

4 December 2003

Coverage

United Kingdom

Theme

The Economy

**PERSONAL
AND
CONFIDENTIAL
UNTIL 9.30AM
ON THURSDAY
4 DECEMBER**

National Statistics review of government output measurement

National Statistician Len Cook has today announced a review of the future development of measures of government output, productivity and associated price indices to be undertaken by Sir Tony Atkinson.

The review's terms of reference are:

"To advance methodologies for the measurement of government output, productivity and associated price indices in the context of the National Accounts, recognising:

- the full scope of government outputs;
- differences in the nature and quality of these outputs over time;
- the relationship between government outputs and social outcomes;
- the need for comparability with measures of private sector services output and costs;
- the existing work of the ONS; and
- the appropriate measurement of inputs, including quality and the distinction between resource and capital, so that, together with the measurement of output, light can be thrown on developments in government productivity."

Sir Tony has been asked to produce a preliminary report by July 2004 and a final report by January 2005.

Announcing the review, National Statistician Len Cook, said:

"The UK is a world leader in the measurement of government output. It is one of very few countries to follow best practice as set out in international guidelines. In 1998 we began the task of measuring output directly, rather than from the amount of money spent on producing it, that is from the inputs. The review will take this work forward taking account of changes in economic and social structures, technology, institutional arrangements and analytical techniques that have taken place in recent years.

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"Since 1998, the amount of resources allocated to public services has increased. Delivery and management mechanisms have developed and are more complex. There is an increasing emphasis on the quality of service for the customer. As a result there are greater demands on, and expectations of, measures of government output. This is reflected in increased interest in government performance indicators more generally.

"It is essential that National Accounts measures keep up with these developments and that the UK continues to be at the forefront of measurement issues. I am delighted that Tony Atkinson, one of the world's leading economists, has agreed to help us do this and establish the future strategic direction for statistics in this area."

BACKGROUND NOTES

1. Sir Tony Atkinson has been Warden of Nuffield College Oxford since 1994. Previously he was Professor of Economics successively at Essex University, University College London, the London School of Economics and Cambridge University. His main research interests are welfare and public economics on which he has published extensively. He served as a member of the Royal Commission on the Distribution of Income and Wealth, the Pension Law Review Committee, and the Social Justice Commission. He was a member of the Retail Prices Index Advisory Committee between 1984 and 1990.
2. Sir Tony will be supported by a team located in ONS headed by Joe Grice, deputy head of the Government Economic Service, on secondment from the Treasury. The team will comprise ONS staff and staff seconded from the Bank of England and the Treasury and will be supported by statisticians, economists and analysts from government departments responsible for the relevant public services.
3. International guidelines on the measurement of government output are set out in the United Nations System of National Accounts (SNA) and the European System of Accounts (ESA). This review would consolidate the UK's position at the forefront of government output measurement, and its conclusions could influence the future shape of the SNA and ESA.