

S  
809

PREM 19/1249

MANAGEMENT IN CONFIDENCE

**REVIEW OF  
GOVERNMENT STATISTICAL SERVICES**

**Report to the  
Prime Minister**

**December 1980**

## REVIEW OF GOVERNMENT STATISTICAL SERVICES

## Table of Contents

## PART 1 - REPORT TO THE PRIME MINISTER

Section	Paragraphs
1. INTRODUCTION	
Origins of the review	1-2
Purpose of report	3
Results of Departmental reviews	4-8
Action in hand	9
2. THE STATISTICAL SERVICES	
Growth and distribution	10-11
Functions	12
Organisation	13-14
Questions for the review	15
3. THEMES AND RECOMMENDATIONS	
General - Where the costs lie	16-17
Theme 1 - Improvements in methods and processes	18-19
2 - Computing	20-23
3 - Taking a sharper view of government's real needs for data	24-26
4 - Forms	27-31
5 - Sampling	32-33
6 - Elaborate administration	34
7 - Analysis and interpretation	35-39
8 - The dissemination of statistics	40-43
9 - International obligations	44-49
4. MANAGEMENT OF STATISTICAL SERVICES	
The Departmental aspect	50-56
The Inter-departmental aspect	57-59
Head of Statistical Services	60-61
Payment	62-64
5. INTER-DEPARTMENTAL STATISTICS	65-69
6. CONCLUSION	70-73
PART 2 - REPORT ON INTER-DEPARTMENTAL ISSUES	
Annex A - Summary of departmental reports	
Annex B - Manpower 1966-84; expenditure 1979-84	
Annex C - List of those consulted	
Annex D - Statistical publications	
Annex E - A budgetary presentation: the CSO	
Annex F - Draft remit for the Head of the Government Statistical Service	
Annex G - Focus for assessing statistical services	

PRIME MINISTER

REVIEW OF GOVERNMENT STATISTICAL SERVICES

SECTION I

INTRODUCTION

1. In January you asked me to oversee a review of Government statistical services. I am now reporting the outcome.

2. The review was proposed by the Minister of State, CSD, Mr Channon. He appointed Mr R H Wilson, an Assistant Secretary from his Functions and Programmes Group, to assist me. He was joined by Mr I B Beesley, a Chief Statistician in the Central Statistical Office, appointed by Sir John Boreham. As my central review team, they have -

- co-ordinated the review and ensured consistency of approach in the 19 separate scrutinies which have been made of statistical services in departments;
- assessed a number of specific blocks of statistical work of inter-departmental significance;
- with the assistance of Mr G J Wise, on loan from the National Westminster Bank, prepared a report for you on the Central Statistical Office.

I gratefully commend to you the excellent work of Messrs Wilson, Beesley and Wise.

3. This report has two main purposes -

- i. to inform you of the conclusions which have emerged from the departmental reviews;
- ii. to make recommendations on matters of inter-departmental significance.

#### The Departmental Reviews

4. At the start of this review, a number of Ministers had already made or begun reviews bearing on their statistical services. In its first year your Government reduced the numbers involved in statistical work from about 8,850, including 540 statisticians to 8,500, including 520 statisticians. Just over two-thirds of the total staff are in what is normally understood by the Government Statistical Service.
5. The review has been hard-headed but constructive. The officers concerned were encouraged to question work normally taken for granted and to propose improvements designed to limit statistical effort to where it is of greatest value to the work of the department. (The guidance to examining officers on assessing statistical work is reproduced in Annex G).
6. The reports have made over 700 recommendations. In addition certain further recommendations are made on inter-departmental statistics in the report of my central team which forms part 2 of this report. If all these recommendations were implemented, there would be savings of about 1,700 staff (20 per cent) and £20 million per annum, in addition to those being achieved already.
7. The cost of the review has been £285,000 excluding the costs of those consulted.
8. Taking into account the separate scrutinies in the Departments of Industry, Trade and Energy, and making allowance for other actions in hand, by 1984 expenditure on statistical services could be about £75 million a year at 1979 prices, compared to about £104 million a year in May 1979 - a reduction of 28 per cent. Staff numbers would be about 6,100 including 480 statisticians compared to 8,800 in May 1979 - 31 per cent down. Details are provided in Annex B. But results still depend to a considerable extent on decisions to be taken by departmental Ministers.

#### Action in Hand

9. I have asked the Ministers responsible in each Department to prepare action documents in the normal way. For the most part these are not yet complete. The following is the state of progress made so far in each department. (Further details are set out in Annex A.)

MANAGEMENT IN CONFIDENCE

Central Statistical Office (CSO)

Proposed Savings: £1.12 million - 30% (46 staff - 19%). You have noted the recommendations made in the first draft. Sir Robert Armstrong will shortly submit the final draft.

Home Office

Proposed Savings: £0.68 million - 23% (78 staff - 21%). The Home Secretary is still considering a number of recommendations, for example on services provided in the Prison Department and the Joint ADP Unit. He is looking for savings of 36 in the Statistical Department (report recommended 23).

Lord Chancellor's Department

Proposed Savings: £0.09 million - 14% (12 staff - 16%). Most recommendations accepted.

FCO/ODA

Proposed Savings: £0.17 million - 31% (14 staff - 39%) Accepted.

Inland Revenue

Proposed Savings: £0.76 million - 13% (80 staff - 13%). Savings of 65 staff are agreed. Further consideration is being given to recommendations affecting the remainder.

Customs and Excise

Proposed Savings: £2.7 million - 30% (420 staff - 35%). Agreed recommendations to save 158 posts. Further savings of 250 accepted in principle subject to further study. 11 staff savings not yet accepted: the full cost appropriate to non-government use of the service concerned may be met by trade interests. New export documentation procedures may require the addition of 100 staff.

Industry/Trade (Rayner project 1979)

Proposed Savings: £1.0 million - 7% (80 staff - 6%). Majority accepted with firm plans for implementation.

Defence

Proposed Savings: £0.5 million - 13% (50 staff - 17%). Accepted.

CSD/Government Actuary

Proposed Savings: £0.12 million - 11% (8 staff - 9%). Largely accepted. Further savings of 42 posts will be made as a result of related reviews.

## MANAGEMENT IN CONFIDENCE

### Employment/MSc

Proposed Savings: £4.0 million - 29% (400 staff - 33%). Report only just completed. Officials' initial view is that the majority of the recommendations should be acceptable.

### Health and Safety Executive

Proposed Savings: £0.1 million - 13% (9 staff - 17%). Accepted. 2 more posts saved in addition.

### Agriculture

Proposed savings: £1.5 million - 28% (84 staff - 27%). Proposals saving 15 posts so far accepted. MAFF Ministers have said they are looking to implement most of the report but there is still some way to go.

### Environment/Transport

Proposed Savings: £2.5 million - 18% (133 staff - 27%). The Secretary of State for the Environment and the Minister of Transport accept the thrust of the report and intend to make at least equivalent savings.

### Scotland (Scottish Office and General Register Office)

Proposed Savings: £0.26 million - 8% (23 staff - 7%). Accepted.

### Wales

Proposed Savings: £0.09 million - 12% (2 staff - 3%). Accepted.

### Northern Ireland Departments

Proposed Savings: £0.38 million - 12% (35 staff - 14%). The Minister of State expects to achieve most of these.

### Health and Social Security

Proposed Savings: £1.65 million - 33% (160 staff - 33%). About two-thirds of the savings accepted or accepted in principle and subject to consultation. The Parliamentary Secretary, Mrs Chalker, is as yet unable to commit the Department on the remainder pending urgent further consultation with the Health Service.

### Office of Population Censuses and Surveys

Proposed Savings (excluding further savings recommended in inter-departmental report): £0.5 million - 4% (22 staff - 2%). Accepted in principle subject to firm plans for implementation. Paragraphs 1-27 in part 2 of this report propose further savings of £1½ million a year and about 100 staff. Ministers have not yet considered the proposals.

Energy

Proposed Savings: £0.09 million - 7% (6 staff - 9%). Reviewed separately in the scrutiny programme. Accepted.

Education and Science

Proposed Savings: £0.09 million - 5% (5 staff - 4%). I have neither accepted nor rejected this report, about which I am in correspondence with the Parliamentary Secretary, Mr Macfarlane. The proposals, in paragraphs 43-47 of part 2 of this report, for an early examination of how to limit the data costs of the block grant system for local authority finance are relevant to much of DES's work.



## SECTION 2

## THE STATISTICAL SERVICES

## Growth and distribution

10. In 1966 a report by the Estimates Committee, which was largely accepted by the Government of the day, signalled the start of a massive improvement in the availability, timeliness and quality of government statistics. Over the next decade and a half the number of professional statisticians employed rose from 159 to 540, the number of supporting staff - from 4,075 to 8,310; and the cost from about £50 million (at 1979 prices) to over £100 million.\*

11. This expansion was not uniform. It reflected the growing involvement of government in the economy in all its aspects on the one hand and on the other the increasing take-on of responsibilities for the provision of social services and social infrastructure. Some traditional areas of government concern like Defence did not share in the expansion. The table below shows where the main centres now are -

	Staff (Nos) 1979	Expenditure (£ million pa) 1979
Departments of Industry and Trade (economic and business statistics)	1381	13.9
Customs and Excise (external trade statistics)	1296	9.7
Employment Group (labour market and retail prices statistics)	1314	15.8
Office of Population Censuses & Surveys (population and social statistics)	1100	12.8
Inland Revenue (tax statistics)	608	5.7
DOE/DTp (wide range of socio-economic statistics)	527	14.2
DHSS	517	5.6
Other largely "economic departments"	693	11.4
Other departments	1415	14.9
Total	<u>8851</u>	<u>103.9</u>

\*A rather wider coverage has been used for the later figures than that adopted by the Estimates Committee in 1966, but even so I estimate that the increase in real terms is likely to have been at least a third.

### Functions

12. The range of statistical work performed in these departments is wide. There are also variations in the way they are organised and in the types of statistical and other skills required. But certain basic functions are common -

- The collection and compilation of data from basic sources: this is by far the most labour and cost-intensive part of statistical operations, involving large clerical workforces, substantial computer usage, and, of course, forms and returns. It has been a prime area for examination in the review (paragraphs 18 - 33 discuss the issues raised).
- The provision and interpretation of statistics for direct or indirect input into policy advice: this function draws on specialist skills, mostly of statisticians, but economists, road engineers, agricultural specialists, medical professionals are also involved. (Paragraphs 34 - 39 discuss the issues relevant to this function).
- The wider dissemination of statistical information within government and to the public at large. This is a subsidiary function but nevertheless one to which much importance is attached by both outside groups and individuals and the statistical profession in general. (Paragraphs 40 - 43).

### Organisation

13. Unlike most other countries, we have largely decentralised our statistical services so that data and their analysis are located close to the policy makers they serve. The Head of the Government Statistical Service exercises professional oversight of members of the Statistician Group, but, with the exception of the Central Statistical Office, and to a less extent the Office of Population Censuses and surveys, statisticians and their staffs are appointed by and remain unambiguously answerable to departmental Ministers. Inside a department a typical pattern is that the majority of statisticians are located in a central statistics division commanded either by an Under or even Deputy Secretary with a statistical background. Large clerical data collection is often grouped within the statistical division. A few single statisticians may be "bedded out" with specific administrative divisions. In some notable cases, such as the Department of Transport, a great deal of statistical work is undertaken by divisions which do not report in any way to the Director of Statistics.

14. An important exception to the general pattern is the Central Statistical Office which, as part of the Cabinet Office, has its origins in a wartime minute of 27 January 1941 from Mr Churchill to the War Cabinet which included -

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

It compiles the national accounts etc and, because of its duty to draw together statistics from various departments using common standards, exercises considerable authority over the professional quality and integrity of their statistical work. It does this on behalf of Government generally, although in practice its dominant "customer" is the Treasury. The Office of Population Censuses and Surveys, with its expertise in the Census and social surveys, has a somewhat similar self-standing position. It is, however, the responsibility, not of a central Minister, but of the Secretary of State for Social Services. (I make recommendations on the future management and control of statistical services in paragraphs 50 - 64.)

Questions for the review

15. Undoubtedly Government has gained from the greater availability, co-ordination, consistency and timeliness of information in the past 15 years. Statistics are important for policy formulation and monitoring, and as part of the basis for the disbursement of public funds. They are not optional extras. The Government Statistical Services have set out to provide a wide-ranging, high quality, service not just for central government, though mainly so. Ministers need to know whether the expansion that has occurred since 1966 has all provided value and to consider how much the statistical services should contribute to the Government's objectives for reducing the Civil Service manpower and costs. All the departmental reviews have attempted to answer these questions and have for the most part done so very well.

SECTION 3

THEMES AND LESSONS

Where the costs lie

16. Of the £100 million a year now being spent on statistics I estimate that about two-thirds is incurred on the fundamental tasks involved in collecting, checking and processing raw data. It is here therefore that the bulk of statistical costs lie.

17. By the same token it is here also that the bulk of the external burden on suppliers of data is imposed. The review officers estimated that the cost to business of form-filling and return-making is of the order of £13 million a year and that each year departments send out over 2½ million statistical enquiry forms to businesses alone. Recommendations made by examining officers fall largely into the following categories.

Theme 1 - Improvements in methods and processes

18. The reports have included many recommendations for the adoption of simpler, less costly methods and procedures while still providing an acceptable level of service:

18.1 Agriculture -

reducing the frequency and simplifying the content, handling and publication of the main June agricultural census, stopping software developments on it, and abolition of the "Census of statistically insignificant holdings". The saving from these measures taken together would be £374,000.

18.2 Foreign Trade -

Impressive mainly clerical savings of up to 420 man-years are recommended in the Customs and Excise from a streamlined system of handling the paper, a less rigorous approach to checking of data, more sophisticated use of computers and to a less extent from a reduction in sampling and in responding to trade challenges.

18.3 Inland Revenue -

the heavy cost of pursuing and correcting error-ridden statistical returns from local tax offices. The annual costs of this work of some 150 man-years are generated internally. They reflect failure to get staff to take their statistical responsibilities seriously enough.

19. The development of cheaper methods of collecting, checking and processing information should receive high priority. It is a proper and essential area for the exercise of professional expertise (primarily that of statisticians and data processors).

Recommendation (1)

19.1 Departmental management should ensure that, with the help of the Head of the Government Statistical Service, a greater proportion of statistical talent is deployed at the "sharp end" of data collection, than has up to now been the practice in many areas. It should work closely with computer experts. Periodic reports on productivity improvements achieved should be asked for and discussed by senior management.

Recommendation (2)

19.2 The Head of the Government Statistical Service should have a specific responsibility for keeping up the pressure for technical improvement and for disseminating knowledge about cost-effective techniques. He should work closely with departmental management and statisticians. I suggest you might ask him too to make a brief annual report on improvements made in methods and processes across government, and savings achieved thereby.

Recommendation (5)

19.3 More widely, the review has borne out what has been evidenced in other scrutinies, that it is usually worth looking afresh at all systems of collecting and recording external information in government departments - whether statistical or administrative. I recommend that where departments have not already reviewed their external records they should do so to see whether they are all needed, can be kept more efficiently, and whether the burdens imposed on citizens can be simplified and reduced.

Theme 2 - Computing

20. It is clear that there are still productivity gains to be had. Many of the savings proposed in the studies stem from greater computerisation -

Courts - Computerising Crown and County Court records centrally so as to cut out duplicative analysis and record keeping at local and regional level (net saving £72,000)

Defence - Greater use of pay and records computers for statistical purposes (saving £36,000)

Overseas Aid - Use existing computer bureau facility to computerise financial aid statistics. (saving £33,000).

Other examples in the studies suggest statistical uses could be more efficient -

Agriculture - Extending computerisation of Agricultural Market Report and EEC Horticultural prices (saving £103,000).

Employment - unnecessarily expensive storage of information on a live computer file (saving £26,000).

Environment and Transport - Co-ordinating use of commercial bureaux so as to obtain the most favourable terms (saving £250,000).

Health - Use of computerised superannuation data base for doctors and dentists for wider statistical purposes replacing the Central Medical Recruitment index (saving £145,000).

21. A number of senior officials have told me they are worried by the scale of resources committed to statistical computing not the least of scarce and expensive programmers. The fragmentation of computing encourages tailor-made systems when off-the peg generalised software may be better value:

Home Office - the report drew attention to the possible wider applications of programs they had developed.

CSO - the report pointed to the difficulty of assessing the work of the CSO unit promoting generalised software.

The use of systems designers and programmers on statistics gives some idea of the scale involved. The Business Statistics Office has 140 at Newport, the OPCS 140 at Tichfield, the Department of Employment 50 at Watford and Runcorn, the DES 25 at Darlington and London and there are others also. I am not an expert but I commend to Ministers and their staff managers the probability that a valuable number of these scarce resources could be transferred to other duties if there were a stronger presumption that statistics should use generalised systems in place of the tailor-made.

Recommendation  
(4)

22. Mr Holmes's report on the Departments of Industry and Trade statistics in the "Rayner project" 1979 pointed to high costs of data preparation at the Business Statistics Office compared to commercial bureaux. I am struck by the variation in practice between departments. The Department of the Environment for example, makes considerable use of commercial bureaux; the Department of Employment very little. The CSO and the Central Computer and Telecommunications Agency should keep an eye on regular cross-service comparisons of costs and productivity. Departments should require computer management to cost computer work consistently and to provide customers with the costs of their various jobs.

Recommendation  
(5)

23. Picking up a recommendation in the OPCS study I agree that computing at OPCS would be suitable for inclusion in the "scrutiny programme". The scrutiny might draw for technical assistance on the CCTA, the CSO or another statistical department, or outside government altogether. The Secretary of State for Social Services may care to consider the suggestion.

Recommendation  
(6)

Theme 3 - Taking a sharper view of government's real needs for data

24. In statistics, as elsewhere in government, there is a "coral reef" effect. Data are too often seen as good in their own right without due regard to their cost to government or to those who have to supply them. Users are too often imprecise in their demands and reluctant to admit they do not need information. Government is frequently seen as the universal holder of the stock of statistics (another variant on the "universal provider").

MANAGEMENT IN CONFIDENCE

The review has thrown up useful scope for savings by taking a more robust view of frequency and coverage required:

Employment - Reduce frequency to every three years for the census of employment saving £400,000.

Agriculture - Abolish two quarterly agricultural censuses and simplify another - saving £136,000.

Health - Abolish the annual Mental Health Enquiry and Facilities Return and substitute simpler alternating biennial censuses - saving £455,000.

Social Security - Simplify return on reception centre users - saving £90,000.

Some, if not all, of these may attract a hostile reception.

25. It has also pinpointed areas where reduced information gathering should follow from reduction in perceived need:

Employment - Reduce wages and earnings data collection - saving over £300,000.

Agriculture - Simpler agricultural wages and employment enquiries - saving £130,000.

Environment - Reduce collection of construction statistics - saving up to £200,000.

Transport - Reduce the Regional Highway Traffic Model data bank - saving up to £400,000.

The review has highlighted the costs which can be incurred because the operational services may have insufficiently clear ideas of what they want:

Home Office - uncertainty about the make-up of the Offender Index and the Prison Index - possible savings up to £545,000.



26. Those who commission and use data must be encouraged to be precise and constrained in their demands and prepared to identify data requirements which are no longer essential. This is no less important than the obligation on the professionals, even if, because responsibility is inevitably diffuse, it may at first sight seem less easy to do something about:

Recommendation (7)

26.1 Departmental rules should require all divisions to consult the senior statistician before proposals with a statistical implication are put to Ministers, so that data costs can be properly brought out.

Recommendation (8)

26.2 When reviewing statistical work (see recommendations 10 and 22) generalised arguments for preserving the status quo need to be challenged. Particular attention needs to be paid to all information collected or costs incurred primarily to meet demands outside central government. There will be exceptions (for example due to confidentiality of data sources), but in general there is no more reason for Government to act as universal provider in the statistical field than in any other.

Recommendation (9)

26.3 Big data bases should be regularly reassessed. They are often associated with ambitious information systems or mathematical modelling and can be very costly. If they are not serving specific purposes or coming up to expectation, they may well deserve to be cut back (like, for example, the reductions planned in CSD's database and manpower model). Here, as elsewhere, the presumption should be that information, should use reduced resources.

Recommendation (10)

26.4 Finally I suggest that Ministers and senior officials can set a useful lead by showing that they too are aware that data is not a free resource, by probing, for example, any cases where they are given more information than they need and generally encouraging their departments not to over insure by collecting too many statistics.

Theme 4 - Control of Forms

27. Government has reduced the annual average number of statistical forms sent to businesses in the past 3 years by about 500,000. There are still about 2½ million forms a year despite this. I estimate that collection of business statistics by government could cost firms £13 million a year. But there are proposals which, if implemented, would reduce the burden by a further 800,000, and the examining officers have contributed in no small measure to these plans:

Industry and Trade - these Departments and the Business Statistics Office sent out nearly 30 per cent (645,000) of the Government's forms to businesses last year. In 1980 and 1981, they will be making further reductions totalling 120,000 pa in forms sent out regularly;

Employment - this Department accounts for another third of the forms sent to employers and the examining officer is making recommendations to reduce the number of the Department's forms by a further 200,000 a year excluding the census of employment;

- proposals to put census of employment on a triennial basis and to pursue the use of sampling could save up to another 350,000 form on average per year.

Agriculture - The examining officer estimates that the effect of his recommendations, which have still to be accepted, will be to reduce the number of returns by a further 140,000.

28. Nine out of ten statistical forms sent to businesses belong to regular inquiries. A great number are compulsory under statutory powers. I believe very strongly that Ministers should know how their powers are being used. The need for each statistical return should be scrutinised from top to bottom at least once every five years and options for simplification set out for the Minister concerned. The Survey Control Unit in the Central Statistical Office should draw up and agree with Departments a rolling programme of scrutinies. The Unit should be involved in each scrutiny and should ensure that the interests of the form-filler are properly represented. Authorisation and re-authorisation of surveys should require Ministerial approval. When it is sought the submission to Ministers should contain the views of the Survey Control Unit.

Recommendation

(11)

Recommendation

(12)

29. Once a year, each Minister responsible should be provided with a report comprising a list of all statistics collected using his statutory powers, the timeliness of the results, when each was last approved by him, a summary of any complaints from the public, and when the next scrutiny is planned.

Recommendation

(13)

30. I recommend that Ministers should ensure that all Agencies for which they are ultimately responsible conform to the new arrangements.

Recommendation

(14)

31. Too little is known about the burden that business inquiries impose on respondents. The total number of forms may not be a good measure. The statistical services should devote a modest effort to improving estimates of the burdens forms impose (without adding appreciably to the burden on firms), to understanding the simplifications and improvements to particular inquiries that business respondents would find most useful and should ensure the scrutiny of forms takes them into account.

Theme 5 - Sampling

32. The reviews have shown the opportunities for greater use of sampling:  
Inland Revenue - to reduce and improve the operation of the data base on company incomes and tax (saving up to £400,000).

Employment - greater use of sample rather than total coverage in the employment census and associated reorganisation could save approaching £600,000 in internal costs.

Recommendation

(15)

33. The CSO should monitor the availability of registers for improving sampling and should stimulate development of techniques for more efficient estimation of grossed-up values and samples that avoid concentration on individual small firms period after period. Ministers should consider on their merits proposals to amend administrative systems to improve their usefulness for sampling and for statistics generally, bearing in mind any savings in form-filling as well as possible administrative costs.

Theme 6 - Elaborate Administration

34. As with many scrutinies, the reviews have indicated areas where, if complex administrative requirements could be simplified, data collection costs could be substantially reduced. I mention only the following most significant examples, all of which I suggest should be followed up rigorously:

Customs - This review drew attention to the scope for savings from simplification of a proposed elaborate and costly system of gathering export statistics from traders. Various difficulties involved in abandoning the well advanced plan, including opposition from some trade interests have been indicated on behalf of the Department. But I believe that every possibility of simplification should be explored (see paragraphs 41-42 in part 2 of this report).

Industry & Trade - Both departments impose a heavy demand for disaggregated industrial and trade data. There is a strong case for abolishing at least one of the separate industrial information and forecasting systems presently operated by the Treasury and DIT and for simplifying the data requirements of the one remaining (see paragraphs 32-33 in part 2 of this report).

Local Authority Finance - The present information requirements of the system for financing local authority expenditure are large and there is a worrying prospect they will increase, particularly in the education field. I recommend an early examination with local government of the present and future costs to both parties of the information required for local authority finance (see paragraphs 43-47 in part 2 of this report).

Fisheries - The examining officer suggested there was considerable scope for reducing the costs (£500,000 pa) of fisheries statistics. I am in touch with the Minister about this.

Employment - The present system of unemployment statistics meets both statistical management and administrative needs. It is registrant-based but was already to be moved to a mainly claimant-based system before recommendations in the joint DE-DHSS scrutiny to introduce voluntary registration. The report therefore recommends basing the unemployment count entirely on claims for benefit. The savings would be £1.8 million (295 staff units).

#### Theme 7 - Analysis and Interpretation

35. The bulk of specialist statistical skills are employed not in data collection but in the tasks of interpreting and using data. I have suggested that more skilled, professional effort should go into making data collection more efficient (see paragraph 19 above). I would expect this to alter the distribution of

professional resources of skilled manpower to a certain extent. But it will remain the case that most main grade statisticians together with their support will be involved in the "interpretative" tasks.

36. The impression I have from the departmental reports is that most departments value very highly the interpretative service which they receive. I cite specifically the high regard for the CSO's work in the Treasury and the similar credit given to the statistics divisions in the Inland Revenue and DOE/DTP report. The fact that many departments are well pleased with the service they get is a powerful argument in favour of maintaining the present decentralised system of statistical services. As always of course there remains scope for improvement -

National Accounts Statistics - The CSO report recommended that statisticians should direct their contribution more to providing assessment for government purposes and less to meeting the assumed general requirements of the public and private sectors at large.

Overseas Aid - the report recommended effort be directed more in support of the department's management of the aid programme.

Health and Social Security - the report noted a "rivalry" between statisticians, economists and operations researchers and a haphazard use of specialists generally.

Home Affairs - development of the prison index and the offender index, for example, was described as too independent of the policy departments.

37. There is a clear suggestion here that, on occasion, statistical work may tend to be conducted too much in isolation from the key activities of the department. Part of the answer is better integration and more accountability for what is being done. I make some recommendations relevant to this in my consideration of management (paragraphs 50 - 55).

38. But there may sometimes be too many advisers in the quantitative field : not only 520 statisticians, but 370 economists, 225 operational researchers and other groups of specialists with quantitative skills as well. I recommend that in implementing their reports Departments look closely not only at the implications

for their statistical manpower but, at the same time, review the overlaps which may exist with the other quantitative specialisms and ensure other relevant specialisms are no less firmly controlled than the statistics.

39. The fear has been expressed to me that a squeeze on the statistical profession will be at least partly offset by a bulge elsewhere in quantitative services. That must not be allowed to happen. It is a consideration to be borne in mind when the statistical budgets proposed in paragraph 54 are being scrutinised.

Theme 8 - The Dissemination of Statistics

40. Most of the reports have commented on the scale of statistical publications. The 150+ main publications listed in Annex D give some idea of the scope. The reports made a variety of suggestions for reducing the scale of operations where they considered it to be too elaborate, or for charging more economically and submitting them to a more rigorous market test. Their recommendations in this sphere involve about £1 million. For example -

Education - The report recommends a reduction in the printed volumes "Statistics of Education" which come out late, and charging for statistical bulletins - saving £81,000 pa.

Welsh and Scottish Offices - Reducing the costs and recovering a larger proportion from those outside government who use them - saving £85,000 pa.

Central Statistical Office - Withdrawing the editorial subsidy on CSO publications, continuing to focus the rapid release of data on press notices but charging non-press users for the service - saving £340,000 pa.

- Charging commercial rates, for example, to companies using government data in computerised accounting systems - potentially earning large sums.

Energy - Charging for "Energy Trends" which is currently free of charge, and other publications - saving £65,000 pa.

Agriculture - The report notes that press notices are highly cost-effective and recommends that they should continue to be the main mode of publication. It recommends reductions in effort devoted to HMSO bound volumes and more realistic charging for statistics of commercial value - savings £80,000.

OPCS - Higher charges for population censuses data - savings £400,000 per census - already agreed by Ministers.

41. There has been a general trend over the years for government to publish more, including statistics. There is a widely held view that if Government collects figures at the taxpayers' expense, these should be made publicly available unless there are important considerations of confidentiality preventing this. I do not dispute that this is an important aspect of informing the public in a democracy and of maintaining public credibility in the Government's figures. Indeed, I am in favour of openness of government in this as in other spheres.

42. There may be objections to the proposals about publications for that kind of reason. However, none of these considerations requires Government to bear all the costs of dissemination itself. Often statistical information is of a relatively specialised nature. Where it is of commercial value, there is a strong argument for charging a commercial price.

Recommendation  
17) 43. I endorse the more rigorous approach to the cost of dissemination of statistics which most of the reports clearly thought would be justified, and suggest the following general principles -

43.1 Information should not be collected primarily for publication. It should be collected primarily because government needs it for its own business.

43.2 Topical information is often of more use than compendia of descriptive statistics. Press notices should be used extensively, as they already are in many areas.

43.3 Information of value to business should be made available with a timeliness which maximises its value and should be charged for commercially. (Business bulletins financed by subscription are a case in point).

43.4 I do not believe that general subsidy is necessary. By this I mean not covering costs incurred in checking, tabulating, editing, printing and distributing figures for publication, ie any costs which the government would not incur for its own purposes. Subsidy of statistical publications should be quickly curtailed. This is not just a question of pricing, but also concerns better distribution and marketing of the finished product.

43.5 Less costly (to government) and more flexible means of enabling the public, in the form of interested bodies, researchers, historians and so on to have access to figures held in government should be exploited. I have in my mind here the use of camera ready copy, public use tapes, computer print-outs, microfiche and so on. If necessary, departments should be allowed more freedom from HMSO to pursue promising innovation - using information technology as appropriate. The costs of providing such facilities should be covered by appropriate charges to the individuals or bodies concerned.

43.6 Where departments wish exceptionally to continue to subsidise reference publications, for instance as an important part of the task of keeping Parliament informed, I suggest that this should require Ministerial authorisation in each instance. The CSD should carry out a review of all such cases in 2 years time.

43.7 Clear rules about the use of data for statistical purposes should be published to combat public mistrust and to enable more statistical research to be undertaken in the universities and institutes instead of in the civil service. The draft code of conduct on the use of data for statistical purposes should be submitted for approval to Ministers and published as soon as possible.

Theme 9 - International obligations

44. Government statisticians from the United Kingdom have played a leading part in developing international standards for statistics - particularly through the United Nations and its agencies. After accession to the European Community statistical work increased. Some increase in cost was inevitable, especially during an adjustment period, for two reasons. We had to contribute to the Community statistical system as it was - largely without being able to influence it. And the Community had to have statistics to support its operational activities.

45. Without shirking the obligations of membership, we should apply the same standards of value for money to Community work as we do domestically. If necessary, changes to UK procedures for compiling Community statistics should be discussed with the Commission and implemented - for example when existing costs seem to our statisticians to be greater than necessary.



Recommendation

(19)

46. It can be difficult to obtain information about the precise uses for which Community statistics are needed. Nevertheless, obligations to provide the Community with statistics should only be accepted in knowledge of the likely costs and uses of the proposed data and after consultation with those who will do the work.

47. Examples from the examining officers' reports include:

Customs and Excise - a '10 day surveillance regime' for sensitive categories of imports which is costly and over which the department felt they had little control (though the Departments of Industry and Trade are believed to support the requirement).

Health and Social Security - FCO pressure to participate in international initiatives.

Environment/Transport and OPCS - work thought to be of doubtful value (eg the annual census of construction, consumer attitude surveys, Community work on social indicators).

The Department of Energy - redundant returns being made to the Commission of the European Community.

48. I have not found persuasive evidence of widespread heavy additional costs of providing statistics to international organisations such as would suggest that there is a need to curtail a European Community or other institution in general terms. I am also aware there are counter-instances where essential Community statistics are not good enough. Nevertheless, Departments will wish to follow up individual cases where there are well founded suggestions that existing work is excessive.

Recommendation

(20)

49. I recommend that the policy towards international statistics should be that the United Kingdom should not, in general, undertake work it does not need - always bearing in mind specific United Kingdom interests in the work of international or Community agencies. The statistical services should always seek to meet international statistical needs from work already carried out and where that is not possible should seek to meet domestic needs using the international standard.

SECTION 4

MANAGEMENT OF STATISTICAL SERVICES

The Departmental Aspect

50. The amount government spends on statistics is equivalent to the turnover of a fair sized company - yet I am struck by the evidence that generally departments have not kept tabs on what they get for the money spent. There are signs that lay management has been reluctant - perhaps because of the technical nature of the subject matter, perhaps through excessive fear of offending professional sensitivities - to involve itself in the work of the statistical branches. If all concerned are to learn to give priority to making better use of fewer resources, managerial values must be asserted.

51. The review has shown that generalists, working constructively and openly alongside the professionals, can inform themselves without getting blinded by science. The reports have demonstrated convincingly the benefits to be gained from this. Those responsible for managing the Department's resources of money and manpower under the Minister should know about the work that is being done in the statistical branches; they should exercise fully their responsibility to ask probing questions about this work on behalf of the Minister.

Recommendation

(21)

52. For their part, professional statisticians in charge of the Department's statistical services should accept that they have not only the clear responsibility to provide an effective and cost conscious service to users in the Department and elsewhere, but also for accounting to central departmental management for the resources that they command.

Recommendation

(22)

53. It is more difficult but just as essential for the statisticians to require customers to justify their demands in a cost-conscious way. I have made recommendations relevant to how this can be done within the department in paragraph 26. Paragraphs 62-64 and section 5 discuss the issues where statistics are produced in one department and used by another.

54. The first step to control is to know what is provided and at what cost. There is a simple way to do this. If every department moved ahead to build on the examining officers' costings we should have taken an important step forward in controlling activities. Ministers and their senior officials need a regular statement - annually seems about right - of how much has been spent in providing

Recommendation

(25)

which statistical activities, with what result, what productivity gains there have been, and how much it is planned to spend next year. A good start has been made, for example, with the Central Statistical Office "statistics budget" shown in Annex E. With this kind of information senior managers can watch how the costs of a service develop, ask whether the value added by the service is commensurate with the costs, and restrain any tendencies for empires to grow.

55. In considering the budget - possibly in association with the annual scrutiny of departmental running costs - the central management of the Department will wish to strike a proper balance between the resources devoted to the Department's various operations. It should regularly take a view of the manpower and other costs that can be afforded for statistical services, requiring them to operate within a manpower ceiling as well as to an expenditure budget.

56. Copies of the budget should be sent to the Head of the Government Statistical Service. The Minister and the Permanent Secretary - who are unlikely to be statisticians - may need to supplement the advice of their head statistician with non-departmental advice. They can turn to the Head of the Government Statistical Service who should have a government-wide obligation to further value for money in statistics. (see paragraph 58).

#### The Inter-Departmental Aspect

57. Although initially attracted by the possible simplicity of a centralised statistical system I have been convinced that effective control and value for money are best encouraged by continuation of the decentralised organisation. The clear managerial lines of a single central office collecting and processing statistics are attractive but I do not believe the gains would be sufficient to justify the disruption, likely duplication of effort, and almost inevitable drift into isolation of the statisticians.

58. The professional head of the statistical services should give a strong lead towards value for money and economy. I recommend that you give him a new remit which will emphasise his role as the officer Ministers and their Permanent Secretaries can look to for advice on efficiency in statistics. I attach as Annex F a possible minute to the Secretary of the Cabinet on this.

Recommendation  
(24)

59. The likely reduction in the Statistician Group is 8% and in the Social Survey Officer Group 40% - though the former may increase as departments work out their plans. I am concerned that this reduction should be worked through effectively and so as to preserve the best in the statistical services. For the purpose of implementing this report there should be a presumption for the centrally managed Statistician Group that the Head of the Government Statistical Service may look with confidence to individual Departments to release statisticians for service elsewhere. If, having taken into account local staffing issues, the Head of the Government Statistical Service makes such a request to the Permanent Secretary concerned I hope that he will receive ready co-operation.

Recommendation

(25)

#### Head of Statistical Services

60. The Head of the statistical services is also Director of the CSO. I considered briefly whether a machinery of government change to put the CSO in the Treasury or the CSD would bring overwhelming advantages in regard to value for money. About two-thirds of the CSO's work is on behalf of the Chancellor of the Exchequer. The office is in the same building as the Treasury and there is a joint CSO/HMT computer service. It would help the Treasury to be more cost-conscious in what it demands of the CSO if it also had to meet the bill.

61. Nevertheless, the presentational objections are compelling. The Office was created largely to guarantee the integrity of government statistics. Ministers in the UK are rarely accused of cooking the books. This is important to the credibility of government. A move to put the CSO into the Treasury could run the risk of interpretation as an attack on the integrity of government information. I do not think there would be any real substance in this argument - particularly if the Head of the GSS had a right of appeal, on questions involving statistical integrity, direct to the Prime Minister. But that is not how it could be made to appear. I conclude that the CSO is best left as part of the Cabinet Office. The Head of the CSO should report in the first instance to the Secretary of the Cabinet on the work of the CSO, and particularly on all questions of cost and management. On matters concerning the validity and integrity of Government statistics and the professional competence and standing of the Government Statistical Service, the Director of CSO, as Head of the GSS should have the right of direct access to the Prime Minister.

Recommendation

(26)

Payment

62. I am in favour of government departments taking a clear view about their needs, then if others in the public sector want information they should either get it themselves or pay for it, preferably from their existing budgets so that there is a genuinely cost-conscious choice.

63. However, I do not want to create a bureaucracy of transfer pricing in the statistical field and I do not want to restrict the desirable interchange of information between departments and government bodies generally.

64. The clearest case for payment arrangements is where one or two government bodies are the main users of information collected or processed by another and where the latter would not incur the same scale of costs solely for its own purposes. There are particularly good cases for payment by users of the social survey work of the OPCS (paragraphs 13-27 in part 2 of this report) and for making the Treasury financially responsible for the work it requires of the CSO. There may be other examples in the fields of employment and trade statistics. The reports identify several other possible cases. In following up their reports I recommend Departments consider putting work they undertake for others on a payment basis where that does not make bureaucratic nonsense. I recommend that full transfer of financial provision should not be automatic, particularly where there may be opportunities for taking a tauter view of the service to be provided.

Recommendation

(27)

## SECTION 5

## INTERDEPARTMENTAL STATISTICS

65. Many statistics are collected by one department and used by others. The external trade statistics, for example, are collected by Customs and Excise derived from headings in the tariff, used by the Department of Trade for trade policy, used by the CSO for compiling balance of payments statistics, used by the Treasury in economic assessment and forecasting, and used by Parliament, the Commission of the European Community and the public. The general rule is for data collection to be undertaken at the most convenient point. This holds true even where the department doing the collection does not use the data itself: for example the DHSS estimates employment income for use by the CSO for the national accounts. The OPCS does almost all its statistical work for other customers. I commend this arrangement as sensible.

66. The examining officers' reports have usually dealt with statistics at the point of collection - where the main costs arise. There are two worries about this. User departments worry that the work other departments do for them will be curtailed without sufficient regard to its importance. Producer departments worry about difficulties in obtaining adequate guidance on where services can safely be reduced.

67. The introduction of payment between departments is one mechanism for improving the allocation of responsibilities. My recommendations on this are in paragraphs 62 - 64 above. In addition, and especially where a customer - contractor relationship based on payment is impracticable, the Head of the Government Statistical Service should ensure there is adequate articulation between the parties concerned. He should take the lead in resolving uncertainties and obtaining specific understandings between the producer and user departments.

68. Messrs. Wilson and Beesley have taken a look at the scope for savings in a number of representative areas of inter-departmental statistics. Their report is appended. They have concentrated on (1) the work of the OPCS whose initial examining officers' report left a number of big issues for further consideration, and (2) certain topics in macro economic statistics about which specific questions have been raised in the departmental reports and with which they as the central team were best placed to deal.

Recommendation

(28)

69. I commend their report to you and support their recommendations. The most important conclusions are:

Recommendation (29)

69.1 The aim should be to contract out all ad hoc social surveys where private sector costs are less than those of the OPCS and surveys by OPCS's Social Survey Division should be on payment terms from existing departmental budgets (paragraph 23). This recommendation will probably be opposed by civil service unions and it will be necessary to consult them formally before final decisions are taken. Nevertheless my team estimates that if OPCS conducted the government's multi-purpose surveys and only a handful of ad hoc surveys there would be savings of about 100 posts. Further, if the central departments were successful in resisting claims for a transfer of money to the commissioning departments for financing ad hoc surveys, there would be an additional saving of £1½ million a year (paragraph 25).

Recommendation (30)

69.2 Modifications should be made to key multi-purpose social surveys to increase value for money (paragraphs 13-22).

Survey	Responsible Departments	Cost	Proposals
General Household	Cabinet Office	£ 905,000 pa	Reduce sample to save £250,000 pa
Family Expenditure	Employment	£ 704,000 pa	Merge to save £220,000 pa
National Food	Agriculture	£ 240,000 pa	
International Passenger	Trade	£ 690,000 pa	Options to be worked up for saving between £200,000 pa and £600,000 pa
Population Census	OPCS (GRO(S))	about £50m spread over several years	Assume there will be no mid-term census in 1986

69.3 Users of inter-departmental economic statistics have made it clear they are unwilling to give up many unless a close look is taken at the policy requirements. The central team's report draws attention, for example, to the duplicative industrial assessment conducted by the Treasury and by the Departments of Industry and Trade (paragraphs 32-33). A review of the DIT industrial assessment system - which has data implications - is proposed.

69.4 Producer departments are entitled to expect constructive attitudes and guidance from user departments in seeking to keep inter-departmental work to the minimum.



SECTION 6

CONCLUSION

70. I have been encouraged by the responses from many of the Ministers to the reports they have received. This reflects considerable credit on those, lay and statistical, who have conducted the reviews.

71. In this multifarious and technical field I do not expect that every prescription is exactly right. But where scope for improvement has been identified I make a strong presumption that action is needed. One or two Ministers have already indicated that even though they may depart from particular recommendations, this will be done so as to preserve the essential thrust of the simplifications proposed and to realise equal or greater savings. I welcome this approach.

72. Important proposals remain to be decided from the reports on statistical services in the Customs and Excise (although Lord Cockfield has accepted most of his report in principle), Home Office, Department of Health and Social Security and Ministry of Agriculture. The Department of Employment report has only just been submitted to the Secretary of State but it clearly contains substantial proposals.

73. Taken together these outstanding proposals amount to savings of £8¼ million (870 manpower), still to be firmly decided; they include some of the more radical changes advocated in the reports. Some people may suggest that the proposals add up to a weakening of democratic control and that the formation of policy or public opinion will be hindered. As always, therefore, achievement of the savings will require a determined effort from the top including a clear explanation of reasons for decisions taken. I believe that with this most of the benefits can be realised without raising the largest political issues. The bulk of recommendations - even in sensitive areas - concern the present methods, levels and intensity of statistical provision rather than whole classes of information. They are supported by chapter and verse. Their implementation will make an important contribution to tauter administration and a welcome reduction in burdens imposed on others.

PART 2 - INTERDEPARTMENTAL STATISTICS

Note by Mr R H Wilson and Mr I B Beesley

The Office of Population Censuses and Surveys

1. The Office of Population Censuses and Surveys (OPCS) is in a special position in that its work is largely for customers outside the department. It is large (around 2650 staff of whom about 1100 work on statistics) and relatively free standing - away from day to day Ministerial pressures of departmental work but not subject to commercial disciplines either. The office was created in 1970 by the amalgamation of the General Register Office and the Government Social Survey Department. It is headed by the Registrar-General who is statutorily required to collect certain information about the numbers and condition of the population. He does so under the general guidance of the Secretary of State for Social Services who is responsible in Parliament, for example, for the taking of a population census.
2. In principle, and sometimes in practice, the Registrar-General can run his department without much contact with the Secretary of State - though the present incumbent is anxious not to do so. There is a close relationship between the OPCS and the CSO which is helped by an informal steering group under the shared Chairmanship of the Head of the Government Statistical Service and the Registrar-General with members from the CSO, GRO(S) and OPCS.
3. There are five chief services: (1) The administration of the marriage laws and the registration of births marriages and deaths which are outside this review; (2) medical statistics; (3) the population census; (4) other population estimates and forecasts; (5) the surveys carried out by the Social Survey Division. The examining officers in the department have recommended reductions of 4 per cent a year on regular statistical work and of £1½ million on the cost of the population census. They noted once and for all savings of £1 million on computer accommodation. But the office should also be looked at in a wider context.
4. The size and cost of the office are heavily affected by the taking of a population census - normally every ten years. When the government came to power the office had about 2500 staff. Taking into account the recommendations of the departmental report the staff reached a peak in July 1980 at 2673, and should fall to 2130 by April 1984 and to 2088 by April 1986. Most of these reductions are accounted for by the cyclical pattern of census work. The reductions identified in the departmental report account for 122 man-years.

5. Some of OPCS's customer departments expressed alarm at its unresponsiveness to deadlines. Senior professional statisticians commented that it falls victim to "the best being the enemy of the good". We have also had approaches from local authorities expressing fears about the timeliness of the results of the 1981 population census. Although some departments said they thought the situation getting better there is still a feeling that the office is too research minded, too perfectionist.

6. The recommendations in the examining officers' report will help, particularly those concerned to extend project control in the office and to reduce academic research. We have also been impressed by the determination of the Registrar-General (who has been in post since 1978) to encourage a strong managerial approach. We commend his decision to announce publicly the target processing dates for particular tabulations from the 1981 population census. We understand this has never been done before in detail. It is a good example of the essential disciplines which must be injected into the office. We recommend that it should be normal practice for projects in the OPCS to have a target deadline and where possible for the target to be announced. Progress towards and achievement of the targets should be monitored and we think it would be appropriate for the steering group to discuss these matters though the responsibility would remain the Registrar-General's.

7. We have considered whether the work of OPCS might better be done in its most important customer departments. But OPCS provides many multipurpose statistics and its customer relationships are complex. In view of this we believe that OPCS's performance is best improved through managerial action. We recommend no machinery of government changes.

8. The departmental report says  
"... any expansion in OPCS services is subject to the full rigour of Treasury/CSD control. There is no scope for OPCS to obtain resources as a part of some larger, possibly less contentious, administrative scheme. This makes life difficult for OPCS since it has little political muscle which can be used".

Even so, internal cost disciplines could be strengthened. We note, for example, that although the office regularly monitors computing costs incurred by its divisions, overall costs are not scrutinised for individual projects. We recommend that be remedied. In addition to a widespread project costing and control in the office we recommend the annual scrutiny of costed work programmes as essential to adequate overall control. We also observe that as most of OPCS's work is done on an allied service basis the expenditure/manpower divisions of the Treasury and CSD have little direct help from customers in assessing the work of the office.

#### Medical Statistics

9. The medical statistics section (cost £0.8 million a year) must have a close relationship to, and a clear demarcation from, the Department of Health and Social Security. We commend the basis of demarcation put to us by the Registrar-General that the OPCS collects data about the state of the health of the nation whereas the DHSS statisticians provide statistical support for improving the health of the nation. We propose it be operated in practice so that the OPCS medical statistics work is scrutinised together with the relevant part of the Department of Health's statistical programme. The OPCS already reports to the Secretary of State for Social Services.

10. The scrutiny would cover on-going work such as the longitudinal study which seeks to link vital events recorded in the registration system for a sample of individuals, including links to the 1971 and 1981 population censuses. This enables the analysis of links between vital events and social and economic factors (eg occupational mortality). It costs about £200,000 a year and the link to the 1981 population census will cost an extra £400,000. The work was initially authorised in 1973 but has not been reviewed by Ministers since. We are unable to judge whether the case for the work is still as strong, partly because at the time of this review the OPCS was still awaiting a report on the medical applications of the longitudinal study and the prospects for a successful continuation. We recommend that a report be submitted to the Secretary of State for Social Services on the technical outlook and the cost effectiveness of continuing with the longitudinal study within the next four months.

Population statistics and census (cost £1.5 million a year plus about £44 million per census)

11. Subject to the recommendations in the departmental report about further reductions in the cost of the population census, and to what is said about public use tapes elsewhere in this report, we are impressed by the managerial awareness

and actions of the Registrar-General. We fully support his approach. As regards pricing of census results we understand that the office is seeking firm "purchase intentions" for certain small area tabulations to be provided by a certain time. We commend this development as a means of bringing the Office into a more satisfactory contractor - customer relationship and recommend it be applied more widely.

12. We accept the thrust of the recommendations in the examining officers' reports on the OPCS and Government Actuary's Department to reduce internal research and to make the frequency of population projections two-yearly. We understand that British universities have so far shown little interest in demographic research about the United Kingdom but that is not sufficient reason for OPCS to continue with it. The statistical service representatives on the SSRC grants committee should be briefed about any necessary research. There should be a regular interchange of staff between the population and census divisions on the one hand and client departments elsewhere in government.

#### Social Surveys

13. The Social Survey Division spends about £5 million a year, split roughly half and half between continuous multi-purpose social surveys and specific ad hoc surveys commissioned by departments, almost all on an allied service basis. It is reasonable to ask why government needs its own social survey when there is a well developed private sector service. It has been put to us that there are some surveys which are so sensitive, or require such a high level of design or interviewing skill, that the private sector cannot be relied upon to provide a satisfactory result. It is also argued that the social survey division needs practical experience in order to advise departments on the "best buys" for surveys contracted out to the private sector. Nevertheless it is right to ask whether all the Social Survey's work is essential and if the Division is the right size.

14. The Survey now has 235 staff in total (including 50 Social Survey Officers and 95 associated technical support staff). Its professionals and associated technical support staff grew rapidly in the early 1960s from 43 in 1962, to 63 in 1965, 119 in 1970, and 149 in 1979. Almost 100 of the staff work on continuous multipurpose surveys of which there are four large examples. In total they cost OPCS £2½ million a year and there are further costs in departments.

15. The Family Expenditure Survey (FES) annual cost £704,000 and 38 OPCS permanent staff - started in 1957. It provides essential data for the retail price index and for estimates of household expenditure. Experiments are now under way to combine the survey with the National Food Survey (NFS) sponsored by MAFF - £240,000 per annum and 3 OPCS staff. The FES needs to continue but there should be a strong presumption that the savings associated with a merger should be realised from the beginning of 1982. It seems likely that a merger would bring some improvement in the quality of the NFS data but, on the other hand, FES data may not be so reliable. The net savings are estimated to be £155,000 per annum in OPCS and £66,000 per annum in MAFF. Savings of this order should not be allowed to escape.

16. The third continuous survey is the International Passenger Survey (IPS) - annual cost £690,000 and 12 OPCS permanent staff. It sampled 219,000 travellers last year at ports and airports to obtain information about expenditure by British residents while travelling abroad and by visitors to the United Kingdom - for use primarily in compiling balance of payments statistics, data about tourism in general; and about migration to and from the United Kingdom. The survey is currently under review by an interdepartmental committee of official statisticians under CSO chairmanship. It seems clear Ministers will want some information of this type but we are doubtful if the costs of the present IPS are justified. We recommend the review should produce proposals for surveys costing, say, £100,000 per annum, £250,000 per annum and £500,000 per annum. The user departments should then recommend to the Ministers concerned the most economical form of survey(s) for their combined needs and from 1982 departments should pay for the survey(s) on a shared basis out of existing funds. The proposals should take account of the revenue raising potential from bodies such as the BTA, the Civil Aviation Authority etc.

17. The newest continuous survey is the General Household Survey (GHS) - annual cost to OPCS £905,000 and 45 staff covering a sample of 15,000 households. Started in 1971 it is designed to meet the needs of a large number of departments for information about the economic and other circumstances of households, their use of public services, health, attitudes to work etc. It is the only regular source of information about the relationship between a wide range of social and economic variables (attitudes to pay of public sector workers, for

example, or the family circumstances of the unemployed or the purchase of property by sitting tenants). The Cabinet Office sponsors the survey, which means that in theory the Prime Minister is responsible for it. It is the only survey for which that is the case. Between 1979-80 and 1980-81 the cost of the GHS rose from £695,000 per annum to £905,000 per annum.

18. OPCS has available a long list of departmental uses to which the survey's data have been put. The survey has suffered from computing troubles and departments still assert that their access to data is not good enough. Nevertheless, the list of actual uses is long. It is, however, for the most part a list of "desirable" rather than "essential" uses. The GHS seems to be one of the sources departments turn to when there are no other more specific data available.

19. In principle, there is sense and economy in the idea of a continuous multipurpose survey with core questions to which others are added from time to time as departments see the need arising. The approach may save the expense of individual ad hoc enquiries and the marginal cost of each question is low. The OPCS examining officers observed, "although the survey is popular with departments, it is not self evident to us that social phenomena really necessitate this continuous monitoring". They went on to recommend a reduced sample or frequency for the survey to save £200,000 per annum.

20. The Director of the CSO would accept a reduced sample but considers the survey gives value for money, particularly because of its flexibility in accommodating new questions and in analysis of past results. It is also true that to axe the survey would be likely to create an outcry that the government does not want to know about the well-being of its citizens. There would be added pressure for ad hoc surveys which could soon run up a £900,000 bill.

21. We advise the survey be continued, on a reduced sample as recommended, at a cost of not more than £650,000 pa provided that Departments use the GHS and thereby save other surveys. The GHS should require re-authorisation each year by the Director of the CSO, acting on behalf of the Prime Minister. His decision should take into account whether the specific uses of GHS data in the preceding year, and known planned uses, justify its continuation. A log of specific uses by departments should be maintained at the CSO.

22. There are tentative plans to expand the bi-ennial labour force survey for which the European Community pays between a quarter and a third of the cost. We recommend that the presumption should be that any extra costs should be offset by savings elsewhere. We also recommend that the Head of the GSS should keep under review the costs of the central multipurpose social data such as from the population census, the FES, the GHS and the labour force survey. He should advise Ministers on the most efficient configuration - which should be carried out on a subscription basis - and how to keep costs of the package of surveys in real terms to current levels. We consider it would be prudent to assume there will not be a full mid-term population census in 1986.

23. As to ad hoc surveys, it is doubtful if government has so large a requirement for its own operation as the OPCS capacity indicates. We do not believe the allied service arrangement brings sufficient sharpness to departments' decisions about the need for, form and cost of social surveys. Indeed, there is some evidence that fringe bodies for whom the Division already does work on payment terms have sought social surveys done to a "budget" rather than the "Rolls Royce" job the Division normally provides. Departments already make good use of private sector companies for social surveys - including large and complex work such as the National Dwelling and Household Survey. About 85 per cent of all government social surveys are contracted out. We recommend that as the current work programme ends the aim should be to contract out all ad hoc social surveys where private sector costs are less than those of the OPCS. We think this will usually be the case. We also recommend surveys conducted by the Social Survey Division should be on payment terms. To add force to the search for economies our view is that the costs of future ad hoc surveys should be met from existing departmental budgets.

24. The Division should continue to act as a central co-ordinating body for government survey research and provide a technical and managerial advisory service as required by departments. Departments should consult it about surveys before undertaking or contracting out work within its competence.

25. In recent years the Survey has started around 15-20 ad hoc surveys a year, some costing over £200,000. Examples are listed at the end of this report. If all but a handful were contracted out or stopped we estimate savings of up to 100



staff and £1½ million a year (if the costs were met from existing departmental budgets). We are aware, however, that there could be difficulties in redeploying in the civil service the 20 or so Social Survey Officers whose posts would go. Social Survey Officers are a departmental specialism employed only in the OPCS. This could affect the timing of the adjustments although there could well be opportunities for them in the private sector. Those remaining (about 30 out of the 50) would not constitute a viable career group and would have to be absorbed into other Groups.

26. For the future, we recommend OPCS should accord a higher priority to producing timely results in all its statistics activities. It has been suggested that the process of encouraging researchers to sign their reports has had an inhibiting effect on timeliness because the researchers gain professional approbation through a fulsome and perfectionist attention to technical details. We do not think there is anything wrong in having reports signed in this way provided they appear on time. We propose the performance of individuals responsible for surveys should be judged on the basis that meeting their deadlines is more important than great refinement.

27. With the reduced responsibilities we propose and the streamlining proposed in the departmental study the Registrar-General has indicated he would expect to slim down senior posts in the office by up to two, saving between £40,000 and £80,000 per annum.

#### Macro-economic Statistics

28. The CSO report refers to the value seen by the Head of the Government Statistical Service and the government's Chief Economic Adviser in maintaining continuity in the economic aggregates making up the national accounts. Their compilation draws on a wide range of data, most of whose cost falls on business and departments. In a special exercise, departments estimated that the marginal cost of the quarterly and annual national accounts is about £3 million per annum, only £½ million of which falls on the CSO itself. Associated with the national accounts are several other long standing macroeconomic indicators including the monthly index of industrial production.

29. There are two questions about this work -

- i. Is it necessary to have a monthly index of production and to have quarterly/annual national accounts?
- ii. Are all the supporting data in the departments necessary?

30. We must accept the technical judgements of the Chief Economic Adviser and the Head of the Government Statistical Service that the monthly index of production and the quarterly national accounts are essential broadly in their present form. The monthly index of production is the quickest wide-ranging indicator of economic activity (only six weeks in arrears) and, for the most part, measures economic activity directly. Whatever economic policies the government is following the Chancellor and the Cabinet need to have up to date information on output and its main industrial composition. Similarly, the government ought to have a broad statement each quarter of economic progress, including an analysis of the real economy. The Chancellor's recent review of economic forecasting in the Treasury, for example, has largely confirmed the structure of economic forecasts. Such forecasts require comprehensive quarterly national accounts. Although the economic forecasts are not the only justification of those accounts they are a significant Ministerial use, so that the decision to continue with them in broadly the same scope and detail effectively prejudices the scope and detail of the national accounts. Part 1 of the report comments ( in paragraphs 60-64 ) on the appropriate relationship between the Treasury and the CSO.

31. Following the project undertaken by Mr Holmes on statistical services in the Departments of Industry and Trade, officials have made proposals regarding monthly production data to reduce the Departments of Industry and Trade costs from about £500,000 a year to £230,000 a year. This reduction is consistent with the continued availability of a monthly index of production. We advise that the index is continued on this basis. Reductions have also been agreed on the contribution required of MAFF.

32. On the other hand, continuation of the monthly index of production and the quarterly national accounts does not rule out a slimming down of the industry and commodity detail within the aggregate totals. The macro economic experts in the central departments left us with the impression that they could tolerate such a move. Of course this is not easy when the aggregates are built up from the detail. Nevertheless, we are not satisfied that there needs to be so much detailed progress watching over individual industries as frequently appears the case. Not only does the CSO have its quarterly production accounts, industrial statistics are also prepared in support of the Treasury's Industrial Assessment System - which uses quarterly data for 30 industries - and for a more elaborate annual system, the Disaggregated Industrial System, operated by the Department of Industry using annual data for 90 industries. We question whether it is necessary for a government which is seeking to remain at "arms length" from industrial involvement to require data on this scale. These issues carry us into the heartland of government industrial policies. They are not for resolution in this review but they illustrate that the government cannot get rid of all the statistics that might be saved unless it is prepared to take a close look at the policy requirements.

33. In the Department of the Environment the examining officer recommended an urgent review of data requirements for the sponsorship of the construction industry. This is currently under way and may be expected to result in substantial reductions in construction statistics. We suggest the Department of Industry do the same thing for the industries it sponsors.

34. The DIT report and the DOE/DTp report remitted to us three further questions concerning central economic requirements -

- i. Can the census of distribution and service trades be made two yearly?
- ii. Do we still need the asset breakdown in the investment intentions inquiry?
- iii. What are the central requirements for construction statistics?

Census of distribution

35. Maintenance of the quarterly and annual national accounts system will require continued annual figures for capital investment and stock building. We are told the quarterly series are not sufficiently reliable to dispense with an annual benchmark. In the circumstances there is no alternative but to continue to collect capital expenditure and stockbuilding data annually from these trades. The other reductions proposed in Mr Holmes' report should nevertheless be implemented.

Investment intentions

36. On the investment intentions inquiry the important decision - to reduce the frequency from three times to twice a year - has already been implemented. We accept the views of the DIT working party of officials to review in 1982 the far less important recommendation to curtail the asset breakdown.

Construction

37. There are three main customers for economic data about the construction industry. The macro-economic accounts require quarterly estimates of construction output analysed into public and private sector, new house-building and other work. The second is the DOE sponsorship role and the needs of the industry itself. The third is the Commission of the European Community. There are two Community Directives requiring (a) monthly orders and output data and quarterly employment data; (b) annual censuses of production in various industries, including construction.

38. To meet these requirements there are two largely independent systems:

i. DOE monitoring series which are reasonably rapid and draw on a number of complementary short term inquiries. These inquiries are used to meet the European Community obligation for monthly and quarterly statistics.

ii. The Annual Census of Construction, under which the Business Statistics Office issues 5000 forms at an annual cost to central government alone of £210,000 seeking a mass of financial information which can only be collected after companies have drawn up their financial accounts. The CSO makes partial use of this information for the national accounts but could not justify the full detail. It is justified by the European Community requirement.

39. We are concerned at the mismatch between the two systems. Most departments think the annual census unnecessary but we doubt if it is realistic to seek a derogation from the European Community Directive. The question, therefore, is whether its requirements can be met without conducting a separate census. The statistical services have assumed so far that this would not be possible without a deterioration in quality below that which is usually associated with United Kingdom statistics. We recommend the Head of the Government Statistical Service and the statisticians in DOE and the BSO should reconsider whether adequate annual data could not be provided without conducting an annual census.

40. Failing that, if the DOE can reduce its need for sponsorship information the national accounts needs might be restructured to use only the data required by the European Community. Any information about small firms could be collected, say, once every five years under the annual census possibly with the further simplification of using VAT information to update the sampling register in between times (though more detailed work may be necessary on the way in which traders are classified in VAT information).

#### External trade statistics

41. The Customs and Excise report drew attention to the substantial costs imposed by the proposed new arrangements for export documentation by traders. It recommended that these should be reviewed to see whether a simpler, less error prone system of one stage documentation could be developed more in line with that operated by many European countries. Under the proposed United Kingdom system we understand over 100 extra staff will be required, partly to match up traders' initial returns with the detailed documentation presented after shipment.

42. There are wider issues involved and any changes would meet opposition from trade interests with whom the new arrangements have only recently been negotiated. Nevertheless, the statistical penalties must be taken either in loss of quality in the trade statistics or in extra costs. It may not be practicable to abandon the proposals negotiated with the trade, but given that the Chancellor of the Exchequer has said that a reduction of quality is acceptable in the macro-economic statistics the potential savings should be pursued vigorously. The

Departments of Industry and Trade Ministers are the appropriate judges of what service must be provided to business users and should be brought into the discussion. In our view, if pre-entry is ruled out, those departments should recompense Customs for the work necessary to bring the export statistics up to the standard they require. We recommend the Ministers concerned have early discussions on the subject.

Local authority finance

43. Several of the reports have borne on the data collection and analysis costs associated with the current and future systems of distribution of Rate Support Grant to local authorities. Valuable work has been done in some areas in simplifying and reducing the returns required from local authorities, both administrative and financial. But this threatens to be overtaken by the many pressures which exist for ever more detail of ever increasing accuracy about the "expenditure needs" of individual local authorities.

44. Not all of this pressure comes from the local authorities. There is a natural tendency for central departments to want ever more information in their own spheres of interest. We are not persuaded that all the information at present collected "on behalf of the DOE for the calculation and distribution of Rate Support Grant" is fully justified for that purpose. The indications are that even more information may be proposed by some departments to back up the new block grant arrangements.

45. About half of local authority expenditure is on education. There is a very large amount of data collection and analysis on education done for the Rate Support Grant. This seems to be substantially greater than that required by other departments. The DES report passed no comment on this. But we note that DES Ministers say the data available to support policy formation is too meagre rather than the reverse. DES seems to be in the forefront in work to develop more detailed and precise calculations of spending needs.

46. The report on DOE/DTP recommended the establishment of a joint central government/local authority agency to provide "a common financial data base, accessible equally to both sides and free from any accusation that one side or the other was manipulating the statistics themselves or their timeliness".

47. We have doubts about the desirability of setting up yet another joint central and local government body in a field which is already liberally supplied with them, but have considerable sympathy with the aim of establishing the joint cost of the statistical base required for local authority finance and an equitable sharing of this burden. We recommend the Secretary of State for the Environment, in consultation as necessary with the Secretary of State for Education and Science and other Ministers concerned, should set up an early examination on these lines of the present and future costs to local and central government of the information required for local authority finance. It would be difficult to do this immediately while the legislation on the new block grant arrangements is still in progress. But once the new arrangements are in force it would be highly desirable to quantify their likely information costs with a view to seeing how they might be reduced, limited and equitably shared between local and central government.

I B BEESLEY  
R H WILSON

January 1981

## Note on OPCS SURVEYS

Continuous surveys

<u>Survey Subject</u>	<u>Sponsor Dept(s)</u>	<u>Cost £</u>
International Passenger Survey	DIT	690,000 pa
General Household Survey	CSO	905,000 pa
Family Expenditure Survey	DE	704,000 pa
National Food Survey	MAFF	240,000 pa
Consumer Buying	DE (European Community)	21,000 pa
(AGB) Housing	DOE	42,000 pa
(NOP) Armed Forces	MOD	5,000 pa
(NOP) Attitudes to Smoking	DHSS	16,000 pa
FES/NFS merger Feasibility Study	CSO	231,000
GHS Scottish sample	SO	12,000pa



## MANAGEMENT IN CONFIDENCE

Ad hoc surveys: 1978/79 - 1980/81

<u>Survey Subject</u>	<u>Year Started</u>	<u>Sponsor Dept(s)</u>	<u>Cost £</u>
Population census tests	1978	OPCS	82,000
Privately Rented Accommodation (England and Wales)	1978	DOE	154,000
London Airport: destinations	1978	CAA	3,000
Stonehenge	1978	DOE	3,000
Migration survey	1978	OPCS	25,000
Family Property	1978	Scot Courts Admin	93,000
Sharers of Accommodation	1978	DOE	121,000
National House Movers	1978	DOE	95,000
Drinking habits England and Wales	1978	DHSS	70,000
Free School Meals	1978	DES	31,000
Sampling for Labour Force Survey	1978	DE	32,000
Housing Needs of the Unmarried	1978	DOE	65,000
Adult Heights and Weights	1979	DHSS	181,000
School Children	1979	DES	91,000
Community Nurses	1979	DHSS	226,000

MANAGEMENT IN CONFIDENCE

Effects of Direct Taxation on Incentives and Labour Supply	1979 & 1980	Treasury	349,000
Women and Employment	1979	DE	290,000
Family Resources	1979	DHSS	207,000
Museum Visitors	1979	DES	150,000
Teenage Mothers	1979	DHSS	22,000
TOPS trainees	1979	MSC	70,000
Christmas Bonus	1979	DHSS	15,000
Youth Opportunities Programme	1979	MSC	102,000
Field test of Optical Character Reading etc.	1979	OPCS	72,000
Transfer passengers	1979	CAA	18,000
Postgraduate income	1979	DES	23,000
Rent Arrears (pilot)	1979	DOE	4,000
Survey of Former Postgraduates	1980	DES	41,000
Infant Feeding	1980	DHSS	92,000
Census Post Enumeration Survey (pilot)	1980	OPCS	26,000
The New Smoking Survey	1980	DHSS	209,000
Regional Drinking	1980	DHSS	131,000
Teenage Mothers	1980	DHSS	17,000

SYNOPSIS OF DEPARTMENTAL REPORTS AND PROGRESS ON IMPLEMENTATION \*

CENTRAL STATISTICAL OFFICE

<u>Supervising Minister:</u>	<u>Prime Minister</u>
<u>Examining Officers:</u>	Mr Beesley
	Mr Wilson
	Mr Wise

Total cost: £3.7m pa  
Manpower 237

Recommended saving: £1.12m pa (30%)  
Manpower: 46 (19%)

The main recommendations are for limiting work to the essential, ending the subsidy on editorial costs of CSO publications, and restructuring the Office to save senior posts.

Implementation: Sir Robert Armstrong has submitted the final draft report.

HOME OFFICE

<u>Supervising Minister:</u>	Mr Whitelaw
<u>Examining Officer:</u>	Mr Morris

Total cost: £3m pa  
Manpower 363

Recommended saving: £0.68m pa (23%)  
Manpower: 78 (21%)

Reducing tasks to the essential, simplification and improved computing contribute most of the savings. The report proposes better control through annual presentation of all costs by director of statistics to policy heads in the department and using activity thresholds for testing value for money of new work.

Implementation: Mr Whitelaw accepts the guiding principle of doing the minimum of statistical work and doing it well. Extensive further consultation in hand. Only small immediate savings but he hopes for a reduction of 36 in staff of the Statistical Department.

---

\*In some cases, the estimates of recommended savings include aggregates of part units of staff.

MANAGEMENT IN CONFIDENCE

LORD CHANCELLOR'S DEPARTMENT

Supervising Officer: Sir Wilfrid  
Bourne  
Examining Officer: Mr Tye

Total cost: £0.66m pa  
Manpower 74

Recommended saving: £0.09m pa (14%)  
Manpower: 12 (16%)

Report concentrates on methods and recommends cutting out duplicative records and an unnecessary analysis of criminal statistics. Mr Tye identifies a net saving by centralising and computerising information processing.

Implementation: The Department has accepted the thrust of the report. Action to implement its recommendations is partly in hand; computerisation of the Crown Courts and legal aid statistics requires feasibility study.

FOREIGN AND COMMONWEALTH OFFICE - OVERSEAS  
DEVELOPMENT ADMINISTRATION

Supervising Minister: Mr Marten  
Examining Officer: Mr Ireton

Total cost: £0.54m pa  
Manpower 36

Recommended saving: £0.17m pa (31%)  
Manpower: 14 (39%)

The report recommends concentrating statistical work on the essential, reducing direct involvement of statistical staff in technical assistance overseas, increased computerisation and eliminating over-staffing.

Implementation: Mr Marten has approved all the report's recommendations. Firm action is already in hand to implement all but two of Mr Ireton's recommendations which have to be pursued with other interested parties.

INLAND REVENUE

<u>Supervising Minister:</u>	Lord Cockfield
<u>Examining Officer:</u>	Mr Blythe

Total cost: £5.7m pa  
Manpower 608

Recommended saving:	£0.76m (13%)
Manpower	80 (13%)

Half the savings come from simplification of data collection: the rest come from introducing sampling and reductions to the essential need of the department. Mr Blythe recommends charging other departments for discrete, readily costable output.

Implementation: Lord Cockfield has agreed to more than 80% of the savings recommended.

CUSTOMS AND EXCISE

<u>Supervising Minister:</u>	Lord Cockfield
<u>Examining Officer:</u>	Mr Hellier

Total cost: £9m pa  
Manpower 1200

Recommended saving:	£2.7m (30%)
Manpower:	420 (35%)

The report concentrates on the complexities of processing external trade statistics. Main savings arise from the direct input of data from export documents to the ADP system; reduced checking and validation; and using new and increased computer capacity from 1985 and developing more sophisticated software.

Implementation: Lord Cockfield has agreed recommendations to save 158 posts, and accepts the broad principles for saving another 250 posts, subject to further study. A proposal to require exporters to complete documentation as a single exercise before goods are exported (instead of in two stages) has been rejected. This rejection will mean over 100 extra staff.

MANAGEMENT IN CONFIDENCE

MINISTRY OF DEFENCE

Supervising Minister: Lord Strathcona  
Examining Officer: Mr Smith

Total costs: £4m pa  
Manpower 287

Recommended saving: £0.50m pa (13%)  
Manpower: 50 (17%)

Main savings come through reduction or cessation of work to match essential needs. Recommendations for regular, rigorous reviews of statistical needs by users and for stronger central authority for the defence statistics organisation.

Implementation: MOD officials have put proposals to Lord Strathcona for action to implement all but one (organisational) recommendation.

CIVIL SERVICE DEPARTMENT/GOVERNMENT ACTUARY'S DEPARTMENT

Supervising Minister: Mr Channon  
Examining Officer: Mr Wright

Total costs: £1.1m pa  
Manpower 91

Recommended saving: £0.12m pa (11%)  
Manpower: 8 (9%)

The report supplements CSD's re-appraisal of its essential needs leading to a cut-back on CSD's personnel record information system for management (PRISM) and manpower planning. Also recommends savings from organisational change and slimming CSD's publication, "Civil Service Statistics".

Small savings proposed for GAD by cancelling an occupational pensions survey and moving from annual to biennial population projections.

Implementation: Mr Channon's decisions on CSD's statistical services subsume the recommendations and will raise the level of savings since May 1979 to more than 35% (over £400,000 pa and 50 staff).

Awaiting decisions on GAD.

DEPARTMENT OF EMPLOYMENT/MANPOWER SERVICES COMMISSION

Supervising Minister: Lord Gowrie  
Examining Officer: Mr Brimmer

Total cost: £14m pa  
Manpower 1220

Recommended saving: £4m pa (29%)  
Manpower: 400 (33%)

The main savings arise from reorganising and reducing the frequency of the Census of Employment; basing the count of the unemployed on statistics from Unemployment Benefit Offices; abolishing three earnings surveys and stopping collection of information for "Time Rates and Wages".

Implementation: Officials' initial views that the majority of the recommendations should be acceptable.

HEALTH AND SAFETY EXECUTIVE

Supervising Officer: Mr Simpson  
(HSE Chairman)  
Examining Officer: Dr Cohen

Total cost: £0.77m pa  
Manpower 54

Recommended saving: £0.1m pa (13%)  
Manpower: 9 (17%)

A variety of small improvements through cutting out unnecessary work, securing staff savings following computerisation, regular control of statistical activities, costing work in advance and charging for ad hoc requests. Small reduction in form filling burden proposed.

Implementation: The HSE has accepted the main body of the recommendations.

MANAGEMENT IN CONFIDENCE

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD (including the Intervention Board for Agricultural Produce and the Forestry Commission)

Supervising Minister: Mr Wiggin  
Examining Officer: Mr Reed

Total cost: £5.44m pa  
Manpower 313

Recommended saving: £1.5m pa (28%)  
Manpower: 84 (27%)

The report recommends widespread reductions in statistical surveys and enquiries, and a reorganisation and reduction of frequency and coverage of the June Agricultural Census. Mr Reed is critical of MAFF's use of computers and control of statistical work. He recommends the preparation of a separate report on fisheries statistics which has just been received.

Implementation: MAFF Ministers have said they are looking to implement most of the report and attach emphasis to reducing the burden of statistical work. I am in touch with them about firming up the action plan to realise the savings Mr Reed recommended. On fisheries statistics the scope for savings depends on the negotiations to adopt a Common Fisheries Policy in the European Community.

DEPARTMENTS OF THE ENVIRONMENT AND TRANSPORT

Supervising Ministers: Mr Heseltine  
Mr Fowler  
Examining Officer: Mr Perry

Total cost: £13.95m pa  
Manpower 500

Recommended saving: £2.5m pa (18%)  
Manpower: 133 (27%)

Analysis of diverse statistical services questions the status quo to produce 115 proposals for change. Savings come mainly from cutting down to essential needs; improving structure and control of statistical work; better use of computing, and increasing revenue from publications through better marketing.

Implementation: Mr Heseltine and Mr Fowler accept the thrust of the report and intend to make financial and manpower savings of the order proposed.



MANAGEMENT IN CONFIDENCE

SCOTTISH OFFICE

Supervising Minister: Lord Mansfield  
Examining Officer: Mr Murray

Total cost: £2m pa  
Manpower 152

Recommended saving: £0.2m pa (10%)  
Manpower: 17 (11%)

The report recommends abolishing, modifying or computerising some activities and future control by a programme budget approach.

Implementation: Lord Mansfield has accepted the main proposals in the report.

GENERAL REGISTER OFFICE (SCOTLAND)

Supervising Minister: Lord Mansfield  
Examining Officer: Mr Baird

Total cost: £1.2m pa  
Manpower 171

Recommended saving: £0.06m pa (5%)  
Manpower: 6 (4%)

The report points to potential savings from greater co-operation with OPCS. Savings come from simplification, reduced checking and charging for publications.

Implementation: Lord Mansfield has accepted almost all recommendations. GRO(S) and OPCS are in touch about closer co-operation on census planning.

WELSH OFFICE

Supervising Minister: Mr Edwards  
Examining Officer: Ms Cramphorn

Total cost: £0.78m pa  
Manpower 71

Recommended saving: £0.09m pa (12%)  
Manpower: 2 (3%)

Recommends charging for publications, some computerisation and reductions in frequency of data collection.

Implementation: Mr Edwards accepts all the recommendations.

NORTHERN IRELAND DEPARTMENTS

Supervising Minister: Mr Rossi  
Examining Officer: Dr Van Slooten

Total cost: £3.2m pa  
 Manpower 245 (in NI Depts)

Recommended saving: £0.38m pa (12%)  
 Manpower: 35 (14%)

Dr Van Slooten co-ordinated 8 examining officers in NI departments. Main recommendations are for stopping unnecessary work, reducing frequency and more use of sampling. Some examining officers saw scope for improved value for money from future computerisation.

Implementation: Mr Rossi expects to implement the main general recommendations and most of the NI departmental recommendations. Action is already under way on some of them.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Supervising Minister: Mrs Chalker  
Examining Officer: Mrs Reeve

Total cost: £5.06m pa  
 Manpower 480

Recommended saving: £1.65m (33%)  
 Manpower: 160 (33%)

Recommends a rigorous cutting out of over-elaboration and limiting statistics to the essential. Suggestions for improved computer use, controlling the burden imposed by international obligations, other specialist advisers, academics and researchers.

Implementation: Mrs Chalker already sees her way to implementing over half the recommendations worth over a quarter of the savings, but the recommendations carrying the largest savings involve tricky relationships with the NHS and the medical professions. They will have to be consulted, and both firm and sensitive handling will be needed to achieve effective results.

OFFICE OF POPULATION CENSUSES AND SURVEYS

Supervising Minister: Mr Jenkin

Joint Examining  
Officers: Mr Craig  
Mr Witzenfeld

Total cost: £12.8m pa  
Manpower 1100

Recommended saving: £0.5m pa (4%)  
Manpower: 22 (2%)

Most of the big issues on OPCS work and control are covered in part 2 of the review and are in addition.

The savings in the departmental report come from reducing or stopping census and survey work and charging. In addition, the examining officers identified savings of £1.5m in processing of the 1981 census and a one-off accommodation saving on computing of £1m.

Implementation: Mr Jenkin is sympathetic to the majority of the recommendations in the report, although some are subject to further consideration. Further decisions and action will be needed on the conclusions in the interdepartmental report about OPCS's work.

DEPARTMENT OF EDUCATION AND SCIENCE

Supervising Minister: Mr Macfarlane  
Examining Officer: Dr Herbert

Total cost: £1.66m pa  
Manpower 130

Recommended saving: £0.09m pa (5%)  
Manpower: 5 (4%)

The savings come from reducing publications and charging for bulletins. There are also recommendations for improving the timeliness of some statistics and for better control. But I think that much more could be done to restrict activity to the essential at the expense of the merely desirable or less valuable work.

Implementation: Mr Macfarlane does not share my critical reaction as, in his experience, the data available to support policy formation is too meagre rather than the reverse. We are in correspondence about the action document to follow the review.

	Statistics divisions only:		All statistical services:			Reduction:	
	Jan. 1966 <sup>(1)</sup>	April 1979 <sup>(1)</sup>	May 1979	Spring 1980	April 1984 <sup>(2)</sup>	May 1979 to April 1984 <sup>(2)</sup>	
	Nos.	Nos.	Nos.	Nos.	Nos.	Nos.	(%)
Central Statistical Office	96	263	263	237	191	72	(27)
Home Office	123	149	363	363	272	91	(25)
Lord Chancellor	-	12	74	74	62	12	(16)
Overseas Development	31	32	36	36	22	14	(39)
Inland Revenue	179	274	608	608	313	295	(48)
Customs and Excise <sup>(3)</sup>	634	1039	1296	1200	780	516	(40)
Defence	379	274	292	287	237	55	(19)
Civil Service Department	n/a	35	107	84	48	59	(55)
Government Actuary	n/a	n/a	7	7	7	-	-
Employment Group (incl. MSC)	305	352	1260	1220	815	445	(35)
HSE	-	36	54	54	43	11	(20)
Agriculture Fisheries and Food	264 <sup>(4)</sup>	300 <sup>(4)</sup>	324	313	219	105	(32)
Environment and Transport	369	375	527	500	364	163	(31)
Scottish Office	32 <sup>(5)</sup>	113 <sup>(5)</sup>	158	152	134	24	(15)
GRO(S) <sup>(6)</sup>	29	52	184	171	159	25	(14)
Wales	-	80	90	71	69	21	(24)
Health and Social Security	352	401	517	480	320	197	(38)
OPCS <sup>(6)</sup>	358	770	1100	1100	791	309	(28)
Education and Science	81	130	140	130	111	29	(21)
Industry and Trade	919	1381	1381	1343	1040	341	(25)
Energy	83	62	70	70	64	6	(9)
<b>Total<sup>(7)</sup></b>	<b>4234</b>	<b>6130</b>	<b>8851</b>	<b>8500</b>	<b>6061</b>	<b>2790</b>	<b>(32)</b>

Memo Item: NI Departments

245                      245                      210                      35 (14)

- (1) The comparison between 1979 and 1966 is distorted by changes in departmental organisation affecting the scope of the statistics divisions. Growth in numbers may not reflect growth in statistical activities. 1966 figures are taken from the Fourth Report of the Estimates Committee 1966-67 on Government Statistical Services.
- (2) After all savings recommended in the departmental reports, the interdepartmental report and other savings in the pipeline.
- (3) The "export strategy" would add back over 100 staff, partly for matching up returns made before and after shipment.
- (4) Including agricultural economists.
- (5) Excluding staff in the Department of Agriculture.
- (6) Excludes extra staff required for 1981 population census. Census division not counted as part of the statistics division.
- (7) Excluding Treasury - not covered by the review; and Northern Ireland whose staff are part of the Northern Ireland Civil Service.

TABLE 2: REVIEW OF STATISTICAL SERVICES - ESTIMATED AND PROJECTED EXPENDITURE<sup>(1)</sup>

Department	All statistical services			
	May 1979 £'000	April 1984 £'000	Reduction 1979-84 £'000 (%)	
Central Statistical Office	4,120	2,630	1,490	(36)
Home Office	3,000	2,180	820	(27)
Lord Chancellors Department	660	570	90	(14)
Overseas Development	540	370	170	(31)
Inland Revenue	5,700	3,360	2,340	(41)
Customs and Excise <sup>(2)</sup>	9,690	6,293	3,397	(35)
Defence	4,090	3,550	540	(13)
Civil Service Department	1,100	680	420	(38)
Government Actuary	90	50	40	(44)
Employment Group (incl. MSC)	15,000	10,000	5,000	(33)
HSE	770	650	120	(16)
Agriculture, Fisheries and Food	5,670	3,990	1,680	(30)
Environment and Transport	14,200	11,400	2,800	(20)
Scottish Office	2,000	1,720	280	(14)
GRO(S) <sup>(3)</sup>	1,300	1,100	200	(15)
Wales	860	680	180	(21)
Health and Social Security	5,560	3,410	2,150	(39)
OPCS <sup>(3)</sup>	12,800	9,500	3,300	(26)
Education and Science	1,700	1,460	240	(14)
Industry and Trade	13,900	11,000	2,900	(21)
Energy	1,125	1,040	85	(8)
<b>Total</b>	<b>103,875</b>	<b>75,633</b>	<b>28,242</b>	<b>(27)</b>

Memo item: NI Departments                      3,200                      2,820                      380                      (12)

(1) Staff and non-staff costs based on the CSD Ready Reckoner (1979 edition) comprising basic staff cost, accommodation and common services. In practice it will not always be possible to achieve the full reductions in accommodation and some common services in the timescale envisaged.

(2) The "export strategy" would add back staff expenditure of about £500,000 pa.

(3) Excludes costs of the 1981 population census other than census branch and other permanent staff.

## LIST OF THOSE CONSULTED

The report builds extensively on the work of the examining officers in departments. The many interviews and discussions which they had are too numerous to list. The central team working on the review derived considerable benefit from discussions with the examining officers, individually and collectively.

Sir F Atkinson	(D Energy)
Mr D J Baird	(GRO(S))
Mr R A Blythe	(Inland Revenue)
Mr M J Brimmer	(DE)
Dr A Cohen	(HSE)
Mr J Craig	(OPCS)
Ms J Cramphorn	(WO)
Mr L Hellier	(Customs and Excise)
Dr E J Herbert	(DES)
Mr R Holmes	(DIT)
Mr B R Ireton	(FCO-ODA)
Mr R M Morris	(Home Office)
Mr G Murray	(Scottish Office)
Mr N H Perry	(DOE/DTp)
Mr J Reed	(MAFF)
Mrs S Reeve	(DHSS)
Mr R Smith	(MOD)
Mr C F Tye	(LCD)
Dr R Van Slooten	(N Ireland)
Mr C H K Williams	(D Energy)
Mr S Witzendorf	(OPCS)
Mr J R S Wright	(CSD)

## 2. Senior administrators in the civil service who were consulted were:

Mr R Allison	(D Employment)
Sir R Armstrong	(Secretary of the Cabinet)
Sir I Bancroft	(Head of the Home Civil Service)
Mr A Chemier	(DES)
Mr R Cooper	(DIT)
Mr P Cousins	(Exchequer and Audit)
Mr J Crawley	(CPRS)
Mr K Ennals	(DOE)
Mr L Hawken	(Customs and Excise)
Mr J Lane	(CSO)
Mr R E Radford	(DHSS)
Mr B Unwin	(HMT)
Sir D Wass	(HMT)

MANAGEMENT IN CONFIDENCE

3. The following senior members of the statistical profession were interviewed:

Mr R Barnes	(OPCS)
Mr L S Berman	(DIT)
Sir J Boreham	(Head of the Government Statistical Service)
Mr G W Clarke	(Adviser to Director-General, Statistical Office of the European Community)
Mr K G Forecast	(CSO)
Mr J Hibbert	(CSO)
Miss R J Maurice	(Home Office)
Miss R Morton-Williams	(OPCS)
Sir C Moser	(ex-Head of the Government Statistical Service)
Mr M Murphy	(ex-CSO now London School of Economics)
Mr O Nankivell	(ex-CSO now with Lucas Industries)
Mr G Penrice	(D Employment)
Mr A A Sorrell	(DOE/DTp)
Mr A R Thatcher	(Registrar-General)
Mr E J Thompson	(DOE/DTp)
Mr F E Whitehead	(OPCS)

4. Representatives of the following kindly spared time for discussions:

Confederation of British Industry  
Council of Civil Service Unions  
House of Commons Library  
National Westminster Bank  
NEDO  
OPCS Trade Union side  
Organisation of Professional Users of Statistics  
Trades Union Congress

5. The following individuals and institutions wrote with suggestions in connection with the review:

The Library Association  
Chief Executive, Kirklees Metropolitan Council  
Dr D Rhind and Dr D Storey, University of Durham  
South Yorkshire County Council  
Mr R Wainwright, MP  
Mr A Mitchell, MP  
Mr M A F Ashfield, Guinness Ltd

## GOVERNMENT STATISTICAL PUBLICATIONS

(A list of the most important publications)

General Digests

Monthly Digest of Statistics	Monthly £4.25 (wef Jan 81)
Annual Abstract of Statistics	Annual £14.00 (Dec 80)
Social Trends	Annual £16.50 (Dec 80)
Regional Statistics	Annual £11.75
Scottish Abstract of Statistics	Annual £8.50
Digest of Welsh Statistics	Annual £6.75
Northern Ireland Digest of Statistics	6-monthly £3.75
Welsh Social Trends	Annual £7.00
Guide to Official Statistics	Biennial £18.50
Statistical News	Quarterly £2.25

General Economic

Economic Trends	Monthly £8.50 (wef Jan 81)
Scottish Economic Bulletin	4-monthly £4.00
Welsh Economic Trends	Annual £7.75
Social and Economic Trends in Northern Ireland	Annual £5.50
British business	Weekly 95p
National Income and Expenditure 'Blue Book'	Annual £10.50
UK Balance of Payments 'Pink Book'	Annual £7.00
Financial Statement and Budget Report	Annual £3.25
Guide to Public Sector Financial Information	£2.50
Input-output Tables for the UK	Annual, in preparation
Price Index Numbers for Current Cost	Periodic, price on
Accounting (Monthly Supplement)	application £7.75 per annum
Economic Progress Report	Monthly, free
CSO Macro-Economic Databank	approximately £20-30 per tape

Public Expenditure

Public Expenditure White Papers	Annual £6.25
Supply Estimates	Annual £23.00
Memorandum by the Chief Secretary to the Treasury	Annual £4.00
Appropriation Accounts (3 volumes)	Annual £29.00
Cash Limits	Annual £1.75
Northern Ireland Appropriation Accounts	Annual £6.50

Industrial Production and Sales

Report on the Census of Production	Each part individually priced
Quarterly Statistics of Manufacturers' Sales	On subscription £3.00 each per annum
	Complete sets £200 per annum



Industrial Production and Sales (cont'd)

Monthly Statistics	On subscription £7.75 each per annum £10.00
Historical Record of the Census of Production 1907-1970	
Classified List of Manufacturing Businesses	Issued in 10 parts, each part individually priced £2.50

Defence

Statement on the defence estimates (2 volumes)	Annual £4.00 each
---	-------------------

Energy

Digest of UK Energy Statistics	Annual £8.50
Energy Trends	Monthly, free

External Trade

Overseas Trade Statistics of the United Kingdom	Monthly £11.00
Statistics of Trade through United Kingdom Ports	Quarterly and annual £7.00
Overseas Trade Analysed in Terms of Industries	Annual subscription £38.30 On subscription £4.00 per annum

Building, Construction Property

Housing and Construction Statistics	Annual £14.00
Local Housing Statistics, England and Wales	Quarterly £2.75
Scottish Housing Statistics	Quarterly £4.00
Digest of Housing Statistics for Northern Ireland	Quarterly 50p
Report on the Census of Production - Construction	Annual £1.50
Private Contractors' Construction Censuses	Annual £2.00
Monthly Bulletin of Construction Indices for	
- Building Works	Monthly 80p
- Civil Engineering Works	Monthly 55p
- Specialist Engineering Installations	Monthly 65p
Price adjustment for building contracts (series 2)	Monthly 90p
Monthly Bulletin of Indices	Monthly 55p-80 p
Rates and Rateable Values in Scotland	Periodic £3.00
Housing and Construction Statistics, Parts 1 & 2	Quarterly £1.15 each
Commercial and Industrial Property Statistics	Annual £3.00

MANAGEMENT IN CONFIDENCE

Mining and Quarrying

Minerals	Annual £1.25
United Kingdom Mineral Statistics 1979	Annual £13.00
World Mineral Statistics 1974-78	Annual £12.00

Manpower, Earnings, Retail Prices etc

Department of Employment Gazette	Monthly £1.65 (annual subscription £22.80)
----------------------------------	--

New Earnings Survey	Six parts between October and April Each part costs £7.90
---------------------	--

Time Rates of Wages and Hours of Work	Annual £12.00
Changes in Rates of Wages and Hours of Work	Monthly 50p (annual subscription £7.20)

British Labour Statistics: Historical Abstract 1886-1968	£7.00
British Labour Statistics: Yearbook	Annual £20.00
Survey of Personal Incomes	Annual £5.25
Civil Service Statistics	Annual £7.50
First Destination of University Graduates	Annual £6.95

Financial and Companies

Financial Statistics	Monthly £6.50 (wef Jan 81)
Company Finance	Annual £3.50
Insurance Companies' and Private Pension Funds' Investment	Quarterly £4.00 per annum
Acquisitions and Mergers of Companies	Quarterly £4.00 per annum
Local Government Financial Statistics, England and Wales	Annual £2.00
Welsh Local Government Financial Statistics	Annual £4.50
District Councils, Summary of Statements	Annual 50p
Accounts, Northern Ireland	
MA16 Insurance Business Statistics	Annual £3.75
Insurance Business Statistics (1974)	£24.00
District Councils, Summary of Statements of Accounts	Annual £1.50

Taxation

Inland Revenue Statistics	Annual £10.50
Report of the Commissioners of HM Inland Revenue	Annual £2.50
Report of the Commissioners of HM Customs and Excise	Annual £5.25
Betting and Gaming Bulletin	Monthly. Annual subscription £3.91
Spirits Bulletin	Monthly. Annual subscription £6.04
Wine Bulletin (abbreviated)	Monthly. Annual subscription £7.19
Wine Bulletin	Monthly. Half yearly subscription £230.00

Transport

Transport Statistics, Great Britain 1968-78	Annual £7.00
National Travel Survey	
Vol. 1 Crosssectional analysis of passenger travel in GB	£1.10
Vol. 2 Numbers of journeys per week by different types of households, individuals and vehicles	£1.25
Vol. 3 A comparison of the 1965, 1972/73 surveys	£1.80
National Travel Survey 1975/76	£6.50
Road Vehicles - New Registrations	Monthly. £5.40 per annum
Road Accidents	Annual £4.50
Railway Accidents	Annual £3.25
Nationality of Vessels in UK Seaborne Trade	Annual £2.25
Annual Digest of Port Statistics, Vols. I and II	Annual £10 per vol.
Quarterly Bulletin of Port Statistics	Quarterly. £20 per annum
Casualties to Vessels and Accidents to Men	Annual £4.00
Civil Aviation Authority Annual Statistics	Annual £10.00
Civil Aviation Authority Monthly Statistics	Monthly £2.50 (£30.00 per annum)
Accidents to Aircraft on the British Register	Annual £4.00

Distribution and Other Services

Report on the Census of Distribution and Other Services 1971	
Part 1 Retail Outlets	£1.60
Parts 2 to 11-Area Tables	from £1.05
Part 12 Area Summary Figures	£ 2.00
Part 13 Retail Organisation Tables and Service Trades	£2.95
Supplement: Further establishment and organisation tables .	£5.25
Retail Sales (SDM 28)	Monthly £7.75 per annum
Catering Trades	Quarterly £4.00 per annum
Cinemas	Annual £1.25
Annual Statistics on Retail Trades	Annual £4.50

Agriculture, Fisheries and Food

Agricultural Statistics: England and Wales	Annual £4.25
Agricultural Statistics: United Kingdom	Annual £4.00
Farm Classification: England and Wales	Annual £6.75
Agricultural Statistics, Scotland	Annual £6.00
Agriculture in Scotland	Annual £3.25
Scottish Agricultural Economics	Annual £3.30
Welsh Agricultural Statistics	Annual £15.00
Statistical Review of Farming in Northern Ireland	Annual, free
A Century of Agricultural Statistics, GB, 1866-1966	97½p (OUT OF PRINT)
The Changing Structure of Agriculture, 1968-1975	£1.50
Sea Fisheries Statistical Tables	Annual £2.00
Scottish Sea Fisheries Statistical Tables	Annual £4.50
Household Food Consumption and Expenditure (National Food Survey)	Annual £7.50

MANAGEMENT IN CONFIDENCE

Population and Households

Population estimates, England and Wales	£3.00
Annual Estimates of the Population of Scotland	£1.25
The Registrar General's Annual Report for Northern Ireland	£5.75
Population Trends	Quarterly £3.00
Population Projections	Annual £2.25
OPCS Monitors	Periodic free
Family Expenditure Survey	Annual £6.50
Family Expenditure Survey, Northern Ireland	Annual £4.00
General Household Survey	£7.00

Education

Education Statistics for the UK	Annual £6.00
Statistics of Education	
- Vol. 1 Schools	Annual £5.00
- Vol. 2 School Leavers, CSE and GCE	Annual £4.25
- Vol. 3 Further Education	Annual £6.50
- Vol. 4 Teachers	Annual £7.50
- Vol. 5 Finance and Awards	Annual £3.00
- Vol. 6 Universities, United Kingdom	Annual £10.50
Northern Ireland Education Statistics	Annual £6.00
Statistics of Education in Wales	Annual £4.50

Home Affairs

Betting Licensing Statistics	Annual £2.00
Experiments on Living Animals	Annual £3.60
Fire Statistics United Kingdom	Annual £4.25
Control of Immigration Statistics	Annual £4.25
Control of Immigration Statistics	Quarterly, free
Liquor Licensing Statistics for England and Wales	Annual £5.50

Justice and Law

Criminal Statistics, England and Wales	Annual £9.50
Criminal Statistics, Scotland	Annual £3.75
Judicial Statistics, England and Wales	Annual £6.00
Civil Judicial Statistics, Scotland	Annual £1.25
Prison Statistics, England and Wales	Annual £5.25
Report on Prisons in Scotland	Annual £5.00
Report on the Administration of the Prison Services (Northern Ireland)	Annual £3.80
Probation and After-care Statistics, England and Wales	Annual £2.25
Offences Relating to Motor Vehicles	Annual £2.50
Offences of Drunkenness, England and Wales	Annual £1.25
Statistics of the Misuse of Drugs, United Kingdom	Annual £3.35
Serious Offences, Recorded by the Police, England and Wales (Bulletin)	Quarterly, free
Statistics on the Prevention of Terrorism (Temporary Provisions) Act 1974 and 1976 (Bulletin)	Quarterly, free

Health and Safety

Health and Safety Statistics	Annual £3.00
------------------------------	--------------

Health, Social Services and Social Security

Health and Personal Social Services Statistics for England	Annual £8.50
Health and Personal Social Services Statistics for Wales	Annual £5.25
Social Security Statistics	Annual £11.50
Scottish Health Statistics	Annual £10.00
Statistical bulletins on various aspects of social services in Scotland	Periodic, free
Report of the Supplementary Benefits Commission for Northern Ireland	Annual £3.25
Report on the Hospital In-patient Enquiry, Preliminary Tables	Annual £3.00
Report on the Hospital In-patient Enquiry, Main tables	Annual £13.20
Supplementary Benefits, Commission, Annual Report	Annual £6.70

Overseas Aid

British aid statistics	Annual £6.50
------------------------	--------------

Sources: Government Statistics. A Brief Guide to Sources. 1981 Edition (in preparation); HMSO Daily List.

## Annual CSO costs by branch (Feb. 1980)

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

MANAGEMENT IN CONFIDENCE

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

MANAGEMENT IN CONFIDENCE

		£ thousand		
Branch and Function		Costs based on current posts and average 1979/80 staff cost		
		Staff Cost	Computing	Total
Branch 8 (Balance of Payments)				
(Programme 6)				
8.1	Visible Trade/Credit, Competitiveness	51	10	61
8.2	Services and Transfers, Govt. Account	76	8	84
8.3	Investment; Capital flows; Earnings; External assets and liabilities	72	12	84
8.4	Co-ordination; Publications; Official finance; International Returns; Geographical Allocation	69	18	87
8.5	"Economic Trends"	7	-	7
	TOTAL .....	275	48	323
Branch 9 (Research)				
(Programme 1)				
9.1	Research and special studies	92	33	125
9.2	GSS software	51	5	56
	TOTAL .....	143	38	181
Branch 10 (Computing n.e.s.)				
(Programme 2)				
10.1	Databank service	-	10	10
Branch 11 (Statistician Group Management, Regional Statistics, Standards)				
(Programmes 1 and 3)				
11.1	Statistician Group Management	116	-	116
11.2	Training	24	-	24
11.3	Regional statistics	62	3	65
11.4	Classifications	28	-	28
11.5	Release dates	10	-	10
	TOTAL .....	240	3	243
Branch 12 (Social Statistics)				
(Programme 7)				
12.1	Social Trends	86	-	86
12.2	Social Briefs	39	-	39
12.3	OPCS Liaison	8	-	8
12.4	Interdepartmental Social Statistics	27	-	27
12.5	Distribution of income and wealth	69	24	93



MANAGEMENT IN CONFIDENCE

£ thousand

Branch and Function	Costs based on current posts and average 1979/80 staff cost		
	Staff Cost	Computing	Total
12.6 Redistribution of Income (Annual article)	34	32	66
12.7 Redistribution of Income (Service to Departments)	26	14	40
12.8 Tax and price index	7	-	7
12.9 Family Expenditure Survey	31	-	31
12.10 General Household Survey	16	-	16
12.11 Framework for social and demographic statistics; social protection account; and social indicators	33	-	33
TOTAL .....	376	70	446
Other Staff Costs -			
1. Director; pt. Dep. Director and commensurate secretarial support (Programme 8)	96		96
2. International Section (Programme 1)	46		46
3. Graphic Design Unit (Programme 2)	99		99
4. Clerical Pool (Programme 8)	22		22
5. Cadets (Programme 1)	28		28
TOTAL .....	291		291
GRAND TOTAL	2861	621	3482

## DRAFT MINUTE FROM THE PRIME MINISTER TO SIR ROBERT ARMSTRONG\*

## REVIEW OF GOVERNMENT STATISTICAL SERVICES

1. I have noted the scope for savings and managerial improvements suggested by the review of Government Statistical Services. I am grateful for the part played in this by the Director of the Central Statistical Office and by the Departmental Directors of Statistics.
2. I have considered Sir Derek Rayner's comments on the role of the CSO and of its Director, not least in his capacity as professional head of the Government Statistical Service. I welcome the recommendations which clarify the role of the Government Statistical Service in providing an objective and economical statistical service.
3. For the future, I should like the Director to take a particular responsibility with regard to securing value for money. For example, as professional head of the GSS, he should keep before the Directors of Statistics in Departments the scope for economies in their operations and the opportunities provided by statistical methods for reducing costs and improving value for money in Government more generally.
4. Ministers and their senior lay officials need and I believe would welcome sound advice on how to obtain economical but effective statistical services. I should like the Director of the CSO to take the initiative in providing this advice and to continue to make himself regularly available to Departments for this purpose.
5. I confirm that on matters concerning the validity and integrity of Government statistics and the professional competence and standing of the Government Statistical Service, the Director of the CSO, as Head of the GSS, has the right of direct access to me. Where he is providing advice to other Departments, he may deal directly with the appropriate Minister. On other matters, and particularly on the cost and management of the CSO, the Director should report in the first instance to you.

---

\* Or in the form of a minute from the Principal Private Secretary

MANAGEMENT IN CONFIDENCE

6. I hope to make an announcement very shortly about the outcome of the review. As regards following up the review I have asked the Lord President of the Council to take the lead on my behalf in following through the review to implementation with a view to publishing a statement of the results early this year. I should be grateful if you would arrange for the Director to assist him. I am inviting the Lord President to look to the Director to report on progress with the implementation of recommendations in a form which can be issued publicly.

7. Subsequently, I should like to be kept informed - by means of an annual report - about the cost of Government Statistics and the contribution they are making to economies and improvement in the public sector.

CHECK LIST FOR ASSESSING STATISTICAL WORK - GUIDANCE TO EXAMINING OFFICERS

GENERAL APPROACH

The Study Officer's approach will be based on four themes -

1. Discover the NATURE of the work being done. As far as possible divide into -
  - the assembly of data including the preparation, conduct and processing of statistical surveys or enquiries.
  - the analysis, compilation and presentation of data eg into simple and complex statistical series.
  - the analysis and interpretation of statistics in a policy context, sometimes on an ad hoc basis.
  - certain other related work such as dissemination of data, methodology, research etc which will also need to be identified and assessed.
2. Discover the FACTS in terms of -
  - how, where and when the work is commissioned, why
  - how, where, when and by whom it is done
  - how much it costs
3. QUESTION particularly why and how the work is done, whether value for money is given, how sensitive the costs are to changes in specification, what changes could be made and with what effect. Make use of any other studies reviews etc which are in hand or have recently been done. You don't want to duplicate work. On the other hand you have licence to go behind the products of studies if you want to probe more deeply.

4. Make RECOMMENDATIONS for action to cut costs and to get better value for money. Test them with senior people in the Department who use and supply the work and with the review team but don't allow yourself to be overborne by vested interests. If you feel it is right, give your Minister radical options: "If you will accept [X] you can save [Y]". Tell him what he would lose and what he would gain. He can decide.
5. Finally, prepare advice on the improved management of the statistical services in your department. Who should formulate policy on this? How? How are costs and benefits to continue to be monitored?

#### TYPICAL QUESTIONS

6. What are the services (output) provided by each Division (headed at Chief Statistician/SEA/AS or equivalent) as statistical series or advice with associated detail/accuracy/frequency/timeliness. (Divide into categories in theme 1.)
7. What are the associated main costs
  - a. Cover salary and accommodation costs arising in the Statistics Directorate itself, computer costs on behalf of these outputs and other significant collection and processing costs incurred on behalf of the statistical work of the department.
  - b. Assess the burden imposed on those outside the department and outside the Government Statistical Service, particularly outside government. (It is not necessary to conduct an elaborate exercise on this account, rough assessments will do).
8. What aspects of the outputs are particularly cost sensitive- costs to government, to the private sector and to local authorities; ie what is the saving from a marginal reduction in accuracy, timeliness, frequency.

9. Assess the need for output

a. Consider the consequences if it were discontinued, reduced in cost. If necessary question the need for the decisions which use the information. Ask yourself what can be done with the statistics produced. Watch for: others inside or outside government who produce the same or similar output; over-elaboration (eg adding extra details to a basic need); data collection systems whose justification is ad hoc requests which need not be met so expansively.

b. Seek the justification of each output. Check it out with the users in your Department. Are you satisfied they justify all the work and that essential work is not ignored? Users in other departments may be checked by the central team and should be clearly identified.

10. How effectively is work done-

- are essential user needs met, under-met, or over-met. Is there too much effort on merely useful or interesting work?
- what complaints have there been about a survey, why?
- do users get value for the taxpayers' money? (NB an approximate speedy answer to the question(s) asked is greatly more valuable than a precise, late answer or an answer to a similar (but different) question).
- what improvements in value for money can the users/the statisticians suggest (eg timing, frequency, coverage, less statistical refinement such as chasing non-respondents, data linkage). NB the extra value may accrue to those who fill in forms or to government.
- watch for: filters between ultimate users and statistician (eg by routing all requirements through administrators or economists), the trade-off between speed and accuracy/detail, proliferation of publications for generalised users.

11. Question the use of ADP

- establish what benefit the statistical activities have had from the growth in statistical computing costs in recent years. Has it added to costs or to savings. Why? Compare the views of statisticians and data processing managers about how the statistical computer service matches (falls short of or exceeds) requirements.
- what encouragement is there to economy and cost-consciousness? How are adp users confronted with the costs of their proposed work? Watch for duplication of man and machine and expensive data preparation arrangements. Is standardised software widely used or is it expensively tailor-made?

12. Evaluate what is done to make users aware of the full costs of their statistical requirements and to control costs?

- do customers outside the department pay for the service in full?
- are customers inside the department regularly confronted with the costs of their requirements? How? How regularly? What's the result?
- who authorises staff and money for statistics? How effective do they think their control is?
- is there a regular review of ongoing work?
- are all staff fully occupied all the time (eg at peaks and troughs?)
- when was the need for the work last thoroughly reviewed?

13. RECOMMENDATIONS

A. What work could cease and with what effect on the user and savings to the department?

B. What work could be modified in some way and with what effect on the user and savings to the department?

MANAGEMENT IN CONFIDENCE

- C. What improvements could be made in cost consciousness, value for money and the control of work?
- D. What charge should be made for statistical output?
- E. What would be the financial and manpower savings from conclusions A, B, C, and D and when would they occur?
- F. What work depends on or supports other government departments' work?



**REVIEW OF  
GOVERNMENT STATISTICAL SERVICES**

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

**October 1980**

## INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

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

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

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

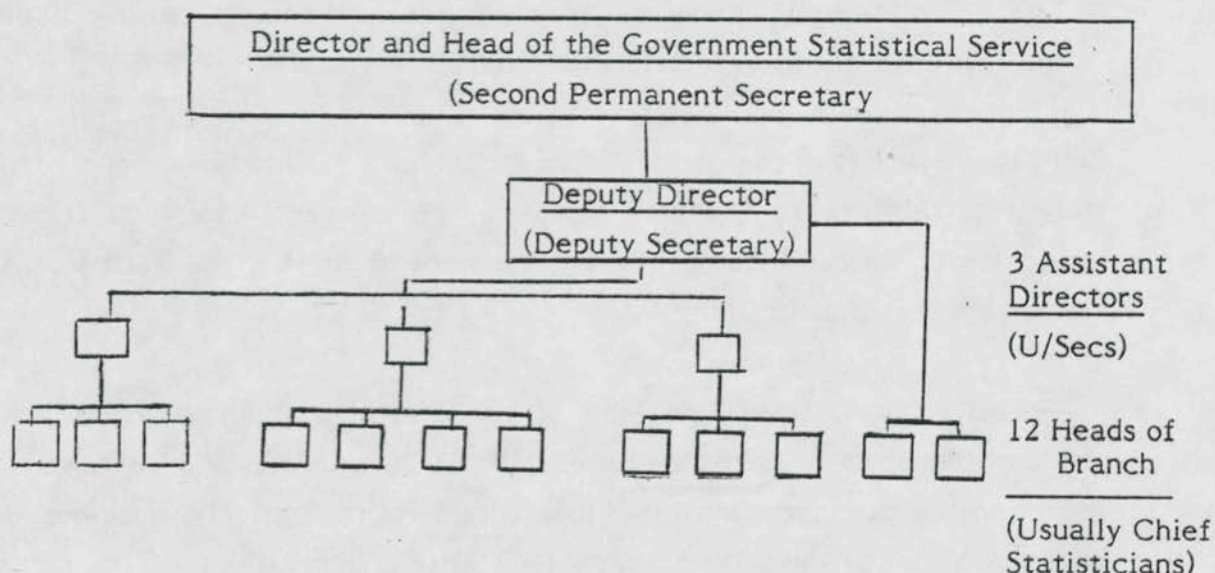
3. This report assesses the work of the Central Statistical Office (CSO). It concentrates upon the necessity for each of CSO's activities and leaves to a global report on the exercise a whole - which is still in preparation - wider questions of government policy and accountability for statistics generally.

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

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

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

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



History

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

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

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

Objectives

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

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

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

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

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

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

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

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

Functions

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

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

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

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

through informal influence on fellow statisticians;

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

through a watching brief on statistics in Cabinet papers;

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

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

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

#### External burdens

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

#### Growth

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

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

#### Acknowledgement

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

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

#### General Assessment

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

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

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

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

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

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

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

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

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



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

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

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

#### Continuing Scrutiny

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

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

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

Specific recommendations

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

Reductions in activity

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

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

Restructuring of the Office

	Paragraph reference	Staff savings (Nos)	Expenditure saving * (£'000 pa)
Transfer GSS policy work to a wider management unit	37 40	-	-
Merge classifications work with survey control	42 ) )		
Absorb release dates work in publications branch	43 )	2	31.1
Brigade economic assessment with central national accounts team	76	not quantified	
Partially absorb regional accounts in national accounts	78	0.6	12.3
Brigade company sector work with central national accounts team and reduce work effort	113	0.7	15.0
Reduction of branches to nine and director posts to three	159- 168	7	145.0

Extra revenue

End subsidy on editorial costs of CSO publications	57-63	-	up to 275.0
Introduce rapid information Service	68	-	12.0
Charge Royal Commissions etc for graphical design work; allocate costs to CSO branches in budgetary exercise	71	-	5.0 (nominal entry)
Charge copyright fee on computerised current cost accounting data	99	-	not quantified

Other improvements

Survey Control Unit to be concerned with value for money and to cover existing regular surveys. Issue new remit	34-36	1 (extra)	20.4 (extra)
---	-------	--------------	-----------------

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

Other savings in the pipeline

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

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

## PROGRAMME 1 - GSS POLICY AND MANAGEMENT

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

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

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

Survey Control

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

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

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

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

#### GSS Policy

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

#### Research and Development, Common Software

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

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

#### Statistician Group Management

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



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

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

#### Classifications and Standards

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

#### Release dates for key statistical series

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

Summary of savings

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

Memo item

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

**PROGRAMME 2 - DISSEMINATION AND INFORMATION**

45. This programme comprises -

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

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

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

#### Publications

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

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

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

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

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

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

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

Commercial  
in  
Confidence

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

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

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

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

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

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

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

Commercial  
in  
Confidence

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

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

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

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

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

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

Prestel

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

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

Press and Information

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

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

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

#### Publicity

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

#### Graphic Design Unit

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

#### Databank Service

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

Commercial  
in  
Confidence  
not for  
Publication



Summary of savings

73.

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

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

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

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

National Accounts - central team

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

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

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

Regional Statistics

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

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

Summary of savings

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

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

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

<u>Ref:</u>		<u>Staff</u> (£'000)	<u>Cost pa</u>
4.1	Input/output	6.6	117
4.2	Production accounts	3.9	116
4.3	Quarterly sales database etc	1.5	31
4.4	Economic assessment	1.0	26
4.5	Cyclical indicators	.8	32
5.1	Monthly index of production	5.6	115
5.2	Quarterly/annual GDP(O)	2.8	60
5.3	Labour and productivity	3.1	51
4.6)			
)	Prices	.7	46
5.4)		<hr style="width: 50px; margin: 0 auto;"/>	<hr style="width: 50px; margin: 0 auto;"/>
		26.0	594
		<hr style="width: 50px; margin: 0 auto;"/>	<hr style="width: 50px; margin: 0 auto;"/>

Input/Output tables

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

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

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

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

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

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

#### Production Accounts

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

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

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

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

#### Purchases Estimation Development

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

#### Economic assessment

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

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

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

#### Cyclical indicators

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

#### Index of Industrial Production

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

#### Output measure of GDP

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

#### Productivity Measures

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

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

#### Labour statistics

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

#### Prices

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



Summary of savings

100.

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

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

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

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

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

Public Sector

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

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

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

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

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

#### Research and Development Statistics

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

#### Financial Statistics

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

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

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

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

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

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

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

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

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

#### Development of National and Sector Balance Sheets

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

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

Summary of savings

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

## PROGRAMME 6 - BALANCE OF PAYMENTS

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

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

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

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

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

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

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

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



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

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

Summary of savings

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

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

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

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

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

#### Social Trends

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

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

Commercial  
in  
Confidence

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

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

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

#### Social Brief

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

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

Distribution of Income and Wealth

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

Redistribution of Income

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

Social Protection Accounts

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

FES and GHS

137. These surveys are considered in the interdepartmental report.

Interdepartmental liaison

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

Summary of savings

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

## PROGRAMME 8 - GENERAL SERVICES

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

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

Memo item

Other costs comprise:

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

Computer use

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

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

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

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

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

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

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

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

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

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



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

Control of computer costs

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

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

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

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

Commercial  
in  
Confidence  
not for  
publication  
or wide  
circulation

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

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

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

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

Summary of savings

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

**ORGANISATION AND MANAGEMENT**

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

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

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

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

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

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

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

166. The nine branches would be -

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

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

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

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

#### Continuing scrutiny

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

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

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

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

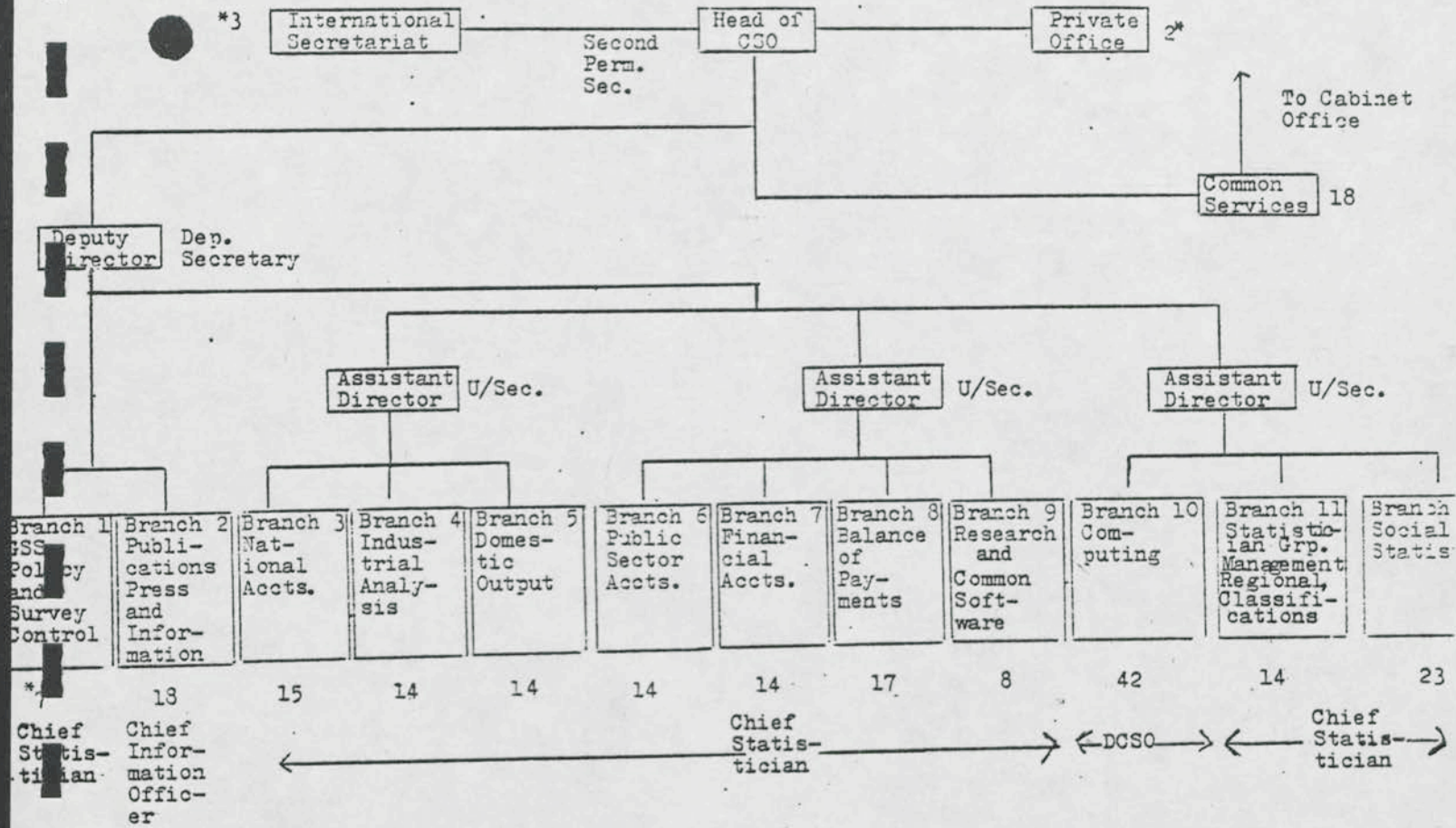
Summary of savings

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

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

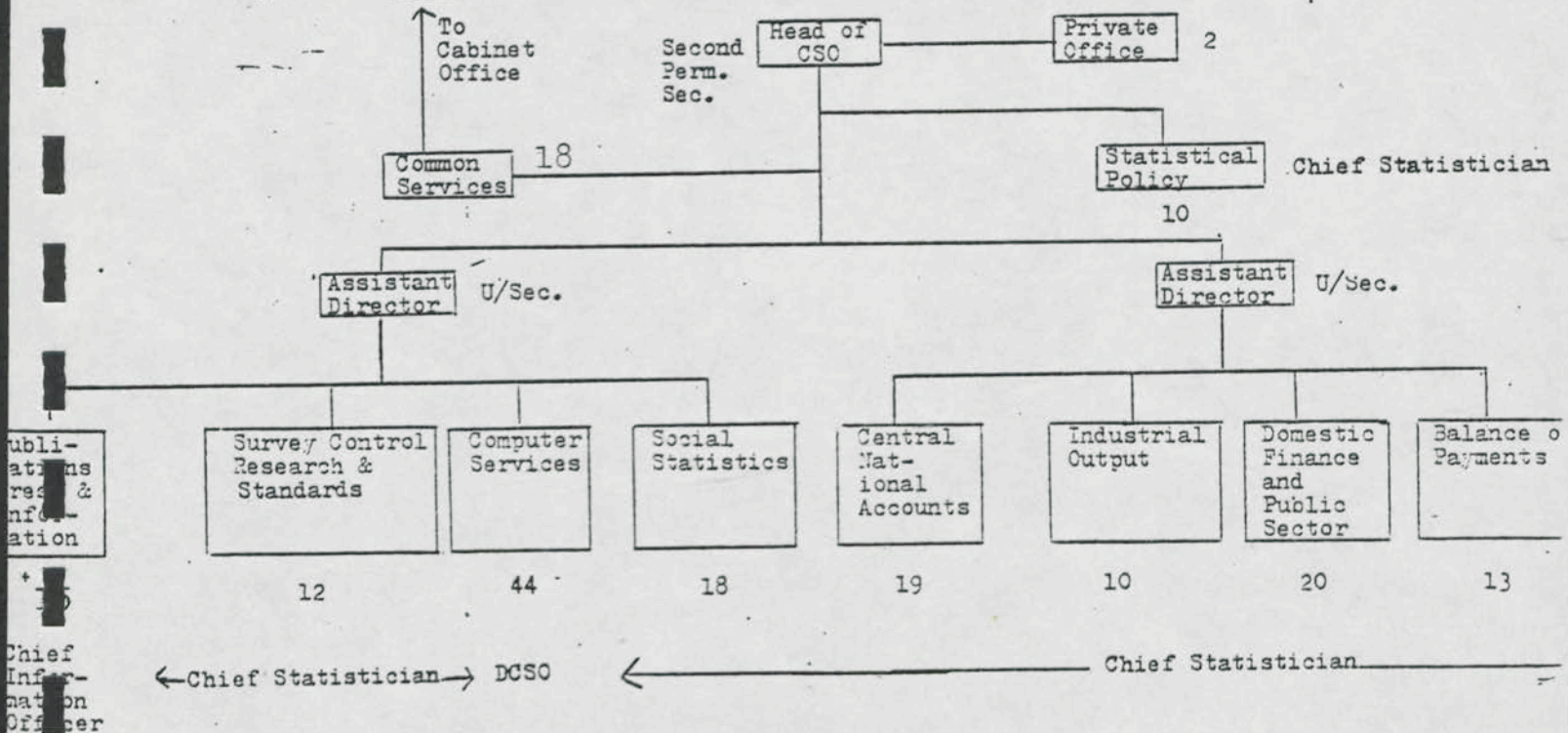


EXISTING ORGANISATION STRUCTURE OF CENTRAL STATISTICAL OFFICE



Total Staff 232 (including Junior Directors' Secretarial Support)

PROPOSED ORGANISATION STRUCTURE OF CENTRAL STATISTICAL OFFICE



\*Numbers of staff in branch

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

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

£ thousand (at 1979/80 rates)

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

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

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

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

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

## GENERAL PUBLICATIONS

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

## GENERAL DIGESTS

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

## GENERAL ECONOMIC

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

Development of CSO Publication's

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

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

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

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

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

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

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

Many of the charts use colour for more effective presentation.

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

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

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

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

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

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

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

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

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

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

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



## TREND IN SALES AND DISPOSALS OF CSO PUBLICATIONS

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

∅ February issue only

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

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

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

CSO PUBLICATIONS

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

## Estimated editorial costs for CSO publications

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

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

Method of Study

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

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

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

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

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

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

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

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

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

1. CSO

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

2. Treasury

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

3. Departments of Industry and Trade

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

4. Seminar on National A/Cs

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

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

H H Liesner	-	Chief Economic Adviser )	DIT
L S Berman	-	Director of Statistics )	
J W S Walton	-	Director of Statistics	IR

5. Bank of England

D Walker	-	Assistant Director	
L Dicks-Mireaux	-	Head of Economics Division	
G Willetts	-	Head of Financial Statistics Division	
H Spicer	-	Adviser, Financial Statistics Division	

6. Cabinet Office

G Wishart	-	Establishments Officer	
-----------	---	------------------------	--

7. Other Bodies Consulted

HMSO	-	Director of Publications	
COI	-	Head of Viewdata	
OEUU	-	Marketing Director	
Cefax	-	(ITV)	
Oracle	-	(BBC)	
Fintel	-	(Financial Times)	
NEDO			
CBI			
TUC			
SOEC	-	G Clarke, Counsellor to the Director General	
House of Commons Library			
Sir Claus Moser	-	Former Director CSO now Vice Chairman Rothschilds Bank	
O Nankivell	-	Former Assistant Director CSO and now with Lucas Industries	
National Westminster Bank	-	Chief Economic Adviser	

8. Companies Consulted

Westland Aircraft Ltd	Davy Corporation Ltd
Tarmac Ltd	Metalbox Ltd
Mothercare Ltd	Turner and Newall Ltd
Thorn EMI Ltd	United Gas Industries Ltd
Powell Duffryn Ltd	



TABLE 4

## ANNUAL CSO COSTS BY BRANCH (February 1980)

£ thousand

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

(1) For definitions see Notes

(2) Programmes of Table 2

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

(4) On same costing base as Column 1

TABLE 4 (continued)

£ thousand

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

TABLE 4 (continued)

£ thousand

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

TABLE 4 (continued)

£ thousand

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

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

15 February 1980

NOTES TO THE TABLES

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

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

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

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

