

PRIME MINISTER

GOVERNMENT STATISTICAL SERVICES: ANNUAL REPORT 1982-83

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

Content

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

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

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

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

Publication

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

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

LORD GOWRIE

30 June 1983

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

Prime Minister:

Attached at  
flag A to Sir John

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

PH  
1/7

*g.g.*

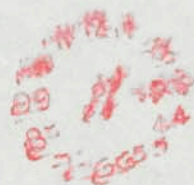
*I agree  
don't publish*



Govt Mach.  
Review of Services  
Statistical Services  
Oct 79



30 JUN 1979



COMMUNICATIONS SECTION

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



With the Compliments of the  
Private Secretary  
to the

MINISTER OF STATE  
PRIVY COUNCIL OFFICE



DRAFT MINUTE FROM MR FLESHER TO:

SIR JOHN BOREHAM

Pl  
Tyle

GOVERNMENT STATISTICAL SERVICE: ANNUAL REPORT 1982-83

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

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

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

T J FLESHER



da

10 DOWNING STREET

*From the Private Secretary*

SIR JOHN BOREHAM

Government Statistical Service: Annual Report 1982-83

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T.J. Flesher

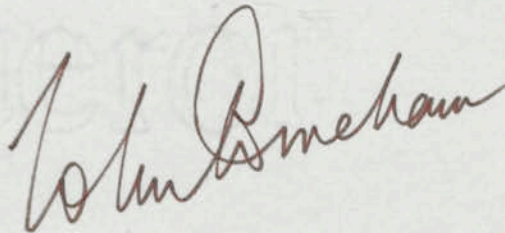
4 July 1983



PRIME MINISTER

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

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



JOHN BOREHAM

21 June 1983



GOVERNMENT STATISTICAL SERVICE - SECOND ANNUAL REPORT

1. This report:-

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

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

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

EXPENDITURE ON STATISTICAL ACTIVITIES

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

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

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



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

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

#### THE WORK OF THE GSS

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

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

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



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

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

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

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



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

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

#### THE YEAR AHEAD

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

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

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



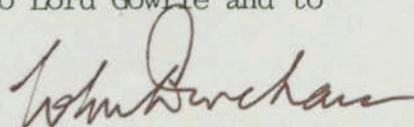
(iii) Streamlined working practices, increased computerisation and the elimination of some less essential services in the Department of Trade and Industry will lead to saving 70 posts. The main work areas affected are the annual census of production, balance of payments statistics, distribution and service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

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

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

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

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



SIR JOHN BOREHAM