertise. We doubt if regular quarterly non-trading figures are required and think less frequent estimates would do. We recommend that the quarterly figures be discontinued and the remainder of the work be absorbed by the public sector branch with the transfer of say one EO from the support staff.

#### Prices

99. The development work on prices for current cost accounting has already been transferred to DIT. It is now routine and is done by more junior staff, saving £5,600 pa. The CSO retains an interest, however, because only it has the facility to provide the data in computer form. There is likely to be substantial potential revenue here from sales to companies providing computerised accounting systems. We recommend CSO and HMSO urgently to consider how the copyright provisions can be made to provide extra government revenue.



Summary of savings

100.

	Staff	Basic staff costs (£'000)	Staff and other costs (£'000)
Disband input/ output team between exercises	6.6 (assuming "contracting out")	32 (average)	60 (average)
Stop production accounts	3.9	45	116
Stop development of Purchases Estimation Development within a year	1.5	12	31
Stop cyclical indicators	.8	8	32
Stop experimental work on productivity	1.2	11 ) ) )	
Stop quarterly estimates of public sector employees and partially absorb work on annual estimates in public sector branch	.4	4 ) ) ) ) ) )	39
Charge royalties on PINCCA	-	-	Unkown extra revenue
Total	14.4	112	278 (49 %)
<u>Memo item</u>			
Costs of work on prices transferred to DIT	2.5	22	40
Saving from downgrading	(.5)	(4)	(5½)

## PROGRAMME 5 - DOMESTIC FINANCE (INCLUDING THE PUBLIC SECTOR)

101. This programme mainly covers the compilation of public sector figures in the annual and quarterly national and financial accounts and the compilation of financial flow statistics - mainly quarterly. The costs are £639,000 pa and 28 people are employed on the work.

<u>Ref</u>		<u>Staff</u>	<u>cost pa</u> <u>(£'000)</u>
6.1	Central government transactions	4.5	104
6.2	Public corporations transactions	3.1	66
6.3	Local authorities transactions	3.1	55
6.4	General government transactions	1.2	40
6.5	Estimate of Research and Development expenditure	2.1	20
7.1	Sector financial accounts and monetary aggregates	6.2	175
7.2	Data collection from building societies and public sector pension funds	2.0	40
7.3	Company sector accounts	2.4	61
7.4	Development of national and sector balance sheet estimates	1.5	44
7.5	Editorial work on 'Financial Statistics'	1.9	34
		<u>28</u>	<u>639</u>

The work is divided between two branches: public sector statistics and financial statistics, each under a Chief Statistician.

Public Sector

102. Separate quarterly and annual accounts are prepared for the three sub-sectors - central government, local authorities and public corporations. General government consolidated accounts are also produced, broadly combining central and local government figures. They are published as tables in 'Financial Statistics' (quarterly in some detail), in 'Economic Trends' (especially as part of the quarterly national accounts estimates), and annually in the 'National Income Blue Book'. The branch also provides regular data to a number of international bodies.

103. There is close day to day contact with the General Expenditure Analysis Group in the Treasury who monitor public expenditure against the government's plans, provide the statistical input into the Public Expenditure White Paper and advise Treasury Ministers. The CSO's involvement is mainly in the application of

national accounting conventions to public expenditure figures - the Public Expenditure Survey is intended to be broadly consistent with the national accounts and classifications issues have been especially frequent since May 1979. They require rapid reaction by CSO in the context of public expenditure policies. The CSO is also responsible for the quarterly estimates of the Public Sector Borrowing Requirement (PSBR) shared somewhat uneasily between the public sector and the financial statistics branches. The monthly unpublished PSBR estimates are compiled by the CSO and monitored by Treasury.

104. The branch is closely associated with the Financial Information System - which in principle is intended to meet most of its data needs from central government, though it does not yet do so satisfactorily; and with returns made direct to the CSO and Treasury by public corporations. It draws data from DOE on local authorities.

105. The branch has made progress over recent years in improving the quality of the figures it produces particularly on central government and local authorities. In the former area much has been done to improve efficiency by making better use of the computer. However, with an anticipated reduction in the number of queries on classifications in the coming months together with the progress that has been made to 'bed down' systems in the central government and local authority sections there is some spare capacity identified at the main grade and more senior levels. This will permit more concentration of public sector work in the branch. We recommend that public sector labour statistics from Branch 5 and the CSO effort on the PSBR figures be located in the public sector branch.

#### Research and Development Statistics

106. Arrangements are already in hand for this work to be transferred to the Department of Industry allowing the net saving of an SEO post.

#### Financial Statistics

107. The costs of constructing, compiling and maintaining the quarterly sector financial accounts together with editorial work etc for 'Financial Statistics' total coming up to £200,000 pa. In 1979/80 computing costs made up about £80,000 of this sum. Before this exercise began the branch had never been brought face to face with how much computer time its work required compared to that of other parts of the office. In conjunction with the computer branch the branch was

quickly able to specify a more efficient program for the computer which they jointly estimate will reduce the "bill" to £47,000 in 1980/81. We commend the promptness of remedial action once the problem was identified. We return to the wider issue of facing computer users with their costs in the interdepartmental report.

108. As regards quarterly financial flow statistics - published in 'Financial Statistics' and in the 'Bank of England Quarterly Bulletin' - there is some duplication of effort between the CSO and the Bank. Data collection is divided between government departments and the Bank, with the latter collecting data from the banking sector and some (small) financial institutions. The split is sensible and there is no duplication in this area. On the other hand, both the CSO and the Bank maintain computerised data bases from which rival quarterly flow of funds accounts are derived. The CSO presentation is more detailed and timely and is used to compile estimates of the Public Sector Borrowing Requirement, company finance, institutional investment, consumer credit, etc. The Treasury use about one hundred series on the CSO financial statistics data base but the Bank and Treasury forecasters both use the Bank data - mainly because it is seasonally adjusted. Harmonisation work started some time ago towards making the data bases compatible but it was not afforded priority by CSO in terms of allocation of staff and not much progress had been made. We recommend it be revived as a matter of urgency and understand there is a high probability of resolving the remaining problems.

109. We think the aim should be a common data base - probably held at the Bank - from which computer output in the form of "camera-ready copy" would be derived for the Bank's Quarterly Bulletin and for 'Financial Statistics'. Reluctantly we accept the Bank of England Quarterly Bulletin cannot be expanded to replace 'Financial Statistics', but we are not convinced all the effort put into editorial development for the latter is absolutely necessary. We recommend users be encouraged to take data tape or computer print-out rather than the publication, possibly by differential pricing, possibly by reducing the frequency of the publication from monthly to quarterly. Here is a prime example where the specialist audience who use data should pay for it directly.

110. The COS currently spends £12,000 pa of staff time on the routine handling of tables for the print of 'Financial Statistics', a further £11,000 pa on editorial development, £23,000 pa on the routine quarterly financial accounts and £18,000

pa on making returns to international bodies such as OECD, IMF and Eurostat. Further computerisation of the returns to international bodies could pay-off in staff savings.

111. Taken together, these proposals should be capable of yielding savings of about £75,000 pa, once the reconciliation work is over. We recommend savings in this area of that order, to be brought about by reduced effort on international returns, fewer special analyses in supplementary tables more efficient flow of funds data handling and a tougher attitude to the delegation of work - particularly to the main grade.

112. In addition, in association with the re-organisation of public sector statistics we further recommend that the small amount of work (£4,000 pa) on monthly nationalised industries' figures be absorbed by other staff.

113. The company sector work costs £60,000 per annum. The estimates of quarterly company profits and financial surplus or deficit are of poor quality. Additional staff time has been put into improving the quality of these figures in the last 12 months. We doubt if it is worth continuing unless there were an extension of the sources of data. The Bank of England told us, for example, that significant improvement to the estimates of companies' financial position would require extension to medium and small companies of the sources and uses of funds survey conducted by DIT. That is unlikely to be feasible. We also note that large adjustments are made to the national accounts estimates of company profits - usually on the judgement of the central national accounts team - and it seems sensible that these judgements should be made in the light of their effect on the company sector accounts as well as on GDP. We recommend brigading the company sector work in the national accounts team and a reduction of effort to produce savings of about £15,00 pa in staff and computer costs.

#### Development of National and Sector Balance Sheets

114. This is the major piece of development work going on in the CSO at this time. The work is designed to produce balance sheets of six sectors - overseas, public, personal, banking, other financial and industrial/commercial - as well as the national balance sheet. It is hoped to have provisional data by the end of the year. There has been strong Treasury and Bank of England pressure for the work to go ahead.

115. At the request of the review team rough figures have been extracted of the likely operating costs assuming the sector balance sheet system to be running. These estimates are £60,000 pa assuming annual balance sheets and £90,000 pa for quarterly estimates. (An average of £30 - £40,000 pa of this would be spent by DIT on a share ownership survey.) We drew these costs to the attention of the Treasury and Bank economists who are vociferous in demanding the work. They are fully prepared to consider how their essential requirements can be met at a lower cost; in particular, whether the data can be gathered without needing a full Share Registration Survey every five years at a cost ranging between £150 - £200,000. On the other hand they maintain the basic need justifies the work in terms of the benefits it will bring in monitoring, analysing and forecasting the economic behaviour of these sectors. We do not feel able to challenge this view but recommend Treasury Ministers be asked specifically if they wish the work to be continued in the light of the costs. (Our estimates of savings assume continuation on an annual basis only.)

Summary of savings

116.	Staff	Basic staff costs (£'000)	Staff and other costs (£'000)
Unified database and more efficient handling of data for financial flows Less editorial work in 'Financial Statistics' Absorb monthly nationalised industry figures	3.4	29	79 (including 35 on computer costs)
Curtail work on company sector figures	.7	7	15
Total	4.1	36	94 (15%)
<u>Memo item</u> Abandoning CSO work on estimates of R & D expenditure and cutting back work on local authority estimates. (Already agreed under the Lord President's exercise and not included above)	1(SEO)	12	18

## PROGRAMME 6 - BALANCE OF PAYMENTS

117. The work comprises essentially the compilation and interpretation of the quarterly and annual United Kingdom balance of payments accounts. These accounts present a summary of transactions between United Kingdom residents and the rest of the world. Their main uses are for economic management (especially in the Treasury) and for trade negotiations. CSO costs amount to £323,000 a year but these represent only the tip of the iceberg. The visible trade figures cost about £9 million a year and are borne on the Customs and Excise Vote - though not all of these costs can be ascribed to balance of payments statistics. Other data are collected by the Department of Industry and Trade and by other departments. The Head of the branch is the editor of 'Economic Trends'. CSO costs arise as follows -

<u>Ref</u>		<u>Staff</u> (£'000)	<u>Cost pa</u>
8.1	Visible trade estimates etc	2.75	61
8.2	Service and transactions estimates etc	5.0	84
8.3	Investment and capital flows estimates etc	4.5	84
8.4	Co-ordination, official financing estimates, international returns, bilateral estimates	4.45	87
8.5	Editorship of 'Economic Trends'	.3	7
		<hr/>	<hr/>
		17	323
		<hr/>	<hr/>

118. The North Sea oil and gas have transformed the United Kingdom balance of payments situation and altered considerably the constraints on economic policy imposed by the country's trading position. In these circumstances it is appropriate to ask whether the balance of payments accounts should strive for as detailed and as accurate a presentation as was appropriate in earlier years when the visible trade balance and the balance of payments more generally was followed avidly as an indicator of the country's economic health.

119. At the same time, removal of exchange control has also removed the single most important source of data concerning transactions in services and of a financial nature. Alternative accurate data sources are hard to find and the search is demanding of staff time. The CSO sees a growing importance in producing bilateral balance of payments estimates to assisting in trade negotiations conducted with the European Communities. However, measurement using the same kind of system as our European partners is not thought a strong runner, mainly because of opposition to the form filling burdens it would entail from the clearing and other banks.

120. Allowing for the short time since abolition of exchange control (in October 1979) we still think that the CSO needs to reduce the emphasis it puts on this work. This is an example of an area from which the policy spotlight has shifted. Both Treasury and Bank of England users made this quite clear. The scale of resources devoted to it should therefore be reduced.

121. We found relatively narrow lines of job responsibility which are useful in helping job holders acquire specialist subject knowledge but they can also discourage delegation and restrict the overall contribution each main grade should be making to the accounts as a whole. We noted a certain amount of work on visible trade that is more appropriate to the Department of Trade. We suspect this involves overlap and we recommend the responsibilities of the two departments for visible trade statistics be revised to eliminate this CSO effort. We also noted that a lot of the statistician time in the areas of services, transfers and investment was allocated to documentation, series maintenance and plugging gaps. In the face of the serious loss of data when exchange control was removed and the poor chance of finding a good replacement data source it is inevitable the quality of the estimates will decline. In these circumstances together with the changed economic constraints it would be reasonable to go for a broad brush approach and possibly to withdraw some figures.

122. For example, the monthly estimates of trade in invisibles, put out with the monthly visible trade figures, seem to be of dubious validity. We doubt if expenditure on them is justified and we recommend the CSO and Department of Trade come to a firm view about their future before the autumn.

123. We recommend compartmentalisation of responsibilities should not extend higher than Senior Executive Officer. If the main grade statisticians were used more flexibly and if there were a more determined drive to delegate work we



consider that a broad brush approach consistent with inevitable limitations of basic data would enable work to be undertaken with significant savings. Just how much saving is possible is hard to assess since the CSO's response to the changed circumstances has not considered in detail a reduction in effort. We think it reasonable, however, to think of a reduction of about £65,000 pa to include foreseen gains from computerisation which is almost completed, elimination of duplication, the flexible approach and stronger delegation advocated above. We illustrate savings below which, by 1984 should still leave the CSO able to provide an adequate, if basic, service to Ministers.

124. During discussions on the recording of government transactions in the accounts we noted that the Financial Information System (FIS) has not yet been accepted as a provider of data for the balance of payments. As a result, departments are required to make separate returns on overseas transactions. We do not think they should have to bear this extra burden. Whilst in its present form FIS is not an alternative source for information on services or for geographical analysis. We recommend CSO takes urgent steps to use FIS data to meet its essential needs.

Summary of savings

125.	Staff	Basic staff costs (£'000)	Staff and other costs (£'000)
Eliminate duplication of work on visible trade, merge the residual work with co-ordination task	3	38	57
End compartmentalisation at SEO; use statisticians flexibly and give SAS fixed responsibility	1	6	10
Total	4	44	67 (21%)

## PROGRAMME 7 - SOCIAL STATISTICS AND DISTRIBUTION OF INCOME AND WEALTH

126. The work costs £476,000 per annum, employs nearly 25 and comprises -

<u>Ref</u>		<u>Staff</u>	<u>costs pa</u> <u>(£'000)</u>
11.3	Regional Statistics (part)	1.7	30
12.1	Editorial for 'Social Trends'	6.1	86
12.2	The Social Brief (3 times a year)	2.0	39
12.3	OPCS steering group etc	0.4	8
12.4	Interdepartmental co-ordination	1.4	27
12.5	Distribution of income and wealth	4.0	93
12.6	Annual report on redistribution of income	2.5	66
12.7	Redistribution of income work in support of fiscal policy	1.6	40
12.8	Tax and price index	0.3	7
12.9	Family Expenditure Survey	2.0	31
12.10	General Household Survey	0.8	16
12.11	Framework for social statistics social indicators, social protection accounts	1.9	33
		<hr/>	<hr/>
		24.7	476
		<hr/>	<hr/>

Branch 12 which carries out this programme is the product of the recent merging of branches 12 and 13.

#### Social Trends

127. This publication was introduced in 1970 to help meet the need to measure economic progress in terms of social benefits by making readily accessible the available key figures about our society. The first issue said: "Social Trends is intended to meet this need by drawing together, initially once a year, some of the more significant statistical series relating to social policies and conditions". It consists of easy to read articles on social topics, usually has a social commentary on a single theme (eg changes in living standards since the 1950's) plus tables and charts covering most aspects of social well-being. Its size has grown from 182 pages in 1970 to 316 in the 1980 edition and now has a print of 5,800 copies. It is widely acclaimed - especially by the press.

128. It is expensive to produce, employing 6 people throughout the year and with editorial costs estimated at £86,000 per annum. It has a lot of graphs and tables which require about £12,000 pa of work from the Graphic Design Unit. Other departments are drawn in quite extensively to contribute to articles and to comment on the social commentary and the more detailed subject chapters.

Commercial  
in  
Confidence

129. There is some duplication of effort with 'Facts in Focus' a relatively inexpensive paperback (without commentaries) which is produced in conjunction with Penguin. But we understand the Penguin book may not continue.

130. We could find little or no specific use within government of the publication. The information it contains is mainly already available to individual departments. Social Trends draws it together in a comprehensive comparable and easy-to-read form. Government contains no dominant customer - there is no equivalent, for example, of the central Treasury role in economic management. The operational value to government is probably small. But it undoubtedly has general informative and educational value and is indeed a model of its kind. We recommend that it should be priced properly (see our recommendations on publications) and done more cheaply. If it can survive in these conditions, we think that on balance it should be allowed to do so.

131. We recommend that editorial work on 'Social Trends' and 'Regional Statistics' be combined under the existing editorial staff of the former (and the publication dates be adjusted if necessary to make this possible). This will save £13,000 pa. Other economies may be necessary to get the price down to an economic level, if necessary involving cancellation of the Social Commentary and the separate articles.

#### Social Brief

132. The CSO and CPRS put together three times a year a Social Brief for Ministers intended as a shorter and more direct form of background reading than is, say, 'Social Trends'. It costs CSO £39,000 pa editorially and about £5,000 pa for the graphs. The CPRS will incur small costs and departments also have to devote time to checking and commenting on the draft text.

133. The Briefs are unlikely to be of great use for specific Ministerial decisions and we doubt if they give value for money. Separate from this report Ministers views are currently being sought on whether the work should continue. We recommend the work should stop, subject to the views of Ministers. We now understand Ministers have agreed to it being stopped.

Distribution of Income and Wealth

134. Work on estimates of the distribution of Wealth - previously done for the Royal Commission on the Distribution of Income and Wealth - is being stopped. The savings (£14,000 pa) form part of the Lord President's Review. Estimates of the distribution of income - mainly based on Inland Revenue data - are published annually in 'Economic Trends'. Faced with the costs, officials in the Treasury - the main government users - indicated less frequent estimates would be sufficient. We noted a sizeable part of the annual cycle of work in CSO was devoted to methodological improvement. It is not clear to us that this is needed. Accordingly, we recommend estimates of the distribution of income be prepared less frequently, say, every three years and the slack be taken up on other existing work - for example, by merging responsibility for estimates of income distribution and redistribution and allowing some temporary minor augmentation of junior staff every third year.

Redistribution of Income

135. Another section in the branch analyses the redistributive effects of taxes and social security benefits using data from the Family Expenditure Survey and other sources. The results appear as an annual article in 'Economic Trends' but there is also considerable ad hoc work for the Treasury. Treasury officials were full of praise for the quality of the service which they receive in this area. In particular the CSO computerised simulations enable extensive testing of various hypotheses in connection with the Chancellor's Budget proposals. The annual cost of the work on re-distribution is substantial and we recommend it worth trying to economise as suggested in the preceding paragraph.

Social Protection Accounts

136. The accounts are prepared for the European Communities in connection with the Social Budget work for which Treasury and DHSS provide United Kingdom representation. The direct CSO staff cost is £18,000 pa. It is clear there is over-elaboration here with accounts produced twice per annum whereas an annual basis would do and there is even a possibility of negotiating a biennial basis. We acknowledge the CSO has wanted to reduce work in this area some time, and we recommend that work on a reduced basis be assimilated within other staff responsibilities giving a saving of an SEO post.

FES and GHS

137. These surveys are considered in the interdepartmental report.

Interdepartmental liaison

138. Under options identified in the Lord President's manpower review CSO efforts here are due to be reduced by £20,000 pa down to £15,000 pa. The CSO has picked up a remit to co-ordinate investigation of how to produce estimates of ethnic populations in the United Kingdom in the light of the Government decision not to include an ethnicity question in the 1981 population census. Hence, the CSO will need to retain some presence in this area.

Summary of savings

139.	Staff	Basic staff costs (£'000)	Staff and other costs (£'000)
Combine editorial work on 'Social Trends' and 'Regional Statistics'	0.7	8	13
Stop the Social Brief	2.0	24	44 (inc. GDU costs)
Reduce frequency of estimates of income distribution and combine with income redistribution	2.5 (average)	27	52 (average)
Absorb work on Social Protection Accounts	1	12	18
Total	6.2	71	127 (28%)
<u>Memo items:</u>			
Reduced interdepartmental liaison	1	14	20
Work to be stopped on distribution of wealth	.8	8	14

**PROGRAMME 8 - GENERAL SERVICES**

140. Throughout the foregoing chapters common services have been allocated to programmes wherever possible. In particular the £621,000 pa spent on computing has been "charged" to user programmes. The line management costs of the directing staff have also been put with the costs of relevant programmes (though not in the staff numbers). This has not been done, however, for the Director himself, his private office, and that part of the Deputy Director's time spent on the office as a whole. The direction of the office generally, and other non-attributed common services amount to £353,000 pa comprising -

<u>Ref</u>		<u>Staff</u>	<u>cost pa</u> <u>(£'000)</u>
13.1	Office of the Director and part of Deputy Director	5 (in total)	96
13.4	Clerical pool	2	22
13.5	Other costs (net)	"	235
		-	<hr/>
		7	353
		-	<hr/>

Memo item

Other costs comprise:

training	42
travel and subsistence	26
HMSO publications used in CSO	40
Use of computers outside CSO (including bureaux)	60 (approx)
Share of HMT/Cabinet Office Library <sup>(1)</sup>	53
Security <sup>(1)</sup>	20
Other	5
Less receipts (mainly contract work from the European Communities)	11
	<hr/>
(1) Borne on HMT Vote	235
	<hr/>

Computer use

141. The CSO operates a UNIVAC computer which is shared with the Treasury. The total operating costs are about £1 million pa made up of £390,000 amortized capital costs, £230,000 in maintenance and miscellaneous charges and £360,000 operating staff costs. The CSO share is £450,000 to which must be added programming costs on CSO's behalf - another £170,000 pa - to make a grand CSO total of £620,000 pa.

142. The computing staff are all accounted for under the Cabinet Office authorised staffing totals. There are 42 people in the computing branch.

143. Opinions in the office vary about the quality of service provided. Generally, junior staff in the statistics producing branches are content with what they get. Most of the clerical operations have been transferred to the machine using a sophisticated data base management system which enables branches to work in much the way they have been used to for the basic compilation of the series concerned.

144. We were told that the intention in computerising had not been to save staff. It had been to speed up data production and, more importantly, to improve access to data for users in government notably the macro-econometricians in the Treasury. We found no evidence of sizeable staff savings from computerisation. On the other hand we heard many complaints that the computer is not "user friendly" and we detected worrying signs of a split between what might be called the electronic and pre-electronic cultures in the office.

145. We found generally, for example, that at Statistician level and above the involvement and understanding of the capability of the computer are at a relatively low level. Yet when statisticians have turned their minds to exploiting the computer - often meaning design of new software - they have produced good results which have considerably aided policy analysis and reduced costs.

146. Accessing the database is sufficiently difficult to discourage the non-expert from getting onto the machine. In particular the task of finding specific data is quite onerous and generally requires prior consultation with the owners of the data. This enables owners to control the use of their data and to maintain confidentiality but bona fide users are subject to the irksome problems of locating data they require. This is essentially true of Treasury economists and econometricians who support complaints of lack of user friendliness. It is particularly serious given the original aims of computerisation.

147. We have been impressed by the scope to provide a better service to Treasury Ministers in economic briefing and in making possible more flexible forecasting timetables if steps are taken to improve user access to the database. This means compilation of a user directory, probably some restructuring of the system to reflect the framework of the economic aggregates rather than how the estimates happen to be compiled, and adaption to enable users to use the database without learning a complicated (and unstructured) code. A particular difficulty is the need for privileged and non-privileged access to data - for example, when it is still being worked upon and open to change within a short period. The Treasury tend to think CSO is too slow in giving it access to provisional data. The CSO is reluctant to grant privileged access because of the dangers of misuse and of leaks. The solution may lie in a greater willingness of Treasury to involve CSO statisticians in their work. At the same time, the CSO will have to show a willingness to meet the Treasury halfway.

148. As we have commented elsewhere, we also think an improved database will stimulate efficient communication of data to users - inside and outside government.

149. We recommend the creation of a project team under a computer minded statistician with the task of transforming the usefulness of the database within, say, 2 years to (1) meet the requirements of the Treasury for data to support their short-term economic briefing of their Ministers and to support more flexibility in the timing of economic forecasts; (2) establish the basis of a computerised data service for macro-economic statistics and CSO statistics generally - possibly using the databank as a starting point. We consider it important that the initial discussions already held between CSO and Treasury are resumed with urgency to get this work off the ground. We have not had the opportunity to cost it in detail; but our discussions suggest that a team of five, comprising, say a statistician leader (an extra post, 2 - 3 programmers (drawn from existing staff) and 2 - 3 people familiar with the database would be appropriate. It would be appropriate in our views for these enhancement costs to be shared with Treasury in roughly equal proportions.

150. Looking wider at the work in the CSO we are concerned that unless the statisticians become more involved in using the computer for analytical work they will become progressively isolated from government users of the CSO's figures. Such a development would run counter to the policy of largely decentralised



statistical services discussed in the interdepartmental report. We recommend CSO develop an aggressive training programme to this end and propose a small training margin of one person - to facilitate it.

Control of computer costs

151. Since 1973, when the joint CSO-Treasury UNIVAC 1106 was installed usage has multiplied ten-fold. Not all growth has been statistical: the Treasury Financial Information System has grown since 1976 to become a roughly equal partner of the two largest users, the Treasury econometric Model and the CSO database. Provisional estimates of growth to 1983 (before taking account of our recommendations) using 1978 as the base year indicate a total CSO and Treasury demand equivalent to 2.9 (low bound) to 4.0 (high bound) times current capacity though these are lower by 12 per cent and 20 per cent respectively than the original estimates, made in 1978. CSO share of total demand is likely to decline by about 10 per cent with Treasury and Department of Industry shares growing. The Treasury projected increase is based on assumptions of greater modelling activity and switch to an on-line FIS system.

152. A decision to replace the existing UNIVAC 1106 computer is imminent and the CSO has recommended to CCTA replacement by another joint CSO/Treasury UNIVAC of initially twice the power and with the capability to expand to at least 4 times the power. This would cost £1.3 million against an IBM estimate of £4.0 million or £5.1 million for the ICL equivalent (including conversion costs). Whilst the following cost estimates are only tentative new accommodation for a UNIVAC would be about £1 million - for IBM or for ICL £2 million. Installation of the new machine is scheduled for early 1982.

153. Against the back-ground, there are three issues -

- i. taking our recommendations into account, when will the present machine need replacing? We note, for example, that for each year it can be delayed the savings are about £84,000 pa; (subject to any offset arising from reduced trade in value):
- ii. can a decision of principle be taken now to go for a UNIVAC replacement - saving £2 - 3 million in capital costs and £1 million in accommodation costs?
- iii. how can users be made more cost conscious in the use of computing resources?

Commercial  
in  
Confidence  
not for  
publication  
or wide  
circulation

154. On the first two issues we recommend CSO, Treasury, and CCTA re-appraise the need for a new computer in the light of this report and of the report which we believe that Mr Terry Burns has presented to the Chancellor on the economic forecasting model and make proposals when the interdepartmental report is submitted to the Prime Minister.

155. As regards cost consciousness in computer use, we are impressed by the immediate impact of this review - and in particular the stimulus to efficient usage that a financial approach has provided. CSO branches are currently well aware of their computing demands. The example of economies made in the financial flows calculations is striking. More generally, CSO computer usage in the first quarter of 1980-81 is below the equivalent quarter last year.

156. The interdepartmental report discusses the merits of "going commercial" on statistical computing. Irrespective of the decision on that wider issue we consider CSO computing should be operated on a budget system - even if the budget had to be in hypothetical money. We recommend each branch head should be allocated quarterly computing budgets and their computer usage monitored against budget in financial terms on the lines calculated for this review. Differential "pricing" could be applied to prime and non-prime time. Excess "spending" should require explanation to the Director and efficiency in computer use should be one element in assessing a Branch Head's performance.

157. For operational reasons it may be convenient to apply similar terms to Treasury users. We recommend the CSO discuss with Treasury officials the desirability of extending the scheme to their demands. Although it is outside our remit, we think there is much to be said for subjecting all the main users to the same kind of discipline.

Summary of savings

158.	Staff	Basic staff costs (£'000)	Staff and other costs (£'000)
Defer new computer for (illustratively) 2 years	-	-	(84) pa
less project team for 2 years to improve 'user friendliness' of database	1	13.6	20.4
less training margin for statisticians	1	13.6	20.4
Total (excluding deferment of computer purchase)	2	27.2	40.8 (extra staff and expenditure)
 <u>Memo item:</u>			
Settle on UNIVAC rather than IBM or ICL	-	-	maximum one- <sup>0</sup> savings of £4.5. million

**ORGANISATION AND MANAGEMENT**

159. The CSO is presently organised into 12 branches, each broadly headed by a Chief Statistician or equivalent. They report through 3 Assistant Directors (Under Secretaries) and 1 Deputy Director (a Deputy Secretary) to the Director (a Second Permanent Secretary). In the statistics producing branches there are, typically, 14 staff. The co-ordinating branches for statistics policy generally have about half as many; the executive braches for computing and publications have more.

160. In a day to day sense the Chief Statisticians are the key managers. They are responsible for ensuring the work is done to time and to a satisfactory quality. The CSO is not, however, a simple organisation. The fundamental idea in government statistics - and of course some other professions such as economics - is the desired closeness between adviser and advised. All professional levels, from the Second Permanent Secretary down, have a combination of responsibilities for professional advice (sometimes direct to Ministers though rarely in the CSO's case - and to their peers in other civil service Groups), for professional supervision and management and for the exercise of professional skills. The balance is different at various levels but it is important to recognise the mixture of tasks.

161. The directors of the CSO stay in touch with their branches through the informal links associated with the pattern of statistics production and interpretive advice. Thus, for example, those concerned with economic statistics are active participants in the Economic Group and will have a firm grasp of what is happening in the economy. The directors as a group also have formal "progress" meetings with each branch in turn on a regular rota. Generally, there are three a year for each branch. All members of the branch attend. A paper recording progress is circulated in advance and there are summary minutes of the discussions.

162. In general we have found the branches comfortably staffed and managerial control which allows ample scope for individual flair and initiative. On the other hand, we have detected fragmented responsibilities, particularly at the main grade (ie Principal equivalent) with a tendency for work to drift upwards because the Statisticians' horizons are not wide enough. The office is in general set aside from Ministerial pressures. Although there are peaks in the work load the pace of office life is not such as to require Statisticians to make real choices between the importance of one piece of work or another and perhaps not enough incentive to take speedy decisions or to limit intellectual debate.

163. We think there is scope for improving the quality of jobs in the office and for tapping resources of talent through closer attention to getting work done at the appropriate levels. We recognise that organisation and management changes are not sufficient in themselves. The key to success is in the abilities and motivation of the staff. Good people fight for good work. Nevertheless, tight organisation and an ambitious management style can contribute to a climate which encourages growth in job quality.

164. As a result of the other recommendations in this report there will be reductions in the work undertaken by the CSO. We envisage an organisation which will encourage the main grade to take a wider view of the statistics produced and which will encourage the development of interpretive and judgemental skills. We endorse Statistician as the "work horse" grade akin to the Principal in policy areas.

165. The reduced work load will enable the office to re-group to a less fragmented and more coherent structure and to encourage growth in the status of the jobs. We recommend a radical change in the structure of responsibilities by reducing the number of branches to nine and slimming the director posts from five to three. The effect of these changes is illustrated in annex A which shows the existing and our proposed re-organised office.

166. The nine branches would be -

- |    |   |   |  |
|----|---|---|--|
| A. | <u>Statistical policy</u>                     | - | comprising responsibility for supporting the Director in his role as Head of the Government Statistical Service and as overall manager of the CSO. It would be responsible for about 40 per cent of programme 1, as amended.                                       |
|    |   |   | The Branch would report directly the Head of the GSS. Its head would have "staff officer" status. It would have 10 operational members.  |
| B. | <u>Publications, press and information</u>    | - | Programme 2 as amended, employing 26 staff.  |
| C. | <u>Survey control, research and standards</u> | - | The remainder of programme 1 including including the enhanced role for controlling statistical surveys, research and statistical standards. The branch would have 12 people.   |
| D. | <u>Computer services</u>                      | - | As now, responsible for the operation of the joint Treasury/CSO computer. Over 40 people and expenditure of about £900,000 pa including amortised capital costs. The branch would take the lead in the project to improve the "user friendliness" of the database. |
| E. | <u>Social statistics</u>                      | - | Programme 7 as amended. 18 people.   |
| F. | <u>Central national accounts</u>              | - | Co-ordination of the estimates at national and regional levels. Also responsible for data on the person and company sectors. 19 people. The economic assessment work would be undertaken in this branch by a Statistician "primus inter pares".                    |

- G. Industrial output - The Branch responsible for the remaining core activities on programme 4 and where the residual expertise in "close years" for input-output would lie. 10 people (possibly rising to 16 when input-output tables are being prepared).
- H. Domestic finance - a combination of the remaining work in the financial statistics branch and the public sector branch which together make up programme 5. The revised branch would have 20 people.
- I. Balance of payments/ overseas sector - The revised programme 6, employing 13 people.

167. We further recommend that branches B - E inclusive would make a reasonable load for one director level post, branches F - I inclusive a rather heavier load for another. We see importance in grouping branches so that one of the director posts assumes responsibility for all economic statistics and can thus speak for the office on all economic affairs when participation above Chief Statistician but below Second Permanent Secretary is required. We acknowledge that the economic post would be heavily loaded. But we think this is desirable both in itself since the post would be a match for senior policy posts in the Treasury and departments - and as an indication of the wider perspective expected at all levels in the office.

168. The role and reporting line of the Director of the CSO are discussed in the interdepartmental report. As regards his two junior directors in the CSO, we assume that he will continue to wish to nominate one as Deputy Director and we assume that this will tend to be the one with the more general command. Both posts will require professional skills and experience. At the same time we think managerial abilities should have at least equal weight in the choice of person to fill the "Deputy Director" post and should by no means be ignored for the other.

#### Continuing scrutiny

169. As regards continuing scrutiny of the activities of branches in the CSO, developments in the pipeline are encouraging. Under CSD chairmanship it was decided in response to a review conducted in 1977 that the CSO should compile regular output budgets. The result was the admirably helpful "Work, Organisation, and Costs" document which we have used extensively. There are now plans to turn this into a management tool which will set targets for the branches in a budgetary context and will be used to assess performance during the year. The following extract from the proposals indicates the main points -

"The centrepiece of my proposal is a table to be drawn up by each Director in consultation with his Branch Heads every financial year, which will summarise each Branch's tasks (related to given objectives), attach a budget, record the out-turn in performance and costs and look forward to next year's tasks in the same way. The state of the table will be discussed at progress/planning meetings and amended as necessary. Sir John Boreham, advised by Directors collectively will approve the overall objectives and content of the work before Branches are left to get on with it subject to supervision by individual Directors as necessary. The Branch tables can be put together to form an Annual Report of the CSO, which might also include a general commentary. It is important that the tables and the Report should always be focuses for action rather than mere historical records".

170. We endorse the proposals to make branches operate with budgets and cost-related targets. As an additional management control we recommend that Branch Heads should report at the six month's stage on the progress made towards achievement of what in effect will be the management plan for each branch. Branch Heads should report individually and the whole mechanism should be quite separate from the existing progress meeting procedure. The essence would be to minimise paper flow, to compare performance against budget and to identify any areas where action is necessary and agree appropriate remedial steps to be taken. We recommend the proposed CSO Annual Report be submitted to the Secretary to the Cabinet - who is the Director's immediate superior- and to the Prime Minister. We agree that the Director should remain responsible for the work of the office and will remain so. But in conjunction with the procedures for authorising the strategy for government statistics described in the interdepartmental report a formal reporting line for the Director will establish his accountability and provide a mechanism for its discharge. To establish the accountability of the CSO we recommend its direct expenditure should be a separate sub-head in the Cabinet Office Vote.

171. It has to be recognised that any annual document runs the risks of either being too general and too flexible to be of much use, or of binding the office to a too rigid a pattern of work. One important flexibility will be the possibility of amendments being agreed during the year by the Director. We consider it is important that these be set firmly in a budgetary context. Hence, we recommend all requests for new statistical work are costed at the outset and the potential use faced with the costs so that a decision to proceed is only made in the full realisation of the likely costs. It will be for the Director to determine whether he need consult the Secretary to the Cabinet and exceptionally, the Prime Minister. Whether he judges it necessary to do so or not changes agreed to the annual output budget of a branch should be shown separately in the Annual Report unless they are trivial.

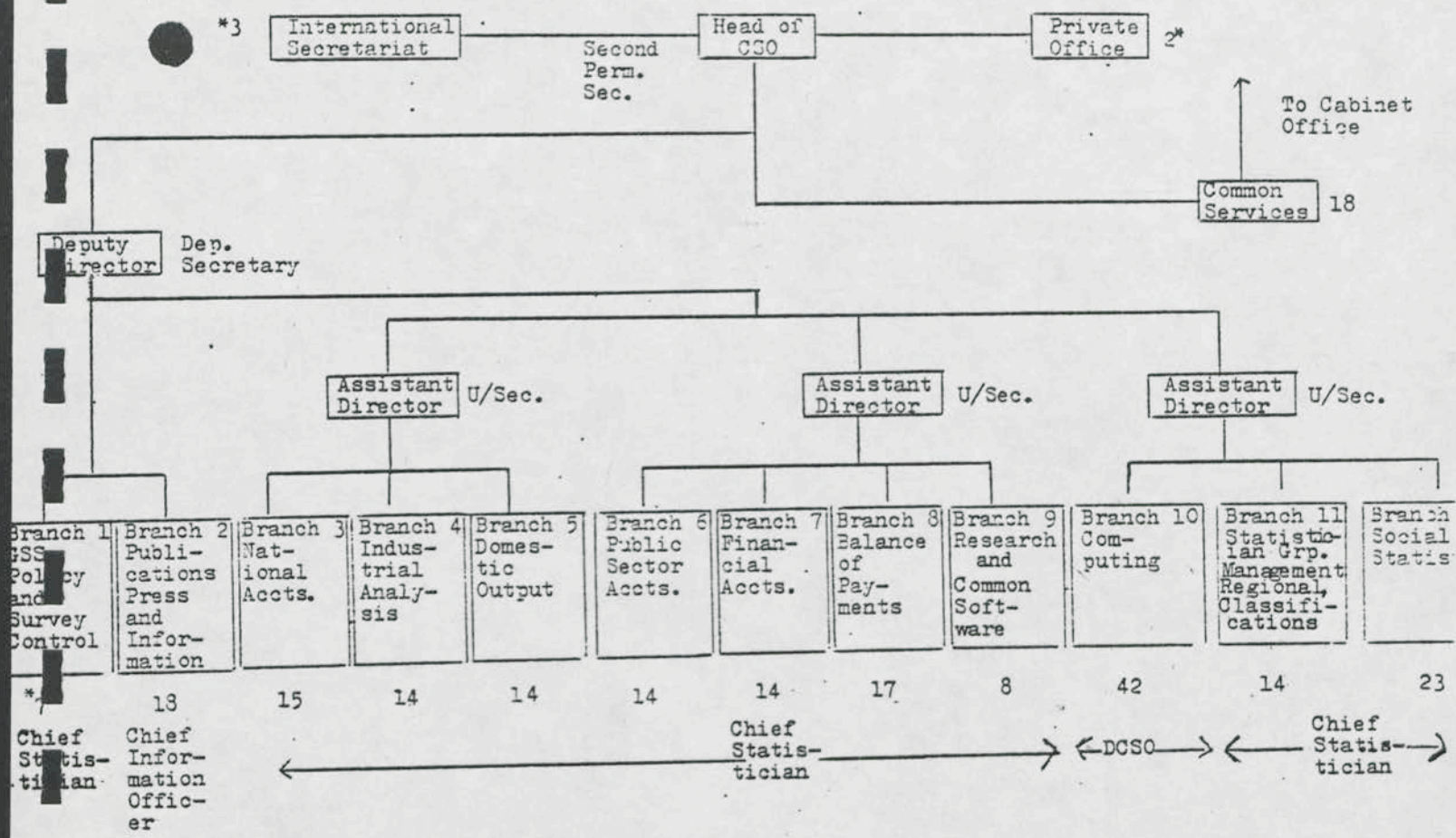
Summary of savings

172.	Staff	Basic staff costs (£'000)	Staff and other costs (£'000)
Reduction in directing staff	4	58 (approx)	85 (approx)
Reduction in branches <sup>(1)</sup>	6	77	112
Total <sup>(1)</sup>	10	135	197

(1) Some savings on Chief Statisticians and their secretaries have been counted in the detailed programme chapters. The extra savings amount to about 3 staff with basic costs of £41,000 pa and full cost of £60,000 pa. Two of the six posts identified here were included in the Cabinet Office options for the manpower review.

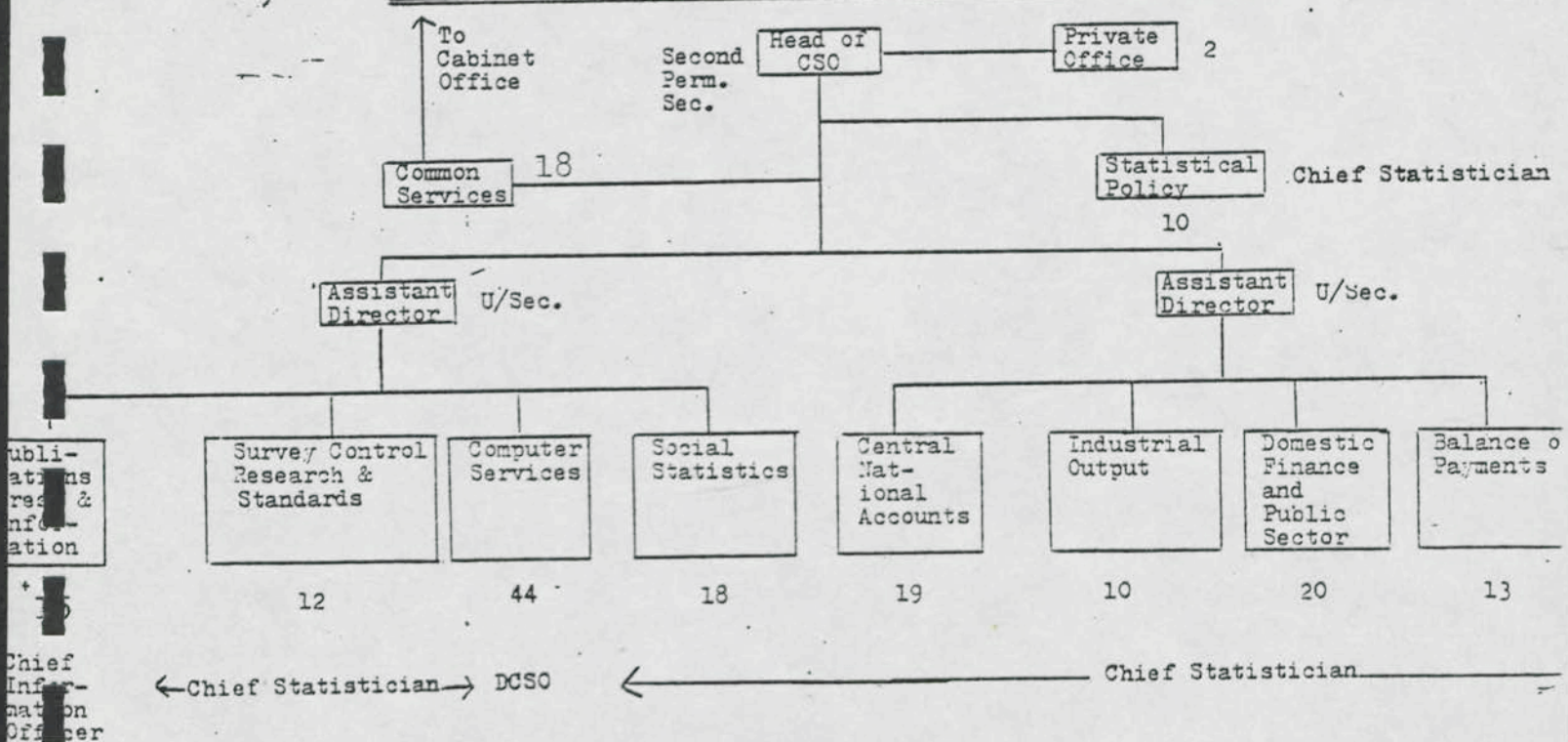


EXISTING ORGANISATION STRUCTURE OF CENTRAL STATISTICAL OFFICE



Total Staff 232 (including Junior Directors' Secretarial Support)

PROPOSED ORGANISATION STRUCTURE OF CENTRAL STATISTICAL OFFICE



\*Numbers of staff in branch

Total staff 186 (including Junior Directors' Secretarial Support +1 Training Margin)

CSO COST CHANGES<sup>(1)</sup> BETWEEN 1965 and 1980

£ thousand (at 1979/80 rates)

Programmes	1965	1975	1980	Changes		
				1965- 1975	1975- 1980	1965- 1980
3 and 4 National Income & output. Input/Output. Production Accounts. Short term industrial statistics	350	775	750	+425	- 25	+400
5 Public Sector Finance	200	450	425	+250	- 25	+225
6 Balance of Payments	275	325	250	+ 50	- 75	- 25
7(part) Distribution and Re-distribution of Income and Wealth	125	150	150	+ 25	-	+ 25
8(part) Clerical Pool <sup>(2)</sup>	150	100	25	- 50	- 75	-125
Computing <sup>(3)</sup>	-	(525)	625	(+525)	(+100)	+625
Sub-total	1,100	2,325	2,225	+1,225	-100	+1,125
7(part) Social Monitoring	-	225	200	+225	-25	+200
2 Publications	125	325	325	+200	-	+200
1 GSS Policy and Management	50	575	475	+525	-100	+425
8(part) Directors <sup>(4)</sup>	75	275	250	+200	- 25	+175
Sub-total	250	1,175	1,050	+925	-125	+800
TOTAL	1,350	3,725	3,475	+2,375	-250	+2,125

(1) All estimates have been rounded to the nearest £25,000.

(2) Since 1965, some clerical staff have been relocated in branches.

(3) For computing, the costs include both hardware and staff. Hardware costs for 1975 have been included at 1975 rates.

(4) Part of the Deputy Director included in programmes 2 and 3 in 1965.

## GENERAL PUBLICATIONS

Guide to Official Statistics  
Guide to Public Sector Financial Information  
Statistical News  
Standard Industrial Classification

## GENERAL DIGESTS

Monthly Digest of Statistics  
Monthly Digest Annual Supplement  
Annual Abstract of Statistics  
Social Trends  
Regional Statistics

## GENERAL ECONOMIC

Financial Statistics  
Financial Statistics Explanatory handbook  
Economic Trends  
Economic Trends Annual Supplement  
National Income and Expenditure 'Blue Book' 1979 edition  
UK Balance of Payments 'Pink Book' 1979 edition  
Input-output tables for the United Kingdom

Development of CSO Publication's

Extract from an Address given by  
Sir John Boreham Director CSO to  
the 1978 Statistics Users Conference

Although set up in 1941 the CSO did not start publishing material until 1946. The Monthly Digest of Statistics was the first issued. It included 114 tables in 11 subject areas and has now expanded to 165 tables covering 21 subject areas. The main additions are National Income and Expenditure, Population and Vital Statistics, Social Services, Balance of Payments and Retailing and Catering.

In 1948 preparation of the Annual Abstract of Statistics, which had been produced by the Board of Trade between 1856 and 1940, was taken over by the CSO and its scope widened in part to give 11-year runs of annual data for many of the short-period statistics given in the Monthly Digest of Statistics. The current edition is 540 pages and almost twice as big as the 1948 issue.

Also in 1948 the first edition of the Standard Industrial Classification was published. It was prepared as a means of securing uniformity and comparability in the statistics published by government departments and has been a best seller, the third edition (1968) having sold more than 60,000 copies. The SIC Revised 1980, published at the end of 1979, takes into account the European Community classification, NACE, and will enable UK data to be used more easily for making comparisons with other EC countries and to make the statistical returns required of member states.

National Income and Expenditure (the Blue Book) was first published in 1952. It updated, and provided more detail analysis than, the White Paper on Preliminary National Income and Expenditure Estimates, 1948-51, issued in March 1952. The 38 tables have now grown to 92 in 1979. In addition to the Notes section, designed to bring up-to-date the description of sources, methods and definitions given in National Accounts Statistics: Sources and Methods (1968) and to describe the principle revisions which have been made to the estimates contained in the previous Blue Book, the 1979 edition includes a Glossary of main terms.

Economic Trends, first published in November 1953, used charts and key statistics to show economic trends in the United Kingdom - 25 pages in all. Nowadays, additional features are:

- i. Articles describing both trends in series and the methodology used to compile them.
- ii. Latest developments in the economy - the state of knowledge up to about 10 days before publication.
- iii. Cyclical indicators for the UK economy - groups of indicator series which have in the past had consistent timing relationship with the reference cycle.
- iv. Measures of variability of selected economic series.

Many of the charts use colour for more effective presentation.

The two most important quarterly series introduced in Economic Trends over the years are those for National Income and Expenditure in 1957 and for Balance of Payments in 1963.

There was a gap of 8 years before the next monthly - Financial Statistics - was published in 1962. This sprang from the recommendations of the Radcliffe Report (on the reform of the monetary system), and brings together the key financial and monetary statistics of the United Kingdom. Financial Statistics has been developed extensively, particularly in recent years.

United Kingdom Balance of Payments (the Pink Book) was first published in 1963. Earlier, estimates had been presented in a series of White Papers. It showed calendar year estimates for the period 1952-62. Some 20 tables were followed by description of the sources, methods and definitions used in compiling the statistics. Now there are over 50 tables slotted into 15 self-contained sections, each, where appropriate, having its own notes describing the items in the tables. A glossary of terms used is included at the end of the Pink Book.

By 1965 a number of Economic Planning Regions had been set up in order to deal with regional planning and development. Whilst many statistics were available by Standard Regions for Statistical Purposes some were only available by Ministry of Labour Regions, Ministry of Public Buildings and Works Regions, Ministry of Transport Traffic Areas, Ministry of Power Regions, etc. In order to bring together the main economic and social statistics available for regions of the United Kingdom - and, in due course to make them match the Economic Planning Regions - the Abstract of Regional Statistics (now called Regional Statistics) was published in 1965. Its 43 tables have now grown to about 150, a profile is shown for each region, and notes, maps and charts together contribute to emphasise the changes within and between regions.

A deficiency in the range of CSO publications was spotted by Sir Claus Moser almost as soon as he arrived as Director. He wanted something like a house journal for the GSS but with a wider appeal to academic and business statisticians or indeed everybody who uses statistics. Thus was born in 1968 under the late Harold Bishop's guidance Statistical News, a quarterly whose aim is to provide a comprehensive account of current developments in British official statistics.

The growing realisation in Parliament, the Press and elsewhere that economic progress must be measured, in part at least, in terms of social benefits made the more important that the available key figures about our society should be readily available. So in 1970 Social Trends was launched. Not only did it bring together from widespread sources a set of comprehensive and selective

statistics designed to highlight the most important aspects of social conditions in the United Kingdom, it also brought out through the use of charts and rates/percentages the relationships between different statistics and pointed to gaps in the statistical framework. Other features of Social Trends are articles and, in some issues, a social commentary.

A new dimension to the publication of Official Statistics was added in 1972 by the publication of Facts in Focus. It had long been thought that there was a need in this country for a publication which would provide a handy source of statistics to a wide audience and thereby contribute to informed discussion of public affairs. It is now in its fifth edition.

Following the Report of the Inflation Accounting Committee (the Sandilands Report) the CSO, with the agreement of the Inflation Accounting Steering Group, published in 1976 the first issue of a four-monthly booklet Price index numbers for Current Cost Accounting in order to assist companies which were experimenting with CCA. Over 12 issues, the publication was developed and expanded in the light of the continuing debate on the proposals for CCA. And to assist companies with branches or subsidiaries in overseas countries who require price indices for those countries in order to produce current cost accounts a Guide to price indices for Overseas Countries was published in 1977. (The Department of Industry took over responsibility for publication at the beginning of 1980. Monthly data is now being published in the Business Monitor series.)

The dissemination of statistics without adequate definition and notes would clearly be a disservice. Since there is only limited space for footnotes to tables of data, annual volumes of notes and definitions are produced for Monthly Digest of Statistics, Economic Trends and Financial Statistics (the latter now being called Financial Statistics Explanatory Handbook). A description of the main concepts of the National Accounts Estimates is given in the Introductory chapters of National Accounts Statistics; Sources and Methods.

Details of the full range of official statistics available in published form are presented in the Guide to Official Statistics. The Guide was first published in 1976 in response to a recommendation in the fourth Report from the Estimates Committee of the House of Commons (1966). Its success was reflected in the award of the Library Association's Besterman Medal for the outstanding bibliography or guide to the literature. The second edition was published in 1978 and the third in July 1980.



## TREND IN SALES AND DISPOSALS OF CSO PUBLICATIONS

		SALES	GOVT FREE ISSUES	TOTAL NET ISSUES	PRICE (£)		
PERIODICALS							
Monthly Digest of Statistics	1971	4,254	1,446	5,700	0.60		
	1972	4,175	1,462	5,637	0.63		
	1973	4,520	1,508	6,028	0.63		
	1974	5,148	1,527	6,675	0.63	0.80	
	1975	5,555	1,411	6,966	0.95	1.20	
	1976	5,391	1,329	6,720	1.45		
	1977	5,290	1,228	6,518	1.95		
	1978	5,125	1,299	6,424	1.95		
	1979	5,090	1,213	6,303	2.10		
	1980	-	-	-	2.95	3.55	
	Financial Statistics	1971	1,085	494	1,579	0.90	
		1972	1,128	506	1,634	0.95	
		1973	1,143	533	1,676	0.95	
		1974	1,250	496	1,746	0.95	1.30
1975		1,275	527	1,802	1.30	1.85	
1976		1,233	536	1,769	2.40		
1977		1,250	587	1,837	3.20		
1978		1,276	521	1,797	3.20		
1979		1,295	513	1,808	3.40		
1980		-	-	-	4.10	4.95	
Economic Trends		1971	2,287	1,088	3,375	0.60	
		1972	2,244	1,216	3,460	0.63	
		1973	2,318	1,167	3,485	0.63	
		1974	2,504	1,137	3,641	0.63	0.85
	1975	3,014	1,182	4,196	0.85	1.15	
	1976	3,048	1,229	4,277	1.45		
	1977	2,810	1,223	4,033	1.95		
	1978	2,851	1,134	3,985	1.45		
	1979	2,760	1,119	3,879	2.10		
	1980	-	-	-	5.40	6.45	
	Statistical News	1971	2,073	920	2,993	0.30	
		1972	1,927	1,029	2,956	0.30	
		1973	1,937	1,042	2,979	0.30	
		1974	1,921	1,061	2,982	0.30	0.40
1975		2,241	1,056	3,297	0.40	0.55	
1976		1,894	1,030	2,924	0.60		
1977		1,714	1,067	2,781	0.80		
1978		1,801	992	2,793	0.80		
1979		1,563	908	2,471	0.85		
1980		1,470	864	2,334	1.90	2.25	

∅ February issue only

\*Transactions recorded at end-June 1980. After a full selling life of at least 12 months from date of publication, 1979 net issues could be significantly different but are likely to be affected by price increases relating to that year.

			SALES	GOVT FREE ISSUES	TOTAL NET ISSUES	NØ OF PAGES	PRICE (£)
Price index numbers for							
Current Cost Accounting NO							
	1	1976	3,267	571	3,838		1.50
	2	1976	2,275	576	2,851		1.85
	3	1976	2,153	740	2,893		2.70
	4	1977	1,643	530	2,173		2.70
	5	1977	1,588	543	2,131		3.50
	6	1977	1,924	430	2,354		3.50
	7	1978	2,035	354	2,389		3.25
	8	1978	1,515	333	1,848		3.25
	9	1979	1,926	345	2,271		3.25
	10	1979	1,935	335	2,270		3.75
	11	1979	1,707	335	2,042		5.00
	12	1979	1,903	158	2,061		5.00
ANNUALS							
(a) Regular							
UK Balance of Payments							
		1971	1,748	944	2,692	92	0.90
		1972	1,662	898	2,560	88	0.90
		1973	1,853	752	2,605	88	0.90
		1974	1,692	932	2,624	88	0.97
		1975	1,770	929	2,699	88	2.00
		1976	1,576	878	2,454	84	2.05
		1977	1,420	850	2,270	100	2.95
		1978	1,539	868	2,407	100	3.95
		* 1979*	1,611	708	2,319	100	5.75
National Income and Expenditure							
		1971	5,221	1,591	6,812	128	0.75
		1972	5,047	1,762	6,809	128	0.85
		1973	4,457	1,778	6,235	128	0.85
		1974	..	..	6,871	132	0.91
		1975	4,555	1,739	6,294	144	2.20
		1976	4,484	1,542	6,026	148	3.50
		1977	3,826	1,575	5,401	148	3.95
		1978	3,666	1,505	5,171	152	4.95
		* 1979*	3,531	1,146	4,677	152	9.08
Social Trends							
		1971	4,498	1,143	5,641	208	2.90
		1972	..	..	..	224	2.90
		1973	5,779	1,287	7,066	244	2.90
		1974	..	..	6,367	274	3.30
		1975	4,593	1,364	5,957	276	4.90
		1976	4,751	1,377	6,128	272	6.90
		1977	4,689	1,427	6,116	268	6.90
		1978	4,545	1,248	5,802	272	7.90
		* 1979*	4,159	965	5,124	316	12.90

		SALES	GOVT FREE ISSUES	TOTAL NET ISSUES	NO OF PAGES	PRICE (£)
Regional Statistics	1971	1,121	1,130	2,251	136	1.45
	1972	1,490	1,019	2,509	140	1.45
	1973	1,525	911	2,436	168	1.45
	1974	..	..	..	176	2.70
	1975	1,367	800	2,167	216	5.00
	1976	1,309	750	2,059	224	6.50
	1977	1,375	821	2,196	220	6.50
	1978	2,115	794	2,909	232	7.50
	1979*	1,599	610	2,209	224	11.75
	Annual Abstract of Statistics	1971	5,515	1,308	6,823	424
1972		5,077	1,308	6,385	432	2.20
1973		5,445	1,324	6,769	444	2.20
1974		..	..	6,763	464	4.00
1975		5,008	1,338	6,346	484	5.80
1976		5,108	1,193	6,301	508	7.50
1977		5,006	1,241	6,247	536	7.50
1978		4,958	1,161	6,119	536	8.50
1979*		4,457	914	5,371	524	11.90

CSO PUBLICATIONS

		SALES	GOVT FREE ISSUES	TOTAL NET ISSUES	PRICE (£)	
<b>ANNUALS (continues)</b>						
<b>(a) Regular (continues)</b>						
Economic Trends Supplement	1975	4,050	1,453	5,503	1.15	
	1976	3,139	1,446	4,585	1.45	
	1977	3,406	1,270	4,676	2.65	
	1978	3,388	1,266	4,654	2.65	
(December)	1979	3,012	1,119	4,131	2.80	
	1980	..	..	..	5.40	
*Financial Statistics Supplement	1976	1,301	572	1,873	1.00	
Explanatory handbook	1977	1,449	640	2,089	1.39	
	1979	1,366	314	1,680	1.50	
(April)	1980	1,352			4.10	
Monthly Digest Supplement	1975	5,921	1,528	7,449	0.55	
	1976	5,498	1,288	6,786	0.60	
	1977	5,611	1,051	6,662	0.80	
	1978	5,063	1,378	6,441	0.80	
	1979	5,143	1,258	6,401	0.90	
(January)	1980	4,891	1,171	6,062	1.25	
<b>(b) Irregular</b>						
Guide to Official Statistics No 1	1976	5,053	1,034	6,087	7.50	
No 2	1978	3,324	901	4,225	8.25	
(July) No 3	1980	..	..	..	18.50	
Facts in Focus No 1	1972	23,064	-	23,064	0.50	
No 2	1974	9,815	-	9,815	0.60	
No 3	1975	8,264	-	8,264	0.95	
No 4	1978	11,881	-	11,881	1.50	
(February) No 5	1980	3,943	-	3,943	2.50	
<b>STUDIES IN OFFICIAL STATISTICS</b>						
	No 25	1976	805	434	1,239	1.05
	26	1975	757	287	1,044	0.95
	27	1976	716	312	1,028	2.00
	28	1977	435	164	599	4.75
	29	1976	561	202	763	1.10
	30	1976	740	191	931	1.15
	31	1978	576	215	791	1.75
	33	1977	388	183	571	5.25
	34	1979	451	180	631	2.50
	35	1978	478	198	676	2.25
<b>AD HOC</b>						
Guide to price indices for Overseas Countries	1977	1,475	337	1,812	1.60 (Reprint 2.25)	
Guide to Public Sector Financial Information	1979	1,003	895	1,898	2.50	

## Estimated editorial costs for CSO publications

1979/80 costs: basic staff costs plus accommodation and common services

	Branch 2 costs (£'000)	Graphic Design Unit Costs (£'000)	Costs in branches (£'000)		Total exis- ting editor- ial (£'000)	Proposed savings on editor- ial costs (£'000)	Revised editor- ial costs (£'000)	Number printed pa	Price increase to cover (£)	Existing price (£)	% increase in price
Monthly Digest	19.3	-	-		19.3	-	19.3	77,784	0.25	2.95	8½
Financial Statistics	8.0	-	34.0	Br. 7 minimum. Ex- includes supply.tables	42.0	14.0	28.0	22,488	1.25	4.10	30
Economic Trends	20.5	15.0	7.3	Editor in Br.8 Extra cost of articles excluded	42.8	-	42.8	47,052	0.91	5.40	17
Statistical News	4.0	-	-		4.0	4.0	-	-	-	-	-
Pink Book	6.0	-	11.0		17.0 <sup>+</sup>	-	17.0 <sup>+</sup>	2,750	6.18	5.75	107
Blue Book	6.0	-	9.0		15.0 <sup>+</sup>	-	15.0 <sup>+</sup>	5,845	2.56	9.00	28
Social Trends	0.7	12.0	86.0		98.7	13.0	85.7	5,923	14.47	12.90	112
Regional Statistics	0.7	7.0	20.0		27.7	-	27.7	3,503	7.91	11.75	69
Annual Abstract	18.7	-	-		18.7	-	18.7	6,552	2.85	11.90	24
Guide to Official Statistics	19.0	-	-		19.0	-	19.0	4,500	4.22	18.50	23
					304.2	31.0	273.2				

Method of Study

The study was conducted through a series of 140/150 interviews, including users of statistics, initially fact finding in nature but developing subsequently into tests and re-tests of hypotheses.

80/90 interviews and re-interviews were carried out in the CSO. To establish essential information in a fair and consistent way a set of basic questions was used to:

1. establish the number of people employed on a particular task and their experience in the job;
2. obtain a brief description of the job;
3. find out the % allocations of time to aspects of the job;
4. test the job holders conviction of the need for the work and the value added;
5. identify users by name;
6. ascertain the likely impact on efficiency of any change in the main variables of frequency, timeliness, detail;
7. seek the job holders own views on possible efficiency improvements in the way the work is done.

Regular progress reviews were held with Sir John Boreham, his Deputy and Assistant Directors to keep them informed as the teams' thoughts developed.

At the initiative of the directorate of the CSO small internal seminars were held on National A/Cs and Public Sector A/Cs explaining some of the complexities of these areas and raising some current issues affecting them.

Discussions within Government were concentrated mainly in the Treasury as the priority user. Additionally the views of the Departments of Industry and Trade were obtained. A National A/Cs seminar was held to

identify and explore any possible avenues for change and a list of those attending is given below.

Outside Government the team talked extensively with Bank of England officials and a large number of other interested bodies both individual and corporate.

A summarised list is given below of the interview programme adopted:

1. CSO

- a. 80/90 interviews and re-interviews - all levels of seniority but concentrated on SEO and above.
- b. Regular progress reviews with CSO directorate.
- c. Seminars on National A/Cs and Public Sector A/Cs.

2. Treasury

General Expenditure Analysis Group  
Home Finance Group  
Economic Forecasters Division  
Economics of Taxation Division  
External Finance Group  
Industrial Economics Division  
Computer Applications Division

3. Departments of Industry and Trade

L S Berman - Director of Statistics  
Mrs J Marquand - Regional Economics Branch

4. Seminar on National A/Cs

Chaired by Sir John Boreham and those present apart from CSO and Rayner officials:

T Burns - Chief Economic Adviser )  
I Byatt - Dep. Chief Economic Adviser ) HMT  
Miss M P Brown - Public Expenditure Division )

- |    |                               |   |   |     |
|----|-------------------------------|---|---|-----|
|    | H H Liesner                   | - | Chief Economic Adviser )                                    | DIT |
|    | L S Berman                    | - | Director of Statistics )                                    |     |
|    | J W S Walton                  | - | Director of Statistics                                      | IR  |
| 5. | <u>Bank of England</u>        |   |   |     |
|    | D Walker                      | - | Assistant Director  |     |
|    | L Dicks-Mireaux               | - | Head of Economics Division                                  |     |
|    | G Willetts                    | - | Head of Financial Statistics Division                       |     |
|    | H Spicer                      | - | Adviser, Financial Statistics Division                      |     |
| 6. | <u>Cabinet Office</u>         |   |   |     |
|    | G Wishart                     | - | Establishments Officer                                      |     |
| 7. | <u>Other Bodies Consulted</u> |   |   |     |
|    | HMSO                          | - | Director of Publications                                    |     |
|    | COI                           | - | Head of Viewdata  |     |
|    | OEUE                          | - | Marketing Director  |     |
|    | Cefax                         | - | (ITV)   |     |
|    | Oracle                        | - | (BBC)   |     |
|    | Fintel                        | - | (Financial Times)   |     |
|    | NEDO                          |   |   |     |
|    | CBI                           |   |   |     |
|    | TUC                           |   |   |     |
|    | SOEC                          | - | G Clarke, Counsellor to the Director General                |     |
|    | House of Commons Library      |   |   |     |
|    | Sir Claus Moser               | - | Former Director CSO now Vice Chairman Rothschilds Bank      |     |
|    | O Nankivell                   | - | Former Assistant Director CSO and now with Lucas Industries |     |
|    | National Westminster Bank     | - | Chief Economic Adviser                                      |     |
| 8. | <u>Companies Consulted</u>    |   |   |     |
|    | Westland Aircraft Ltd         |   | Davy Corporation Ltd  |     |
|    | Tarmac Ltd                    |   | Metalbox Ltd  |     |
|    | Mothercare Ltd                |   | Turner and Newall Ltd                                       |     |
|    | Thorn EMI Ltd                 |   | United Gas Industries Ltd                                   |     |
|    | Powell Duffryn Ltd            |   |   |     |



TABLE 4

## ANNUAL CSO COSTS BY BRANCH (February 1980)

£ thousand

Branch and Function <sup>(2)</sup>	Costs based on current posts and average 1979/80 staff costs			Projected changes to staff cost <sup>(4)</sup> during					Projected Total Staff Cost <sup>(4)</sup> at 1/4/84
	Staff Cost	Computing <sup>(3)</sup>	Total	Remainder of 1979/80	1980/81	81/82	82/83	83/84	
Branch 1 (GSS Policy & Survey Control)									
(Programme 1)									
1.1 Survey Control	65	4	69						
1.2 GSS Policy	60	-	60						
TOTAL .....	125	4	129		-9		-10		106
Branch 2 (Publications)									
(Programme 2)									
2.1 Publications (organisation/checking)	125		125						
2.2 PRESTEL	21		21						
2.3 Press and Information	56		56						
2.4 Publicity	39		39						
TOTAL .....	241		241				-12	-12	217
Branch 3 (National Accounts)									
(Programme 3)									
3.1 Consumers' Expenditure	56	25	81						
3.2 Capital Expenditure	60	32	92						
3.3 Income Estimates	24	12	36						
3.4 National Accounts Coordination	109	67	176						
TOTAL .....	249	136	385						249
Branch 4 (Input/Output & Economic Analysis)									
(Programme 4)									
4.1 Input/Output	100	17	117						
4.2 Production Accounts; and Investigation of Discrepancies	76	40	116						
4.3 CSI Database; Purchases Estimation Development	22	9	31						
4.4 Economic Assessment and Briefing	26	-	26						
4.5 Cyclical Indicators	15	17	32						
4.6 Current Cost Accounting	6	-	6						
TOTAL .....	245	83	328		-20				225

(1) For definitions see Notes

(2) Programmes of Table 2

(3) Cost of CSO share of Branch 10 computer service (including share of Branch 10 staff)

(4) On same costing base as Column 1

TABLE 4 (continued)

£ thousand

Branch and Function	Costs based on current posts and average 1979/80 staff costs			Projected changes to staff cost <sup>(4)</sup> during					Projected Total Staff Cost <sup>(4)</sup> at 1/4/84
	Staff Cost	Computing <sup>(3)</sup>	Total	Remainder of 1979/80	1980/81	81/82	82/83	83/84	
Branch 5 (Output, Labour & Prices) (Programme 4)									
5.1 Index of Industrial Production and other short term industrial statistics	88	27	115						
5.2 GDP(0)	47	13	60						
5.3 Labour; Productivity	47	4	51						
5.4 Prices	40	-	40						
TOTAL .....	222	44	266	-27 <sup>(5)</sup>					195
Branch 6 (Public Sector Finance & Expenditure) (Programme 5)									
6.1 Central Government	70	34	104						
6.2 Public Corporations	51	15	66						
6.3 Local Authorities	49	6	55						
6.4 General Government	37	3	40						
6.5 Research & Development Statistics	20	-	20						
TOTAL .....	227	58	285		-9	-9			209
Branch 7 (Financial Statistics) (Programme 5)									
7.1 Construction, compilation & maintenance of quarterly sector financial accounts (including derived and associated statistics - eg PSBR, monetary aggregates)	99	76	175						
7.2 Financial institutions - CSO responsibility for data collection - Building Societies and public sector pension funds	27	13	40						
7.3 Construction, compilation and maintenance of company sector appropriation accounts (including revenue account of life assurance and pension funds)	41	20	61						
7.4 Development of National and sector balance sheets	32	12	44						
7.5 Publication of "Financial Statistics" and Explanatory Handbook (excluding time spent on 7.1 to 7.3) including Telephone service	28	6	34						
TOTAL .....	227	127	354						227

TABLE 4 (continued)

£ thousand

Branch and Function	Costs based on current posts and average 1979/80 staff costs			Projected changes to staff cost <sup>(4)</sup> during					Projected Total Staff Cost <sup>(4)</sup> at 1/4/84
	Staff Cost	Computing <sup>(3)</sup>	Total	Remainder of 1979/80	1980/81	81/82	82/83	83/84	
Branch 8 (Balance of Payments)									
(Programme 6)									
8.1	Visible Trade/Credit; Competitiveness	51	10	61					
8.2	Services and Transfers, Govt. Account	76	8	84					
8.3	Investment; Capital flows; Earnings; External assets and liabilities	72	12	84					
8.4	Coordination; Publications; Official finance; International Returns; Geographical Allocation	69	18	87					
8.5	"Economic Trends"	7	-	7					
	TOTAL .....	275	48	323					275
Branch 9 (Research)									
(Programme 1)									
9.1	Research and special studies	92	33	125					
9.2	GSS software	51	5	56					
	TOTAL .....	143	38	181	-20	-37			86
Branch 10 (Computing)									
(Programme 2)									
10.1	Databank service	-	10	10					
Branch 11 (Statistician Group Management, Regional Statistics, Standards)									
(Programmes 1 and 3)									
11.1	Statistician Group Management	116	-	116					
11.2	Training	24	-	24					
11.3	Regional statistics	62	3	65					
11.4	Classifications	28	-	28					
11.5	Release dates	10	-	10					
	TOTAL .....	240	3	243			-10		230

TABLE 4 (continued)

£ thousand

Branch and Function	Costs based on current posts and average 1979/80 staff costs			Projected changes to staff cost <sup>(4)</sup> during					Projected Total Staff Cost <sup>(4)</sup> at 1/4/84
	Staff Cost	Computing <sup>(3)</sup>	Total	Remainder of 1979/80	1980/81	81/82	82/83	83/84	
Branch 12 (Social Statistics)									
(Programme 7)									
12.1 Social Trends	86	-	86						
12.2 Social Briefs	39	-	39						
12.3 OPCS Liaison	8	-	8						
12.4 Interdepartmental Social Statistics	27	-	27						
12.5 Distribution of income and wealth	69	24	93						
12.6 Redistribution of Income (Annual article)	34	32	66						
12.7 Redistribution of Income (Service to Departments)	26	14	40						
12.8 Tax and price index	7	-	7						
12.9 Family Expenditure Survey	31	-	31						
12.10 General Household Survey	16	-	16						
12.11 Framework for social and demographic statistics; social protection account; and social indicators	33	-	33						
TOTAL .....	376	70	446		-35	-31	-20		290
Other Staff Costs:									
1. Director; pt. Dep. Director and commensurate secretarial support (Programme 8)	96		96						
2. International Section (Programme 1)	46		46						
3. Graphic Design Unit (Programme 2)	99		99						
4. Clerical Pool (Programme 8)	22		22						
5. Cadets (Programme 1)	28		28						
TOTAL .....	291		291			-10			281
TABLE 4 COLUMN TOTALS .....	2861	621	3482	-27	-84	-87	-61	-12	2590

(6) The reductions shown in cols 5-8 (£244,000) arise from the Lord President's exercise. A further reduction of £110,000 at 1979/80 rates has been agreed but not specified.

15 February 1980

NOTES TO THE TABLES

(a) Staff costs have been calculated from the current number of posts within each programme, multiplied by the average annual cost in 1979/80 for each grade in Inner London. The rates for each grade have been taken from column (v) of the CSD 'Ready reckoner for staff costs' (1979), and cover:-

Average salary for each grade  
Superannuation and National Insurance  
Stationery, telephones, postage, etc  
Accommodation, including improvements, rental, cleaning, etc  
Common services, including typing, reprographic, messengers, etc

(b) Computing costs shown in tables 1 and 2 cover the CSO share of operating and programming staff and hardware costs of the joint HMT/CSO installation.

(c) Although all the figures in Tables 1-4 are given to the nearest £1,000 individual figures are not necessarily correct to this level of accuracy.