

FILE NUMBER

PO-CH/NK/0790 PART A

FOR DISPOSAL ADVICE SEE INSIDE COVER

DISPOSAL DIRECTIONS	SIGNATURE	DATE
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FILE BEGINS

21/07/1989

ENDS

08/12/1989

FILE TITLE

GOVERNMENT STATISTICAL SERVICE

PS/ECONOMIC SECRETARYFROM: J HIBBERT
DATE: 18 July 1989

c PS/Chancellor —
 Mr Gieve
 Mr Hibbert
 Mr Pickford
 Mr Erritt
 Mr Dworkin
 Mr Harvey
 Mr Kidgell
 Mr Ward
 Mr Martin
 Mr Wright

Ch
 May like a word with PREM
 Probably best handled by you
 & PREM into the EST?

AA

HIBBERT
 → EST
 18/7

ARRANGEMENTS FOR THE RELEASE OF STATISTICS BY THE
CENTRAL STATISTICAL OFFICE FROM 31 JULY

I would like an early opportunity to discuss with the Economic Secretary the arrangements for the release of statistics by the CSO when the new department comes into existence from 31 July. There are a number of different aspects to be covered, each of which I deal with below.

General arrangements for the issue of official statistics

2. The general arrangements for the issue of statistics by the Government Statistical Service (GSS) are well established. The main features are a system of advance release dates for regular statistical series and clear identification of statistical press notices and publications as outputs of the GSS (including use of the GSS logo). These conventions, combined with the practice of complete openness about data sources and methodology, are important in maintaining public confidence in the integrity of official statistics.

3. Complementing these arrangements is the practice of issuing any Ministerial comment on the latest figures as a separate press notice. Where Treasury Ministers may wish to comment in this way in the future on statistics issued by the CSO the distinction will be quite clearcut, any Ministerial press notice being issued by the Treasury and the statistical press notice being issued by the CSO.

*should clear
all press notices*Clearance of statistical press notices

4. Under existing arrangements formal Ministerial clearance is sought only for the monthly press notice on the balance of payments current account and overseas trade. For the other statistics which are, or will be, the responsibility of the CSO, advance copies of the press notice or publication in which new figures are issued are provided to No.10 and relevant Ministers, together with associated briefing, before release to the public. Provision for any necessary consultation with officials in other departments is, of course, also built in to the timetable for the preparation and issue of all statistical series. For some series, such as the monthly overseas trade figures, consultation takes the form of a meeting at which the draft press notice can be discussed and interested departments provided with detailed briefing on the latest figures. These arrangements are intended to ensure that Ministers should always be aware of potentially difficult figures in advance of their release.

5. Our intention is that the existing arrangements should be maintained, subject only to the necessary changes stemming from the changes in departmental responsibilities. At present, formal clearance of the monthly overseas trade press notice is sought by DTI officials from both the Chancellor and the Minister for Trade. In future there will be no reason to seek clearance from a DTI Minister, so we need simply to settle the arrangements for clearance with a Treasury Minister. We need advice, therefore, on whether formal clearance should continue to be sought from the Chancellor or whether this role is in future to be played by the Economic Secretary.

6. Similarly, the meeting of officials on the monthly overseas trade press notice will in future normally be chaired by a CSO grade 3, the head of Directorate D Mr Kidgell, but the departments represented at the meeting will continue to be CSO, Treasury, DTI and Department of Energy.

*Is this
necessary?
from DTI?*

Circulation lists for advance copies

7. Advance circulation of the most sensitive economic indicators is restricted to a list of recipients agreed by the Prime Minister. These circulation lists are in the process of being reviewed to ensure that they continue to be based on strict 'need to know' criterion. I shall be minuting separately about this.

RPI and TPI

8. Separate press notices are currently issued at the same time each month for the Retail Prices Index and for the Tax and Price Index by the Department of Employment and the CSO respectively. As both indices will be the responsibility of the new CSO as from 31 July, it would seem odd, even unhelpful, to maintain two press notices.

X | 9. We have considered various options and, subject to the Economic Secretary's agreement, I recommend that a single press notice should be released giving both the RPI and the TPI as set out in the attached mock-up. I suggest that the new format should be adopted when the next figures are published on 18 August.

Y | 10. A further point to be considered in relation to release of the RPI/TPI figures is that it has been customary for the Secretary of State for Employment to issue his own press notice on the latest RPI figures each month. My view, which I believe is shared by the Treasury's Head of Information, is that this practice could with advantage be dropped from next month. We understand that the press regard the regular statement with some cynicism and there are obvious advantages in adopting an ad hoc approach to the issuing of such statements. Clearly, this is a matter for Treasury rather than the CSO but if a change in practice were thought desirable this would be a suitable opportunity to make it.

Relationships with the press

11. As the Economic Secretary knows, the CSO will have its own press and public information office to deal with the issue of statistics and enquiries which may arise from them. We are in the process of ensuring that enquiries from the press will be dealt with in a consistent and efficient way.

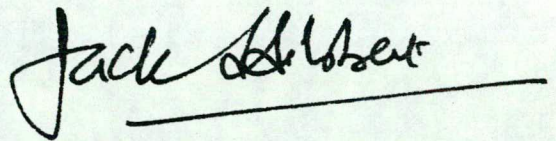
12. We shall continue to provide press briefing in the ways which are already well established. The degree of formality associated with these briefings varies from series to series, but will always involve the press office. The arrangements are seen as valuable by press representatives themselves and are, of course, an essential part of trying to ensure that interpretation of the latest figures is balanced and objective.

13. For two existing CSO publications, Social Trends and Regional Trends, it is our practice to hold a press conference prior to their release. Although these publications contain only figures which have already been released (usually by departments other than the CSO), they always receive extensive press coverage and we would intend to maintain the existing arrangements for their publication. (The next occasion for such a press conference will be early in 1990 when the next edition of Social Trends will be published.)

Ministerial cover in the absence of the Economic Secretary

14. Clearly, it would be helpful if we could agree on standing arrangements to be followed in the Economic Secretary's absence. Also, given that the Economic Secretary is to be away from 28 July to 18 August, this is of immediate concern. However, if all the arrangements outlined above can be agreed, there should be no particular issue to go to the Economic Secretary during this period (the overseas trade figures for July are scheduled for release on 25 August).

15. If the Economic Secretary has any other matters concerning the release of statistics he wishes to discuss at our meeting, perhaps you would let me know beforehand.

A handwritten signature in cursive script, reading "Jack Hibbert", with a horizontal line underneath it.

J HIBBERT

PROPOSED COMBINED RPI/TPI PRESS NOTICE

July 14 1989

GENERAL INDEX OF RETAIL PRICES
AND
TAX AND PRICES INDEX

June 1989

The general index of retail prices (RPI) for all items for June 13 1989 was 115.4 (January 13, 1987=100). This represents an increase of 0.3 per cent on May and an increase of 8.3 per cent over the 12 months since June 1988.

The rise in the index between May and June reflects higher prices for food, catering, alcoholic drinks and motor vehicles. The index also reflects a continuing rise in housing costs.

The Tax and Price Index (TPI) for June was 110.9 (January 1987 = 100). Over the twelve months to June the increase in the TPI was 8.4 per cent.

Table 1.

	RPI All items			RPI All items except seasonal food		TPI	
	Index Jan 13 1987=100	% change over 1 month	% change over 12 months	Index Jan 13 1987=100	% change over 1 month	Index Jan 13 1987=100	% change over 12 months
1989							
January	111.0	+0.6	+7.5	111.2	+0.6	107.1	+5.6
February	111.8	+0.7	+7.8	111.9	+0.6	108.0	+6.1
March	112.3	+0.4	+7.9	112.4	+0.4	108.5	+6.1
April	114.3	+1.8	+8.0	114.4	+1.8	109.8	+8.3
May	115.0	+0.6	+8.3	115.1	+0.6	110.5	+8.4
June	115.4	+0.3	+8.3	115.6	+0.4	110.9	+8.4

Table 2 RETAIL PRICES : COMPONENT INDICES

	Indices (13 Jan 1987=100)			
			Percentage change over	
	May 16 1989	June 13 1989	1 month	12 months
All items	115.0	115.4	+0.3	+ 8.3
All items excluding seasonal food	115.1	115.6	+0.4	+ 8.4
All items excluding food	115.9	116.3	+0.3	+ 8.8
All items excluding housing	111.3	111.6	+0.3	+ 5.4
All items excluding Mortgage Interest Payments	112.9	113.2	+0.3	+ 5.9
Food	110.3	110.7	+0.4	+ 5.6
Seasonal Food	109.9	109.3	-0.5	+ 3.8
Non seasonal Food	110.4	111.0	+0.5	+ 6.0
Catering	115.6	116.2	+0.5	+ 6.1
Alcoholic Drink	111.9	112.2	+0.3	+ 5.1
Tobacco	105.8	105.9	+0.1	+ 2.2
Housing	134.7	135.5	+0.6	+23.4
Fuel and Light	106.4	107.6	+1.1	+ 5.1
Household Goods	109.9	110.1	+0.2	+ 4.3
Household Services	111.8	111.8	0.0	+ 5.3
Clothing and Footwear	110.5	110.6	+0.1	+ 5.0
Personal Goods & Services	113.7	114.0	+0.3	+ 6.9
Motoring Expenditure	115.2	115.5	+0.3	+ 6.7
Fares & Other Travel Costs	114.6	115.6	+0.9	+ 8.1
Leisure Goods	107.2	107.4	+0.2	+ 3.1
Leisure Services	114.3	114.5	+0.2	+ 5.6

GLOSSY PUBLICATIONS

gep.cj/july/lo

matter for CST but you may have views. It all looks sensible.

Handwritten notes in red ink:
As we had both have to look at the committee of some of the publications by the Govt.

BF6/9
[PEM bilateral]

FROM: S P B WALKER (GEP)
DATE: 20 July 1989
x5522

The 1989 PEWP was a financial disaster.

- 1. MRS LOMAX
- 2. CHIEF SECRETARY

Fortunately in 1990

cc

- Chancellor
- Sir P Middleton
- Mr Anson
- Mr Phillips
- Mr Monck
- Mr C D Butler
- Mr MacAuslan
- Mr Taylor
- Mrs Brown
- Mr Woolf
- Mr P Bennett
- Mr Wray

PEWP will be the last of its kind - but all the more reason to avoid a disaster subsidy.

These recommendations have been discussed with Mr Anson, who agrees. At 20/7.

1990 PUBLIC EXPENDITURE WHITE PAPER

We have progressively developed the Autumn Statement as the main vehicle for presenting the Government's public expenditure policies. In the process, we have relegated the public expenditure White Paper to a low key supporting role, attracting less Parliamentary and media attention, but better designed to fulfil its primary purpose of reporting facts and statistics to a small specialist readership.

2. Nevertheless, the White Paper is still lavishly produced - more so for instance than the Autumn Statement and the FSBR. It still uses more colour and more artwork, as recommended by consultants a few years ago to widen its appeal. This seems an anachronism. Moreover, the White Paper is now making an enormous loss which HMSO are no longer willing to bear. This submission seeks your agreement to a way forward.

Background

3. The switch of focus towards the Autumn Statement has inevitably led to a sharp fall in sales of the White Paper in 1989 (see Annex A). Only 1,724 complete sets were sold, compared to 3,400 for both volumes of the 1988 White Paper. Apart from the DSS and DE chapters (bought in quantity by their own departments

for internal distribution), the average sale of the separate volumes was 400. The Commons took an average of 30 copies of each booklet, the Lords none at all.

4. At the same time, the production costs have soared. The latest step in the development of the White Paper has been to split it into 19 departmental volumes, following recommendations from the TCSC. This will allow departments, who will be responsible for producing the departmental reports which will replace the White Paper, to tailor their chapters to the needs of their own specialist readers (in particular the Select Committees). It was accepted that the costs would be higher for 19 separate volumes than they had been for two, but in the event they proved to be much higher than anticipated - about £280,000 compared to about £120,000 in 1988. With revenue at only some £50,000, the result was a much increased loss of some £230,000.

5. While HMSO expect to offset the losses made on less popular Parliamentary publications against profits made on others, the public expenditure White Paper is so expensive to produce that they have told us that if the 1990 White Paper is to adopt the same format they will require a contribution from the Treasury towards meeting the loss. This means a cash subsidy if we do not agree to changes in the White Paper to make it cheaper to produce. The Treasury has no provision within its budget for a subsidy of this kind.

Saving costs

6. There are various improvements in the efficiency of the production process which would save costs. The printers can eliminate surplus capacity and cut the print run to reflect the lower sales. We can look at ways of improving the quality of material we send them in the form of computer tape and floppy discs. There is also scope for rearranging the production timetable to avoid as far as possible the need for the printers to work over the Christmas period.

7. The scope for saving would be greater if you were prepared to contemplate publication very early in February rather than the last few days of January. This year the publication date changed from mid to late January, which did not, as in previous years, allow time for a TCSC enquiry between publication and the White Paper debate, and the TCSC did not complain much. A February date would remove one potential risk - all the covers and title pages bear the month of publication, and aiming for the very end of January means that, if for any reason the date has to slip, all those pages may have to be reprinted (this year's White Paper was published on the 31st, but was very nearly displaced into February by the NHS Review White Paper). A few days' delay would save overtime costs (which could be £3,000 - £4,000).

8. However, a February date on the title page would highlight the gap - virtually three months - between the Autumn Statement and the White Paper. This would complicate our position in the discussion with the PAC and TCSC on financial reporting to Parliament, because it would weaken our ability to make a virtue of the fact that we release the information as quickly as practicable. I therefore do not recommend that the planned publication date should be delayed until early February.

9. The efficiency improvements described in paragraph 6 together would save about £30,000. A further £8,000 or so could be saved by printing on thinner paper - returning to the weight used for Volume II of the 1987 White Paper, which was quite acceptable - and including the chapter on EC contributions in the booklet which contains the Chancellor's and Other Departments' chapters (Chapters 19 and 20). There could be criticism of this amalgamation because it might appear that the Treasury were trying to bury the EC figures but there is less controversy about EC contributions these days, and the saving of over £2,000 would be worthwhile. I recommend these changes (EC1 agree).

10. Savings could also be made by eliminating the blue covers on some or all of the volumes (this would save £1,300 if all the covers were removed) and amalgamating more of the chapters to form bigger booklets (each separate booklet eliminated saves about

£2,000), but this would cut across the transition to departmental reports. The savings would be comparatively small, and I do not recommend these changes.

11. The biggest single saving would be to eliminate the use of a second colour - the blue shading in the main tables and the charts. Using a single colour (with a range of shades for the charts) would cut printing costs by about £30,000. I attach a page from another HMSO publication to show how it might look: the dark blue allows more shades to be used in graphs than black would. Single-colour printing would be in keeping with the lower-key presentation. It should also have the incidental advantage of making departments look again at the artwork and simplify some of the charts. I recommend this change.

12. Significant savings would also result from eliminating or drastically cutting back the artwork. For the first time in 1989, the summary volume (Chapter 21) did not contain any charts. The two DOE chapters (9 and 10) contain no charts, and we know of no complaints. Many of the charts in the other chapters convey little information while occupying a lot of space (and you will recall that one of the more interesting ones, showing the condition of the roads, was the source of some embarrassment in the White Paper debate!). The printing cost would be cut by £7,500 if there were no artwork, and we would also save the costs of having the charts drawn by CSO or other contractors (CSO do not yet charge us for artwork, but may move to repayment as they change to agency status). In addition, a large proportion of the time spent on the White Paper in the Treasury and departments is associated with producing the artwork. I recommend eliminating the artwork from the 1990 White Paper.

Price

13. The other obvious way of reducing the loss is to increase the cover price of the booklets and reduce the discount given to purchasers of a full set. The 1989 White Paper was priced according to HMSO's scale for Parliamentary publications which are text only - no tables or artwork - and a 50 per cent discount was

given on full sets. HMSO would like to make an allowance for tabular material in the price of the 1990 White Paper (about 50 pence per volume - more for Chapter 21 - on top of the expected increases in their scale of prices of about 8 per cent) and cut the discount on sets to 25 per cent. The price of a complete set might then be about £70 instead of £40 this year, and the price of an average volume £4.80 instead of £4.00.

Conclusion

14. The 1989 White Paper cost £280,000 to produce and brought in £50,000, producing a net loss of £230,000 for HMSO. The effect of all the changes recommended above would be to reduce the deficit by some £115,000 (see Annex B). We have discussed the figures with HMSO. We think that if we adopt these recommendations they would not press us for a direct subsidy, or for the other cost-cutting options (eliminating separate covers and amalgamating more chapters).

15. We might give up the second colour but keep the artwork, and still hope to avoid having to pay a subsidy. But eliminating the artwork is attractive: it would be consistent with the low-key presentation, the artwork currently included in departmental chapters is of very variable quality, it would save drawing and printing costs and it would relieve the pressure on GEP and expenditure divisions around the end of the year.

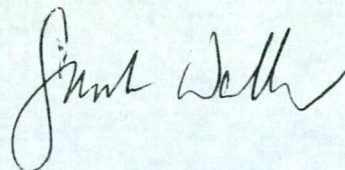
16. If we insist on the extra colour, they are likely to press for a subsidy to cover the £30,000 extra printing costs, plus some of the extra distribution costs (some £2,000 per volume) involved in handling the 19 separate booklets.

17. We do not think it would be a sensible use of resources to subsidise the production on a lavish scale of a publication which no longer constitutes a major policy statement. It is particularly unnecessary this year, as 1990 will see the last Public Expenditure White Paper. The Departmental reports which replace it may well be more elaborate than the current White Paper: they may also find new markets for more specialised

information. It is therefore not clear whether they will be profitable or not, but it is reasonable to assume that at least some will make significant losses. They may ask for the Treasury to contribute towards the cost of meeting such losses if we set a precedent by subsidising the White Paper next year. Paying an explicit Treasury subsidy might send two unfortunate and inaccurate signals to Departments: that it is acceptable to spend money to subsidise an elaborate, loss making document, and that the Treasury appears to have the money available for the subsidy - which it does not. If the Treasury is to pay a subsidy, this might well require a claim on the Reserve.

18. The recommendations in this submission would reduce the loss on the White Paper to the point where we think HMSO would be willing to bear it, but this becomes more doubtful if any of the substantial savings is dropped. If we insist on two colour printing we would face an unwelcome bill on the Treasury Vote of £30,000 or more, for which there is no provision. I therefore recommend the following:-

- i. the 1990 White Paper should be printed on thinner paper, and the EC chapter included in a single booklet with chapters 19 and 20;
- ii. you should agree to an increase in price to take account of the extent of tabular material, which is expected to be about 50 pence per booklet on top of HMSO's normal scale increase, and more for Chapter 21;
- iii. the 1990 White Paper should be printed in shades of one colour only; and
- iv. the remaining artwork in departmental chapters of the White Paper should be eliminated.



S P B WALKER

PUBLIC EXPENDITURE WHITE PAPER - Issues for 1989

	Department	Issues to 19 May
Cm 601	Ministry of Defence	226
602	Foreign & Commonwealth Office	314
603	European Community Institutions	294
604	Agriculture, Fisheries & Food	384
605	Trade & Industry	567
606	Energy	389
607	Employment	918
608	Transport	385
609	Environment	593
610	Not used	
611	Home Office	368
612	Education & Science	591
613	Office of Arts & Libraries	364
614	Health	422
615	Social Security	1,257
616	Scotland	360
617	Wales	275
618	Northern Ireland	417
619	Chancellor of the Exchequer	359
620	Not used	
621	Supplementary Analyses & Index	493
	Complete set	1,724

Possible savings

Improved efficiency:

	£
eliminating surplus capacity	9,000 - 10,000
improving disc quality	3,000 - 3,500
smaller print run	16,600
rearranged timetable (January publication)	1,500
February publication (not recommended)	3,000 - 4,000

Changes in appearance:

single colour printing	30,000	
thinner paper	6,000	
amalgamating EC chapter with chapters 19 and 20	2,000	
no artwork	3,500	(7,500 if two colours)
no blue covers (not recommended)	1,300	

Total savings 71,600

Increase in price (say) 10,000

Reduction in discount for full sets 35,000

London recruitment campaign

138. The aim of the successful London recruitment campaign — which is a continuing effort — was to attract people already settled in the area to work in London prisons:

- 99 men and 37 women were suitable for appointment
- 10 of the men and three of the women were from ethnic minorities

Special advertising in the ethnic press was designed to produce a greater response. Efforts to attract more recruits from ethnic minorities will continue.

139. The new prison officer aptitude test was introduced in April 1986. This has proved successful and monitoring of the results will continue.

Recruitment to other classes

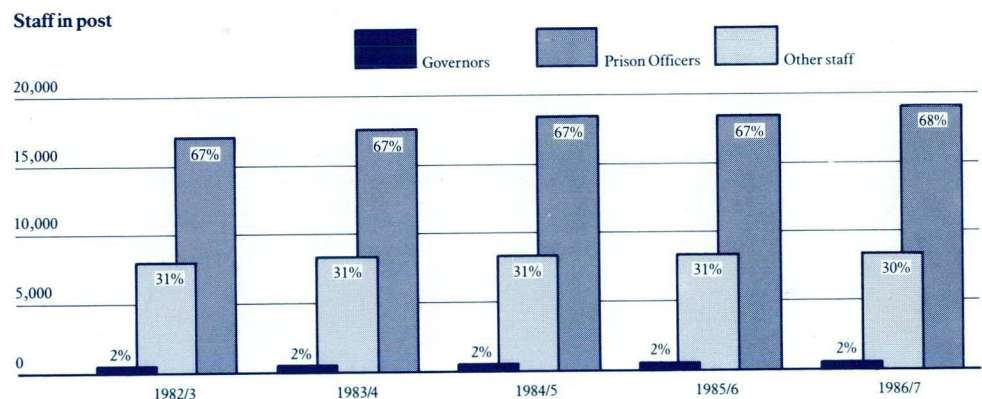
140. Among the appointments made during the year were:

- 16 civilian instructors
- 8 full time and 11 part time medical officers
- 8 full time and 12 part time chaplains
- 11 psychologists and six psychological assistants
- 4 professional and technology grades and one accountant.

141. Recruiting and retaining clerical staff continued to be difficult, particularly in London and the South East. During the year a total of 217 administrative assistants and administrative officers were appointed (161 full time and 56 part time).

Recruitment to governor grades

142. During the year 14 assistant governors (trainee) were appointed: of these two men passed the prison officers competition and seven men and five women joined through the open competition.



Training

Central training

143. The main event of the year was the opening of the new College at Newbold Revel. The refurbishment of the buildings was completed on time and the College held its first course in June 1986. The Prison Service College will be re-located at Newbold Revel in the early 1990s once the current high level of recruitment of prison officers has declined. In the meantime, it is being used primarily as a training establishment for new prison officers.

144. To tie the development of training in administrative skills more closely into the main training programme, the Leicester Training Centre was incorporated into the central training organisation. So that general management and administrative skills training can be developed together and so that tutorial

staff become interchangeable, it is intended to re-locate staff and courses from Leicester to Newbold Revel when the management training currently undertaken at the Prison Service College Wakefield is moved there.

145. To link the development of training courses and packages more closely with the development of training policy and the determination of priorities, responsibility for the Training, Planning and Course Development Unit (at the Prison Service College, Wakefield) was transferred to Headquarters.

146. After the disturbances in April–May 1986, central training resources and staff were required for operational support, with the result that only courses for new prison officers could be sustained. Other courses had to be suspended until the summer. From then on the central training establishments provided a full and varied programme of training.

147. Race relations training made very positive strides during 1986–87 and progress included a new training package for new prison officers. Tutorial staff attended a special course on race relations, and have subsequently developed proposals for attracting more recruits from the ethnic minorities.

148. The Prisons Board endorsed a proposal to establish courses in Prison Studies at both the Cambridge Institute of Criminology and the Open University. These courses have been developed to give members of the Service a wider appreciation of the context in which they work, and also to improve perception of the Prison Service as a positive, professional organisation. It is anticipated that the Cambridge course will commence in October 1989 and the Open University course in January 1990.

149. The Leicester Training Centre, which provides residential training mainly for administrative officers, continued to run a full programme of courses during 1986–87. A new course to improve drafting skills was introduced and in an attempt to reduce the amount of time staff spend away from their establishments, the Centre rationalised and streamlined the content of seven of its courses by converting some course material into self-instructional teaching packages.

Regional and local training

150. At regional and local levels training made great strides. Courses and training packages were improved and developed to have greater impact and relevance and to give better value for money. Notable achievements in regional training included courses:

- for the development of senior officers
- in negotiating with hostages
- in helping to prevent suicide
- in dealing with AIDS and HIV infection
- in first aid.

Specialist training

151. This year there was a greater number and variety of specialist training courses for staff. This included training:

- in information technology
- in instructional techniques for education officers and works staff
- for chaplains in forging links within and outside the Service
- in food hygiene for prison caterers.



FROM: A C S ALLAN
DATE: 21 JULY 1989

*BF by
don't ask
Hibbert*

MR HIBBERT (CSO)

cc PS/Economic Secretary
Sir P Middleton
Sir T Burns
Mr Phillips
Mr Gieve
Mr Hibberd
Mr Ritchie

BF 2/8

Mr Erritt - CSO
Mr Dworkin - CSO
Mr Harvey - CSO
Mr Kidgell - CSO
Mr Ward - CSO
Mr Martin - CSO
Mr Wright - CSO

*ASA
TO
HIBBERT
21/7*

ARRANGEMENTS FOR THE RELEASE OF STATISTICS BY THE CENTRAL STATISTICAL OFFICE FROM 31 JULY

The Chancellor has seen your minute to PS/Economic Secretary of 18 July. This raises several issues he would want to discuss further with you, and he has in the meantime asked for comments from Sir P Middleton and Sir T Burns.

ACSA

A C S ALLAN

**CABINET OFFICE***Central Statistical Office*

Great George Street, London SW1P 3AQ Telephone 01-270 6155

From the Director: J. Hibbert

21 July 1989

PRIME MINISTER**1988/89 REPORT ON THE GOVERNMENT STATISTICAL SERVICE**

I attach my annual report on the work of the Government Statistical Service (GSS).

The main report discusses a number of current issues and developments and is accompanied by two appendices. Appendix A contains a selection of GSS activities to give some idea of the particular contributions being made to the conduct of Government business by its statisticians, and some of the lessons being learned. Appendix B contains the usual estimates of GSS costs in 1988/89 and forecasts for 1989/90, together with a short commentary noting some important features of the figures.

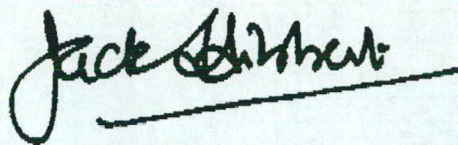
These annual reports to you were an outcome of Lord Rayner's 1981 Review of Government statistical services and have proved a valuable contribution to the drive to increase value for money. Since that time the success of the Financial Management Initiative has meant costs and outputs are now scrutinised at a departmental level - the level at which priorities and the allocation of statistical resources are decided. Quite properly, statistical work is increasingly integrated with a department's mainstream activities which can make extraction of separate figures for statistical costs on a basis which is consistent between departments an artificial and burdensome exercise. If

you agree, in order to avoid wasteful duplication of effort, I propose to discontinue the collection of detailed GSS figures of the type shown in Appendix B of the present report for future reports. However, I would wish to continue to report to you annually through the Chancellor, to raise issues of particular concern and as a means of keeping up the pressure to increase value for money.

Finally, although I have not raised this matter in the main report, I am concerned about the apparent leaks of some of the latest economic figures prior to formal publication. The arrangements for the security of key economic statistics were set out in a letter dated 22 June 1979 from your Private Secretary to the Treasury. They covered the release of figures on overseas trade, money supply, unemployment, retail prices, earnings and industrial production and have since been extended to cover also the Tax and Prices Index and Public Sector Borrowing Requirement.

The effects of these leaks, both on the morale of the staff who produce the figures, and on public confidence in the arrangements for the release of this information is very damaging. We cannot expect people to take these arrangements seriously when there are repeated examples of certain sections of the media apparently having advance access to the figures. I shall, therefore, as part of the task of setting up the new CSO be reviewing the advance circulation lists for the 4 key indicators for which the CSO will in future be responsible. If you agree, I will also write to the other departments concerned asking them to carry out a similar review.

I am copying this to the Chancellor of the Exchequer, the Economic Secretary, Sir Robin Butler, Sir Peter Middleton and Sir Terence Burns.

A handwritten signature in black ink, reading "Jack Hibbert", written in a cursive style. The signature is underlined with a single horizontal line.

J HIBBERT

**1988/89 REPORT ON THE
GOVERNMENT STATISTICAL SERVICE**

July 1989

SUMMARY

In this report I present not only a review of the last financial year, but also developments expected or proposed in current year. These are summarised below:

- The implementation of the recommendations of the Scrutiny of Economic Statistics will continue, and I expect a gradual improvement in the economic statistical series to ensue; (paragraphs 1-6).
- Close co-operation with the Statistical Offices in other EC Member States to achieve common objectives will be maintained (paragraphs 7-10).
- Experience with use of private sector by the GSS (paragraphs 11-13).
- The implications for GSS activities and costs arising from the need to evaluate the effects of major policy changes (paragraphs 14 -17).
- The role of statistical publications and liaison with the statistical profession as a whole in restoring public confidence in the integrity of official statistics (paragraphs 18-21).

Statistics for central economic management

1. The implementation of the recommendations of the Cabinet Office Scrutiny on Government Economic statistics will be my major preoccupation during the current year. The enlarged CSO will become a separate government department on 31 July 1989 and work to prepare for it to become an agency will start shortly after.
2. As I have seen the need for such organisational changes for some time, I wholeheartedly welcome them. Bringing together under one command the responsibilities for collecting economic data and for using them to produce economic aggregates, will allow us to address more effectively the problems that exist with our macro-economic statistics.
3. The improvements I am seeking to achieve require action on three main fronts. First, even though deficiencies in the basic statistics may mean that there continues to be considerable uncertainty about recent developments in UK output and domestic demand, the CSO must provide its view of those developments in a more coherent form. The reorganisation, coupled with the fact that I shall be playing a leading role in the work on economic statistics, will enable this to be done.
4. Secondly, where it represents good value for money and is technically feasible, we should aim for improvements in the basic data. The VFM criterion must, of course, take particular account of the costs falling on data providers as well as those falling on the taxpayer. There are several important improvements of this kind already in hand. These include the introduction of an expanded and statutory inquiry into manufacturers' monthly sales, to provide a monthly indicator of production which is more reliable and less prone to revision. Collection of the additional information in a form which should be readily available (the firm's total sales), while at the same time cutting back on the collection of other data judged to represent a greater burden on businesses, will also bring about a significant reduction in compliance costs.
5. Thirdly, and most difficult of all, we need to find ways of resolving the persisting problems of sectoral discrepancies in the national accounts. Perhaps the most pressing of these is that for the overseas sector (the balance of payments "balancing item") because of the uncertainty it gives rise to about estimates of the

UK's balance on current account and our net external assets. Although the result of a share register survey for the end of this year may help to resolve some of these problems, progress on this front is unlikely to be speedy. It will require considerable detailed research for which the necessary skilled resources are not readily available. I shall try to draw upon outside advice on these problems to help us resolve them.

6. I believe that we can make progress on all three fronts and I see the reorganisation as a necessary step in bringing that about. I look forward to reporting on this in a year's time.

European Community

7. Eurostat (the EC Statistical Office) continues to plan for an extension of its activities and thereby impose additional burdens on member states. Two areas continue to give me particular concern. In both cases I am trying to make progress by bringing pressure to bear in collaboration with colleagues from other member states.

8. First, although there has been much verbal and legal activity, little practical progress is being made towards deciding on a system to ensure that we shall be able to compile statistics on intra-community trade after 1992. There is a danger that the Commission's plans will not be agreed in time for implementation on 1 January 1993. I shall therefore discuss contingency plans with fellow Directors of European statistical services, and envisage consulting Treasury Ministers about this in the Autumn.

9. Secondly, despite pressure from the UK over a number of years, backed up recently by the Netherlands and Germany, Eurostat still has no effective budget system to assess the costs of its own activities and those which it asks member states to carry out on its behalf. This is particularly worrying since Eurostat is proposing major expansions of its activities without costing these proposals properly.

10. More generally we aim, of course, to maintain good relationships with the Statistical Offices in other member states so that we can all work towards effective EC systems. This will be particularly important in the context of using estimates of

gross national product as a basis for EC contributions, where mutual confidence in the integrity of other member states' figures is clearly crucial. The fact that the heads of these Statistical Offices meet regularly and that we know each other well helps considerably in bringing about a good mutual understanding.

Use of the private sector

11. Almost all Directors of Statistics expect the demand for their services to rise in the coming year, even though many are not fully meeting demand at present. The main reason for the shortfall is shortage of appropriate staff, especially those with computer skills.

12. In these circumstances I have encouraged departments to look for opportunities to make more use of the private sector. Most already contract out work, or are actively considering it. However, the results have been mixed. For instance we have had some success in using private advertising agencies recommended by the Civil Service Commission to recruit young graduates with scarce statistical skills. On the other hand, the contract between DTI and the Society of Motor Manufacturers and Traders mentioned in my report last year did not deliver the quality gains promised, and had to be terminated. Appendix A gives further examples.

13. The lesson we are beginning to learn is that the private sector is most useful to us when it can provide specific skills and experience which are either in short supply or not available within departments. Other important factors are the clear specifications of the task; close and continuous monitoring of performance; and close liaison throughout the life of the contract, particularly if the policy environment is likely to change. Costs in the private sector can be very high, and extensive contracting out inevitably reduces funds available for in-house work. Experience so far indicates that it is very difficult for the private sector to provide the rapid policy analysis needed by departments. The GSS therefore needs to be particularly on its guard against merely producing the basic statistics, sacrificing analysis and interpretation. This would be a major hindrance to effective policy formulation.

Evaluating the effects of policy

14. One of your concerns has been that the effects of recent policy initiatives should be systematically evaluated. Departments are, in response, putting proposals forward for your endorsement. Many of these proposals involve setting precise attainment targets for which new data and expert statistical advice may be required in their preparation. In those departments where substantial and radical initiatives have taken place heavy demands are being made on members of the GSS. One important example is the Department of Education and Science where the Education Reform Act (ERA) is giving rise to the need to prepare for a wide range of evaluations.

15. Policies such as those included in the ERA will take time to reach fruition so monitoring and evaluating progress towards the ultimate objectives will involve continuing investment in statistical resources, starting now. I make the point to emphasise that, although efficiency gains can and are being made, new Government initiatives are introducing increased and continuing demands for skilled manpower.

16. In the case of the ERA, monitoring on the basis of national averages is unlikely to be sufficient. Provision needs to be made for evaluating the success of policies across the country. Data collection is likely therefore to be extensive, placing burdens on schools and further education establishments. It is hoped to contain costs by making more use of information technology. But that creates its own problems, as the introduction of viable IT systems increases the demand for skilled manpower. Those with IT skills are in short supply both inside and outside the Civil Service. Buying in the appropriate skills from the private sector is not proving to be a straightforward alternative. Much of the work needs knowledge of recent technological developments, coupled with experience of administrative procedures. To harness those skills that can be purchased necessitates an equivalent investment from GSS staff. Thus, it will be difficult to contain costs.

17. The policies to be evaluated are crucial for the future of the nation. For example a broadly educated population prepared for the acquisition and application of further knowledge is important for our future. It does seem right to direct limited resources to these areas so that it is quickly recognised where policies are

working or, where they are not, recognise that corrective action is required.

Publication and public confidence in official statistics

18. Published analyses are an efficient means of providing the background for a clearer public understanding of policy initiatives. This underlies my remit to ensure that such information should be made available to Parliament and the public.

19. Shortage of resources has been quoted as a reason to reduce the number of analyses we publish. In my view this would be a mistake. The analyses are needed by departments for internal use and publishing them incurs little extra cost. Additionally, we would run the risk of outside researchers and pressure groups producing their own analysis unfettered by the existence of an impartial official version which is publicly available. In some areas, such as income statistics, the existence of more than one set of statistics, developed for different policy purposes, can cause confusion in the public mind. In such cases, it is important to ensure the consistency of published information and where differences in coverage of definition are unavoidable, to provide clear explanations of why this is so. Currently the Deputy Director designate of the new department chairs a working group with representatives of the CSO, the Departments of Employment and Social Security, and Inland Revenue to discuss and resolve these sorts of issues as they affect the publication of low income statistics. I shall continue to deal with similar problem areas in the same way, on a case-by-case basis.

20. In the long-term, publication of statistical analyses can assist in re-establishing public confidence in the integrity of official statistics. Publications such as Social Trends play a key part in this. However, the credibility of official statistics depends on observing the highest professional standards in presenting our work to the outside world - for example, there must be scrupulous regard to the conventions on publication of economic indicators and their absolute confidentiality before time of release. Credibility could be seriously undermined if journalists and others were to be given any impression that figures can be manipulated to gain favourable publicity.

21. In our push for greater public confidence, I am concerned that we are not taking full advantage of the support available from the statistical profession outside the Civil Service. Contact and discussion with the two main professional bodies has increased and, as a result, they have a greater understanding of our case. However, many members of the GSS belong to local and national statistical groups which discuss official statistics from time to time. I expect our people to react to unjustified criticisms of the integrity of colleagues. I have made it clear that if they need background information or wish to discuss a particular case, senior members of the GSS are available for consultation. As an added impetus to our efforts, I have arranged for a branch in the new CSO to liaise with statisticians and statistical bodies outside the Service as part of its duties.

APPENDIX A: GSS ACTIVITIES

1. In this Appendix I set out some of the major developments which I have noted during the course of this review. I highlight three particular areas: new ways in which statisticians are assisting their policy colleagues; our continued search to reduce the burden on respondents; and the GSS's experience of contracting projects out to the private sector in 1988/89.

Statistics and Policy

2. In the course of my review I identified several ways in which statisticians were making better use of available resources in support of policy work. Sometimes this involved the statisticians extending into new areas of work, sometimes a change in emphasis in response to the changing policy environment, and sometimes a better use of existing data. I outline a few examples below to give you a flavour of such developments.

- In response to policy needs, DTI have developed a series of quarterly statistics showing cross-border company acquisitions and mergers - both by UK companies overseas and by foreign companies in the UK. Ministers and senior officials make extensive use of these figures to inform a number of policy areas.
- Statisticians at the Inland Revenue are seeking to maximise the analytical value of data extracted from their operational computer systems across the Department. They are also taking account of other Departments' needs - for example, the Department of Employment's aim to improve statistics on the self-employed.
- The Department of Social Security are setting up an information system to make the large amounts of data on benefit payments already collected much more accessible to policy makers at their desks.

Burden on respondents

3. Government statisticians are aware of the burden their information-gathering can place on respondents, be they businesses, local authorities, other government departments, or individuals. I am content that ways of minimising this burden, especially reviewing whether each instance of data collection

continues to meet an essential need, are pursued vigorously in departments. The recent DTI review of business surveys is a good example of this process. It is also encouraging to find instances where departments have reduced the burden on respondents without reducing the quality or amount of information collected. For example, computerisation has enabled DTI to introduce a rolling mail-out of annual inquiry forms on overseas transactions. They identify the end-month of each company's accounting year and dispatch of the forms is automatically related to that date. This timing is much more convenient for respondent companies, who have commented favourably on the change.

4. However, the main development I have noted in my review this year, is the increasing use of electronic data transfer. If the data required are already held electronically by the respondent, it is possible to transmit them electronically to the department thus obviating the need for the respondent to fill in survey forms. This is a very welcome development; not only does it reduce the respondent's form-filling burden but savings can also be made by departments in transcribing data. Examples include direct keying by traders of import declarations at all major ports (information needed by Customs and Excise); initial steps towards transfer of information between local government and the Department of Environment; and the computerisation of Crown Courts which will have the welcome side-effect of providing the statistics on court proceedings required by the Home Office and the Lord Chancellor's Department, thus removing the burden of form-filling from Crown Court and Police Force staff. Similar developments are taking place in the magistrates courts in England and Wales, and arrangements for the automatic transfer of information on Court disposals have also been instituted in Scotland.

Contracting out

5. In my main report I drew attention to the mixed experiences of the GSS in using the private sector. In this section I give some examples.

6. I have already mentioned our success in using private advertising agencies to recruit young graduates to the Statistician Group. Other successes have included:-

- Customs and Excise have been using marketing agents to market their statistics to private sector customers since 1987, but the contracts were effectively open-ended. They have now concluded negotiations on fixed price contracts lasting for three years at a time. The marketing agents will have the opportunity to take on an expanded role which will in due course provide a better financial return to Customs and Excise.
- The Training Agency contracted out most of the work in developing a Standard Occupational Classification to the University of Warwick. Development is now complete and the classification will shortly be adopted throughout the GSS.
- The Scottish Young People's Survey is contracted out to Edinburgh University, funded by a number of departments. This arrangement has basically worked well, though considerable effort was required to ensure effective control of costs and adequate validation of the data.

7. Many of the projects which have run into difficulties have involved computing in one form or another. Sometimes the private sector is brought in as a last resort when insufficient in-house computing resources are available to complete a project within its deadline. A much more cost-effective approach would be to consider at the outset what the optimum mix of private sector and departmental resources might be. However, even when the private sector is involved from the outset this is no guarantee of success, as the following examples illustrate:-

- Expenditure on contractors and consultants by the Department of Health in developing an Information Centre overran original cost estimates by a substantial margin.
- The Ministry of Agriculture employed consultants to design a new computing system for the June Agricultural Census and related surveys but plans for the project have had to be fundamentally reappraised because of lack of progress.

As I mentioned in my report last year, problems with the development of statistical computing systems are most likely to arise where insufficient attention is given to the arrangements for communication between the statisticians and computing

specialists. This point is at least as important, of course, when the computing expertise is provided by private sector contractors.

8. There are many other areas where contracting out is in progress or is under consideration - for example, Department of the Environment is assessing the cost-effectiveness of contracting out the provision of an analysis service for the Department when the results of the 1991 Census become available, as well as the collection and collation of local authority returns by a private firm. Also, the CSO has just awarded a contract to carry out a pilot survey of share registers. I shall continue to monitor developments in this field, and to promulgate the lessons learned.

APPENDIX B: GSS COSTS

1988/89

1. An increase in costs of £11.5 million was forecast this time last year for 1988/89. I said then that I did not expect the whole of this increase to occur and in fact costs rose by only about a quarter of the forecast increase. Table 1 shows outturn costs for each department.
2. The departments where the main increases were expected were the Department of Transport, Office of Population Censuses and Surveys (OPCS), Department of Health and the Training Agency. All experienced lower than expected costs, in some cases substantially lower.
3. At the Department of Transport there was slippage again in the automatic traffic monitoring project. Although a start was made in 1988/89 in installing the system around the country, because of financial cut-backs within the department only cheaper to install sites were completed in 1988/89 leaving the more expensive sites until 1989/90. This rescheduling is the main reason for expenditure in 1988/89 to be £2.0 million below forecast, and for an increase of £1.4 million in expenditure in 1989/90 compared with 1988/89 outturn costs.
4. At the OPCS there was an underspend of £2.8 million, mainly due to lower than expected computing costs. This was due to changes in timing of the expenditure on the census processing system which flowed from the office's new IT strategy.
5. Expenditure by the Training Agency was about £2.5 million below forecast. Some of this fall was due to manpower savings, but the two largest factors were a switch in the method of calculating manpower expenditure and the transfer of some responsibilities from the statistical directorate to elsewhere in the Agency. These changes illustrate the difficulty already mentioned in compiling consistent costs figures for the Review.
6. In most other departments 1988/89 costs were lower than expected and in some cases this was due to genuine savings. More often, however, the main reason appears to have been staff shortages, with difficulties in obtaining accurate computing costs forecasts an important contributing factor. For example, in the Ministry of Defence manpower costs were 16 per cent below

forecast because the department experienced a high level of staff vacancies during the year, and in the Ministry of Agriculture a high utilisation rate for the departmental computer resulted in lower than expected unit costs and thus a 22 per cent reduction in the costs charged to statistics.

1989/90

7. An increase in costs of £14 million compared with 1988/89 is forecast for the current financial year. I expect this forecast to be overstated once again, though some increase, particularly in connection with the 1991 census, is likely to occur.

8. Table 2 sets out the forecasts for each department. This table does not take into account the organisational changes to take place on 1 August. Although virtually all departments expect costs to rise compared with outturn in 1988/89, in many cases the forecast for 1989/90 is lower than that made for 1988/89. I have already noted the reasons for expecting an increase for the Department of Transport. Other increases of note are:

- OPCS costs are expected to rise substantially in the build-up to the 1991 census, as temporary staff are taken on and a computer processing system installed. These increased costs account for about a third of the increase for the GSS as a whole.
- Expenditure by Department of Employment is expected to rise by £1.7 million, mainly for a number of one-off reasons, including processing the 1988 Labour Costs Survey and the 1989 Census of Employment, and developments of the processing of short term employment estimates and of the International Passenger Survey.
- An additional £2.8 million will be spent by Department of Health in developing management information systems for health and personal social services statistics and adapting them to meet the needs of new policies and for commissioning new health surveys from OPCS.

TABLE 1 : OUTTURN COSTS OF THE GOVERNMENT STATISTICAL SERVICE 1988/89

£ Million (1988/89 prices)

Department (in order of total net cost)	Total net cost	of which :				Receipts
		Statistical staff	Computing	Other dept'mental	Other external	
Trade and Industry	16.6	10.6	6.2	-	0.1	-0.3
Employment	14.6	3.5	3.8	1.5	6.5	-0.7
OPCS	11.5	11.6	5.9	0.2	5.1	-11.3
Health	9.8	4.3	2.7	-	2.8	-0.0
Agriculture Fisheries & Food	9.6	4.1	2.7	0.7	2.3	-0.2
H.M. Customs and Excise	9.2	5.7	3.8	0.0	0.0	-0.3
Transport	8.4	2.8	1.5	0.2	4.0	-0.1
Home Office	7.3	3.8	2.8	0.6	0.1	-0.0
Inland Revenue	6.8	1.7	3.2	2.0	0.0	-0.1
Environment	6.0	3.7	1.5	0.0	0.9	-0.1
Defence	5.5	3.6	1.9	0.0	-	-
Training Agency	5.3	1.1	0.8	2.1	1.3	-0.0
Scottish Office	4.9	2.3	2.2	0.4	0.0	-0.0
Education and Science	4.8	3.2	1.6	-	-	-
Central Statistical Office	4.3	3.8	0.7	0.1	0.1	-0.4
Social Security (1)	4.2	1.6	1.6	0.1	0.9	-
Welsh Office	2.5	1.8	0.3	-	0.4	-
Energy (2)	2.3	1.6	0.5	-	0.2	-0.0
H.M. Treasury	2.0	1.2	0.8	-	-	-
General Register Office (Scot)	1.7	1.1	0.6	0.0	0.0	-0.0
Lord Chancellor's Department	1.4	0.3	0.0	1.1	-	-
Health and Safety Executive	0.8	0.4	0.2	0.2	0.0	-
Overseas Development	0.6	0.5	0.1	-	-	-
TOTAL	140.1	74.3	45.4	9.2	24.7	-13.5

(1) Excludes costs incurred in local offices

(2) Includes economist staff

0.0 indicates a figure of less than £50,000

TABLE 2 : FORECAST COSTS OF THE GOVERNMENT STATISTICAL SERVICE 1989/90

£ Million (1988/89 price)

Department (in order of total net cost in 1988/9 Outturn)	Total net cost	of which :				
		Statistical staff	Computing	Other dept'mental	Other external	Receipts
Trade and Industry	16.7	10.8	6.1	0.0	0.1	-0.3
Employment	16.3	4.0	4.3	1.5	7.1	-0.6
OPCS	16.1	14.1	7.5	0.3	6.0	-11.8
Health	12.6	4.9	3.8	-	3.9	-0.0
Agriculture Fisheries & Food	9.7	4.3	2.5	0.7	2.4	-0.2
H.M. Customs and Excise	9.3	5.7	3.9	0.0	0.0	-0.3
Transport	9.7	3.0	2.0	0.2	4.6	-0.1
Home Office	8.3	4.2	3.4	0.6	0.1	-0.0
Inland Revenue	6.5	1.6	3.9	1.1	0.0	-0.1
Environment	6.1	3.6	1.9	0.0	0.6	-0.0
Defence	6.3	3.9	2.4	0.0	-	-
Training Agency	5.8	1.0	0.9	2.4	1.6	-0.1
Scottish Office	5.3	2.5	2.3	0.4	0.1	-0.0
Education and Science	4.7	3.0	1.7	-	-	-
Central Statistical Office	4.2	3.8	0.6	0.1	0.0	-0.3
Social Security (1)	4.0	1.7	1.6	0.2	0.5	-
Welsh Office	2.8	2.0	0.3	-	0.5	-
Energy (2)	2.6	1.7	0.7	-	0.2	-0.0
H.M. Treasury	2.0	1.2	0.8	-	-	-
General Register Office (Scot)	2.4	1.6	0.7	0.0	0.1	-0.0
Lord Chancellor's Department	1.3	0.3	0.0	1.0	-	-
Health and Safety Executive	0.8	0.4	0.2	0.2	0.0	-
Overseas Development	0.6	0.5	0.1	-	-	-
TOTAL	154.1	79.8	51.6	8.7	27.8	-13.8

(1) Excludes costs incurred in local offices

(2) Includes economist staff

0.0 indicates a cost of less than £50,000



FROM: J HIBBERT
DATE: 27 July 1989

PS/CHANCELLOR

c Sir Robin Butler
Sir Peter Middleton
Mr Erritt
Mr Croxford

OK / OK, provided you see the paper?
Dis Risk.


**PROPOSAL FOR A MEETING OF THE ROYAL STATISTICAL SOCIETY
TO DISCUSS PUBLIC CONFIDENCE IN THE INTEGRITY OF
OFFICIAL STATISTICS**

Following an approach to Sir Robin Butler by the outgoing President of the Royal Statistical Society Sir John Kingman, there was a meeting on 4 July at which Peter Moore the incoming RSS President, Sir Peter Middleton and I were also present, to discuss a possible role for the Society in helping to maintain public confidence in the integrity of official statistics. In the light of this meeting Sir Robin Butler wrote to Peter Moore on 7 July (copy attached) suggesting that this idea might be taken forward by holding an ordinary meeting of the Society for which I would provide a discussion paper. The letter mentions that I would no doubt wish to ensure that the Chancellor would have no objection to members of the Government Statistical Service taking part in such a discussion.

At the latest meeting of the RSS Council, of which I recently became a member, the proposal for a Society meeting was well received and it was left for me to take the matter forward. I am now seeking the Chancellor's agreement, therefore, to the submission of a paper for the proposed meeting and the participation of GSS members in the discussion. I see no potential difficulties for Ministers in what is proposed; indeed, members of the GSS have never felt inhibited in the past about participating in RSS meetings, always recognising of course that the normal constraints on civil servants apply.

The paper to be put forward for discussion would be based on the note prepared by my predecessor Sir John Boreham and published in the February 1985 issue of Statistical News. I attach a copy.

If there are any points about this which the Chancellor wishes to be clarified I am, of course, very ready to do so.

A handwritten signature in black ink, reading "Jack Hibbert". The signature is written in a cursive style with a long horizontal line extending to the right from the end of the name.

J HIBBERT



38M

CC - PS / Sir P Middleton
PS / Mr Hibbert
Mr Spencer

CABINET OFFICE

70 Whitehall London SW1A 2AS

01-270 0101

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robin Butler KCS CVO

Ref. A089/1825

CSO
A 4843
10 JUL 1989
FILING INSTRUCTIONS
FILE No.

7 July 1989

Dear Peter,

I am replying to the letter of 18 April from your predecessor which he and you were kind enough to discuss with Sir Peter Middleton, Jack Hibbert and myself earlier this week.

You told us then that the interest of the Royal Statistical Society is in the production of statistics by the Government Statistical Service rather than on the subsequent use of those statistics. In other words, you are concerned with the professional and technical aspects of Government statistical production. The main concern which we would have about an enquiry of the sort described in your letter is the demand which it would place on the resources of the Government Statistical Service at a time when they are very heavily involved in implementing the results of the recent scrutiny into Government economic statistics, involving both the expansion of the Central Statistical Office to take on work from elsewhere in Government, its translation into an Agency under the Next Steps programme and a range of other measures to improve the quality of economic statistics available to the Government. In these circumstances, we should be very reluctant to impose also on the Government Statistical Service an open ended commitment to take part in an enquiry by the Royal Statistical Society.

You said, however, that one form which your consideration might take would be one of your regular discussion meetings, at which a paper or papers might be tabled and a recorded discussion held. This more limited exercise would be a much more attractive option

/from our point of

Professor Peter Moore TD PhD FIA
President
Royal Statistical Society
25 Enford Street
LONDON W1H 2BH

from our point of view. Another attractive feature would be that, as I understand it, the discussion would be open so that other interested parties, including for example the Institute of Statisticians, could take part if they so wished.

We would need to ^{consider} carefully the agenda for such a discussion meeting, and this might most conveniently be discussed by the Council of the Royal Society on which the Director of the Central Statistical Office sits. He would then no doubt wish to ensure that the Chancellor of the Exchequer, as the Minister who will shortly be responsible for the Central Statistical Office, would have no objection to members of the Government Statistical Service taking part in a discussion of this sort.

If your Council would be prepared to proceed in this way, I will ask the Director of the Central Statistical Office to carry the matter forward on these lines.

Yours sincerely,

Robin Butler

Integrity in the Government Statistical Service

The following note on integrity has been issued to members of the Government Statistical Service by the Head of the GSS, Sir John Boreham, to give them clear guidance on their role in maintaining public confidence in the work of the GSS.

Introduction

Our main job in the Government Statistical Service is to provide the Government with the statistical information and advice it needs to develop and manage policy. Many of us work closely with administrative colleagues in policy divisions and we should try to develop our output so that it is most useful to the process of managing policy. At the same time we publish information to provide the public with the information needed to debate the issues, so we need to maintain public confidence in the honesty of our statistics because any loss of this confidence in the figures would make them less useful to everyone, including the Government.

The Head of the Government Statistical Service has a special duty to maintain the integrity of our work. In the performance of this he has the right of direct access to the Prime Minister but that is something of a last resort. The real safeguard to integrity is the way we go about our work in the GSS.

The GSS is not a centralised service and so it is right that the day to day responsibility for integrity is decentralised. The White Paper on the *Government Statistical Services* (Cmnd. 8236)¹ explains this clearly:

'The senior professional statistician will carry responsibility for the integrity and validity of the departmental statistics and for the professional competence of the department's statisticians. In all these responsibilities he will also be expected to assist the Head of the Government Statistical Service in his duties'.

It is impossible to lay down a set of rules which will cover all eventualities but the following are guidelines to the safeguards we need to operate in order to maintain justifiable public confidence in our work.

Protecting confidentiality

1. The Government Statistical Service Code of Practice on the handling of data obtained from statistical inquiries (Cmnd. 9270)² must be adhered to at all times.

The preparation of statistics

2. Public confidence in the way we produce our statistics depends on the general acceptance that our methods are sound and our data are sufficient and accurate:

a. We should always select statistical methods which are consistent with the quality and quantity of data, and the speed with which the result is required.

b. We should always be completely open about the methods we use to compile statistics or produce estimates and forecasts. This does not mean that we must supply a detailed description with the figures but we should be prepared to provide such information to anyone who asks for it, if time and the cost of doing so permit.

c. Unless there are overriding requirements for confidentiality, we should, where practical, discuss the methods we use to prepare statistics which have a direct bearing on the welfare of individuals or organisations, with appropriate representatives before the figures are produced and take note of any substantial comments. Where an undertaking has been given to the use of a particular method, no substantial changes should be made without consulting interested parties to try to get their agreement.

3. Our analyses and commentaries should always be impartial. We should not select or treat figures to satisfy a particular social, economic or political viewpoint.

4. Where statistics are known to be subject to significant errors or uncertainties which could result in misleading interpretation we should give clear warnings about these and their effect on any inferences which people may draw from the statistics.

Publication of statistics

5. The public should in general have access to any major statistics which are available to the Government, in as much detail as is consistent with the preservation of confidentiality. The Head of the Government Statistical Service should be consulted when a Department is considering whether to delay or to suspend the regular publication of statistics which are still available to the Government.

6. We use Press Notices to provide fast publication of important statistics. The following rules apply to the release of statistical information by the GSS in a Press Notice:

a. Whenever a pre-announced timetable has been agreed for regularly published statistics we should adhere to it whenever possible.

b. The expected delay between the completion of the figures for a Press Notice and its publication should normally be no more than two clear working days.

c. Only people who strictly need to know should see sensitive statistics before they are released, and then only for the minimum time necessary.

d. These statistical Press Notices should contain a clear and standardised identification that they are prepared by the Government Statistical Service. This establishes a clear separation between the statistical information and any policy comment. It also emphasises their professional origin.

e. They should include, where appropriate, commentary which gives statistical information without any policy implications. Where they regularly include comparisons with earlier figures, these should normally be over standard periods for any given series or make use of accepted statistical techniques of time series analysis. Major revisions to earlier published figures should be mentioned, and explained in simple language.

7. We should also aim to meet pre-announced dates for regular statistical publications other than Press Notices. These should also clearly distinguish between statistical information and any policy comment.

The use of our statistics by others

8. We should try to ensure that comments, interpretation and analysis from elsewhere are not passed off as originating from the Government Statistical Service.

9. Where necessary we should try, by logic and diplomacy, to persuade colleagues and Ministers of the risks of losing public confidence they would run if they suppressed, delayed or misused our statistics, or selected figures to satisfy their particular social, economic or political viewpoint.

10. We should recognise that even though Ministers are personally responsible for the content and accuracy of their replies to Parliamentary Questions, we also have an important responsibility to try to make sure that our Ministers are supplied with figures that are accurate and relevant and are not intended to mislead the questioner.

Statistical activities during a general election

11. During a general election period (from the day after the election is called to the day after polling day) we should do everything possible to avoid competition with parliamentary candidates for the attention of the public. In addition, we should recognise that during this period, even more care than usual must be taken to ensure that information is presented impartially and objectively. The following guidelines should be followed:

a. Regular press notices, bulletins and publications can continue to be issued and published. However no *ad hoc* press notices, bulletins or publications should be released other than those for which a

release date has previously been published or approval given by the Minister concerned. Announcements of bulletins and publications should be limited to simple statements of title, price and availability. They should not seek to interpret or analyse figures or to draw attention to specific data in the bulletin or publication. However a second press notice may be issued after the election drawing attention to an item published during the campaign period.

b. Regular and continuous postal or interview surveys to individuals, households, businesses or other organisations may continue. So may *ad hoc* surveys which are directly related to and in support of a continuing statistical series.

c. *Ad hoc* postal or interview surveys to both businesses or other organisations and individuals or households may give rise to controversy or be related to an election issue. Departments should therefore seek the approval of the Minister concerned for any such *ad hoc* survey during the election period. Each case will be judged on its merits, including the costs which would be incurred through cancellation.

d. Requests for information from all Parliamentary candidates should be referred to the appropriate Minister's Private Office. But Departments can provide organisations or members of the public with factual information which is (a) not classified or (b) does not require disproportionate time or effort to produce. When there is doubt about the application of this guidance in a particular case, Departments should consult their Private Offices or the Press Secretary at 10 Downing Street.

e. Requests for advice on the interpretation or analysis of statistics should not normally be met. However explanations of the kind normally included in the commentary of GSS publications should continue to be given.

f. Requests for guidance on methodology should continue to be met although it is particularly important that any such explanation should avoid any assessment of the published figures.

g. Requests for single copies of leaflets, background papers or free publications which were available before the election period should continue to be met, but no bulk issues should be made. Regular mailings of statistical bulletins to customers on existing mailing lists may continue.

References

1. *Government Statistical Services*, Cmnd. 8236 (HMSO) April 1981 (Price £2.10 net.)
2. *The Government Statistical Service. Code of Practice on the Handling of Data obtained from Statistical Inquiries*. Cmnd. 9270 (HMSO) June 1984 (Price £1.30) 'Guidelines on handling of Government statistical information', *Statistical News*, No. 66.32 (HMSO 1984) (Price £4.20 net)



FORM
23

CSO
A.4977.....
28 JUL 1989
FILING INSTRUCTIONS
FILE No. A30/8.....

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

MR. HIBBERT
CABINET OFFICE

1988-89 REPORT ON THE GOVERNMENT STATISTICAL SERVICE

The Prime Minister was grateful for your minute of 21 July with which you enclosed your annual report on the work of the Government Statistical Service.

The Prime Minister was pleased to note the efforts being made to use the opportunity of the reorganisation and of the recent scrutiny to improve the quality of the Government's economic statistics. She was, however, concerned to note the difficulties being experienced with the European Community, and feels that liaison on this front with the heads of other statistical services should be supplemented by vigorous action with the Commission.

As regards the points raised in your minute, the Prime Minister agrees that the collection of detailed GSS figures of the type shown in appendix B of the present report should be discontinued in future; and she supports your proposal to review the advance circulation of key economic indicators with a view to underlining the importance of maintaining confidentiality.

For the future, the Prime Minister looks forward to the reports that you will be continuing to submit annually through the Chancellor of the Exchequer.

I am copying this minute to Alex Allan (H.M. Treasury), Sheila James (Economic Secretary's Office), Simon Sargent (Permanent Secretary's Office, H.M. Treasury), Mrs.M. Henson (Chief Economic Adviser's Office, H.M. Treasury) and Trevor Woolley (Cabinet Office).

Recd.

PAUL GRAY

27 July 1989

RESTRICTED

I had like to discuss this with you @ (1) so what if this with Hibbert's view - written in Sir T.B. 2. I agree with both X & Y in Mr Hibbert's note. 3. I have to mention all Dem & what for me & what FST (family EST).

FROM: SIR PETER MIDDLETON
DATE: 28 July 1989

CHANCELLOR

ch/ Subject to any comments Terry may have, are you content for us to reply to Hibbert as PEM suggests? Will you wish to see Mr Hibbert again in September? If so, we'll set ourselves a reminder. 215

Sir T Burns
Mr G H Phillips
Mr Scholar
Mr Gieve
Mr Sedgwick
Mr Hibbert
Miss Simpson

PEM
→ CH/E
28/

ARRANGEMENTS FOR THE RELEASE OF STATISTICS BY THE CSO

I have discussed within the Treasury the proposals contained in Mr Hibbert's minute to PS/Economic Secretary of 18 July.

2. I share Mr Hibbert's view (his paragraph 3) that Ministerial comments should be issued separately from the CSO's own press notices on statistics. I should like a standardised CSO press notice format, with the figures, if necessary, accompanied by a brief textual commentary which should be concise, low key, and purely factual. It should be possible to pare down the rather lengthy commentary currently provided with some of the press notices, such as that for the balance of payments.

3. Where Treasury Ministers wish to add comments of their own - and I would not expect this to be necessary on every or even many occasions - a separate press notice would be issued under the Treasury masthead.

4. In these circumstances, it ought not to be necessary for CSO to clear their own press notices with Ministers. But it would of course be essential, if such an arrangement were to operate successfully, for the figures and the draft press notices to be made available to Ministers and to officials who need them at least two working days before publication, so that there would be time for preparation of a Ministerial press notice (if required)

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and of briefing for the Treasury press office. This would enable Ministers and officials to make comments to the CSO if they wished, but the final decision on CSO press notices should in my view rest with the Director of the CSO. Advance notice of the figures should also be given to the relevant departmental Minister. It is good news that CSO are taking another look at advance circulation lists to ensure that they are strictly limited to those with a need to know. If you agree, I will ask Jack Hibbert to show what he proposes to me.

5. I believe it would also be desirable for CSO to standardise, as far as can reasonably be done, the period between the first availability and circulation within Government of near final figures and their eventual publication. At present some figures, notably those for the balance of payments, are known more than a week before publication, whereas others, such as those for industrial production, only arrive the evening before they are published. CSO might also be asked to consider whether all the press notices that are currently issued are really necessary; there may be some that could sensibly be dispensed with. I have in mind things like the first estimates of business investment and consumers' expenditure which have been of doubtful value in recent years.

6. On the RPI and TPI, I agree with Mr Hibbert that it would be sensible for these to be issued in a single press notice. And, in line with what I suggested as normal practice in paragraph 4, I think we should discontinue the DE practice of issuing a regular Ministerial press notice with the figures, though on occasions you might want to make on the record comments. (We must not let unification of the RPI and TPI press notices be an excuse for the present RPIAC extending its competence to cover the TPI - something that some of its existing members would like it to do. But I am minuting you separately on the future of the RPIAC)

7. Turning to the question of press briefings, I think we can leave it to the CSO to decide whether to continue with the existing arrangements whereby regular briefings are held on the RPI and the balance of payments figures. The purpose of these is

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to deal with detailed questions, largely from the news agencies. They represent a better way of dealing with the inevitable press enquiries than the alternative of answering ad hoc telephone calls. The need for the briefings may be reduced when the CSO set up their own direct electronic links with Reuters et al but so long as they stick to a technical and factual explanation of the figures, it is a matter of convenience how they do it.

8. You will no doubt want to discuss these issues with Mr Hibbert after the holidays, but it might be helpful to let him have before the holidays an indication of your thinking and a response on the straightforward issue of merging the RPI and TPI press notices.

Se

P.P.

P E MIDDLETON

RESTRICTED

PROPOSAL FOR
Mtg OF ROYAL
STAT. SOCIETY



FROM: D I SPARKES
DATE: 31 July 1989

MR HIBBERT - CSO

cc Sir P Middleton

Sir R Butler - Cab.Off.
Mr Erritt
Mr Croxford

BF 5
24/7 / 9

~~Folder (Hibbert mtg)~~

**PROPOSAL FOR A MEETING OF THE ROYAL STATISTICAL SOCIETY TO DISCUSS
PUBLIC CONFIDENCE IN THE INTEGRITY OF OFFICIAL STATISTICS**

The Chancellor was grateful for your minute of 27 July seeking his agreement to the submission of a paper for the proposed meeting of the RSS and the participation of GSS members in the discussion. He is content provided you can let him see the paper before it is sent to the RSS.

DUNCAN SPARKES



FROM: D I SPARKES
DATE: 31 July 1989

SIR P MIDDLETON

cc Sir T Burns
Mr Phillips
Mr Scholar
Mr Gieve
Mr Sedgwick
Mr Hibberd
Miss Simpson

~~POP~~
BF
29/8

ARRANGEMENTS FOR THE RELEASE OF STATISTICS BY THE CSO

The Chancellor was grateful for your minute of 28 July discussing arrangements for the release of statistics by the CSO. He agreed with much (but not all) of what you recommended and would like to discuss it with you at his next bilateral. He also awaits any views that Sir T Burns may have.

2. In the meantime, the Chancellor has said he agrees with Mr Hibbert's recommendations that a single press notice should be released giving both the RPI and the TPI, and that the practice of issuing a separate Departmental press notice, in addition to that produced by the CSO, could with advantage be dropped. I would be grateful if you could advise Mr Hibbert accordingly; the Chancellor has, of course, told him that all these matters should in future be addressed for his attention rather than that of the Financial Secretary.

Mr Sparkes,

*Sir P Middleton
Consulted me when writing
his minute. My views were
incorporated in that minute.*

[Handwritten signature]

[Handwritten signature]
DUNCAN SPARKES



FROM: D I SPARKES
DATE: 2 August 1989

MR HIBBERT (CSO)

cc PS/Financial Secretary
Sir P Middleton
Sir T Burns
Mr Phillips
Mr Sedgwick
Mr Hibberd
Mr O'Donnell
Mr Ritchie
Miss Simpson

Mr Erritt (CSO)
Mr Dworkin (CSO)
Mr Harvey (CSO)
Mr Kidgell (CSO)
Mr Ward (CSO)
Mr Martin (CSO)
Mr Wright (CSO)

ARRANGEMENTS FOR THE RELEASE OF STATISTICS BY THE CSO

Further to Alex Allan's note of 21 July, the Chancellor has considered further the issues raised in your minute to him of 18 July. He agrees with your recommendation that a single press notice should in future be released giving both the RPI and the TPI, and that the practice of issuing a separate departmental press notice, in addition to that produced by the CSO, could with advantage be dropped. He will be discussing with you in due course the remaining issues you raised.

A handwritten signature in dark ink, appearing to be 'D.I. Sparkes'.

DUNCAN SPARKES

NOTES TO EDITORS

1. The National Accounts Blue Book results from a major annual exercise by the Central Statistical Office with contributions also from other government departments and the Bank of England. As well as statistics of national income, expenditure and output and of financial transactions for the years 1978 to 1988 it contains information about the size, structure and distribution between sectors of the nation's wealth. This year's edition also contains summary input output tables for 1985 compatible with the 1988 Blue Book. In addition, most of the summary tables go back to 1967 on a consistent basis. All necessary revisions to the figures have been made to take account of latest annual data and of improvements in methodology.

2. The presentation of this year's Blue Book follows that introduced in the 1987 edition and amended in 1988. Two further changes have been made. First, a chapter summarising international transactions has been introduced as Chapter 10. This gives estimates consistent with the 1989 edition of "United Kingdom Balance of Payments" (the CSO 'Pink Book'). It demonstrates some of the relationships between the domestic sectors and the rest of the world. Second, in the sector financial accounts (now Chapter 11), two new features have been introduced. The initial matrix presentation, extended to give a summary current account, is now given for the three most recent calendar years. Financial transactions of the Building Societies subsector are now given in a separate table.

3. Summary input-output tables for 1985 are included in Section Two. Because of the size of the task of compiling input-output tables, these are consistent with the previous (1988) edition of the blue book.

4. There are also a few changes in treatment and definition, described in the notes in section 6; this section gives details of all changes in methodology etc. since a general description of the Blue Book statistics was published in 1985 in a revised and updated edition of "United Kingdom National Accounts: Sources and Methods".

Reliability of national accounts and statistical adjustments

5. As usual, all the figures published in last year's Blue Book, together with those published in subsequent press notices and quarterly articles, have been thoroughly reviewed and revised where necessary to take account of the most up to date information and, where appropriate, changes in methodology.

6. Some estimates have also been improved in the light of work carried out as a result of the recommendations of the scrutiny on economic statistics set up by the Government last year because of

National and sector balance sheets (Chapter 12)

The value of identified external assets of the UK rose 9 per cent to £771 billion between the ends of 1987 and 1988 (Table 12.1). Over the same period the identified external liabilities of the UK increased 9 1/2 per cent to £677 billion. Net identified external assets rose 6 per cent to £94 billion.

Personal sector financial assets increased by 10 1/2 per cent between the ends of 1987 and 1988 whilst the sector's financial liabilities rose 20 per cent (Table 12.2). The personal sector's net financial wealth grew 5 1/2 per cent during 1988 to reach £579 billion at the end of the year.

Fixed investment (Chapter 13)

The volume of gross domestic fixed capital formation rose by £8.8 billion at constant 1985 prices, that is 13 per cent, between 1987 and 1988 (Table 13.2). Increases in fixed capital formation by the private sector (up £9.7 billion, amounting to 17 1/2 per cent) and by public corporations (up £0.1 billion) were offset to a small extent by reduced fixed capital formation by general government (down £1.0 billion).

For all main types of asset (Table 13.5) the volume of fixed investment increased. Excluding the national accounts statistical adjustment the largest increase was in plant and machinery (up £4.8 billion at constant 1985 prices, amounting to 19 per cent). The volume of fixed investment in "other road vehicles" (that is road vehicles other than buses and coaches) increased by £0.8 billion (15 per cent), in dwellings by £1.0 billion (7 per cent) and in "other new buildings and works" by nearly £0.9 billion (5 1/2 per cent).

The volume of fixed investment by manufacturing industry increased by 11% in 1988. Estimates of fixed investment by certain other industries in 1988 are not thought to be of an acceptable quality, and so the usual full breakdown of investment by industry is not yet available.

Stockbuilding (Chapter 15)

The level of stocks and work in progress, valued at 1985 constant prices, increased by £3.6 billion during 1988, much more than in other recent years (Table 15.3).

Excluding the national accounts statistical adjustment the main increases in stocks were in manufacturing (up £0.7 billion) in construction (up £0.6 billion) in wholesale distribution (up £0.5 billion) and retailing (up £1.1 billion). On the other hand there were reduction in stocks of agriculture and forestry (down £0.1 billion) oil extraction (down £0.1 billion) and central government (down £0.3 billion).

the problems which discrepancies between GDP measures and large sectoral balancing items posed for interpretation of economic developments. For example estimates of the growth of fixed investment between 1987 and 1988 in this year's Blue Book are based on estimates of the supply of capital goods using data on production, imports and exports.

7. Nevertheless, the provisional estimates for 1988 still do not present as fully coherent a description of economic events as the more firmly based estimates for earlier years. Given this difficulty, Central Statistical Office has a choice of how to handle it. On the one hand, all the individual estimates made from the best available detailed data could, as in previous years, be published unamended. On the other hand, an attempt could be made to improve the coherence of the accounts by anticipating better the revisions that are expected to 1988 estimates as later data become available.

8. In this year's national accounts estimation round, the second course has been taken. Statistical adjustments have been applied to some components of the expenditure based estimate of Gross Domestic Product. These adjustments are for 1988 only. They reflect judgements reached by CSO about probable under- or over-estimation. The judgements were made in the light both of changes between 1987 and 1988, and of the overall discrepancies between the expenditure, income and output based estimates of Gross Domestic Product.

9. The statistical adjustments, which are within the conventional error ranges of these estimates, are shown on page 130 of the CSO Blue Book. The adjustments have been made solely to the main components of the expenditure based measure of GDP. No similar adjustments have been made to transfers or to financial transactions. The adjustments will be reviewed in due course as more information on 1988 comes available and in the light of further work to improve the accounts.

Blue Book data in machine readable form

10. The Databank is a collection of macro-economic time-series sold to the public in computer-readable form. Details of the service offered and the Schedule of charges may be obtained from the Databank Manager, CSO Branch 9, Room 52A/4, Government Offices, Great George Street, London SW1P 3AQ (Telephone: 01-270-6386 or 6387). CSO does not offer direct on-line access for these data, but a list of host bureaux offering such a facility is available on request from CSO.

cc. Sir P Middleton
Sir T Burns.

RESTRICTED

*M. J. Erritt
A the P to work
below.*

covering CONFIDENTIAL

D01594

217-4362

From: M J ERRITT

Date: 7 September 1989

PS/CHANCELLOR OF THE EXCHEQUER

- cc PS/Financial Secretary
- PS/Mr Hibbert (o/r)
- Mr Ward
- Mr Kidgell
- Mr Dworkin

Ch/ My only point of substance is that Terry has been omitted from List A. Some small corrections also marked. Shall I ask PEM to check he's content? Do you wish to raise when you see Hibbert next Monday?

*psk
m
yes
w*

CSO ADVANCE CIRCULATION LISTS FOR KEY ECONOMIC INDICATORS

In Mr Hibbert's absence I am sending you copies of proposed advance circulation lists for the following key economic indicators, for which the CSO now has responsibility:

- Retail Prices Index/Tax and Price Index (List A)
- Public Sector Borrowing Requirement (List B)
- Index of Output of Production Industries (List C)
- The Current Account of the UK Balance of Payments (Lists D to G)

2. The Current Account of the UK Balance of Payments has the following four advance circulations:

- i. Information note on export figures (List D)
- ii. Information note on import figures and current balance (List E)
3. First draft press notice (List F)
4. Revised draft press notice (List G)

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Do you want to see these shills before No 10? If so we might go for a 2-shill press circulation by CSO to HMT & then on by FST to other depts.

J

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3. Revisions to these lists have been made necessary by the reorganisation of the CSO. What we have done is to bring together and rationalise where necessary the old lists used by the different departments before the reorganisation and for comparison, I also enclose these old lists.

They are (new list identification in brackets):

- List 1 - Outlook on RPI
- List 2 - Advance information note on RPI
- List 3 - Advance list for TPI

Note RPI and TPI are now combined (List A).

- List 4 - Public Sector Borrowing Requirement (List B)
- List 5 - Index of Production (List C)
- List 6 - Export figures (List D)
- List 7 - Import figures (List E)
- List 8 - First draft press notice (List F)
- List 9 - Revised draft press notice (List G)

4. I must draw the Chancellor's attention to a relevant letter from the Prime Minister's Private Secretary to other Private Secretaries, dated 22 June 1979 (copy attached). This gave a very restricted list for these series, being confined to Ministers and their Permanent Secretaries. In addition, copies could also go to the Governor of the Bank of England and Secretary of the Cabinet, the Head of the Government Statistical Service and the Chairman of the Board of Customs and Excise (Trade figures only). Those named had discretion to circulate the figures to others in their Departments on a strictly 'need to know' basis.

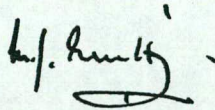
RESTRICTED

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5. Over time the circulation lists have grown. We suspect that the expansion has occurred partly as a result of ministers and senior officials asking to be put on the list on a need to know basis; and partly because some officials were added for essential operational purposes in that they would be taking part in the advance discussion of the figures before their release. It is likely that some, if not all, of these expansions were cleared with No 10. It would be time consuming and unproductive, if indeed possible, to try to trace precisely every detail of how the current lists have grown over the last 10 years.

6. I recommend that the Chancellor adopts the proposed new circulation lists rather than reverting strictly to the letter of the 1979 directive. He may wish to agree this with the Prime Minister, in which case I will provide a draft submission for him.

no need.



M J ERRITT
Deputy Director

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LIST A

PROPOSED CIRCULATION LIST FOR THE OUTLOOK NOTE ON THE RPI/TPI

Copy No

Terry Burns ?

1. Mr P R Gray PS/Prime Minister (Economic Affairs)
2. Mr J Gieve PPS/Chancellor, HMT
3. ~~Mr I Dunbar~~ *Mr S Flanagan* PS/Financial Secretary, HMT
4. Mr N R Thornton PPS/Secretary of State, DTI
5. Ms B Lodge PS/Secretary of State, DEm
6. Mr R Evans PS/Sir Peter Middleton, HMT
7. Mr T Davey PS/Sir Peter Gregson, DTI
8. Ms N Niven PS/Sir Geoffrey Holland, DEm
9. Mr P Turner PS/Sir Robin Butler, CO
10. Mr P Tucker PS/Governor, Bank of England
11. Mr J Hibbert Director, CSO
12. Mr P D Dworkin Assistant Director, CSO
13. Mr D J Sellwood Head of E2, CSO
14. Mr J B Wright Head of E3, CSO
15. Mr A J Machin E2, CSO
16. Mr J Hibberd EAL, HMT
17. Mr T O'Brien EAL, HMT

211a

POP

FROM: J HIBBERT
DATE: 13 September 1989

CHX

MR GIEVE

c Mr Dworkin
Mr Wright

My own guess is that X was not a leak. Most other papers had the story attributed to City journalists. David Smith simply took the plunge & started the story.

I agree.
The
signature
Lange
M...
I have
of...
Ang...
ch...
c...

SECURITY OF STATISTICS PRIOR TO FORMAL RELEASE

When I saw the Chancellor on 26 July we discussed, inter alia, my concern about the apparent leaks of some of the latest economic figures prior to their formal release. I had already mentioned this in the cover note to my annual report to the Prime Minister of 21 July.

The Chancellor said that he too would be very concerned about the leak of figures in advance of formal publication. His impression was, however, that any statement by outside commentators which might be taken to imply advance access to the figures had been restricted to the Retail Prices Index, for which it would generally be possible to make a reasonably reliable forecast each month. I undertook to report on any other examples of apparent leaks and it does seem that these have in fact been restricted to the RPI (there was a further example in last weekend's Sunday Times). We shall continue to keep a close watch out for any further evidence of apparent leaks.

- ✓ cc FST
- Dr. E. Sir P. M.
- Si. T. B.
- Mr Sedgewick
- Mr Hibbert
- Mr O'Donnell
- Mrs Cheplin

- any comments?

Jack Hibbert

J HIBBERT

Central Statistical Office

Copy of list of CSO
publications and
press Notices, as
requested

with the compliments of

Ian Cope ps/^{DIRECTOR} Jack Hibbert

Great George Street
London SW1P 3AQ
01-270 6155

CSO PRESS NOTICES:

Annual Abstract of Statistics*
Balance of Payments - quarterly
Blue Book: National Accounts - annual*
Capital Expenditure - quarterly
Consumers' Expenditure - quarterly
Credit Business - monthly
Cyclical Indicators - monthly
Economic Release Dates - monthly
Economic Trends - ad hoc
Family Expenditure Survey - ad hoc*
Gross Domestic Product (Output) - quarterly
Gross Domestic Product - quarterly
Index of Output of the Production Industries - monthly
Industrial and Commercial Companies - quarterly
Industry's Investment Intentions - twice yearly
Input/Output - ad hoc
Overseas Earnings of the City - annual*
Overseas Trade Figures - monthly
Personal Income and Expenditure - quarterly
Pink Book: Balance of Payments - annual*
Producer Prices - monthly
Public Sector Borrowing Requirement (with HMT) - monthly
Purchasing Power Parities - ad hoc
Regional GDP - ad hoc
Regional Trends - annual*
Retail Prices Index + Tax and Price Index - monthly
RPI Advisory Committee - ad hoc
Retail Sales (provisional + final) - monthly
Social Release Dates - monthly
Social Trends - annual*
Stocks - quarterly
United Kingdom in Figures - annual*
Vehicle Production - monthly

* Accompanying a CSO publication (see list on next page)

CSO PUBLICATIONS:

Annual Abstract of Statistics
Social Trends
Regional Trends
United Kingdom National Accounts
United Kingdom Balance of Payments
Economic Trends
Economic Trends Annual Supplement
Financial Statistics
Financial Statistics Explanatory Handbook
Monthly Digest of Statistics
Monthly Digest of Statistics Supplement of Definitions and
Explanatory Notes
United Kingdom National Accounts: Sources and Methods (3rd
edition)
Statistical News
Standard Industrial Classification Revised 1980
Indexes to the Standard Industrial Classification Revised 1980
Key Data
Input-Output tables for the UK 1984
Guide to Official Statistics (5th edition)
Family Expenditure Survey
Government Statistics - A brief guide to sources
United Kingdom in Figures
Business Monitor Series - 300 titles

**CSO MATERIAL (MOSTLY ARTICLES WITH ACCOMPANYING TABLES)
IN BUSINESS TRENDS**

Monthly

Credit press notice
Vehicle production
Engineering sales and orders
Engineering IOP
Machine tools

Quarterly

Company liquidity survey
Acquisitions and mergers
Insurance and pensions
Steel stocks
Computer services inquiry
Cinema statistics
Capital expenditure
Stockbuilding

Twice yearly

Analysis of company accounts
Investment intentions

Annual

UK profitability
International profitability
Balance sheets
Industrial R and D
Overseas direct investment
Overseas earnings of UK film and TV companies
Overseas earnings from royalties
Computer services inquiry
Annual distribution and services inquiry
Size analysis of UK business

CONFIDENTIALuntil 9.00 am on Wednesday 13 September
then UNCLASSIFIEDFROM: D W OWEN (EA1)
DATE: 11 SEPTEMBER 1989
EXTN: 5388CHANCELLOR OF THE EXCHEQUERcc : Chief Secretary
Financial Secretary
Sir Peter Middleton
Sir Terence Burns
Mr Odling-Smee
Mr Riley
Mr Sedgwick o/r
Mrs Lomax
Mr Hibberd (EA1)
Mr MacAuslan (GEP)
Mr Mowl (PSF)
Mr S J Davies (MP1)
Mr O'Donnell (IDT)
Mr Cooper (EA1)1989 BLUE BOOK

The 1989 edition of the CSO's Blue Book will be published at 9.00 am on Wednesday 13 September. It will contain revised estimates of the national accounts for calendar years 1978 to 1988. The figures for overseas transactions will be consistent with those published in the Pink Book on 23 August.

National accounts statistical adjustments

2. The main news in this year's Blue Book is the CSO's decision to make statistical adjustments to some components of GDP in 1988, to improve the coherence of the GDP estimates. (This was reported in Mr Sedgwick's note of 18 August on recent economic developments, and was trailed in the Pink Book). The normal process of data revision had not led to any significant reduction in the main discrepancies in the accounts. In particular, the expenditure measure of GDP (GDP(E)) was still estimated to have grown much more slowly in 1988 than the other two measures.

3. The CSO's adjustments are set out below. They are confined to components of the expenditure measure and apply only to 1988. They are designed to raise the growth of GDP(E) in 1988 and reduce the residual error (the difference between the income and expenditure measures at current prices) in 1988 from over £6 billion, as published in the 1989Q1 GDP press notice in June, to under £2 billion.

CONFIDENTIALuntil 9.00 am on Wednesday 13 September
then UNCLASSIFIED

*Thanks
C. Owen*

*ch / Any comments or
line-to-take?*

*PS. For let me know
can you Blue Book*

Table 1: National Accounts Statistical Adjustments

	£ billion 1988	
	<u>Current Prices</u>	<u>Constant 1985 Prices</u>
Consumers' expenditure	1.5	1.3
Fixed investment	1.0	0.9
Stockbuilding	1.5	1.2
Exports of goods and services	0.5	0.5
GDP(E)	4.5	3.8

4. The Blue Book press notice (a copy of which is attached) makes clear that these adjustments are aimed only at bringing the three measures of GDP closer together. No attempt has been made to adjust other components of the sectoral accounts to reduce the sectoral balancing items, and these remain very large (see paragraph 13). The adjustments are described as an attempt to anticipate future revisions, reflecting judgements by the CSO about probable under or over estimation.

5. In the detailed Blue Book tables the statistical adjustments are shown separately and are not allocated to specific categories of expenditure within the broad aggregates. This means, for example, that there is no industrial sector breakdown consistent with the total fixed investment figure for 1988. Figures for some industries, including manufacturing, will be published. But the CSO now have serious doubts about the quality of the estimates for most service industries, and these will be shown as 'not available'.

Measures of real GDP

6. The latest estimates of GDP growth are:

Table 2:	<u>GDP growth at constant factor cost</u> per cent		
	<u>1986</u>	<u>1987</u>	<u>1988</u>
Expenditure measure	3.2	4.2	4.1
Income measure	3.3	4.4	4.3
Output measures	3.0	5.0	4.7
Average measure	3.2	4.5	4.3

7. The three measures now move closely together in recent years. The average measure of GDP is estimated to have grown by nearly 4½ per cent in 1988, the same as in 1987 and in line with the Treasury compromise measure of growth published in the 1989 FSBR. The upward revision to the average measure of growth in 1988, from 3¾ per cent in June, is almost entirely accounted for by the statistical adjustments to raise the growth of GDP(E).

Components of GDP

8. Within the expenditure measure of GDP, consumers' expenditure growth in 1988 has been revised up ½ per cent to 7 per cent. Investment growth has also been revised up from 12 to 13 per cent. Stockbuilding has been revised up substantially to £3½ billion, compared with an average of around £1 billion a year in the previous five years.

9. Within the income measure of GDP, company profits (including public corporations) are estimated to have grown by 14 per cent in 1988.

Money GDP and the GDP Deflator

10. Money GDP growth in 1988 is now put at 11 per cent, ½ per cent higher than the previous published estimate. The increase is entirely accounted for by the upward revision to the average measure of real growth. The GDP (market price) deflator is still estimated to have risen by 6½ per cent in 1988. The FSBR forecast, by using a compromise measure of GDP, anticipated the upward revisions to money GDP which the CSO have now made. It included an estimate of money GDP growth in 1988-89 of 11 per cent. Revised CSO estimates of money GDP and the GDP deflator in financial year 1988-89, consisted with the Blue Book calendar year figures, will be available with the publication of the GDP press notice for 1989Q2, on 22 September.

Sectoral accounts

11. The main interest in the sectoral accounts will be in estimates of the personal sector saving ratio, industrial and commercial companies (ICCs) financial deficit and the sectoral balancing items.

12. There are no significant revisions in the Blue Book to the personal saving ratio, which is still estimated to have fallen from 10 per cent in 1984 to 4½ per cent in 1988. However, the financial deficit of ICCs in 1988 has been revised up by £4 billion to £6½ billion, reflecting higher expenditure on investment and stockbuilding. This is the largest recorded deficit in nominal terms (though the 1974 deficit was larger as a percentage of GDP), and it may attract adverse press comment.

13. The sectoral balancing items are set out below.

Table 3:

Sectoral balancing items

	£billion			
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Personal sector	- 7.1	-12.6	-21.9	-20.2
Industrial and commercial companies	4.0	1.4	3.8	10.8
Financial companies	- 3.4	- 0.7	7.3	- 2.6
Public Sector	0.2	1.3	0.5	1.6
Overseas sector	6.3	11.0	11.3	12.3
Total (residual error)	0.0	0.3	1.0	1.9

There has clearly been no significant improvement in the coherence of the sectoral accounts in 1988, and for industrial and commercial companies there has been a marked deterioration. However for the personal sector and for the company sector as a whole the balancing items are slightly smaller than in 1987, compared with the rapid deterioration which occurred between 1985 and 1987.

Line to take

(i) On statistical adjustments:

- Statistical adjustments are a matter for the CSO. Reflect CSO judgements about probable under or over estimation in provisional estimates for 1988;
- welcome this attempt to improve the coherence of the GDP estimates, by anticipating likely future revisions to 1988 estimates.

CONFIDENTIAL

until 9.00 am on Wednesday 13 September
then UNCLASSIFIED

- but sectoral balancing items remain large - in particular in overseas, personal and industrial and commercial companies sectors.

(ii) On ICCs deficit:

- reflects very strong business investment growth, a sign of companies' confidence in future of UK economy.

David Owen

D W OWEN

CONFIDENTIAL

until 9.00 am on Wednesday 13 September
then UNCLASSIFIED

Central Statistical Office

CSO(89)96
13 September 1989

THE CSO BLUE BOOK, 1989

The CSO Blue Book¹, out today, contains latest annual estimates of national income, expenditure and output and of financial transactions for the years 1978 to 1988.

Latest figures show that between 1987 and 1988 and measured in volume terms:

- * UK's GDP rose 4 1/2 per cent, the same as between 1986 and 1987
- * Consumers' expenditure grew by 7 per cent
- * General government final consumption increased by 1/2 per cent
- * Gross domestic fixed capital formation grew by 13 per cent
- * Stock^Sbuilding increased by the largest amount for fifteen years
- * Exports of goods and services rose by 1/2 per cent
- * Imports of goods and services rose by 12 per cent
- * Manufacturing output increased by 7 per cent
- * Service industries' output increased by 5 per cent
- * Energy industries' output declined by 4 1/2 per cent

1 United Kingdom National Accounts 1989 Edition - the CSO Blue Book - is compiled by the Central Statistical Office and published by Her Majesty's Stationery Office, price £11.95.

In terms of current prices and between the same two years:

- * GDP at current factor cost, often known as "Money GDP", rose by 11 per cent
- * Income from employment grew by 10 1/2 per cent
- * Gross trading profits of companies and public corporations, combined, grew by 14 per cent
- * The GDP factor cost deflator, often known as the "index of total home costs", rose by 6 1/2 per cent.

To improve the coherence of the national accounts, statistical adjustments have been applied, on this occasion, to some of the components of the expenditure based estimate of GDP. The adjustments, which are for 1988 only, aim to anticipate likely revisions to the initial estimates as later data become available. The adjustments are described in "Notes to Editors" at the end of this Press Notice.

The remainder of this Press Notice gives a more detailed commentary on the figures in this year's Blue Book.

COVERING RESTRICTED UNTIL PUBLICATION
ON WEDNESDAY 13 SEPTEMBER 1989 AND THEREAFTER UNCLASSIFIED

F03981

Ref: D4/1 & P38/18

FROM: SHIRLEY CARTER
Rm 132D/1, Ext 6170

DATE: 11 September 1989

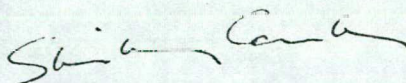
PS/THE CHANCELLOR		MR BUCKINGHAM)
PS/FINANCIAL SECRETARY		MR MANSELL)
PS/SIR PETER MIDDLETON		MR STIRLING)
SIR TERENCE BURNS)	MR JENKINSON)
MR SEDGWICK)	DR KEENAY) CSO
MR HIBBERD) TREASURY	MR WRIGHT)
MR RITCHIE)	MR BRYANT)
MR STIBBARD	(DEPT. OF EMPLOYMENT)	MR CLARE)
MISS FYFFE	(BANK OF ENGLAND)	MR HACKMAN)
MR SIMMONS	(DEPARTMENT OF ENERGY)	MR HAYES)
MR HIBBERT)	MRS WALKER)
MR ERRITT)	MR SCOTT)
MR DWORKIN) CSO		
MR KIDGELL)		
MR WARD)		

NATIONAL ACCOUNTS BLUE BOOK: 1989 EDITION

This year's edition of the Blue Book will be published on Wednesday 13 September. A copy of the press notice, giving details of the publication and a summary of the main points of interest, is attached for information. The press notice is being released at 9.00 am on Wednesday, the same time as the Blue Book can be purchased from HMSO Bookshops.

The Blue Book contains only annual data: consistent quarterly figures will be published in the second quarter GDP press notice (to be published on Friday 22 September) and in the October issue of Economic Trends. Whilst the Blue Book does not give data for any more recent periods than previously published, the figures are more firmly based and there is much more detail in this annual publication than is published quarterly.

The price of the CSO Blue Book this year is £11.95, the same as last year.



Shirley Carter

Central Statistical Office
01 270 6170

11 September 1989

POINTS OF INTEREST

National income, output and expenditure

a) Whole economy

The volume of goods and services produced in the United Kingdom, as measured by the average estimate of gross domestic product (GDP) at constant factor cost, increased by 4 1/2 per cent between 1986 and 1987 and by 4 1/2 per cent again between 1987 and 1988, to a level 21 1/2 per cent higher than the previous peak in 1979 (Table 1.1). This represents an increase of 2.2 per cent a year over this period. Since the trough in 1981, the annual growth rate has averaged 3.3 per cent per annum (Table 16.11).

The 4 1/2 per cent increase in the average measure of GDP at constant factor cost between 1987 and 1988 compares with an estimated 4 per cent increase when the initial estimate was published on 17 March 1989. This reflects new information and the introduction of statistical adjustments to the expenditure measure.

The average measure of GDP at current market prices ("money GDP") rose by 11 per cent between 1987 and 1988 (Table 1.1).

Inflation as measured in the national accounts by the factor cost GDP deflator ("index of total home costs") rose by 6 1/2 per cent between 1987 and 1988. The increase in the market price GDP deflator between 1986 and 1987 was also 6 1/2 per cent (Table 1.1).

b) Components of GDP

Consumers' expenditure rose by 7 per cent in volume terms between 1987 and 1988, compared with 5 1/2 per cent between 1986 and 1987 (Table 1.6).

The volume of fixed investment grew by 13 per cent between 1987 and 1988, to a level one third higher than its peak in 1979. This follows an increase of 9 per cent between 1986 and 1987. Stockbuilding in 1988, was £3.6 billion compared with £1.1 billion the previous year and £0.7 billion in 1986 (Table 1.6).

At current prices, income from employment increased by 10 1/2 per cent between 1987 and 1988, compared with 7 1/2 per cent over the previous year; income from self-employment rose by 12 per cent between 1987 and 1988 (Table 1.3).

Figures of the trading profits of companies and the trading surpluses of public corporations have been affected in recent years by reclassifications between the sectors following privatisations. Taken together, companies and public corporations' gross trading profits (at current prices) rose by 14 per cent between 1987 and 1988, following an increase of 21 per cent between 1986 and 1987.

Output by industry (Tables, 1.5 and 2.4)

The volume of goods and services produced in the United Kingdom, as measured by the output measure of GDP at constant factor cost, rose by 4 1/2 per cent between 1987 and 1988 following an increase of 5 per cent between 1986 and 1987.

Manufacturing output increased by 7 per cent between 1987 and 1988. The biggest rates of growth occurred in metals (up 12 per cent), electrical and instrument engineering (up 11 per cent), motor vehicles and parts (up 11 1/2 per cent) and "all other manufacturing" (up 11 per cent). Falls in output were recorded for man made fibres (down 3 per cent) other transport equipment including aerospace (down 3 1/2 per cent) and textiles (down 2 1/2 per cent).

Output of the energy sector declined by 4 1/2 per cent between 1987 and 1988, reflecting falls in coal and coke (down 1 per cent) and in extraction of mineral oil and natural gas (down 9 per cent), and rises in mineral oil processing (up 7 per cent) and in "other energy and water supply" (up 1 per cent).

Between 1987 and 1988 the service industries showed an overall 5 per cent increase in output. In particular, there was continued growth in distribution, hotels, catering and repairs (up 6 1/2 per cent), transport and communication (up 6 per cent) and banking, finance, business services and leasing (up 10 per cent).

Agriculture, forestry and fishing increased 1 per cent from 1987 to 1988. Output of the construction industry increased by 7 1/2 per cent.

Personal income, expenditure and saving (Chapter 4)

Total personal disposable income rose by 10 per cent between 1987 and 1988 (Table 4.1). Prices, as measured by the consumers' expenditure deflator (Table 1.7), increased by 5 per cent and real personal disposable income grew by 5 per cent.

Between 1987 and 1988 consumers' expenditure at current prices increased by more than personal disposable income and the saving ratio fell from 6 per cent to 4 1/2 per cent (Table 4.1). The level of the saving ratio has fallen in each year since 1980 apart from a small rise in 1984. It was lower in 1988 than at any time since the 1950's.

In volume terms, consumers' expenditure rose by 7 per cent between 1987 and 1988. Excluding the national accounts statistical adjustment, spending on durable goods was 11 per cent higher in 1988 than in 1987 (Table 4.6). Within this total, expenditure on cars and other vehicles rose by some 15 per cent. Expenditure on non durable goods was 5 per cent higher in 1988 than in 1987. This growth reflects increases in spending on most categories of non-durable goods. Expenditure on services increased 8 per cent over the same period.

The company sector (Chapter 5)

Gross trading profits (net of stock appreciation) of North Sea oil companies fell 28 per cent between 1987 and 1988 to less than two-fifths their level in 1985, reflecting the continued low level of the sterling price of oil (Table 5.4). Profits of other industrial and commercial companies rose by 21 per cent between 1987 and 1988. However, this comparison is distorted by privatisation, see below. Whilst in 1987 the industrial and commercial company sector had a financial surplus (broadly defined as undistributed income less expenditure on fixed investment and stocks) of £1.9 billion, last year they had a financial deficit of £6.6 billion.

The public corporations sector (Chapter 6)

The gross trading surplus of public corporations (after deducting stock appreciation) rose by 6 1/2 per cent between 1987 and 1988 (Table 6.2). However this and other comparisons are affected by the privatisations of British Airways (in February 1987), Royal Ordnance plc (April 1987) BAA plc (July 1987) and British Steel plc (December 1988). After taking into account rent and other non-trading income and deducting payments of interest, dividends and taxes, the sector had a surplus from current operations of £5.8 billion in 1988, compared with £5.1 billion in 1987.

Capital expenditure on fixed assets, stocks and work in progress etc. amounted to £5.3 billion in 1988, compared with £4.5 billion the previous year (Table 6.3). In 1988 public corporations had a financial surplus, of £1.4 billion, the same as in 1987.

Central government (Chapter 7)

Between 1987 and 1988 current receipts of central government (Table 7.2) rose 9 1/2 per cent including increases of 10 1/2 per cent in taxes on income and 9 1/2 per cent in taxes on expenditure. Social security contributions rose 12 1/2 per cent whilst receipts of rent, dividends and interest increased 1/2 per cent.

Over the same period central government current expenditure rose by 3 1/2 per cent (Table 7.2) with the main increase in expenditure on goods and services which rose 7 per cent. The two biggest categories of this type of expenditure are defence, up 3 per cent between 1987 and 1988 and health up 10 per cent. Expenditure on current grants to persons increased by 2 1/2 per cent whilst that on subsidies fell 4 per cent. Current grants to local authorities and current grants paid abroad were broadly flat. Central government had a surplus on current account before providing for depreciation of £6.5 billion in 1988 compared with a deficit of £2.6 billion the previous year.

In the capital account, expenditure increased from £6.2 billion to £7.3 billion between 1987 and 1988 following a fall of £0.2 billion between 1986 and 1987 (Table 7.3). The government had a financial surplus, measured on an accrued basis, in 1988 for the first time since 1973. This surplus of £4.0 billion compared with a deficit of £5.5 billion in 1987 and a peak deficit of £10.2 billion in 1984.

Local authorities (Chapter 8)

Between 1987 and 1988 local authority current expenditure rose by 7 1/2 per cent compared with 6 1/2 per cent between 1986 and 1987 (Table 8.2). Education expenditure on goods and services, the biggest item, increased 8 per cent between 1987 and 1988 from £15.8 billion to £17.0 billion. To finance this, rate receipts increased by 10 1/2 per cent whilst current grants from central government were broadly the same as the previous year. Local authorities current surplus before providing for depreciation declined from £2.7 billion in 1987 to £1.6 billion in 1988.

In the capital account (Table 8.3), expenditure fell by 38 1/2 per cent (£1.7 billion) between 1987 and 1988. There was a small increase in expenditure on fixed assets but this was more than counterbalanced by an increase of £1.0 billion in sales of council houses (reducing net fixed investment in housing to £0.1 billion) and an increase of £0.8 billion in other sales.

The reduced capital expenditure of local authorities more than offset the reduction in their current surplus leading to a financial deficit of £0.2 billion in 1988 compared with £0.7 billion the previous year.

International transactions (Chapter 10)

At current prices, exports of goods and services rose by 1 1/2 per cent between 1987 and 1988 (Table 10.1). Exports of goods increased by 1 1/2 per cent over this period and exports of services by 1 per cent. Property and entrepreneurial income from the rest of the world increased 14 1/2 per cent whilst current transfers from the rest of the world declined by 3 per cent. Total UK receipts on current account rose 5 1/2 per cent.

Between 1987 and 1988 imports of goods and services, at current prices, increased 11 1/2 per cent. Imports of goods increased by 12 1/2 per cent over this period while imports of services were up 8 per cent. Over the same period property and entrepreneurial income paid to the rest of the world rose 15 per cent and current transfers to the rest of the world increased by 1/2 per cent. Total UK current payments increased by 12 per cent.

With payments on current account rising faster than receipts the UK's current account deficit grew from £3.7 billion in 1987 to £14.6 billion in 1988.

AGENDA

so.jt/Evans/6.15.9

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FROM: R J EVANS

DATE: 15 September 1989

EXT: 4360

MR D SPARKES

cc Sir T Burns
Mr P Sedgwick o/r
Mr J Hibberd

ARRANGEMENTS FOR THE RELEASE OF ECONOMIC STATISTICS

Sir Peter Middleton agreed to provide an annotated agenda for the meeting between the Chancellor and Mr Hibbert on Monday. This is attached.

R J Evans.

R J EVANS

Private Secretary

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**AGENDA: CHANCELLOR'S MEETING ON ARRANGEMENTS FOR RELEASE OF STATISTICS
BY CSO, 18 SEPTEMBER**

Background papers

Jack Hibbert's ^{minute} ~~letter~~ to the ^{EST} ~~Chancellor~~ of 18 July and Sir Peter Middleton's minute to the Chancellor of 28 July discuss issues on the release of statistics by CSO now that CSO has taken over some statistical responsibilities from DTI and DEmp (referred to in Mr Erritt's minute of 7 September to the Chancellor). Circulation lists need to be tidied up, but this can be done outside the meeting and the result reported to Ministers.

Agenda

2. The main issues raised by Jack Hibbert's minute, which may form an agenda for your meeting, are as follows. (The para numbers in brackets refer to the paras in Jack Hibbert's minute.)

I. General arrangements for release of statistics (para 2)

3. Jack Hibbert's minute outlines existing well established conventions about release of statistics including the system of advanced release dates for regular statistics; clear identification of statistical press releases and publications as GSS output under the GSS logo; and complete openness about data sources and methodology. These issues cause Treasury no difficulty.

II. CSO and Ministerial comment on statistics (para 3)

4. Jack Hibbert argues that any ministerial comment should be separate from CSO press releases.

5. It is unusual for formal ministerial press releases regularly to accompany the release of economic statistics. The most significant exception has been the Secretary of State for Employment's monthly statement on the RPI. The RPI became the CSO's responsibility from 31 July and their first press notice was in August announcing the July RPI. No ministerial comment was issued then.

6. Nonetheless there may well be occasions when some ministerial comment may be necessary or desirable on CSO Statistical press notices. But it seems right that they should be published separately and independently by the Treasury press office.

III. Clearance of Statistical Press Releases (para 4-6)

7. Jack Hibbert notes that only the monthly press notice on the balance of payments current account and overseas trade has previously been subject to Ministerial clearance. With all other regular statistics, including the RPI, Ministers and No 10 have simply been sent advance copies of the relevant press notices to make them aware of potentially difficult numbers, to allow officials to prepare briefing in advance of publication and to consider whether a Minister comment is needed. Jack Hibbert proposes to continue with this arrangement; and that is certainly one option. In that event, Treasury Ministers and selected officials would expect to get these draft press notices at least two days in advance to prepare briefing etc.

8. On the other hand, it might be argued that a Minister responsible for published statistics would expect to clear the press release even before it goes on advanced circulation to other Ministers. There is no suggestion that there would be significant interference with the press release. You will wish to consider which of these two options you prefer. This option runs the risk that it will be thought that Ministers exercise undue influence over the numbers.

9. If the latter option is adopted, the question then arises of which Minister would clear press releases; the Financial Secretary or Chancellor. The Financial Secretary is formally the Minister responsible for the organisation and running of the CSO. But ultimate responsibility for the CSO rests with you.

IV. RPI and TPI (paras 7-8)

10. Jack Hibbert suggested amalgamating the press releases for TPI and RPI. You have already agreed to this and the August press notice reflected the change.

*Consider list
with 1.5*

✓

*Consider also
for the
(see also
14)*

V. CSO relationships with the press (paras 11-13)

11. Jack Hibbert proposes to maintain existing arrangements for press briefing. These are valuable, as he notes, in trying to ensure that press interpretation and comment are balanced. They are clearly a better way of dealing with technical queries than ad hoc telephone calls. There seems no strong reason for departing from present arrangements.

VI. Ministerial cover (para 14)

12. Jack Hibbert seeks guidance on Ministerial cover in the absence of the Financial Secretary. For statistical press releases the running order in the absence of individual Ministers should probably be:

- Chancellor
- Financial Secretary
- Economic Secretary

VII. CSO advance circulation lists for key economic indicators; (para 7)

Being dealt with bilaterally by PEM/Hibbert.

Other issues

13. In his minute to you of 28 July Sir Peter Middleton raised some other issues which the meeting with Jack Hibbert should address.

VIII. Format of CSO Press Releases

14. The degree of CSO (and previously DEmp and DTI) comment on individual statistics varies from press notice to press notice. The CSO's own house style is usually to keep commentary to a minimum, and always fairly low key. The DTI press notice, on the other hand, is usually lengthy and frequently offers commentary, sometimes more subjective than desirable. For example, the Treasury has had a long running battle with DTI over the inclusion and interpretation of trends in the trade volume statistics press notice. You yourself took this up with Lord Young early in 1988.

*Change
had
also been
in 1988
was in
affairs,
etc*

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15. There is a strong case for establishing, and even firming up, the CSO's usual factual, low key approach to all statistical press releases. We should especially take the opportunity to tidy up the balance of payments and visible trade statistics. The commentary should be restricted to presentation of the statistics themselves in a flat style and highlighting any special factors which may distort the numbers.

IX. Timing of release of statistics

16. It would be desirable for CSO to standardise, as far as can reasonably be done, the period between the first availability and circulation within Government of near final figures and their eventual publication. At present some figures, notably those for the balance of payments, are known more than a week before publication, whereas others, such as those for industrial production, only arrive the evening before they are published.

17. CSO might also be asked to consider whether all the press notice that are currently issued are really necessary; there may be some that could sensibly be dispensed with. The first estimates of business investment and consumers' expenditure, which have been of doubtful value in recent years are particular cases in point.



FROM: JOHN GIEVE

DATE: 20 SEPTEMBER 1989

CHANCELLOR

BILATERAL WITH MR HIBBERT

The meeting has been arranged to discuss the Press Notice for the RPI/TPI. The issues are quite clear cut. The present format of the Press Notice highlights the recent movements in the RPI, RPI excluding seasonal food, and TPI in Table 1 and includes the RPI excluding MIPS for one month only among many other indicators in Table 2. Jack Hibbert has offered to add a Table 3 which would provide a six month run of figures for all the items in Table 2 (see mock-up attached). However that does not meet our wish to give prominence the RPI ex MIPS.

2. Jack is concerned that putting RPI ex MIPS into Table 1 would be seen as the result of your pressure and would damage the CSO's standing as an independent presenter of statistics. Moreover, he does not believe that the RPI ex MIPS is a good indicator of underlying inflation or a satisfactory index of retail prices (I'm not sure what he would prefer but I suspect it would include some other measure of housing costs).

3. The arguments for highlighting RPI ex MIPS are as follows:

(a) the inclusion of MIPS introduces discontinuities into the index which tend to exaggerate increases in inflation when policy is tight and to exaggerate falls in inflation when policy is relaxed; whatever the merits of other measures of housing costs, in the absence of proper data the RPI ex MIPS is the best indicator of underlying inflation that we have got;



(b) RPI ex MIPS has been the focus of Government presentation for a considerable period it is therefore of great interest to the Press and it would be a service to them to provide it on the front page;

(c) there is no such interest in RPI excluding seasonal foods (whose weight is only some 23 out of 1,000 while MIPS have a weight of 60);

(d) the Press Notice was altered in August to incorporate the TPI and it is now to be altered again so there is no case on those grounds to preserve the format of the front page.

4. Jack has gone some way to meet your concerns already and may resist going along with your original proposal - ie substituting RPI ex MIPS for RPI ex seasonal foods or adding a fourth set of columns to Table 1. Possible compromises are:

(a) highlighting RPI ex MIPS in Tables 2 and 3;

(b) including a sentence on RPI ex MIPS in the text on the front page (if necessary this could be put in brackets at the end of the first or second paragraph).

5. In terms of "political interference", you might point out that until July 30, the format of this Press Notice was the responsibility of the Secretary of State for Employment and he could have insisted on a change at any time.

... 6. I also enclose in the folder papers on the "leaks" of RPI figures and release arrangements in case Jack raises the subjects.

A.C.Z.
P.P. JOHN GIEVE

Central Statistical Office

Great George Street London SW1P 3AQ

Telephone 01-270 6155

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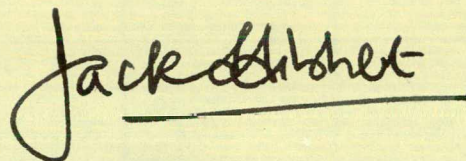
DIRECTOR
Jack HibbertFROM: **J HIBBERT**
DATE: 21 September 1989PS/CHANCELLORc PS/Sir Robin Butler
PS/Sir Peter Middleton
Mr Stibbard (DEm)**PAPER FOR MEETING OF THE ROYAL STATISTICAL SOCIETY TO DISCUSS
PUBLIC CONFIDENCE IN THE INTEGRITY OF OFFICIAL STATISTICS**

Reference my minute of 27 July and Duncan Sparkes' reponse of 31 July, I now attach a draft RSS paper for the Chancellor's clearance.

I am copying this to the private offices of Sir Robin Butler and Sir Peter Middleton, both of whom were involved in the meeting with representatives of the RSS referred to in my earlier minute.

I am also copying this to the Director of Statistics at the Department of Employment who supports the paper and has suggested that it should be shown to his Secretary of State in view of the reference to unemployment statistics in the last two paragraphs of section 3. He sees the line taken there as helpful to DE m.

If I could have a response from the Chancellor when he returns from Washington next week that would be most helpful. I shall, of course, be happy to discuss it with him if he wishes.

**J HIBBERT**

**PUBLIC CONFIDENCE IN THE INTEGRITY AND VALIDITY
OF OFFICIAL STATISTICS**

1. INTRODUCTION

Despite the well established practices and conventions for the compilation and dissemination of official statistics in the UK, there appears to be widespread scepticism among the public at large about the statistics and their interpretation. Perhaps government statisticians should not be too surprised or aggrieved about this, regarding a certain scepticism about the interpretation of figures, official or otherwise, as the sign of a healthy society. But criticism of some official statistics and those responsible for compiling them has at times reached an unacceptable level. Certainly it has indicated that one of my aims as head of the Government Statistical Service (GSS) - that of ensuring those statistics are accepted as an objective representation of the facts - is not being met.

**2. GSS PRACTICES AND CONVENTIONS RELATING TO THE INTEGRITY
OF ITS WORK**

There is a long tradition in GSS work of attaching importance to maintaining public confidence in official statistics. The practices and conventions used to this end were set out in a note prepared by my predecessor (Sir John Boreham, 1985). They are as important today as they were then, and bear repeating.

An important aspect of GSS work is that of maintaining the confidentiality of data provided to us by individuals and businesses in response to statistical inquiries. The GSS Code of Practice (Government Statistical Service, 1984) explains how this is done. Members of the GSS should be in no doubt about the importance of these practices being followed scrupulously.

A second aspect of our work is that we are always completely open about the methods used to compile the figures. Openness can take the form of a publication such as "National Accounts: Sources and Methods", a volume of over 270 pages; technical notes included in regular and ad hoc statistical publications; or the response to a question over the telephone. We have nothing to hide and will always be willing to make such information available provided time and the cost of doing so permit.

The actual release of official statistics is subject to two important conventions. The first is the practice of announcing in advance when regular statistical series are to be released. In the third week of each month the Central Statistical Office issues a list of dates for economic statistics to be released during the following month. A similar practice is followed for certain social statistics. The second convention is the practice of identifying clearly the outputs of the GSS and, where these outputs are disseminated by press notice, separating this from any comment on the latest figures by ministers. Official statistical

press notices bear the words "prepared by the Government Statistical Service" together with the GSS logo.

3. FACTORS AFFECTING PUBLIC CONFIDENCE

A lack of public confidence in official statistics may reflect a number of different factors. There may simply be doubts about the quality and adequacy of the statistics being collected and disseminated. In recent times considerable attention has been focussed on the apparent inadequacies of official macro-economic statistics where known errors and omissions had reached levels which made it difficult to judge with sufficient confidence what had been happening to the key macro-economic aggregates. In this instance any lack of confidence in these statistics by outside users and commentators or the general public was shared by users inside government and action has been taken aimed at tackling the problems underlying this unsatisfactory situation. Provided these measures are successful public confidence in this aspect of the statistics should be restored.

Questions of adequacy may arise, however, where the need for improvements in official statistics is not so clear cut. Government may judge that for the efficient conduct of its business the existing statistics are adequate, while others outside government argue that the data available are inadequate for those purposes. Clearly the government statistician has an important role to play in situations of this kind since the judgement to be made on adequacy will have

technical aspects to it, and in reaching a decision the Government will need to take account of the professional advice given to it on these technical matters. Equally clearly, however, these decisions rest with government ministers and not with members of the GSS.

Another area of potential debate over adequacy concerns the role of government in providing statistics which may be judged as unnecessary for the conduct of government business, but clearly of value elsewhere (for example, detailed business statistics). There would seem to be no essential difference between the issues arising here and those concerning the delivery of other services for which government is a potential supplier. Policy towards the provision of those services, and the implementation of that policy, are matters for which government ministers are accountable.

A different set of factors which may affect public confidence arise from the arrangements for the release of official statistics. Here, as noted in the previous section, the conventions followed in the UK are well established but, it would seem, not necessarily well known or understood. The potential conflict between statistical objectivity and the desire of the government of the day to portray its performance to the best advantage is an obvious concern so that, if public confidence is to be maintained, these conventions need to be followed rigorously. Nevertheless difficulties can arise in the operation of these conventions. One cannot expect the release of the results of an ad hoc statistical survey, for

example, to be subject to the same rigid timetabling as that for regular statistical series. The relative priorities to be attached to different pieces of statistical work may need to be changed for good management reasons with a consequential effect on a target date for release. Thus at times it is inevitable that operational constraints may affect the setting or meeting of target release dates. Even though such difficulties may rarely arise it needs to be recognised that the conventions cannot be rigidly followed in all circumstances.

The maintenance of standard definitions and presentational format, another important set of principles underlying GSS outputs, can present similar problems. The world may change and with it the need arise to make changes in the definition or interpretation of statistical series. But such changes tend to be viewed with the greatest suspicion, even though we are at pains to publicise the fact that they are being made, and to explain the reasons for making them. To give just one example, the change in the basis of the monthly indicator of unemployment in 1982 from those registered at Job Centres to those claiming benefits was made because it was thought that the numbers registered at Job Centres would no longer provide a satisfactory indicator. Last year the monthly average of those registered at Job Centres was less than 150,000 compared with the claimant count of well over 2 million. Despite this, and the fact that series on the new basis of the claimant count have been made available for the periods prior to 1982, criticism of the change made in 1982 persists.

Perhaps we should have continued to publish the monthly count of registrations at Job Centres simply in order to demonstrate how misleading the series would have been had we chosen to maintain it as an indicator of trends in unemployment. To the best of my knowledge no one suggested this at the time (not surprisingly since we do not see ourselves as being in the business of publishing misleading statistics), but in retrospect it might well have helped to show how necessary was the change that was made. Ideally, of course, we would have hoped that the GSS was sufficiently trusted to make such defensive action unnecessary.

4. CONCLUSIONS

Given the practices and conventions followed by the GSS to maintain public confidence in the integrity of official statistics, the scepticism and criticism to which they are sometimes subject can be disheartening for members of the GSS. Although these practices and conventions are well established they are not necessarily well known or understood. Perhaps it is too much to expect that these conventions alone should be sufficient to maintain public confidence but we would hope that they could do so, at least in the eyes of fellow professional statisticians outside government. Indeed, government statisticians would wish to have the kind of relationship with their fellow professionals outside government that would produce active support on matters of

professional integrity. A debate of the issues involved could help to identify how improvements might be achieved.

The main issues to be debated might be as follows:

(a) Can a valid distinction be made between the work of the GSS, in particular the outputs it produces, and the uses which others may make of those outputs? If so, why is that distinction so rarely drawn?

(b) Are the practices and conventions currently followed to maintain public confidence sufficient? If not, what additional measures might be taken?

(c) Does the GSS have a role to play in arguing the case for provision of statistics not needed by government for the conduct of its business? If not, what institutions should play this role?

REFERENCES

Boreham, Sir John (1985) Integrity in the Government
Statistical Service. Statistical News, February 1985.
London: Her Majesty's Stationery Office.

Government Statistical Service (1984) The Government
Statistical Service Code of Practice on the Handling of Data
Obtained from Statistical Inquiries. Cmnd.9270. London:
Her Majesty's Stationery Office.

**PUBLIC CONFIDENCE IN THE INTEGRITY AND VALIDITY
OF OFFICIAL STATISTICS**

1. INTRODUCTION

X | Despite the well established practices and conventions for the compilation and dissemination of official statistics in the UK, scepticism about the statistics and their interpretation persists. Perhaps government statisticians should not be too surprised or aggrieved about this, regarding it as the sign of a healthy society. But it is my aim as head of the Government Statistical Service (GSS) to ensure that the statistics are accepted as an objective representation of the facts. This paper is intended to provide the basis for a discussion with professional statisticians outside government on how that aim can be achieved.

**2. GSS PRACTICES AND CONVENTIONS RELATING TO THE INTEGRITY
OF ITS WORK**

There is a long tradition in GSS work of attaching importance to maintaining public confidence in official statistics. The practices and conventions used to this end were set out in a note prepared by my predecessor (Sir John Boreham, 1985). They relate to the way in which the confidentiality of data provided for statistical purposes is protected, how our outputs are produced and the way they are disseminated.

2.1 Protecting Confidentiality

An important aspect of GSS work is that of maintaining the confidentiality of data provided to us by individuals and businesses in response to statistical inquiries. The GSS Code of Practice (Government Statistical Service, 1984) explains how this is done. Members of the GSS are in no doubt about the importance of these practices being followed scrupulously.

2.2 Openness about Methods

A second aspect of our work is that we are always completely open about the methods used to compile the figures. Openness can take the form of a publication such as "National Accounts: Sources and Methods", a volume of over 270 pages; technical notes included in regular and ad hoc statistical publications; or the response to a question over the telephone. We have nothing to hide and will always be willing to make such information available provided time and the cost of doing so permit.

2.3 Release Conventions

The actual release of official statistics is subject to two important conventions. The first is the practice of announcing in advance when regular statistical series are to be released. In the third week of each month the Central

Statistical Office issues a list of dates for economic statistics to be released during the following month. A similar practice is followed for certain social statistics. The second convention is the practice of identifying clearly the outputs of the GSS and, where these outputs are disseminated by press notice, separating this from any comment on the latest figures by ministers. Official statistical press notices bear the words "prepared by the Government Statistical Service" together with the GSS logo.

3. FACTORS AFFECTING PUBLIC CONFIDENCE

3.1 Quality and Adequacy

Public confidence in official statistics is affected by a number of different factors. There may simply be doubts about the quality and adequacy of the statistics being collected and disseminated. In recent times considerable attention has been focussed on the apparent inadequacies of official macro-economic statistics where known errors and omissions had reached levels which made it difficult to judge with sufficient confidence what had been happening to the key macro-economic aggregates. In this instance any lack of confidence in these statistics by outside users and commentators or the general public was shared by users inside government and action has been taken aimed at tackling the problems underlying this unsatisfactory situation.

Questions may arise, however, where the need for improvements in official statistics is not so clear cut. Government may judge that for the efficient conduct of its business certain statistics are adequate, while others outside government argue that the data available are inadequate for those purposes. Clearly the government statistician has an important role to play in situations of this kind since the judgement to be made on adequacy will have technical and value for money aspects to it, and in reaching a decision the Government will need to take account of the professional advice given to it on these matters. Equally clearly, however, final decisions about adequacy rest with government ministers and not with members of the GSS.

3.2 Statistics not needed by Government

Another area of potential debate over adequacy concerns the role of government in providing statistics which may be judged as unnecessary for the conduct of government business, but clearly of value elsewhere (for example, detailed business statistics). There would seem to be no essential difference between the issues arising here and those concerning the delivery of other services for which government is a potential supplier. Policy towards the provision of those services, and the implementation of that policy, are matters for which government ministers are accountable.

3.3 Practical Limitations on the Operation of Release Conventions

A different set of factors which may affect public confidence arise from the arrangements for the release of official statistics. Difficulties can arise in the operation of these conventions. One cannot expect the release of the results of an ad hoc statistical survey, for example, to be subject to the same rigid timetabling as that for regular statistical series. The relative priorities to be attached to different pieces of statistical work may need to be changed for good management reasons with a consequential effect on a target date for release. Thus at times it is inevitable that operational constraints may affect the setting or meeting of target release dates. Even though such difficulties may rarely arise, it needs to be recognised that the conventions cannot be rigidly followed in all circumstances.

3.4 Statistics and their Interpretation

The distinction between GSS outputs and the uses made of those outputs by others is clearly important. As noted in the previous section, the conventions followed in the UK to maintain that distinction are well established. It would seem, however, that they are not necessarily well known and that the need for them is not always understood. The need at

the same time to maintain statistical objectivity, and to enable the government of the day and others to give their interpretation of the statistics means that the conventions need to be followed rigorously. Furthermore, except in respect of purely technical aspects it would be quite wrong to look to the GSS, as is sometimes suggested, to pass judgement on those interpretations.

3.5 Maintaining objectivity and handling change

Then maintenance of standard definitions and presentational format, another important set of principles underlying GSS outputs, can also present problems. The world may change and with it the need arise to make changes in the definition or interpretation of statistical series. But such changes tend to be viewed with the greatest suspicion, even though we are at pains to publicise the fact that they are being made, and to explain the reasons for making them. To give just one example, the change in the basis of the monthly indicator of unemployment in 1982, from those registered at Job Centres to those claiming benefits, was made because it was thought that the numbers registered at Job Centres would no longer provide a satisfactory indicator. Last year the monthly average of those registered at Job Centres was less than 150,000 compared with the claimant count of well over 2 million. Despite this, and the fact that series on the new basis of the claimant count have been made available for the periods prior to 1982, criticism of the change made in 1982 persists.

Perhaps we should have continued to publish the monthly count of registrations at Job Centres simply in order to demonstrate how misleading the series would have been had we chosen to maintain it as an indicator of trends in unemployment. To the best of my knowledge no one suggested this at the time (not surprisingly since we do not see ourselves as being in the business of publishing misleading statistics), but in retrospect it might well have helped to show how necessary was the change that was made. Ideally, of course, we would have hoped that the GSS was sufficiently trusted to make such defensive action unnecessary.

4. CONCLUSIONS

Given the practices and conventions followed by the GSS to maintain public confidence in the integrity of official statistics, ill founded criticism to which they are sometimes subject can be disheartening for members of the GSS. Perhaps it is too much to expect that these conventions alone should be sufficient to maintain public confidence. But they should certainly do so in the eyes of fellow professional statisticians outside government.

A debate of the main issues involved could help to identify how improvements might be achieved. These might be as follows:

- (a) Why is a distinction so rarely made between the statistics produced by the GSS and the uses to which others - both inside and outside Government - put them?

(b) Are the practices and conventions currently followed to maintain public confidence adequate? Does anything need to be done to strengthen them?

(c) How should statistics which the Government does not need for its own purposes be produced and financed?

REFERENCES

Boreham, Sir John (1985) Integrity in the Government
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Statistical Service Code of Practice on the Handling of Data
Obtained from Statistical Inquiries. Cmnd.9270. London:
Her Majesty's Stationery Office.

Integrity in the Government Statistical Service

The following note on integrity has been issued to members of the Government Statistical Service by the Head of the GSS, Sir John Boreham, to give them clear guidance on their role in maintaining public confidence in the work of the GSS.

Introduction

Our main job in the Government Statistical Service is to provide the Government with the statistical information and advice it needs to develop and manage policy. Many of us work closely with administrative colleagues in policy divisions and we should try to develop our output so that it is most useful to the process of managing policy. At the same time we publish information to provide the public with the information needed to debate the issues, so we need to maintain public confidence in the honesty of our statistics because any loss of this confidence in the figures would make them less useful to everyone, including the Government.

The Head of the Government Statistical Service has a special duty to maintain the integrity of our work. In the performance of this he has the right of direct access to the Prime Minister but that is something of a last resort. The real safeguard to integrity is the way we go about our work in the GSS.

The GSS is not a centralised service and so it is right that the day to day responsibility for integrity is decentralised. The White Paper on the *Government Statistical Services* (Cmnd. 8236)¹ explains this clearly:

'The senior professional statistician will carry responsibility for the integrity and validity of the departmental statistics and for the professional competence of the department's statisticians. In all these responsibilities he will also be expected to assist the Head of the Government Statistical Service in his duties'.

It is impossible to lay down a set of rules which will cover all eventualities but the following are guidelines to the safeguards we need to operate in order to maintain justifiable public confidence in our work.

Protecting confidentiality

1. The Government Statistical Service Code of Practice on the handling of data obtained from statistical inquiries (Cmnd. 9270)² must be adhered to at all times.

The preparation of statistics

2. Public confidence in the way we produce our statistics depends on the general acceptance that our methods are sound and our data are sufficient and accurate:

a. We should always select statistical methods which are consistent with the quality and quantity of data, and the speed with which the result is required.

b. We should always be completely open about the methods we use to compile statistics or produce estimates and forecasts. This does not mean that we must supply a detailed description with the figures but we should be prepared to provide such information to anyone who asks for it, if time and the cost of doing so permit.

c. Unless there are overriding requirements for confidentiality, we should, where practical, discuss the methods we use to prepare statistics which have a direct bearing on the welfare of individuals or organisations, with appropriate representatives before the figures are produced and take note of any substantial comments. Where an undertaking has been given to the use of a particular method, no substantial changes should be made without consulting interested parties to try to get their agreement.

3. Our analyses and commentaries should always be impartial. We should not select or treat figures to satisfy a particular social, economic or political viewpoint.

4. Where statistics are known to be subject to significant errors or uncertainties which could result in misleading interpretation we should give clear warnings about these and their effect on any inferences which people may draw from the statistics.

Publication of statistics

5. The public should in general have access to any major statistics which are available to the Government, in as much detail as is consistent with the preservation of confidentiality. The Head of the Government Statistical Service should be consulted when a Department is considering whether to delay or to suspend the regular publication of statistics which are still available to the Government.

6. We use Press Notices to provide fast publication of important statistics. The following rules apply to the release of statistical information by the GSS in a Press Notice:

a. Whenever a pre-announced timetable has been agreed for regularly published statistics we should adhere to it whenever possible.

b. The expected delay between the completion of the figures for a Press Notice and its publication should normally be no more than two clear working days.

c. Only people who strictly need to know should see sensitive statistics before they are released, and then only for the minimum time necessary.

d. These statistical Press Notices should contain a clear and standardised identification that they are prepared by the Government Statistical Service. This establishes a clear separation between the statistical information and any policy comment. It also emphasises their professional origin.

e. They should include, where appropriate, commentary which gives statistical information without any policy implications. Where they regularly include comparisons with earlier figures, these should normally be over standard periods for any given series or make use of accepted statistical techniques of time series analysis. Major revisions to earlier published figures should be mentioned, and explained in simple language.

7. We should also aim to meet pre-announced dates for regular statistical publications other than Press Notices. These should also clearly distinguish between statistical information and any policy comment.

The use of our statistics by others

8. We should try to ensure that comments, interpretation and analysis from elsewhere are not passed off as originating from the Government Statistical Service.

9. Where necessary we should try, by logic and diplomacy, to persuade colleagues and Ministers of the risks of losing public confidence they would run if they suppressed, delayed or misused our statistics, or selected figures to satisfy their particular social, economic or political viewpoint.

10. We should recognise that even though Ministers are personally responsible for the content and accuracy of their replies to Parliamentary Questions, we also have an important responsibility to try to make sure that our Ministers are supplied with figures that are accurate and relevant and are not intended to mislead the questioner.

Statistical activities during a general election

11. During a general election period (from the day after the election is called to the day after polling day) we should do everything possible to avoid competition with parliamentary candidates for the attention of the public. In addition, we should recognise that during this period, even more care than usual must be taken to ensure that information is presented impartially and objectively. The following guidelines should be followed:

a. Regular press notices, bulletins and publications can continue to be issued and published. However no *ad hoc* press notices, bulletins or publications should be released other than those for which a

release date has previously been published or approval given by the Minister concerned. Announcements of bulletins and publications should be limited to simple statements of title, price and availability. They should not seek to interpret or analyse figures or to draw attention to specific data in the bulletin or publication. However a second press notice may be issued after the election drawing attention to an item published during the campaign period.

b. Regular and continuous postal or interview surveys to individuals, households, businesses or other organisations may continue. So may *ad hoc* surveys which are directly related to and in support of a continuing statistical series.

c. *Ad hoc* postal or interview surveys to both businesses or other organisations and individuals or households may give rise to controversy or be related to an election issue. Departments should therefore seek the approval of the Minister concerned for any such *ad hoc* survey during the election period. Each case will be judged on its merits, including the costs which would be incurred through cancellation.

d. Requests for information from all Parliamentary candidates should be referred to the appropriate Minister's Private Office. But Departments can provide organisations or members of the public with factual information which is (a) not classified or (b) does not require disproportionate time or effort to produce. When there is doubt about the application of this guidance in a particular case, Departments should consult their Private Offices or the Press Secretary at 10 Downing Street.

e. Requests for advice on the interpretation or analysis of statistics should not normally be met. However explanations of the kind normally included in the commentary of GSS publications should continue to be given.

f. Requests for guidance on methodology should continue to be met although it is particularly important that any such explanation should avoid any assessment of the published figures.

g. Requests for single copies of leaflets, background papers or free publications which were available before the election period should continue to be met, but no bulk issues should be made. Regular mailings of statistical bulletins to customers on existing mailing lists may continue.

References

1. *Government Statistical Services*, Cmnd. 8236 (HMSO) April 1981 (Price £2.10 net.)
 2. *The Government Statistical Service. Code of Practice on the Handling of Data obtained from Statistical Inquiries*. Cmnd. 9270 (HMSO) June 1984 (Price £1.30)
- 'Guidelines on handling of Government statistical information', *Statistical News*, No. 66.32 (HMSO 1984) (Price £4.20 net)

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DIRECTOR
Jack Hibbert

JOL

POP

*To be seen
with Peter Sedgwick's
minute.*

A03292

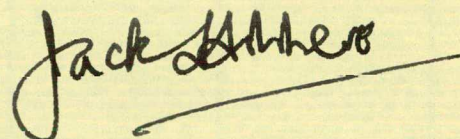
FROM: J HIBBERT
DATE: 29 September 1989

MR GIEVE

ADVICE FOR TREASURY MINISTERS ON TECHNICAL STATISTICAL QUESTIONS

I trust that there is no ambiguity about the role now to be played by the CSO in advising Treasury ministers on purely technical statistical questions (ie those relating to the definition and methodology used to compile statistics in the UK or elsewhere). In the past this will have been done by, or through, Treasury officials but that is no longer necessary.

Unless, therefore, Treasury ministers specifically ask for such advice to be provided by Treasury officials it should be sought from the CSO. We are better placed to carry out this role within the Government Statistical Service in the UK, and a network of contacts in statistical offices and agencies internationally.



J HIBBERT

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DIRECTOR
Jack HibbertPS/CHANCELLORFROM: **J HIBBERT**
DATE: 12 October 1989c PS/Financial Secretary
Sir Peter Middleton
Sir Terence Burns
Mr Sedgwick
Mr Kidgell
Mr Jenkinson**MONTHLY OVERSEAS TRADE PRESS NOTICE**

1. At the Chancellor's meeting on 18 September, it was agreed that the regular statements about the current trend of exports and imports should be dropped from the monthly overseas trade press notices. This note seeks the Chancellor's agreement to introduce a revised format of the press notice for introduction this month in the notice on September trade. It also suggests a more restricted advance circulation of the monthly overseas trade figures to be implemented next month after he has consulted colleagues.

Timing

2. If the revised format for the press notice is to be introduced for the September trade figures (release date, 24 October) a firm decision is needed by 16 October.

Format of the press notice

3. Since it was known that CSO was to take over responsibility for monthly overseas trade statistics, it has been our intention to revise the format of this press notice. My firm view is that we should bring forward this revision to coincide with the deletion of the statements about current export and import trends. This view is based on the fear that journalists and others may try to make political capital out of the near coincidence



FROM: D I SPARKES
DATE: 8 DECEMBER 1989

Content

CHANCELLOR

ARRANGEMENTS FOR THE RELEASE OF CSO PRESS NOTICES

... The attached minute from Mr Hibbert is the conclusion of a tidying-up exercise Mr Lawson asked him to perform earlier this year.

2. It standardises (to some extent) the interval between internal availability of data and its final publication. And it proposes that, apart from the monthly trade figures press notice, CSO don't have to clear their press notices with Ministers.

3. This is not controversial and I'm sure you can agree; CSO press notices are confined to a bald statement of the statistics and do not contain any sensitive comment or interpretation of policy significance. You will still get advance notice of all statistics and you will see the advance notice of the RPI, exports, imports and the current balance before No.10 see them. You will also, as now, be asked to clear all Treasury briefing on the line we take in public on publication of the important statistics.

4. Are you content?

Duncan

DUNCAN SPARKES

Central Statistical Office

FROM: J HIBBERT
DATE: 8 December 1989

CHANCELLOR

c Financial Secretary
PS/Sir Peter Middleton
Sir Terence Burns
Mr Sedgwick
CSO Directors
Mr Wright

ARRANGEMENTS FOR THE RELEASE OF CSO PRESS NOTICES

Background and issues

1. In September I discussed with your predecessor the arrangements to be followed for the release of regular CSO press notices. At that meeting it was agreed that it was desirable for the CSO to standardise, as far as was reasonably possible, the period between the availability of final figures and their subsequent publication. I undertook to see whether a standardisation procedure could be introduced from the turn of the year. During the discussion of these arrangements the Chancellor also said that he should have the opportunity of seeing, and if necessary commenting on, all advance notices and draft press notices before they were shown to anyone outside the CSO or Treasury. This minute reports on the conclusions reached on the first remit and seeks agreement to proposed arrangements for clearance of the text of statistical press notices.

Standardisation of the interval between availability and release

2. Attached at Annex 1 is a list of regular CSO monthly and quarterly press notices. At present the interval between the availability of final, or near-final, figures and their subsequent publication varies from 1 to 4 working days. Except for the monthly press notice on overseas trade and current account balance, where it is planned from February to reduce the interval from 4 to 3 working days, I propose that we should retain the present timetables.

3. For most press notices the logistics of clearance and advance circulation to Ministers and officials require an interval of at least 3 working days. For some releases an interval of 1 or 2 working days is feasible and we would not wish to delay these releases simply in order to standardise on 3 working days.

4. There remains one press notice where I have concluded that the interval should remain at 4 working days. This is the quarterly press notice on gross domestic product and its income, expenditure and output components. The main reason why a longer interval is needed for this set of data is the strong possibility of late revisions to the component series, and thus of the need for last minute re-assessments of the statistical adjustments now made to ensure coherence in the income, expenditure and output components. In addition, the need for a greater range of checks on the internal consistency of the estimates of GDP and its components than for other series, means that fully checked final figures cannot always be guaranteed to be available by the scheduled date in the timetable. My conclusion is that it would be prudent to maintain a timetable allowing 4 working days between normal availability and release for this press notice.

5. **I recommend, therefore, subject to the exceptions set out in paragraphs 3 and 4 above a normal interval of 3 working days between the availability of final figures and their publication, and seek your agreement to this.**

Arrangements for clearance of text

6. The arrangements in the Cabinet Office, Department of Trade and Industry and Employment Department for the clearance of the text of the statistical press notices which are now the responsibility of the new CSO reflected the fact that a standard form of presentation was followed with commentary limited to standard comparisons and the identification of any special factors relevant to interpretation of the latest figures. In the new department this approach to the content of statistical press

notices has been maintained, and in some respects reinforced, in the light of the discussions with your predecessor and Treasury officials. The arrangements for clearance of text to which I am now seeking your formal agreement are based on the assumption that, while Ministers need to be given advance notice of the latest figures and alerted to any potential problems to which they may give rise, advance clearance of the text of the CSO's statistical press notices with Ministers ought not in general to be necessary. The arrangements proposed require minimal involvement of Ministers in the clearance of text. This not only reflects past practice but is consistent with the kind of arrangements I would expect the CSO to follow when it becomes an Executive Agency.

Press notice on monthly figures of overseas trade

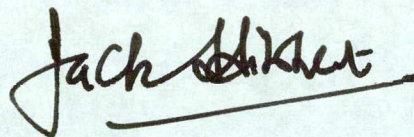
7. The one release where I believe clearance of the text by a Minister is necessary is the monthly press notice on overseas trade and current balance. As now this would need to be cleared with you. Under the new arrangements referred to in paragraph 2 above, from February the text would be sent to you 3 working days before release (ie on the day when final figures become available) for clearance normally by the following working day.

Other press notices

8. For all other CSO statistical press notices I believe that normally Ministers need not be directly involved. For one group of releases (items 2 to 6 in Annex 1) agreement of the text would continue to be reached at a meeting of CSO and Treasury officials. A second group (items 7 to 11) would be cleared with the Treasury and other interested departments, and the remainder (items 12 to 17) cleared within the CSO. For all these series, as well as providing you and other interested Ministers with advance notice of the figures and press release on the working day before publication, we would of course always aim to alert you to any potential difficulties with the figures (such as revisions to particularly sensitive series) at as early a stage as possible. For monthly overseas trade and retail prices we

would continue to give you and Treasury officials the usual early indication of the likely figures in advance of the draft press notice.

9. My recommendation is that clearance of the text of CSO statistical press notices should normally need to involve ministers directly only in the case of the monthly release on overseas trade and current balance. I am, therefore, seeking your agreement to the arrangements described in paragraphs 7 and 8 above.

A handwritten signature in black ink that reads "Jack Hibbert". The signature is written in a cursive style with a long horizontal stroke underneath the name.

J HIBBERT

ANNEX 1

CSO REGULAR STATISTICAL PRESS NOTICES

	<u>Interval between availability of final figures and release (working days)</u>	<u>Clearance of text</u>
1. Monthly overseas trade and current balance	4(1)	Chancellor
2. Monthly retail prices and tax and price index	2	Meeting of CSO and Treasury officials
3. Monthly index of industrial production	3	Meeting of CSO and Treasury officials
4. Monthly public sector borrowing requirement	2	Meeting of CSO and Treasury officials
5. Monthly cyclical indicators	3	Meeting of CSO and Treasury officials
6. Preliminary (6 week) quarterly estimate of gross domestic product based on output data	3	Meeting of CSO and Treasury officials
7. Quarterly balance of payments estimates	3	Draft circulated to CSO, Treasury & other interested departments
8. Quarterly estimates of gross domestic product with data on income, expenditure and output components	4	Draft circulated to CSO, Treasury & other interested departments
9. Quarterly estimates of transactions of industrial and commercial companies	3	Draft circulated to CSO, Treasury & other interested departments
10. Quarterly estimates of personal sector income, expenditure and saving	3	Draft circulated to CSO, Treasury & other interested departments

(1) To be reduced to 3 working days from February 1990

11. Monthly credit business	2	Draft cleared by CSO and Treasury officials
12. Provisional quarterly estimates of manufacturing capital expenditure	3	Draft cleared within CSO
13. Preliminary (2 week) quarterly estimate of consumers' expenditure	1	Draft cleared within CSO
14. Monthly producer prices	3	Draft cleared within CSO
15. Provisional monthly retail sales index	2	Draft cleared within CSO
16. Final monthly retail sales index	3	Draft cleared within CSO
17. Provisional quarterly estimates of manufacturers' and distributors' stocks	3	Draft cleared within CSO

Central Statistical Office

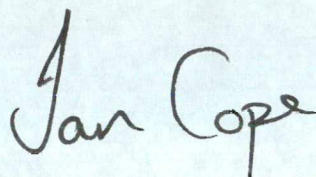
FROM: PS/MR HIBBERT
DATE: 8 December 1989

PS/CHANCELLOR

ARRANGEMENTS FOR THE RELEASE OF CSO PRESS NOTICES

Attached is a submission from Mr Hibbert to the Chancellor, on the arrangements for the release of CSO Press Notices. Would you please pass this to the Chancellor.

For your convenience, I also attach a complete set of the 17 CSO Press Notices referred to in Annex 1 of Mr Hibbert's submission, arranged in the same order as they appear in that Annex. I leave it to you to decide which of these, if any, the Chancellor should see.



IAN COPE



FROM: S J FLANAGAN
 DATE: 12 December 1989
 EXT: 4340

PS/CHANCELLOR

cc Sir P Middleton
 Sir T Burns
 Mr P Sedgwick

 Mr Hibbert - CSO
 CSO Directors

 Sir R Butler

 Mr Stibbard - ED

sjf

INTEGRITY AND VALIDITY OF OFFICIAL STATISTICS: "TIMES" ARTICLE

The Financial Secretary has seen Mr Hibbert's minute of 11 December. He has three comments on Mr Hibbert's draft article of for the Times:

- 1st paragraph: The Financial Secretary is worried that the passage "... the integrity of government statistics was not a major issue" could be misread as saying integrity was not important. He suggests redrafting as "... not seriously at issue";
- page 2, third line: there definitely are limits, so he suggests replacing "may be limited" by "is limited";
- page 2, bottom line and page 3, top line: the Financial Secretary thinks the passage "unemployment statistics are the by-product of an administrative system" needs spelling out rather more.

S J FLANAGAN
 Private Secretary