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10 DOWNING STREET

THE PRIME MINISTER

28 June 1982

Dear Sir John.

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

Yours sincerely
Margaret Thatcher

Sir John Boreham, K.C.B.

HL

PRIME MINISTER

GOVERNMENT STATISTICAL SERVICES

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

The principal features of Sir John's report are:

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

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

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

*The report, and the progress
it describes are*

18 June 1982

*excellent
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10 DOWNING STREET

From the Private Secretary

SIR JOHN BOREHAM

GOVERNMENT STATISTICAL SERVICES

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

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

T. J. Baker

28 June 1982

HL



PRIME MINISTER

REVIEW OF GOVERNMENT STATISTICAL SERVICES

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

Savings so far

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

Savings to come

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

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

Conclusion

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

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

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

Janet Young

BARONESS YOUNG

17 June 1982

PRIME MINISTER

GOVERNMENT STATISTICAL SERVICE - FIRST ANNUAL REPORT

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

2. The report

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

The work of the GSS

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

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

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

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

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

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

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

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

Budgets

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

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

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

(Defence, Scottish & Welsh Offices etc)

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

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

The White Paper and Sir Derek Rayner's review

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

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


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

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

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

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

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



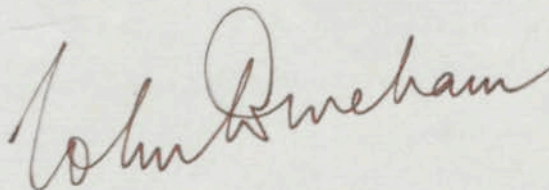
the Rayner target savings of over £1½ million at April 1982 were achieved, making savings since May 1979 of £2½ million a year. Offsetting the savings, the costs of the new export procedures, introduced to comply with the EC Export Directive, are about £600,000 a year. Net manpower savings on the trade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

The year ahead

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

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

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



JOHN BOREHAM

17 June 1982