



JP
Govt Meech

10 DOWNING STREET

From the Private Secretary

MR. PRIESTLEY

THE EFFICIENCY STRATEGY 1982: THE SCRUTINY PROGRAMME

The Prime Minister has seen your minute of 19 February, covering Sir Derek Rayner's submission of the same date.

The Prime Minister is content with the recommendations at paragraph 30 of Sir Derek's submission, subject to three comments.

First, she notes that Sir Keith Joseph will try to find a suitable area for scrutiny which might be added to his Department's proposed programme, subject to progress with other efficiency work (paragraph 20). On this, the Prime Minister has commented that she would like Sir Keith to consider a scrutiny on some aspect of the University Grants Committee's organisation or activities. Alternatively, she wonders whether the ILEA could be persuaded to let Sir Derek carry out a scrutiny of the Central London Polytechnic.

Second, the Prime Minister was pleased to hear that the Secretary of State for Social Services is planning to arrange scrutinies into various aspects of the National Health Service. She feels that it is most important to extend the scrutiny programme in this way, and would very much like Sir Derek Rayner to encourage Mr. Fowler in his plans on her behalf.

Third, the Prime Minister agrees that the Secretary of State for Defence should be encouraged to include Army and Royal Navy training in his Department's Resource Control Review, and I should therefore be grateful if you could provide a suitable draft letter for Clive Whitmore to send to Mr. Nott's Office. We shall decide here when this letter should issue.

Finally, may I say that the Prime Minister is very pleased with the way this year's efficiency strategy is developing, and that she is grateful to all those involved for their hard work.

I am copying this minute to Jim Buckley (Chancellor of the Duchy of Lancaster's Office), David Wright (Cabinet Office), Jeremy Colman (HM Treasury), Gerry Spence (CPRS) and Eleanor Goodison (Management and Personnel Office).

C. P. Mickett

22 February 1982

JP

*Yes - but see
various comments
Prime Minister 1*

*I think you will want to
concentrate on this minute and
Sir Derek's Recommendations.
Content with these recommendations?*

THE EFFICIENCY STRATEGY 1982: THE SCRUTINY PROGRAMME

*WM
19/2*

Ministers' proposals for this year's scrutiny programme are discussed in the attached minute by Sir Derek Rayner. They are brought together in an annexed summary department by department (see flag marked ANNEX). His recommendations appear throughout the text and are concentrated for your approval at the end (see flag marked RECNS). The minute is an easy read, but this covering note summarises the main points. These are:

- (1) This year's efficiency strategy will consist of 47 exercises - 26 scrutinies, 6 Resource Control reviews, 6 Running Costs reviews and 9 Personnel Work reviews. This is a good score (paras. 2 and 3).
- (2) 22 of the scrutiny proposals are recommended for approval (paras. 4 - 6), but in some cases we should be able to improve or clarify their scope (para. 8). The Post Office and nationalised industries are of interest here (paras. 6, 8 - 10).
- (3) 2 more proposals - on paper (MAFF) and complex regulations (Inland Revenue) - are also recommended for approval (paras. 11 - 14).
- (4) A tiny proposal in the Department of the Registers of Scotland is not recommended. A modest one in the Welsh Office is, provided another Welsh subject is sought too, perhaps planning in collaboration with DOE (paras. 15 - 17).
- (5) You may wish to pay particular attention - given next Wednesday's presentation - to Sir Derek Rayner's proposal that a second subject be sought from Mr Heseltine (paras. 18 and 19).



(6) Ministers' requests for exemption are set out in para. 20. In summary, Sir Derek Rayner recommends exemptions for main Treasury; Administrative Privy Council Office and Judicial Committee of the PC (but not for ever); Property Services Agency; main Scottish Office; main Department of Employment. Sir Derek asks you to agree that he should press the following: Department of Education and Science (perhaps something on Research Councils other than SSRC), Management and Personnel Office (which we know would not disconcert Lady Young) and the Department of Energy.

Is it possible to look at the U.C.C. n to ask 16/12 if D-R would look at the Central London Poly?

This is most important.


(7) Sir Derek Rayner makes a number of observations:

- ✓ The scrutiny technique is being extended into the NHS (all being well, para. 24).
- ✓ The Ministry of Defence should at the right time widen the contribution it is making to the Resource Control review (paras. 25 and 26).
- ✓ The Chancellor of the Exchequer should be encouraged to include the VAT HQ at Southend in this year's scrutiny programme (para. 27).
- ✓ Miss Sybil Barnes, the Head of Staff Catering at Marks and Spencer, will assist the Treasury with the scrutiny of the CS Catering Organisation (para. 28).

*You will remember the background to this. Agree that Clive should write to my NPH's office in the next week or two? (see para 26).
WML
19/2
I will have a word with Clive.*

(8) Sir Derek Rayner invites you to authorise him to take a particular interest on your behalf in 10 scrutinies:

- FCO, Passport Office
- IR, PAYE end-year procedures and District Memoranda and Instructions
- DNS, Improving quality of Post Office services



MAFF, Generation and use of written documents
MOD, Service/civilian pensions administration;
Service pay and records
DTp, Administration/enforcement of Goods Vehicle
Operator Licensing system
DHSS, Payment of benefit to hospital patients
MSC, General Employment Service.

2. Perhaps I may add two points:

- (1) Sir Derek Rayner has submitted his report in photocopy form as he thinks it clearer to the eye than the original typescript.
- (2) I do not believe that any of the proposals has serious political pitfalls in its path, but you may wish to note that the programme includes aspects of the administration of the Criminal Injuries Compensation Scheme, (1) in the annex, civil legal aid (2), visits by Inland Revenue staff (8), supervision of insurance companies (20), payment of benefits to hospital patients (22) and data on industrial diseases and accidents (26).

SP

C PRIESTLEY
19 February 1982

Enc: Sir Derek Rayner's submission

PRIME MINISTER

THE EFFICIENCY STRATEGY 1982: THE SCRUTINY PROGRAMME

Mr Whitmore's letter to Private Secretaries of 15 December invited Ministerial proposals for the scrutiny programme by 15 January. I am sorry that delays in replying to that letter have in turn delayed this report to you.

2. It may be helpful if I set this report in the context of this year's efficiency strategy as a whole and of last year's scrutinies and Service-wide reviews. Summary information about Ministers' intentions for this year are set out in the Annex. A simple comparison of those intentions with last year is as follows:

	<u>No.</u>	<u>Cost of activities pa (£1m)</u>	<u>Number of posts covered (thousands)</u>	<u>No.</u>	<u>Cost of activities pa (£1m)</u>	<u>Number of posts covered (thousands)</u>
Scrutinies	41	at least 600*	at least 57*	26	at least 350	at least 20
Forms review	9	Not applicable	Not applicable	-	-	-
R&D supporting services reviews	7	114	8	-	-	-
Resource control reviews	-	-	-	6	at least 550	at least 35
Running cost reviews	-	-	-	6	800	-
Personnel work reviews	-	-	-	9	Not known	c. 10
Totals	57	714 upwards	65 upwards	47	1700 upwards	65 upwards

* Excludes "systems scrutinies" not concerned with savings.

3. So we had a total of 56 exercises in 1981 and shall have 47 in 1982, at least to begin with. This means that, as intended, the efficiency strategy is roughly in balance with the 1981 exercises in terms of numbers - and in terms of scope it is a good deal wider than last year's effort. I have consulted the Chancellor of the Duchy of Lancaster about the proposals and she has asked me to say that in her view the combination of the scrutiny programme and the three centrally co-ordinated reviews are a strong and balanced programme of work for this year. I agree with that judgment.

ACCEPTABILITY OF THE PROPOSALS MADE AGAINST THE CRITERIA SET

4. Mr Whitmore's letter aimed at a total of 20 - 25 scrutinies for 1982. Given the lower number as compared with 1981, it affirmed that scrutiny topics should be "significant in terms of the activities and resources or policies of the department" and said that you would have this in mind when considering the suitability of proposals for inclusion in the programme. He also suggested that certain areas were strong candidates for inclusion (ie administration of benefits, regulation and enforcement, professional advisers, the policy-making process and working relationships between departments and nationalised industries). The proposals made match those criteria reasonably well:

(A) Significant in terms of the activities and resources or policies of the department

<u>Proposal</u>	<u>Department</u>	<u>Subject</u>	<u>Cost</u>	<u>Not of staff</u>
(2)	LCD + DHSS	Assessment of financial entitlement to legal aid (civil)	£6m	600 (DHSS)
(3)	FCO	Use of Diplomatic Service	Not stated	Not stated
(4)	FCO	Passport Office	Not stated	1,000

<u>Proposal</u>	<u>Department</u>	<u>Subject</u>	<u>Cost</u>	<u>No of staff</u>
(6)	HM Treasury	Civil Service Catering Organisation	£30m subsidy	1,500
(7)	Inland Revenue	PAYE end-year procedures	Not stated	4,000 staff units
(8)	Inland Revenue	Visits to the public	Staff costs not stated. c£1m for car hire	1,800 man years
(10)	Customs & Excise	Processing of Customs Imports entries	£13.5m	1,250
(14)	NIO	Land Management	Staff costs not stated	c.400
(16)	MOD	Services and civilian pensions administration	£7.8m	c.700
(17)	MOD	Services pay and records	£55.0m	c.3,700
(19)	WO	Administrative and grant procedures of land drainage	Staff costs not stated	5 plus part-time involvement of others

(B) Aspects of the administration of social security benefits pensions not yet looked at

5. I here include aspects of pension and similar work.

<u>Proposal</u>	<u>Department</u>	<u>Subject</u>	<u>Cost</u>	<u>No of staff</u>
(1)	Home Office	Criminal Injuries Compensation Scheme: administration	£2.9m	Not stated
(22)	DHSS	Payment of social security benefits to people in hospital	Appreciable, but not stated	

<u>Proposal</u>	<u>Department</u>	<u>Subject</u>	<u>Cost</u>	<u>No of staff</u>
(24)	PGO	Need for effectiveness of periodic declarations of entitlement to (public service) pension	£0.7m	A small part of the work of 600 staff

(C) Regulatory and enforcement activities not yet fully examined

<u>Proposal</u>	<u>Department</u>	<u>Subject</u>	<u>Cost</u>	<u>No of staff</u>
(18)	Department of the Registers of Scotland	Billing and collection of (deed) registration fees	£0.04m	7
(20)	Department of Trade	Practice relating to the supervision of insurance companies	£0.6m	62
(21)	Department of Transport	Administration and enforcement of the Goods Vehicle Operator licensing system	£8.0m	Not stated
(26)	Health and Safety Executive	Requirement for information on accidents at work and on industrial diseases	c.£1m	Not stated

(D) The work of professional advisers

<u>Proposal</u>	<u>Department</u>	<u>Subject</u>	<u>Cost</u>	<u>No of staff</u>
(5)	Overseas Development Administration	Professional advisers other than economists	£2.1m	55
(23)	Government Actuary's Department	Nature and extent of the Actuarial Services needed by Ministers	£0.6m	61

(E) The policy-making process, with particular regard to simplicity and cost of implementation

<u>Proposal</u>	<u>Department</u>	<u>Subject</u>	<u>Cost</u>	<u>No of staff</u>
(12)	Department of Industry	Methods of assessing the cost-effectiveness of Selective Financial Assistance	Not stated	Not stated

(F) Conduct of relations between sponsoring divisions and nationalised industries

<u>Proposal</u>	<u>Department</u>	<u>Subject</u>	<u>Cost</u>	<u>No of staff</u>
(11)	Department for National Savings	Improving the quality of the Post Office service paid for by the Department	£61m	Not stated

6. The Department observe, correctly, that the scrutiny would, ideally, be done jointly with the Post Office, in which case the reporting arrangements should include the chairman of the PO Corporation as well as Lord Cockfield. I very much agree.

Recn. 1

7. I recommend that, subject to exceptions noted below and to my trying to improve or clarify the scope of the proposals made where necessary, you should accept the proposals listed at A - F above.

8. The conduct of relations between sponsoring divisions and nationalised industries was also raised with Ministers at a meeting of E(NI) before Christmas. The main departments concerned - Energy, Industry, Trade and Transport - have not made relevant

proposals, although Trade and Industry are proposing to conduct "organisation development" exercises on their relationship with nationalised industries (Trade with either the British Airports Authority or British Airways.) I suggest that I might on your behalf encourage Mr Biffen to convert his exercise into a scrutiny. But if he refuses the exercise could still - if done with enough vigour - help pave the way for a wider review later on. My hopes that Energy would come up with a proposal have not been justified but I am seeing Mr Lawson presently and would like your authority, please, to pursue this idea with him further perhaps for 1983. The Secretaries of State for Industry and Transport have made very acceptable alternative proposals and I would not recommend asking them for additional scrutinies at this point.

*I understand
the CPRs
are happy
with these
suggestions.*

Recn. 2

Recn. 3

9. Perhaps I might now revert to the Post Office. The Home Secretary mentions TV licences. He does not propose a scrutiny here this year, but says that if there were to be a single study covering the departments which use the Post Office he would be prepared to join. The Secretary of State for Transport mentions Vehicle Excise Duty licences, a small bit of PO business and only recently expanded. But he too would be interested in a general study of Departments' use of PO counter services. No other Minister mentions the issue, which - as you will recall from the social security benefits payments controversy - can be explosive.

Recn. 4

10. I think that a modest beginning is probably the right way forward. If we find in discussion of the DNS proposal with the Post Office that we can widen the scope, Ministers might be encouraged to do so.

OTHER PROPOSALS

Paper and complexity of regulations

11. Paper was not one of the "areas" mentioned in Mr Whitmore's letter, but I welcome the Minister of Agriculture's proposal, as follows:

<u>Proposal</u>	<u>Department</u>	<u>Subject</u>	<u>Cost</u>	<u>No of staff</u>
(15)	MAFF	Generation/use of written documents	To be established by the scrutiny	

12. As it happens, two scrutinies from last year's programme - the generation of information (FCO) and the dissemination of information (MOD) - also bear on this subject. I would want to encourage Mr Walker to complete the exercise soon, so that the lessons to be drawn from all three can be drawn out and disseminated.

13. I am also very interested in the complexity of regulations which can be a great trial to public and staff alike. I therefore welcome the Chancellor of the Exchequer's proposal:

<u>Proposal</u>	<u>Department</u>	<u>Subject</u>	<u>Cost</u>	<u>No of staff</u>
(9)	Inland Revenue	District Memoranda and Instructions to Tax and Collection Offices	at least £0.3m	45

It is worth quoting the reasons given for the selecting the subject which could probably be repeated fairly widely across Whitehall:

"Our Instruction Manuals contain some 3½ million words, and each year around 4,000 pages are revised. In addition approximately 500 circulars on different topics are issued, with each topic requiring on average about 3 pages of instructions. The Department is aware that the mass of paper issued each year is not absorbed by local staff as well as it might be. A study in this area may not produce direct economies in terms of staff or materials but if it led to better assimilation of the material by local office staff, their work would be performed more accurately and efficiently."

We need to keep up pressure for greater delegation of authority to local offices and to look hard at the relationships between headquarters and those offices if we are to slim down the bureaucracy. There is still good scope for increasing the discretion of local managers within broad guidelines to which they are held responsible.

Recn. 5 14. Subject to ensuring that the Revenue scrutiny, in particular, covers this wider ground I recommend that you should approve these two proposals.

PROPOSALS OF DOUBTFUL MERIT

15. Two of the proposals are, frankly, tiddlers alongside the largest. Billing and collection of fees for the registration of deeds by the Department of the Registers of Scotland and administration and procedures under the Land Drainage Act 1976 in Wales (nos. 18 and 19) account for only 12 staff between them.

Recn. 6 16. The Welsh Office proposal may open the door to a wider exercise in England and is interesting in its own right as a study of one part of the "mini-Whitehall" in Cardiff. But the Welsh Office is not taking part in any of the three Service-wide reviews and so is lucky to get away with this very modest proposal. So I recommend that it should be accepted but that another subject be sought in addition; my own candidate would be some aspect of planning. It would best be examined in collaboration with the Department of the Environment (see para. 19 below).

Recn. 7 17. By contrast the Scottish Office is taking part in the Resource Control review (the Prison Service) and Personnel Work review. The Scottish Registers Department proposal is however about the work of an Executive Officer and 6 Clerical Officers, engaged on a very simple task which should be well capable of being reviewed on scrutiny lines without the formality of inclusion in the scrutiny programme. I therefore recommend that it should not be accepted.

18. The Secretary of State for the Environment's proposal (13) is the DOE Cartographic Service, whose staff cost is £1.4m. This is all right as far as it goes - it may help should there be a question later of reviewing similar services elsewhere in Government - but it is a pretty modest proposal given that

- (1) previous DOE(Central) scrutinies have been mainly about systems - MINIS, Joubert and financial control over the water industry;
- (2) the other scrutiny (of the Regional Organisation) was of modest quality and modest effect;
- (3) DOE(Central) is not taking part in any of this year's Service-wide reviews; and
- (4) the Secretary of State will be appearing at your presentation on 24 February before colleagues who have tackled and are tackling bigger and wider issues as an exponent of good management.

Recn. 8

19. I recommend that Cartographic Services should be accepted but that Mr Hesletine should be pressed for a second subject. This might be found in the planning area, eg the value added by regional and structure planning (see para. 16 above) or in the value for money DOE gets for the taxpayer from the fringe bodies it finances.

DESIRED EXEMPTIONS

20. Ministers have requested exemptions as follows:

- (1) Chancellor of the Exchequer: "Central policy areas" of HM Treasury, given that a scrutiny of the Civil Service Catering Organisation is proposed (no. 6, page. 3 above) and that a review of the work of the Expenditure Divisions

in relation to playing their "proper part in connection with financial management in Departments" is still in progress. I agree with this. (The Expenditure Divisions scrutiny started in July but I understand that it will be brought to a conclusion next month.)

- (2) Lord President of the Council: Administrative Privy Council Office and Judicial Committee of the Privy Council. (The PCO has 36 staff and an estimated expenditure in 1981-82 of £0.6m.) Mr Pym says that both have "fixed and largely statutory functions". Neither has been included in the programme before and I agree that they should be left out again this year though not for ever.
- (3) Secretary of State for Education and Science: Sir Keith Joseph argues that DES is a relatively small department (it and the UGC have 2,545 staff and a net staff and administrative budget of £23m), that it undertook three "Rayner" exercises last year (HMI, Museums and statistics - the last of these was actually in 1980), that there will be follow-up work to do and that DES's main effort this year should be in the Review of Running Costs. But Sir Keith Joseph adds that he will look out for a suitable area for scrutiny which might be added to the programme, subject to progress with other efficiency work. Despite the element of special pleading here, I sympathise with Sir Keith Joseph: the Department might be well advised to concentrate on delivering the HMI scrutiny and the Museums scrutiny, apart from which the SSRC review under Lord Rothschild may cause trouble. But, subject to your views, I would wish to ask that serious attempts be made to find a scrutiny for the autumn - perhaps concerned with relationships with Research Councils.

Would prefer something with UGC - in view of the criticisms

- (4) Secretary of State for the Environment: Property Services Agency. I agree with this. The PSA is taking part in two of the Government-wide reviews - Resource Control (District Works Service) and Personnel Work - and will be helping with the Running Costs review. Apart from that, PSA has to implement the move to repayment, it also has a lot of other review work in hand and a new Chief Executive.
- (5) Secretary of State for Scotland: Main Scottish Office: Mr Younger asks for exemption on the grounds that the SO is taking part in two Government-wide reviews, of Resource Control (Scottish Prison Service) and of Personnel Work. I agree.
- (6) Chancellor of the Duchy of Lancaster: Management and Personnel Office. I agree with Lady Young's view that as the MPO is taking part in the Running Costs review and is being otherwise worked over in the process of devising its first Action Document it should not be obliged to come up with a scrutiny at this point. But in view of its leading role on efficiency work, if it is able later in the year to offer a subject for scrutiny that will be all to the good.
- (7) Secretary of State for Energy: Mr Lawson's Department is taking part in the review of Running Costs. He explains that it is engaged in implementing points arising from the CPRS report on nationalised industries and that each of the relevant divisions (Coal, Gas and Electricity) has tasks either in hand or in prospect which militate against a scrutiny of working relationships with a nationalised industry; it is a "small" Department (actually 1,220 staff, with a wages and administration bill of £16m net).

The Department's record in the scrutiny programme is not impressive but there may be reasons why next year would be preferable and, as already suggested (para. 8 above) I suggest that you authorise me to see whether Mr Lawson can be encouraged to come up with a scrutiny in the nationalised industry area. It would be timely so to extend the scope of the programme.

- (8) Secretary of State for Employment: Department of of Employment. Mr Tebbit is, I think, right to argue that DE, which is participating in both the Running Costs and Personnel Work reviews, should not also engage in the scrutiny programme. He draws attention to the fact that a substantial scrutiny of the MSC's General Employment Service (no. 25) is in train; offers a scrutiny in the Health and Safety Commission (no. 26); and observes that his own Unemployment Benefit Service is too hard pressed recovering from last year's pay dispute, implementing decisions on the 1980 scrutiny of benefits for the unemployed and introducing the taxation of benefit to allow involvement in the scrutiny programme. I agree.

- Recn. 9 21. I recommend that you should agree to the exemptions listed above, subject to the points noted.

OTHER OBSERVATIONS AND CONCLUSIONS

22. The range of proposals made this year is very wide. It extends from the MSC's General Employment Service with 10,600 staff and an expenditure of £135m pa at one extreme to the billing and collection section of the Department of the Registers of Scotland with its 7 staff and a expenditure of £38,000 at the other. Overall, the value of the areas subject to scrutiny

and Government-wide review this year is as follows:

<u>Exercise</u>	<u>Expenditure</u>	<u>Staff</u>
Scrutiny programme	At least £350m*	At least 20,000
Resource Control reviews /	At least £550m	At least 35,000
Personnel Work review	Not yet known	c. 10,000

23. This year's "efficiency strategy" will accordingly cover a substantial area of central Government. If I may say so, I think that you and your colleagues may take a good deal of pride in this, not least because the "efficiency" work of earlier years has left some departments, not all, with a sizeable body of continuing implementation work.

24. I have already drawn attention to the possible extension of the scrutiny technique into some other parts of the public sector, the Post Office and the nationalised industries. I will aid this as best I can without putting success at risk by pushing too hard. May I draw your attention also to the reference in the minute to you from the Secretary of State for Social Services to his plans for scrutinies into various aspects of the National

* Including estimates based on the numbers of staff involved. But as neither cost nor staff numbers are quoted in some Departmental proposals the actual coverage will be rather greater than shown.

/ The resource control reviews will cover prisons (GB), PSA District Works Offices, the Meteorological Office, the Coastguards Service, the Royal Mint (which together account for expenditure of over £500 million a year) and the vastly larger support activities for the RAF where savings of millions of pounds a year are being sought in the review.

Health Service? If these come off, it will be greatly to the credit of Mr Fowler and Sir Kenneth Stowe. Here, too, I am lending what support I can. It would be good if the message sent on your behalf to Mr Fowler could offer him your encouragement.

25. The Ministry of Defence is of particular interest to me as a former Chief Executive of the Procurement Executive and as someone who well recognises the problems of the Ministry's political, military and civil service heads. The Secretary of State's minute to you of 15 January offers two substantial scrutinies (no.s 16 and 17, the administration of pay and pensions) and two good Resource Control reviews (RAF Support, which is an enormous area, and the Meteorological Office which, with 3,900 staff, is bigger than one might expect). Both the Chancellors of the Exchequer and the Duchy of Lancaster have proposed that more be sought.

26. I think that, at the right time, the prospects of persuading Mr Nott to include Army and Royal Navy training in the Resource Control review are quite favourable, but I am also clear that that time is not quite yet. It may be more propitious when we have seen a little more of the RAF support review, which will also cover RAF training. While, therefore, I propose that my unit should write to all other Departments conveying your decisions, I recommend that Mr Whitmore should respond on your behalf to Mr Nott and I shall offer you a draft for this purpose presently suggesting that later in the year another study - by preference in army and/or navy support areas - should be associated with the resource control review programme, drawing on the experience which will have been gained by then from the review of RAF support and the Meteorological Office.

Recn. 10

27. The Chancellor of the Exchequer notes that he is considering a scrutiny of the Customs and Excise VAT Headquarters at Southend, either this year or next. I recommend that the idea should be encouraged, with a view to inclusion in this year's programme if possible.

Recn. 11

28. As there was a Question last December by Mr Ray Powell MP on the involvement of Marks and Spencer staff in Government work, perhaps I may draw your attention to the fact that my Company has agreed with a request from Treasury Ministers to second someone to help with the scrutiny of the Civil Service Catering Organisation (no. 6). This will be Miss Sybil Barnes, the Head of Staff Catering Service.

29. Finally, I suggest that you should authorise me to take a particular interest on your behalf in the following scrutinies:

<u>No</u>	<u>Department</u>	<u>Subject</u>
4	FCO	Passport Office
7	Inland Revenue	PAYE end-year procedures
9	Inland Revenue	District Memoranda and Instruction
11	DNS	Improving the quality of Post Office Services
15	MAFF	Generation and use of written documents
16, 17	MOD	Service/civilian pension administration; Service pay and records
21	DTp	Administration/enforcement of the Goods Vehicle Operator Licensing system
22	DHSS	Payment of benefit to hospital patients
25	MSC	General Employment Service (with which I am already engaged)

Note: I would also help to some extent with the NHS programme (para. 24).

Summary of recommendations

30. I ask you to authorise action on my recommendations, which are as follows:

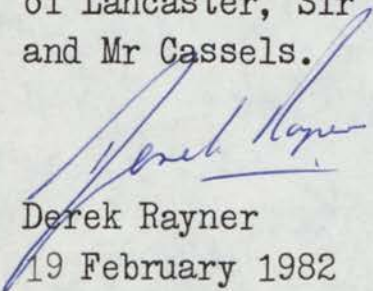
- (1) You should accept the proposals at A - F (paras. 4 - 6), subject to the exceptions noted and my trying to improve and clarify the scope of proposals where necessary (para. 7).
- (2) I should encourage the Secretary of State for Trade to convert the proposed exercise on his Department's sponsorship of the British Airports Authority or British Airways into a scrutiny (para. 8).
- (3) I should pursue with the Secretary of State for Energy the idea of a similar scrutiny for 1983 in his field of responsibility (para. 8).
- (4) We should settle for a modest beginning in applying scrutinies to the Post Office - concentrating for now on the idea of a joint scrutiny in respect of National Savings work, but with an eye to a wider study involving other Departments if that seems feasible (para. 10).
- (5) You should accept the proposals for scrutinies of the generation and use of written documents in the Ministry of Agriculture and of memoranda and instructions in the Inland Revenue (para. 14).
- (6) I should pursue with the Secretary of State for Wales the possibility of a second scrutiny in addition to that on land drainage (para. 16).

*I understand the
CPRS is content
with these two
proposals.*

*LH
19/2*

- (7) The billing and collection of registration fees by the Department of the Registers of Scotland should not be accepted for inclusion in the scrutiny programme (para. 17).
- (8) You should accept the Secretary of State for the Environment's proposal to scrutinise his Cartographic Services; but authorise pressure for a second subject, perhaps in the field of planning or relationships with fringe bodies (para. 19).
- (9) You should agree to the exemptions listed in para. 20 subject to the points noted (para. 21).
- (10) Mr Whitmore should respond to Mr Nott's proposals welcoming their nomination and suggesting that later in the year another study - by preference in army and/or navy support areas - should be associated with the resource control programme (para. 26).
- (11) The idea of including the Customs and Excise VAT HQ in the programme, preferably this year, should be encouraged (para. 27).
- (12) You should authorise me to take a particular interest on your behalf in the ten scrutinies listed in para. 29.

31. I am copying this minute to the Chancellor of the Duchy of Lancaster, Sir Robert Armstrong, Sir Douglas Wass, Mr Ibbs and Mr Cassels.


Derek Rayner

19 February 1982

Enc: Summary of proposals for 1982

<u>DEPARTMENT</u>	<u>PROPOSALS FOR INCLUSION IN SCRUTINY PROGRAMME</u>	<u>COMMENT</u>	<u>RESOURCE CONTROL REVIEW</u>	<u>RUNNING COSTS REVIEW</u>	<u>PERSONNEL WORK REVIEW</u>
<u>Home Office</u>	(1) Administration of the Criminal Injuries Compensation Scheme. £2.9m pa administration cost. Staff number not stated.	Acceptable subject to the terms of reference not being too narrowly drawn.	Prison Service	No	Yes
<u>Lord Chancellor's Department</u>	(2) Administrative procedures for means assessment of those applying for civil legal aid (see DHSS, below).	Jointly with Department of Health and Social Security (see below).	No	No	Yes
<u>Foreign & Commonwealth Office</u>	(3) Use made of Diplomatic Service personnel overseas. To start Feb. 82. (4) Passport Office (1,000 staff. Cost not stated.)	(1) Acceptable (deferred from programme for 1981). (2) Acceptable.	No	Yes	[Internal review of the possible integration of personnel management and financial and manpower control between FCO and ODA.]
<u>Overseas Development Administra- tion</u>	(5) The work of the ODA's professional advisers, other than Economists (55 staff, £2.1m pa). To start March/April 1982.	Acceptable	No	No	[-]
<u>HM Treasury</u>	(6) Civil Service Catering Organisation. 1,500 staff; annual subsidy £30m. To start 1 May 1982 (provisional).	Acceptable. (One of the two examining officers will be Miss Sybil Barnes, Head of Staff Catering at Marks & Spencer.)	Royal Mint	No	No

DEPARTMENTPROPOSALS FOR INCLUSION
IN SCRUTINY PROGRAMMECOMMENTRESOURCE
CONTROL
REVIEWRUNNING
COSTS
REVIEWPERSONNEL
WORK
REVIEWInland
Revenue

(7) PAYE End of Year Procedures (one of the most clerically-intensive operations in the Dept.) 4,400 staff units, with potential for saving at least 1,000 (22%). To start mid-April 1982.

Acceptable.

No

No

Yes

(8) Review of visits made to the public by Inland Revenue staff. 1,800 man years of effort in Local Collection Offices, PAYE Audit Units and local Valuation Offices, plus some £1m pa for car hire.

Acceptable

(9) District Memoranda and Instructions to Tax and Collection Offices (ie notification of changes to procedures in year). 45 staff units at HQ. Publishing £0.3m pa. Reading time in local offices. To start 1 September 1982.

Customs &
Excise

(10) Processing of Customs Import Entries: examination of cause, detection and correction of errors. Errors on entries are thought to involve c. 1,250 staff at a cost of £13.5m pa. To start 1 August 1982.

Acceptable

No

No

Yes

Possibly also a major scrutiny of VAT Headquarters at Southend, either 1982 or 1983.

Year under consideration by the Chancellor of the Exchequer. Topic very acceptable.

<u>DEPARTMENT</u>	<u>PROPOSALS FOR INCLUSION IN SCRUTINY PROGRAMME</u>	<u>COMMENT</u>	<u>RESOURCE CONTROL REVIEW</u>	<u>RUNNING COSTS REVIEW</u>	<u>PERSONNEL WORK REVIEW</u>
<u>Department for National Savings</u>	(11) Improving the quality of the Post Office service paid for by the Dept. (total cost £61m). (Cost of DNS staff required to correct Post Office non-accounting errors estimated at £1.5 - £2.0m.) To start 1 March.	Acceptable. (Might better be done jointly with the Post Office in which case the reporting arrangements should include the Chairman of the PO.)	No	No	No
<u>Department of Industry</u>	(12) The methods used to assess the cost-effectiveness of Selective Financial Assistance. Estimated expenditure £250m in 1982-83. (Cost of staff effort not stated.)	Acceptable, as a scrutiny of the policy function of analysis, decision-taking and evaluation.	No	No	No
<u>Department of the Environment</u>	(13) Cartographic service in DOE, (£1.14m). To start 1 April.	(1) Acceptable as a possible fore-runner for a Government-wide review of Cartographic Services (to be found in other departments too). (2) But not a very impressive candidate as a single bid from DOE.	No	No	No
<u>Property Services Agency</u>	No scrutiny proposed.	Acceptable.	District Works	Helping	Yes

<u>DEPARTMENT</u>	<u>PROPOSALS FOR INCLUSION IN SCRUTINY PROGRAMME</u>	<u>COMMENT</u>	<u>RESOURCE CONTROL REVIEW</u>	<u>RUNNING COSTS REVIEW</u>	<u>PERSONNEL WORK REVIEW</u>
<u>Department of Education and Science</u>	Not "desirable to start another scrutiny just yet in this relatively small department" but will "keep a look out over the next few months in case a suitable scrutiny area can be identified and, subject to progress with other efficiency work, be added to the programme".	See covering minute.	No	Yes	No
<u>Lord President of the Council</u>	No proposals in respect of administrative Privy Council Office and Judicial Committee of the Privy Council.	Agreed.	No	No	No
<u>Northern Ireland Office</u>	(14) Acquisition, management and disposal of land by the NI Civil Service. Preparatory work has begun (c.400 staff.)	Already agreed in principle.	No	No	No
<u>MAFF</u>	(15) The generation and use of written documents in MAFF. Starting date to be agreed. Costs to be established.	Acceptable.	No	No	Yes
<u>Ministry of Defence</u>	(16) Service and civilian pension administration. (£7.8m, c.700 posts). (17) Service pay and records. (£55m, c. 3,700 posts.)	(16) Acceptable. (17) Acceptable. 4	(1) RAF support plus associated individual training. (2) Met. Office.	No	No

<u>DEPARTMENT</u>	<u>PROPOSALS FOR INCLUSION IN SCRUTINY PROGRAMME</u>	<u>COMMENT</u>	<u>RESOURCE CONTROL REVIEW</u>	<u>RUNNING COSTS REVIEW</u>	<u>PERSONNEL WORK REVIEW</u>
<u>Scottish Office</u>	Not main Scottish Office. (18) Billing and collection of registration fees. Dept. of Registers of Scotland (7 staff, £37,889).	Acceptable. (18) A worthwhile subject, but too small for inclusion in the programme?	Prison	No	Yes
<u>Welsh Office</u>	(19) Administrative and grant procedures under the Land Drainage Act 1976. (5 staff, plus part-time professional and administrative involvement). To start Feb. 82.	Small, but acceptable.	No	No	No
<u>Department of Trade</u>	(20) Practice relating to the supervision of insurance companies (62 staff, £600,000 pa). To start Nov. 82. Not proposing a scrutiny of relationships between sponsoring Divisions and nationalised industries, but an "organisation development" exercise on DOI sponsorship of either the British Airports Authority or British Airways.	(2) Acceptable. Raises wider issues: see covering minute.	Coast-guard Service	Yes	No
<u>Department of Transport</u>	(21) Administration and enforcement of the Goods Vehicle Licensing System (£8m). To start March 82. Would be interested in a study of Departments' use of the Post Office	(21) Acceptable. Raises wider issues: see covering minute.	No	No	No

<u>DEPARTMENT</u>	<u>PROPOSALS FOR INCLUSION IN SCRUTINY PROGRAMME</u>	<u>COMMENT</u>	<u>RESOURCE CONTROL REVIEW</u>	<u>RUNNING COSTS REVIEW</u>	<u>PERSONNEL WORK REVIEW</u>
<u>Department of Health & Social Sec- urity</u>	(2) Assessment of legal aid in civil cases. (600 staff, £6+m). To start Autumn 1982. (22) Payments of social security benefits to people in hospital. (Costs not stated.) To start as early in 1982 as possible.	(2) Acceptable. Jointly with LCD. (22) Acceptable.	No	No	Yes
<u>Management and Personnel Office</u>	"The whole work of the Office is being looked at pretty sharply in the course of preparing our first action document for 1982-83. It may be that subjects which can usefully be scrutinised will emerge after, but it is too early so far to say."	Acceptable.	No	Yes	MPO rules and codification will be covered.
<u>Government Actuary's Department</u>	(23) The actuarial services needed by Ministers. (61 staff, £0.6m pa). Started January 1982.	Acceptable (postponed from 1981).	No	No	No
<u>Paymaster- General</u>	(24) Declarations of entitlement for public sector pensions. (£0.07m, part of the work of 600 staff.)	Acceptable (postponed from 1981).	No	No	No
<u>Department of Energy</u>	No reply but Mr Lawson has previously indicated he hasn't the resources to do more than the running costs review, although he does not rule out something for later in the year.	See covering minute.	No	Yes	No

<u>DEPARTMENT</u>	<u>PROPOSALS FOR INCLUSION IN SCRUTINY PROGRAMME</u>	<u>COMMENTS</u>	<u>RESOURCE CONTROL REVIEW</u>	<u>RUNNING COSTS REVIEW</u>	<u>PERSONNEL WORK REVIEW</u>
<u>Department of Employment</u>	"Too hard pressed in recovering from the Civil Service dispute, implementing the earlier Rayner scrutiny of employment benefit and introducing taxation of benefit to allow involvement in any further scrutiny this year."	Acceptable.	No	Yes	Yes
<u>Manpower Services Commission</u>	(25) General Employment Service. (10,600 staff, £135m).	Already agreed and in train.	No	No	Yes
<u>Health & Safety Executive</u>	(26) The arrangements for the supply and use of information on industrial accidents and diseases. (c. £1m to HSE alone.)	Acceptable as a first step towards looking at the working of the Inspectorates.	No	No	In part
<u>TOTALS</u>	<u>26</u> (of which <u>3</u> are postponed from 1981)	-	<u>7</u>	<u>6</u>	<u>9</u>