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Prefer to talk to Sir Derek Rayner &

Prime Minister

MANAGEMENT - IN CONFIDENCE

Ref. A03853

PRIME MINISTER

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

With me J-R
when he can do so
with at No 10 in
Chapman & he would like to come

Process please

RM
Dixie

Rayner Report on the Central Statistical Office

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

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

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

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

RA

(Robert Armstrong)

22nd December, 1980

MANAGEMENT IN CONFIDENCE

1. SIR ROBERT ARMSTRONG
2. PRIME MINISTER

c Sir Derek Rayner

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

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

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

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

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

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

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

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

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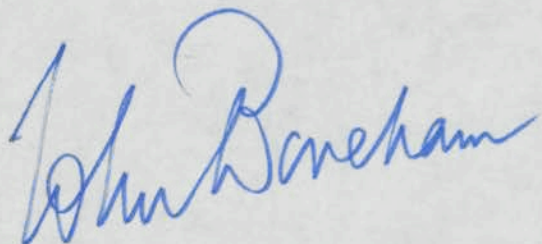
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(3) The team recommends that all the costs of compiling figures and reports for publication (ie all costs beyond those which the Government would have incurred in collecting and assembling the figures for its own purposes) should be recovered from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

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

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

6. I seek agreement to proceed accordingly.



JOHN BOREHAM

18 December 1980

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