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Prime Minister

Sir John Boreham has copied to me his minute of 25 March about the proposed large scale household survey.

The need to have the up-to-date information the survey would provide is rather greater than Sir John suggests.

Our policies on local government finance would be put seriously at risk if we had to rely on information about conditions in 1981 - and even earlier for some data. The survey will up-date many of the series used in crucial components of the GRE's which form the basis of the RSG allocation. Moreover, spending performance in relation to GRE is used in selecting authorities for rate limitation, so it is particularly important that central government should minimise the scope for criticising the GRE assessments for these authorities. GREs are also used in setting expenditure targets (there is discrimination by reference to spending above or below GRE) and will play an even more crucial role if, as seems possible, targets are removed.

Our efforts to deal as effectively as possible with the major social and economic problems in inner city areas also mean that we must have up-to-date information on conditions there. It would not be acceptable to make decisions about which authorities receive assistance and the level of that assistance on the basis of information which, without the survey, would be over 10 years old by the time information was available from the next census.

*Sample census*

The information which the survey will provide on the dwelling stock and on characteristics of households is required also to carry forward our policies on home ownership and private renting.





I do not consider it sensible to rely through the rest of the decade on information from the 1981 Census, but I understand that Sir John is not proposing any alternative to the survey.

/ The attached note comments on some of the more technical points in Sir John's minute.

Copies of this minute go to Sir Robert Armstrong and Sir John Boreham.

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W March 1985



Technical points on Sir John Boreham's minute

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The assessment in Sir John's fourth paragraph of the maximum welfare gain from a more satisfactory allocation of grant is based on a number of questionable assumptions and in any case ignores the importance of the fact that the allocation has been made fairly. The author of the article from which the method was taken was considering the value of a full census and was looking at errors in population estimates rather than the items to be measured in the survey.

The information about sampling errors in Sir John's fifth paragraph is not relevant to the proposed survey. The figures which Sir John quotes relate to the results of a 10% sample of census returns taking one in ten evenly throughout the country. The results which are least accurate proportionately are those for small districts where the 10% sample is a fortiori small. The proposed survey is not intended to provide results for each district. The sample would be allocated to ensure adequate coverage in the areas for which results are required - metropolitan districts and shire counties, plus selected urban districts - but not the generality of shire districts. The example Sir John quotes of men aged 65 and over is also inappropriate in that the numbers in the survey would be grossed up for each age group to OPCS's mid-year population estimates for the district. The resulting figure would not then be affected by sampling errors in the survey. The scale of sampling error which one might expect on other topics for the areas for which results are required varies according to the topic. As an indication, if 20 per cent of the households in a district have the relevant characteristic, eg overcrowding, then there is a 95 per cent chance that the survey result will be in the range 19.3 - 20.7%.

27 March 1985



