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PREM 19/242

Confidential Filing

Promotion of Efficiency and
 Elimination of Waste ~~██████████~~
 The Scrubbing Programme
~~██████████~~

GOVT MACHINERYPART 1 : MAY 1979PART 4 : NOV 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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PREM 19/242

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PART 4 ends:-

PM to Taylor 13/2

PART 5 begins:-

MARF to CSD 14/2



✓
MAA

OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE
STAG PLACE LONDON SW1E 5DH

Telephone 01-213 5409

From the Minister

12 February 1980

Dear Geoffrey,

We were interested to see Ian Ellison's letter of 30 January and your reply of 5 February about press cuttings economies and general "housekeeping" activities.

Mr Channon will wish to know that the Overseas Development Administration (ODA) too has operated for some time on the basis of a very minimal press cuttings service - in fact we produce only three photocopies of cuttings. We have also eliminated all provincial papers (with the exception of Scotland because of dispersal) and many fringe magazines from our daily cuttings.

As to other "housekeeping" areas, we have just completed a Management Services review of the whole of the ODA's Office Services and considerable savings, of the order of 30 per cent in the case of messengerial services, are being made. Mr Marten is fully aware that we should be constantly on the watch for further economies in our existing procedures and methods, and one area we are currently examining is a reduction in the volume of our telegraphic traffic, use of stationery supplies and photocopying generally.

I am copying this letter to the recipients of yours.

Yours
S E Unsworth

(Miss S E Unsworth)
Private Secretary to Mr Neil Marten

G E T Green Esq
Private Secretary to Mr Paul Channon MP
Civil Service Department

13 FEB 1980



Govt Machinery



HOME OFFICE
QUEEN ANNE'S GATE LONDON SW1H 9AT

11 February 1980

JAP

ECONOMIES - PRESS CUTTINGS

The Home Secretary was interested to see Ian Ellison's letter of 30 January to you about the success of the Department of Industry in reducing the cost of its press cuttings from some £40,000 per annum to some £10,000 per annum. He has also seen your letter of 5 February commenting on this.

The Home Office has a highly selective approach to press cuttings, with circulation restricted by subject and interested clientele, with most cuttings being circulated in response to direct requests by those interested after seeing the one page daily press summary. Our annual expenditure under this highly selective system is only some £5,000 a year, but at the same time we believe that all those with a genuine need to see cuttings receive them either automatically, or on request.

I am copying this letter to the recipients of yours.

J. A. CHILCOT

G. E. T. Green, Esq.

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11 FEB 1980

NAPM
MAP 20.ii



cc Sir Derek Rayner *
Mr Allen

Mr PATTISON

* Without copy letter from Mr Hall

THE SCRUTINY PROGRAMME: CHANCELLOR'S DEPARTMENT AND PAYMASTER GENERAL'S ORGANISATION

1. I sent you a copy of my minute to Sir Derek Rayner of 1 February, covering a copy of Mr Hall's letter to me of 31 January. Sir Derek Rayner has considered both and is disposed to act as follows. (I attach a second copy of Mr Hall's letter for convenience.)

Customs & Excise

Recn 1

2. The proposed review of distillery and warehouse controls looks a better subject than at first sight, given that the Chancellor has said that it is intended to provide lessons for the control of other Excise duties involving 1,000 man-years of official effort. So we propose that this is now accepted for the programme.

Recn 2

3. The Chancellor has proposed an additional scrutiny - jointly by C&E with Inland Revenue - of co-operation between these two departments in their dealings with insolvent traders (cf A/ on p.3 of Mr Hall's letter). The attraction of this is that, apart from its intrinsic merit, it should also have lessons for other departments which deal with the bankrupt. We therefore propose that this should be accepted too.

4. You will recall that we pressed the Chancellor on the administration of VAT. This is covered on pp. 1 and 2 of Mr Hall's letter, culminating in the view that the best means of improving the efficiency of VAT administration lies in the continuing application of the operational research techniques developed by C&E so as to identify "areas of greatest potential risk to revenue".

5. We feel some doubt about this approach. We think that there is also room for a scrutiny of what actually happens on the ground, especially in respect of VAT control visits to traders. The CSD view is that whatever improvements are made from the centre as a result of OR work in deciding the most cost-effective schedule of visits, there is still much scope for improving the performance of individual local VAT offices. For example, there is evidence of much uncertainty about the role of office managers and of generally poor morale in many of these offices.

Recn 3

7. It is a matter of judgment whether to press the Chancellor for an extra scrutiny on this round. I advise against this - Treasury Ministers are being generally very helpful over the programme - and we might instead log up our concern about VAT administration, pressing for a scrutiny in round 2.



M1 FEB 1

Recn 4

8. You will already have seen that a scrutiny in the Customs area may be possible in round 2 (see B/ of p. 3 of Mr Hall's letter). I propose that we should welcome and encourage this possibility.

Department for National Savings (p. 4 of Mr Hall's letter)

9. The Chancellor is sticking to the choice of the rate of conversion of computerising Premium Bond records as the subject for round one. We still do not like this much, but I had already told Mr Hall that we would be willing to settle for it in return for something better in round two.

Recn 5

10. I propose therefore that we should accept the conversion project somewhat reluctantly, while trying for an extension which would examine the efficiency and economy with which the Premium Bond scheme is administered.

Recn 6

11. The Chancellor goes on to suggest that, for the next round, DNS might look again at computerising the central issue of future issues of Savings Certificates, the associated records and main processes. I advise that this should be noted but that we should canvass other prospects too before the next round.

Inland Revenue (p. 4 of Mr Hall's letter)

Recn 7

12. The Chancellor undertakes to keep the suggestion that a full study of the work of the Valuation Office in mind for round two. I propose to note this gratefully and to write to Mr Hall again later to keep this idea in mind.

HM Treasury

13. The Treasury has now named its examining officer for the study of the role of Expenditure Divisions in monitoring expenditure. The Prime Minister may be interested to know his background. He is Mr R K Hinkley (32), a Principal in the Treasury, returning from a secondment to BP to begin the project on 3 March. He has first class honours, a DPhil (both Oxford) and post-doctoral experience (Leeds) in chemistry; his research work was on the spectroscopic analysis of molecular structure and the measurement of gas viscosities; his Treasury career (1972+) has included public expenditure and exchange control and (Mr Healey's) private office work.

Paymaster General's Organisation

14. The Paymaster General has now proposed an examination of the "interface between the [PGO] and the banks to see if more economical working methods can be devised".

Recn 8

15. This seems a good subject and I advise that it should be accepted.

Recn 9

16. The PGO is trying to bounce the question of the DES Teachers' Pensions Branch, Darlington/PGO, Crawley relationship off us into DES's court. This is quite reasonable. I advise that we should now stimulate DES to raise with PGO the possible transfer of payment procedures from Crawley to Darlington.

CP

C PRIESTLEY
11 February 1980

Enc: Copy letter from Mr Hall



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

31 January, 1980

Dear Clive,

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT: THE SCRUTINY PROGRAMME

Thank you for your letter of 11th December 1979. I am sorry to have taken so long to reply.

To deal with your points seriatim, I think that no comment is necessary at this point on your paragraphs 4 and 5.

Customs & Excise

It is quite true that the immediate object of the proposed review of distillery and warehouse controls involves a commitment of only 400 man years of official effort (though I am sure it will not have escaped your notice that any conclusion on Revenue controls being based more on traders' records than on close official physical supervision of dutiable goods would be relevant to most of the Excise duties on goods administered by the Department, which together involve a commitment of about 1,000 man years of official effort.) The Chancellor intends that this study should go ahead, but, as you suggest, he has also decided that it should be accompanied by another review, in selecting this, he has looked particularly at the three areas suggested in your letter.

(1) The administration of VAT was comprehensively reviewed by Customs & Excise, in association with the Civil Service Department in 1978. The Commissioners' Report was presented to Parliament in December 1978. The method of review was similar to that favoured by Sir Derek Rayner. A number of small teams, each headed by a carefully selected, able official, including one from the Civil Service Department, looked at every aspect of the internal administration of VAT and reported their findings to the Commissioners directly concerned with VAT and manpower. The Review identified a number of relatively small changes to improve the cost effectiveness of the administration of VAT, but concluded that significant reductions in the manpower committed to VAT could be made only by reducing the number of registered traders through the compulsory

C. Priestley, Esq.,

*As is the paper. a
44 Ex. Serv.
with enclosed in Mr. Robinson's minute to Mr. Hall of 3 January. Still seems to be for a project
intended to start on 1/2/80.*

See M/ on p. 3.



de-registration of traders below the threshold who had registered voluntarily. This possibility, and the transfer of monthly VAT returns to the normal quarterly returns cycle, are among the outstanding options from the Lord President's exercise on which the Chancellor is currently consulting his colleagues.

As regards VAT control visits to traders, roughly one in three reveals an under-declaration of tax, fraudulent or otherwise. The total tax recovered exceeds the total cost of the visits. The Review noted the considerable effort which had for some time been devoted to improving the effective use of resources through the application of operational research methods to identify areas of greatest potential risk to revenue. The aim of the continuous re-assessment of potential areas of risk is to enable the frequency of visits to traders in other areas to be reduced, thus saving staff. As a consequence, Customs & Excise have recently reduced the frequency of visits to traders presenting least risk from once in four to once in five years; additionally, local managers have discretion further to postpone a proportion of visits for up to an additional two years. Further OR studies are in progress. The production of regular analyses of the results of control visits (some 400,000 a year) will provide information to permit close monitoring of VAT control and to assist in determining priorities - e.g. the analyses should indicate the relationship between the resources applied to control visits and the revenue, in the form of recovered under-declarations, resulting from them. From this, the marginal efficiency of the allocation of staff can be measured. Another study is designed to measure the "close preventive effect" of control visits, i.e. whether the effect of control visits is to increase the amount of tax declared on subsequent returns.

In view of the extensive work already in hand, the Chancellor thinks the best way of improving the efficiency of VAT administration lies in the continuing application of the OR techniques developed by Customs & Excise. The control of VAT traders, mentioned in your letter, is too large and diffuse a subject to be suitable as such for the concentrated techniques of a Rayner-sponsored study. If, however, these studies did throw up a specific project suitable for this approach, the Chancellor would, of course, not hesitate to recommend it.

① You suggested that because the work to rule in 1979, which was, in effect, an exceedingly meticulous application of normal controls, seems to make for at least as effective control as normal, with the same number of staff and without excessive inconvenience to passengers, a worthwhile study would be the depth of coverage and effectiveness of Customs control at ports of entry. Although Customs management at the ports took every possible step to ensure that the work to rule did not enable an illegal importation of prohibited



drugs to increase, it was only by relaxing the normal controls that passengers were not too inconvenienced. It was often necessary to let some passengers through without calling on them to pay duty on goods in excess of their allowances. Customs are currently implementing the remaining recommendations of Departmental reviews of the procedures for controlling both cargo and passengers. When these recommendations are fully implemented, a considerable saving in the resources devoted to Customs control would have been made - though these have already been taken into account in both the 3 per cent cuts and the Lord President's exercises. The Chancellor would like these recent and imminent changes to be allowed time to settle before embarking on further studies. He would, however, hope to be able to recommend a Rayner project in the Customs area in next year's programme.

③ Finally, closer co-operation between IR and Customs & Excise. The Departments recently conducted a successful experiment to exchange information about the tax affairs of traders in the Leeds area. They would like to extend the experiment to other areas. But progress here is blocked until the outcome of the review of the two Departments' statutory powers.

A The two Departments would, however, like to study the possibility of co-operation in their dealings with insolvent traders. At present, all central government departments which are owed money by an insolvent trader have to take their own separate measures to monitor the progress of an insolvency. The Customs are mainly concerned with recovering VAT. Their procedures are centralised in a special Headquarters Branch in Liverpool. The IR do not have centralised procedures. They leave dealings with insolvent traders to their regional networks. The proposed study could consider whether central units for dealing with the affairs of insolvent taxpayers for both Customs and IR would be more efficient and cost-effective than the existing separate arrangements. If this proves to be so, and an essential unit were established, further consideration could eventually be given to operating such a unit on behalf of other central government departments. Insolvency work in Customs costs about £1.3 million. The IR costs are not readily available (because the work is distributed regionally). Although this work uses only limited resources, the project would be in an area of central government activity where there is clearly much duplication of official effort. Clear savings should be realisable. The project should lead to better co-operation between the two Revenue Departments, and possibly elsewhere in Whitehall. The Chancellor, therefore, recommends this project in addition to the distillery project.



The Department for National Savings

Your letter of 17th January is also relevant. The Chancellor has re-considered the choice of subject in the light of your letters. He feels nevertheless that it should go ahead as proposed. The number of staff and other resources involved in Premium Bond work in general and in the conversion point in particular are, he feels, sufficiently large to make this a worthwhile area for study.

As an alternative, you suggested a scrutiny of the procedures of the Savings Certificates Branch, including an assessment of the scope for mechanisation. In this area, the repayment work is most susceptible to computerisation. It was, in fact, computerised in 1964. Computerisation of the huge manual files themselves would be uneconomic because of their low activity. But possible computerisation of the central issue of future issues of certificates and the associated records and main processes was the subject of a detailed study by the DNS in 1976; but the project was not approved by the then Administration. It might be useful for a fresh look to be taken at this shelved project as the DNS' 1981 Rayner study, unless a better subject emerges in the meantime.

Inland Revenue

Finally, you reported the Prime Minister's view that there may be scope for a more extensive study of the work of the Valuation Office.

I fear, however, that such a scrutiny would have to be very extensive indeed, since it would have to cover not only substantial areas of work within the Valuation Office, but would also have to embrace its many clients, including the Departments of the Environment, Transport and Industry within central government, and many outside bodies, e.g. the Forestry Commission, Atomic Energy Authority, NCB and Research Councils. It would require an extended project team, and with three other scrutinies in the current round, the Chancellor does not feel he would be able to give the work the quality and quantity of effort it would deserve. He has, therefore, decided, as the Prime Minister envisaged, that it will not be feasible to add this wider scrutiny to the current round, though he will, of course, keep it very much in mind for the next.

I apologise for the length of this letter. I hope it deals adequately with your concerns.

*Yours,
M.A.*

M. A. HALL

Customs and Excise complains of gross understaffing

The Customs and Excise is finding it increasingly difficult to fulfil its functions, according to its 70th annual report, published yesterday under the chairmanship of Mr Douglas A. Lovelock. The report is unambiguous in emphasizing that "these difficulties will be increased by the Government's decision to reduce expenditure on the Civil Service, which has required a searching examination of all the department's tasks.

The report continues: "This may lead to a reduction in some less essential tasks and, in particular, it may not be practicable in future to meet all trade requests for new or enhanced facilities which would require additional staff.

The department is in no doubt that its 28,870 employees are grossly understaffed in its traditional areas of smuggling prevention and also in new ones recently acquired, for example, its responsibility for the collection of VAT.

In the more traditional area of smuggling the high value of consumer items, particularly stereos, has encouraged a new spate of customs evasion. The report says: "We continue to detect a large number of attempts by private individuals to smuggle a wide variety of goods of which hi-fi equipment, jewelry and furs remain predominant items".

Although the report refers to the period between March 78-79, before the erratic behaviour of gold, its attraction as a traditional item for the smuggler has not diminished. According to the report there were frequent occurrences of cases involving the smuggling of gold ingots, computer parts, antiques, musical instruments, tobacco products and spirits.

Although the new technology products are novel smuggling items the imagination of the smuggler has been tested in virtually every area of consumer produce. The report lists 230 two-way radio transmitters, 852 flick knives, counterfeit coins, and a number of live animals and birds



Mr Douglas A. Lovelock: Customs grossly understaffed.

among seizures of other prohibited goods.

The tax raised by the Customs and Excise from alcohol, betting and tobacco still continues to be the major source of income for the Government, bringing in more than £5,000m in the year 78-79, almost 40 per cent of the total revenue from indirect taxation.

Another principal source of revenue was VAT. The report says that under the new regulations for VAT—where the ceiling on turnover was raised from £8,500 to £10,000—14,000 traders were deregistered.

VAT arrears totalled £3,350,991, resulting in 107 prosecutions and 103 convictions. Over the year the prosecutions against traders for failing to make VAT returns increased by 15 per cent to 5,415 cases, of which only 32 were not convicted.

Despite the evasions the total Customs and Excise revenue increased by 12.1 per cent over the previous year to a total of £13,780.2m at an administrative cost of £219.6m or 1.59p for every £1 of net revenue.



MAD

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

8th February 1980

Dear Geoff,

PRESS CUTTINGS

will require if required - we have

The Chancellor has asked me to say that the Treasury too has effected the useful economy which was the subject of Ian Ellison's letter of 5 January.

MAD

The Office Notice attached shows the changes which we have made. As a result we have been able to save 2 Clerical Officer and 1 Clerical Assistant posts securing direct savings to the Treasury Vote of about £15,000 and reducing the cost of newspapers by £2,000.

Your Functions and Programmes Group has asked us about savings which might be viewed across departments and we had intended to draw attention to this one in the context of the exercise which Sandy Russell had started. The Department of Industry's experience and our own suggests that other departments might find useful savings by re-assessing their requirements.

I am copying this letter to Tim Lankester, Ian Ellison, to the Private Secretaries to the other Members of the Cabinet and the Minister of Transport, and to David Wright and Sir Derek Rayner.

Yours,

M.A.

M.A. HALL
(Private Secretary)

Geoffrey Green Esq.

Subject file.

H M TREASURY
OFFICE NOTICE

EO 25/145/01 ✓
EO 3/05

ON(79)91

14 December 1979

PRESS CUTTING SECTION

Ministers have agreed that savings in staff and related costs should be made by a reduction in press cutting services.

2. The work of the press cutting section of IDT and departmental needs in this area have now been reviewed. This Notice sets out the new arrangements for supplying information about press articles.
3. In future, divisions will not receive daily sets of press cuttings. The daily Press Summary, however, will continue to provide a regular source of information about articles in the daily press. Coverage of the Sunday and weekly press will accompany the Monday to Friday summaries respectively.
4. IDT will provide a limited press cutting service for anyone wanting the full text of articles not readily available from papers circulated in the division. Requests should be made to Ext 3639 or, if unobtainable, Ext 4437. IDT will maintain a library of back cuttings based upon the Press Summary references.
5. Committee Section will take over responsibility for distribution of the Press Summary and every effort will be made to ensure early circulation each day. Divisional staff who wish their names added to the existing circulation list should contact Mr Milner, Ext 4917.
6. These new arrangements will become effective from 2 January 1980.

J E C

— 88 FEB 1960





with compliments

MINISTER OF STATE

A handwritten signature in blue ink, appearing to be 'MAD', with a checkmark above it.

CIVIL SERVICE DEPARTMENT
Whitehall London SW1A 2AZ

Telephone 01-273 5563/4086

G.M. Mack



Minister of State

Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 3000

5 February 1980

I K C Ellison Esq
Private Secretary to the
Secretary of State for Industry
Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1E 6RB

Dear Ian

21/02
My Minister was grateful to your Secretary of State for drawing his attention to the economy which has been made in your Department in the arrangements for photocopying Press cuttings. This is a useful saving. The Civil Service Department has for some time operated in this way and found it to be perfectly satisfactory. We have found advantages not only in the reduction of photocopying but in the amount of paper for immediate delivery by messengers.

Mr Channon would be grateful if colleagues in Departments where extensive copying of Press cuttings is still undertaken as a matter of routine could consider whether a similar change can be made there and let him know the outcome. A report can then be made to the Prime Minister on the lines requested in Mike Pattison's letter to you of 1 February.

Photocopying is one of a large number of "housekeeping" areas of activity where quite simple changes can effect considerable savings - typing, messengerial services, posts, telephone bills, transport and so on. My Minister believes that there is great scope for further effort in these fields. For example, he is glad to hear that the study, undertaken jointly by your people and CSD's, of messengerial services in Export House and Victoria Street has identified potential savings of the order of 40%. Similar studies in two other Departments have also pointed to roughly the same order of potential savings. Mr Channon hopes that Departments will press to implement these as quickly as possible.

Over the coming months, CSD will be carrying forward the studies of messengerial services in other Departments and will be leading a number of similar efficiency reviews in other housekeeping areas. The success of these depends crucially on the positive collaboration of Departments themselves and Mr Channon hopes that he can look to his colleagues to support this work in their Departments.

While he believes that both in offering guidance on how economies can be achieved and in leading cost-cutting reviews of particular activities the Civil Service Department can make an interesting contribution, however, the main drive for economy will have to come from Ministers and their Departments through continually questioning existing procedures and methods.

I am copying this letter to the recipients of your letter.

Tom Swire

G E T Green

G E T GREEN
Private Secretary

6 FEB 1960



Mr PATTISON



Govt Mach

You may like to see the attached. I suggest no immediate action, but it bears on some papers on the cost of Government which I shall be showing you presently.

CP

C PRIESTLEY
4 February 1980

CONFIDENTIAL
LONDON

31st January 1980

Dear Mr MacDermott,

Thank you so much for your letter of 30th January, addressed to Sir Derek Rayner following his television broadcast last week.

Sir Derek is at present abroad on a business trip, but I know he would want me to thank you, on his behalf, for taking the trouble to write to him. He does appreciate hearing from so many people who are sympathetic towards his efforts to help eliminate waste in Government.

Yours sincerely,

MAUREEN HARRIS
Secretary to Sir Derek Rayner

Mr O A MacDermott
Park Lane
Scarning
DEREHAM
Norfolk

O. A. MacDERMOTT
PARK LANE, SCARNING
DEREHAM, NORFOLK
TEL: WENDLING 518
OR DEREHAM 3206

Dear Sir Derek Rayner

January 30 1980

Your broadcast interview last Thursday capitalized so well all the thoughts & hopes of my friends from a business career. I hope you went object to the attached abridged extract from Sir Winston's volumes.

The idea of pitting Ministers against Ministers in the competence of their organization - to function especially for the voiceless multitudes seems to me a most attractive policy.

My very best wishes for a happy outcome to all your efforts

Yours sincerely

Alan MacDermott

Volume 11 pp. 310/311 Chapter XVII.

21. 9. 40.

The use of the Underground for air-raid shelters was considered most undesirable.

17. 9. 40. Prime Minister, - Please report by tomorrow night the number of hours on September 16 that the principal offices in London were in their dug-outs and out of action through air alarm.

19. 9. 40 Prime Minister - Let me have a further return (of time lost in Government Offices owing to air-raid warnings) for the 17th and 18th, and henceforth daily. These returns will be circulated at the same time as they are sent to me.

This put everybody on their mettle. Eight of these returns were actually furnished. It was amusing to see that the fighting departments were for some time in the worst position. Offended and spurred by this implied reproach, they very quickly took their proper place. The loss of hours was reduced to a fraction.



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~~B/F 18280~~

je 15



10 DOWNING STREET

From the Private Secretary

1 February 1980

The Prime Minister has seen a copy of your letter to Geoffrey Green at CSD about the economies which your Secretary of State has instigated in photocopying of press articles.

She would be most interested to know whether similar savings can be found in other departments. I would be grateful if Geoffrey Green, to whom I am copying this letter, could respond on this point in due course.

I am sending copies of this letter also to David Wright (Cabinet Office) and Clive Priestley. (Sir Derek Rayner's Office)

M. A. PATTISON

Ian Ellison, Esq.,
Department of Industry.

Govt Made

MR. PRIESTLEY

Thank you for your minute of 28 January, reporting revised proposals for the scrutiny programme.

I confirm that the Prime Minister is content with the revised proposals in respect of the Manpower Services Commission, and with the arrangement for a scrutiny of the Directorate of Overseas Surveys.

MAP

1 February 1980

Govt Mail

MR. GREEN
CIVIL SERVICE DEPARTMENT

The Prime Minister has seen copies of your Minister's recent exchanges with Sir Derek Rayner about charging for courses at the Civil Service College. She very much shares Sir Derek's view that Ministers should have direct financial responsibility for the services that they consume, as an essential part of the good management practice which she wishes to see introduced. She therefore hopes that it will be possible to make rapid progress on these lines in the case of courses at the Civil Service College.

I am sending a copy of this minute to Clive Priestley.

M.A. PATTISON

1 February 1980

TCE

Cost Maint.

cc for information*

✓ Mr Pattison *MP 1/2*

for comment by 6 February*

Mr Crawley (CPRS)
Mr Russell (CSD)

* with copy of Mr Hall's letter only

Sir Derek Rayner

THE SCRUTINY DEPARTMENT: CHANCELLOR'S DEPARTMENTS

1. I attach a copy of my letter to the Chancellor's private secretary of 11 December and of his reply of yesterday. Subject to your views, I propose to reply as follows.

HM Treasury

2. The project on the monitoring of expenditure by the Supply Divisions was supposed to start today, but we have had neither the name of the examining officer nor a draft study plan.

Customs & Excise

3. Thanks for the long explanation on points 1, 2 and 3. Then

- a. Agree the review of distillery and warehouse controls should go ahead.
- b. Agree that there should be an additional joint C&E/IR project on co-operative dealings with insolvent traders.
- c. Note the possibility of a scrutiny of Customs control of cargo and passengers.

4. You may like to see the attaching cutting from today's TIMES.

DNS

5. Agree that the scrutiny of the rate of concession of computerising Premium Bond records should go ahead.

6. Note the possibility of a later scrutiny of possible computerisation of the central issue of future issues of Savings Certificates, associated records and main processes.

IR

7. Note that the Chancellor does not regard a more extensive study of the work of the Valuation Office as a feasible candidate.

CP

C PRIESTLEY
1 February 1980

Encs: Copy letters to and from Mr Hall, 11 December and 31 January.
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1 - FEB 1980



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

31 January, 1980

Dear Aive,

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT: THE SCRUTINY PROGRAMME

Thank you for your letter of 11th December 1979. I am sorry to have taken so long to reply.

To deal with your points seriatim, I think that no comment is necessary at this point on your paragraphs 4 and 5.

This is the paper to 177 Ex. Staff, which circulated in Mr. Peterson's minute to Mr. Hall of 3 January. Still under way for a report intended to start on 1/2/80.

Customs & Excise

It is quite true that the immediate object of the proposed review of distillery and warehouse controls involves a commitment of only 400 man years of official effort (though I am sure it will not have escaped your notice that any conclusion on Revenue controls being based more on traders' records than on close official physical supervision of dutiable goods would be relevant to most of the Excise duties on goods administered by the Department, which together involve a commitment of about 1,000 man years of official effort.) The Chancellor intends that this study should go ahead, but, as you suggest, he has also decided that it should be accompanied by another review. In selecting this, he has looked particularly at the three areas suggested in your letter.

See A/ on p. 3.

① The administration of VAT was comprehensively reviewed by Customs & Excise, in association with the Civil Service Department in 1978. The Commissioners' Report was presented to Parliament in December 1978. The method of review was similar to that favoured by Sir Derek Rayner. A number of small teams, each headed by a carefully selected, able official, including one from the Civil Service Department, looked at every aspect of the internal administration of VAT and reported their findings to the Commissioners directly concerned with VAT and manpower. The Review identified a number of relatively small changes to improve the cost effectiveness of the administration of VAT, but concluded that significant reductions in the manpower committed to VAT could be made only by reducing the number of registered traders through the compulsory

C. Priestley, Esq.,



de-registration of traders below the threshold who had registered voluntarily. This possibility, and the transfer of monthly VAT returns to the normal quarterly returns cycle, are among the outstanding options from the Lord President's exercise on which the Chancellor is currently consulting his colleagues.

As regards VAT control visits to traders, roughly one in three reveals an under-declaration of tax, fraudulent or otherwise. The total tax recovered exceeds the total cost of the visits. The Review noted the considerable effort which had for some time been devoted to improving the effective use of resources through the application of operational research methods to identify areas of greatest potential risk to revenue. The aim of the continuous re-assessment of potential areas of risk is to enable the frequency of visits to traders in other areas to be reduced, thus saving staff. As a consequence, Customs & Excise have recently reduced the frequency of visits to traders presenting least risk from once in four to once in five years; additionally, local managers have discretion further to postpone a proportion of visits for up to an additional two years. Further OR studies are in progress. The production of regular analyses of the results of control visits (some 400,000 a year) will provide information to permit close monitoring of VAT control and to assist in determining priorities - e.g. the analyses should indicate the relationship between the resources applied to control visits and the Revenue, in the form of recovered under-declarations, resulting from them. From this, the marginal efficiency of the allocation of staff can be measured. Another study is designed to measure the "close preventive effect" of control visits, i.e. whether the effect of control visits is to increase the amount of tax declared on subsequent returns.

In view of the extensive work already in hand, the Chancellor thinks the best way of improving the efficiency of VAT administration lies in the continuing application of the OR techniques developed by Customs & Excise. The control of VAT traders, mentioned in your letter, is too large and diffuse a subject to be suitable as such for the concentrated techniques of a Rayner-sponsored study. If, however, these studies did throw up a specific project suitable for this approach, the Chancellor would, of course, not hesitate to recommend it.

① You suggested that because the work to rule in 1979, which was, in effect, an exceedingly meticulous application of normal controls, seems to make for at least as effective control as normal, with the same number of staff and without excessive inconvenience to passengers, a worthwhile study would be the depth of coverage and effectiveness of Customs control at ports of entry. Although Customs management at the ports took every possible step to ensure that the work to rule did not enable an illegal importation of prohibited



drugs to increase, it was only by relaxing the normal controls that passengers were not too inconvenienced. It was often necessary to let some passengers through without calling on them to pay duty on goods in excess of their allowances. Customs are currently implementing the remaining recommendations of Departmental reviews of the procedures for controlling both cargo and passengers. When these recommendations are fully implemented, a considerable saving in the resources devoted to Customs control would have been made - though these have already been taken into account in both the 3 per cent cuts and the Lord President's exercises. The Chancellor would like these recent and imminent changes to be allowed time to settle before embarking on further studies. He would, however, hope to be able to recommend a Rayner project in the Customs area in next year's programme.

③ Finally, closer co-operation between IR and Customs & Excise. The Departments recently conducted a successful experiment to exchange information about the tax affairs of traders in the Leeds area. They would like to extend the experiment to other areas. But progress here is blocked until the outcome of the review of the two Departments' statutory powers.

A The two Departments would, however, like to study the possibility of co-operation in their dealings with insolvent traders. At present, all central government departments which are owed money by an insolvent trader have to take their own separate measures to monitor the progress of an insolvency. The Customs are mainly concerned with recovering VAT. Their procedures are centralised in a special Headquarters Branch in Liverpool. The IR do not have centralised procedures. They leave dealings with insolvent traders to their regional networks. The proposed study could consider whether central units for dealing with the affairs of insolvent taxpayers for both Customs and IR would be more efficient and cost-effective than the existing separate arrangements. If this proves to be so, and an essential unit were established, further consideration could eventually be given to operating such a unit on behalf of other central government departments. Insolvency work in Customs costs about £1.3 million. The IR costs are not readily available (because the work is distributed regionally). Although this work uses only limited resources, the project would be in an area of central government activity where there is clearly much duplication of official effort. Clear savings should be realisable. The project should lead to better co-operation between the two Revenue Departments, and possibly elsewhere in Whitehall. The Chancellor, therefore, recommends this project in addition to the distillery project.



The Department for National Savings

Your letter of 17th January is also relevant. The Chancellor has re-considered the choice of subject in the light of your letters. He feels nevertheless that it should go ahead as proposed. The number of staff and other resources involved in Premium Bond work in general and in the conversion point in particular are, he feels, sufficiently large to make this a worthwhile area for study.

As an alternative, you suggested a scrutiny of the procedures of the Savings Certificates Branch, including an assessment of the scope for mechanisation. In this area, the repayment work is most susceptible to computerisation. It was, in fact, computerised in 1964. Computerisation of the huge manual files themselves would be uneconomic because of their low activity. But possible computerisation of the central issue of future issues of certificates and the associated records and main processes was the subject of a detailed study by the DNS in 1976; but the project was not approved by the then Administration. It might be useful for a fresh look to be taken at this shelved project as the DNS' 1981 Rayner study, unless a better subject emerges in the meantime.

Inland Revenue

Finally, you reported the Prime Minister's view that there may be scope for a more extensive study of the work of the Valuation Office.

I fear, however, that such a scrutiny would have to be very extensive indeed, since it would have to cover not only substantial areas of work within the Valuation Office, but would also have to embrace its many clients, including the Departments of the Environment, Transport and Industry within central government, and many outside bodies, e.g. the Forestry Commission, Atomic Energy Authority, NCB and Research Councils. It would require an extended project team, and with three other scrutinies in the current round, the Chancellor does not feel he would be able to give the work the quality and quantity of effort it would deserve. He has, therefore, decided, as the Prime Minister envisaged, that it will not be feasible to add this wider scrutiny to the current round, though he will, of course, keep it very much in mind for the next.

I apologise for the length of this letter. I hope it deals adequately with your concerns.

*Yours,
M.A.*

M. A. HALL

2

PRIME MINISTER

I attach an exchange between Derek Rayner and Paul Channon about charging for courses at the Civil Service College.

Derek Rayner sees it as an essential requirement of good management that Ministers should have direct financial responsibility for the services that they consume. This is already happening in the case of H.M.S.O. services. He is pressing for similar action on P.S.A., and thinks that there is every reason for the C.S.D. to do the same.

The formalised exchanges in the two papers attached cover Sir Derek's considerable disappointment with Mr. Channon's attitude on this one. Mr. Channon has proposed "blockage" meetings with you, and we have agreed to arrange them whenever he has a list of suitable topics. In this case, I think Sir Derek sees him as the blockage. I suspect that most of the Private Office, as consumers of C.S.D. training, would agree that Departments have no sense of responsibility for it and make no attempt to assess its value to them in terms of staff performance.

No action for the present. But you may like to be aware of a case where Sir Derek is pressing hard to break with unquestioned tradition, and meeting some resistance.

I am with Sir Derek on this. I suspect that (1) don't want it because they think the College will be used less. *MAF*

30 January 1980



2

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

PS/ Secretary of State for Industry

30 January 1980

Geoffrey Green Esq
Private Secretary to the
Minister of State
Civil Service Department
London SW1

PRIME MINISTER

*A small step in the right
direction - management
from the Minister. MA 31/1*

Dear Geoffrey

My Secretary of State wants me to draw to your Minister's attention a useful economy.

The practice in this Department has been for the Press Office to scan the daily press, both in London and in the Provinces, and to cut articles of direct interest to the Department. 40 photocopies have been taken each day and circulated to Ministers and officials. Those concerned were unaware that the photocopying cost over £100 a day and that the annual cost was nearly £40,000.

On enquiry, only a handful of officials found the service worthwhile. The number of sets of cuttings has now been reduced to 5 with consequent savings of about £30,000 a year. All concerned receive daily a 1-page list of articles on departmental issues and can obtain photocopies of any of these articles in case of need.

I am copying this letter to Tim Lankester (10 Downing Street), to the Private Secretaries to the other Members of the Cabinet and the Minister of Transport and to David Wright and Sir Derek Rayner.

Yours sincerely

Ian Ellison

I K C ELLISON
Private Secretary

*Does this practice happen in
other departments?
nd*

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APR 24
10 30 AM

51

PRIME MINISTER

The Manpower Services Commission and overseas development were two areas where you agreed that Sir Derek Rayner should seek more worthwhile scrutinies.

The attached note shows that MSC have agreed to carry out a review of the organisation of the Training Services Division. They will for their own purposes go ahead with the energy services study which Sir Derek thought removed from the main issues. They will also keep Sir Derek in touch with some other significant internal reviews.

ODA have agreed to look at the way in which the Directorate of Overseas Surveys costs its activities, and how far it is competitive with similar work in the private sector.

MAD

MAD

29 January, 1980.

Mr PATTISON

cc Sir Derek Rayner
Mr Allen

THE SCRUTINY PROGRAMME: SOME LATE COMERS

1. You will recall that the Prime Minister agreed that Sir Derek Rayner should pursue with certain Ministers the possibility of better proposals.

2. He is still playing some fish - the Home Office, Lord Chancellor's Department, Customs & Excise and Paymaster-General's Organisation - but some have been landed, one is coming to the bank (para. 8 below) and one he is disposed to throw back (para. 9 below).

3. The ones landed are HM Treasury (your letter to Mr Hall of 3 January refers), MAFF (the Minister's recent letter to the Prime Minister refers) and the MSC (Sir Richard O'Brien's letter to Sir Derek Rayner of 17 January).

Manpower Services Commission

4. The main purpose of this minute, to which I am attaching a second copy of Sir R O'B's letter for convenience, is to let you know that Sir DR is disposed to agree with Sir R O'B's counter-proposal.

5. The MSC proposed energy conservation. We proposed the regional and field organisation. The result of discussion between Sir R O'B, his senior officials and us on 4 January is his proposal that

a. The MSC will do the energy conservation project anyway, but not as part of the scrutiny programme.

b. For the scrutiny programme, the MSC now offer a review of the organisation of the Training Services Division, to begin in the summer after the current review of the Employment & Training Act 1973 (see below).

c. Sir R O'B will "keep in mind the possibility of a root and branch look at the [whole] regional and field organisation for the future".

d. Sir R O'B will consult Sir DR informally about three substantial reviews the MSC already has in hand, namely:

- of the Employment & Training Act 1973
- Employment Rehabilitation (services for those returning to work after injury etc)
- Services to the unemployed.

6. Sir DR is willing to sign up the Training Services Division study, which is well worth doing in its own right. Indeed, it will throw a lot of light on MSC's organisation as a whole and make it easier to get the rest reviewed. He will press for the scrutiny to cover the TSD's entire office structure.

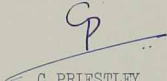
7. Sir R O'B's offer to involve Sir DR in the three reviews noted in para. 5 is gratuitous and welcome, especially that on services to the unemployed. Sir DR will aim to make such connections as are necessary with the joint DE/DHSS study of their services for the unemployed, on which he thinks in the long term some rationalisation of the separate staff and systems of the DE and DHSS should be possible.

ODA: Directorate of Overseas Survey

8. I heard at the end of last week that the ODA is to offer up a scrutiny of the DOS in response to the Prime Minister's comments on 4 December. I will come back to you on this.*

Department for National Savings

9. We challenged the DNS proposal to scrutinise the rate at which Premium Bond records are being computerised. You should know that I have now told the Treasury that (in effect), we are not disposed to waste time on a protracted struggle to get a better candidate for round one.


C PRIESTLEY
28 January 1980

Enc: Sir Richard O'Brien's letter of 17 January.

* Sir DR has now had a letter from Sir Peter Preston, copy attached. The proposed terms of reference, sidelined, appear to cover the questions in which the Prime Minister is interested, but I should be grateful for your confirmation that this is so.



Miss Jackson / copies,



**Manpower
Services Commission**

Our ref

Your ref

Date 17 January 1980

*File: Ms. Jackson
Ms. Butler (2)
Ms. Corbett
Ms. Kettle*

Selkirk House
166 High Holborn
London WC1V 6PF
Telephone 01-836 1213

*P.
A. 80*

Chairman: Richard O'Brien
Sir Richard O'Brien

Sir Derek Rayner
Cabinet Office
Whitehall
LONDON SW1

Dear Sir,

SCRUTINIES

I am writing to follow up the very useful discussion we had on 4 January about a MSC candidate for round 1 of the scrutiny programme.

The MSC background is that we are very sympathetic to the scrutinies type of approach. Ever since the Commission was set up we have made active and continuing use of them. Examples are the "Holland" report (on young people and work), the Review of the Training Opportunities Scheme and the Review of the Aims and Objectives of the Employment Service. These and other reviews have helped us greatly to define policy objectives and improve cost-effectiveness.

Good!

I can only agree that the project so far suggested by us for the scrutiny programme - which concerns energy conservation - is not a very major one, and I accept at once the reasons why you may feel that something nearer to the mainstream of the new programme is desirable. We shall press on with the energy conservation project, which we see as essential for transforming good intentions into action, but need to produce another candidate instead for the scrutiny programme.

May I say by way of preliminary that the Commission is in fact at present committed to 3 major scrutinies, but for differing reasons none of these appears to lend itself to formal inclusion in the scrutiny programme?

The first of these scrutinies is a review of the Employment and Training Act 1973 so far as it concerns promoting adequate training in industry. The Review embraces the Industrial Training Boards but goes well beyond them, and is of a fundamental kind likely to have major policy and financial consequences. It is being undertaken by a review body which includes outside nominees and is chaired by myself. It has nearly reached its mid-point and will report to the Commission in July.

The second such scrutiny is a review of employment rehabilitation. As you may know the Commission provides employment rehabilitation for over 15,000 people a year in order to enable them to return to work after injury, illness or absence from work due to other causes. This is undertaken principally in a network of employment

/rehabilitation

rehabilitation centres covering the country and there is also provision through courses and work projects provided by the Training Services and Special Programmes Divisions and through MSC funding of training by independent agencies. Both the policy and cost-effectiveness of these various forms of provision need a thorough look, but it is essential to involve in this outside interests, including for example the medical profession. This review has just started and will be carried out over two stages involving research and experimentation. The team responsible for it is led by the Chief Executive of our Employment Service Division.

The third scrutiny of this kind is an overall look at the Commission's services to the unemployed. We decided that this was necessary recently because of the effect of cuts on the balance of our services and because of the problems which unemployed people will face in the period ahead if unemployment rises rapidly. The work for this review will be led by our Director of Manpower Intelligence and Planning, backed up by inquiries carried out by his staff. The report will go to the Commission in July.

Although I do not think that any of these 3 reviews can conveniently find a formal place in the new scrutiny programme, I should be willing to send you copies of the reports as they become available on an informal basis. Needless to say, I should gladly receive any comments or advice which you felt able to offer and we should take full account of it in translating the reports into action.

I turn now to the suggestion that a study of the regional and field organisation of the MSC might be included in round 1 of the scrutiny programme. As I explained to you, I am sure that in the right circumstances such a study could be helpful to us but I do not believe it would be so now. The current structure has been in existence for less than 2 years and resulted from a large (and helpful) Management Review of the DE Group, which itself took place only 3 or 4 years after the field organisation of the MSC Divisions had been set up. It is designed to fit the needs of programmes of differing kinds and is effective in terms of delivery. We could not look at the field organisation without also covering Head Office in depth, but dispersal of Head Office to Sheffield, which has just begun, makes that inopportune. I want to stress however that I see nothing sacrosanct about our present organisation, and I shall keep in mind the possibility of a root and branch look at the regional and field organisation for the future.

There is however a more limited, but still major, study of our organisation which would be timely and useful. The Review of the Employment and Training Act to which I have referred earlier (paragraph 5) will make it necessary in turn to look searchingly at



**Manpower
Services Commission**

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Our ref

Your ref

Date 17 January 1980

Chairman: ~~Richard O'Brien~~
Sir Richard O'Brien

Sir Derek Rayner
Cabinet Office
Whitehall
LONDON SW1

the organisation of our Training Services Division. We need to ensure that it can give maximum impetus to new arrangements to promote and reform training in industry and see that our other training activities (TOPS, Direct Training Services, etc) dovetail in properly. This will be primarily a study of the organisation at Head Office, but it would need also to cover aspects of the regional organisation and to a certain extent other Head Office divisions as well. The Head Office move to Sheffield will not make things any easier, but in this case the problems will be more limited. I would like to suggest that this Review would be a good candidate for the formal scrutiny programme.

I hope that this suggestion will commend itself to you. I foresee that the time will be ripe for it to begin about July ie when the report of the Review of the Employment and Training Act is available. We can decide nearer the time the exact terms of reference and means of carrying it out.

I am sending copies of this letter to the Secretary of State for Employment and Sir Kenneth Barnes. 1

Your sincerely,

Richard

MR. PRIESTLEY

Thank you for your minute of 23 January about the request that Sir Derek Rayner give evidence to the Treasury and Civil Service Committee.

The Prime Minister would be delighted for Sir Derek to do so.

M. A. PATTISON

28 January 1980

9B



OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE
STAG PLACE LONDON SW1E 5DH

Telephone 01-213 4819

25 January 1980

Sir Peter Preston KCB
Permanent Secretary

Sir Derek Rayner
Cabinet Office
Whitehall SW1

Dear Sir,

SCRUTINIES

In the final paragraphs of your letter of 15 January you dealt with the question of the "Scrutiny" programme as it affects the ODA and, in particular, with the prospective further examination of the DOS.

2. I welcomed your suggestion that we might discuss whether the DOS would provide a suitable topic, but this seems to some extent to have been pre-empted by the public statement reported in the 'Daily Telegraph' and other papers on Thursday January 24 that there would be a review of DOS. In these circumstances we have turned to the question of possible terms of reference in the light of the helpful additional guidance given in your letter, and I should be grateful for your comments on the suggestions which follow:-

"To identify how the DOS calculates the costs of the various services, principally mapping and revision mapping, that it provides to aid recipient countries either directly from its core budget or indirectly as part of other ODA, including LRDC, projects.

To determine, on the basis of this analysis of costing procedures, how far the DOS is broadly competitive with private sector entities providing similar services.

To draw conclusions, and make such recommendations for changes in procedures as may be necessary, including their cost and timing."

There is also the question of timing: the present Director of the DOS retires in June and we see considerable advantage in undertaking the exercise after his successor takes over. If you feel that it would be helpful for us to meet to settle any outstanding aspects of

/this scrutiny

MANAGEMENT IN CONFIDENCE



this scrutiny, I am very ready to arrange a convenient time.
(I suppose it is possible that there might be other loose ends
from the correspondence on the Management Review which we could
tidy up at the same time). May I leave it to your office to let
my secretary know how you wish to proceed.

*Yours most
truly*

Peter Preston

MANAGEMENT IN CONFIDENCE

28 JAN 1980



cc for information/comment

Sir Derek Rayner

✓ Mr Pattison (No 10)
Mr G E T Green (CSD)
Mr Laughrin "
Mr Wilding "
Mr Delafons (PSA)
Mr Bamfield (CSD)
Mr Pearce "
Mr Russell "
Mr Benham "
Mr B W Smith "
Mr E Walker "
Mr D Jamieson "

INFORMATION FOR DEPARTMENTAL MINISTERS ON THE COST OF GOVERNMENT

1. Mr Allen has pursued this further with CSD since your meeting with Mr Wilding and others on 10 January. I attach the result of his efforts and mine for your consideration.
2. The plan is that you should send it to Ministers under cover of a letter to the Home Secretary when its rough edges have been smoothed. You might sign a letter before you go to Canada next Wednesday so that the note can be issued as soon as it is ready.
3. You are seeing Mr Delafons here at 9 tomorrow morning. As far as the CSD interest is concerned, it would be helpful if a single answer could come through in time for you to see it before you finish here on Tuesday.

CP

C PRIESTLEY
24 January 1980

Enc: Draft note plus attachment

DRAFT OF 24 JANUARY 1980

ANNUAL SCRUTINY OF DEPARTMENTAL RUNNING COSTS

1. I recommended in my minute to the Prime Minister of 30 August that "each Minister in charge of a Department should, at the appropriate point in the PESC/Estimates cycle, scrutinise the overheads of his Department as well as his staff costs". This is because I believe that in order to run anything, one needs first to know and then to question his costs.

Scope of the information needed

2. This note is about providing and using information on the cost of having a Department, that is, of the civil servants who man it, of housing them and their Ministers and of supplying them with the goods (eg stationery and furniture) and services (eg water and electricity) which they use in their work. In offering it to Ministers, I acknowledge that some departments may already have sophisticated information systems and that the detailed day-to-day responsibility for good management cannot and should not be exercised by Ministers themselves but ^{by} their officials.

3. However, officials' authority for making good use of manpower, goods and services is delegated to them by and they discharge it under and on behalf of Ministers. I see the peculiar responsibility of Ministers here most clearly represented by two inalienable tasks, approving their Estimates of Expenditure and satisfying themselves, by

selective examination, that the manpower, goods and services used in their name are used efficiently and well.

4. It may not at first be clear what information on the cost of manpower, goods and services should include and exclude. I offer the following thoughts on this.

5. First, provided there is a broad consistency of treatment between departments, I do not think it matters much if the first year in which Ministers scrutinise their departmental costs has rough edges and is to a degree experimental. I expect to learn from the experience and I do not have a ready-made specification which will indicate with precision the full scope and content of the data to be provided.

6. Secondly, that "broad consistency" will however be very much helped by the fact that it is possible to specify^{with}/reasonable accuracy the cost of the manpower, goods and services which departments use (see below).

7. Thirdly, the word "overhead" may cause problems of interpretation. It may be argued that there is an important dividing line between, on the one hand, staffing, housing, maintaining and servicing a function and, on the other, the function itself. One example which has been mentioned to me is that of a specialised department, whose purpose is to hold people in secure premises, the question being where administration and "overheads" end and the function itself

begins. I am firmly of the view that, for the purposes of the first year of this exercise, one need not strive to draw over-nice boundaries. In the case of that specialised department, I would regard administration, "overheads" and function as forming a single cost centre, all the expenditure involved being directed to the service the Minister provides to the public: the central consideration is that the service cannot be provided if any of its various components is missing.

8. Fourthly, the information to be provided should in my view be for only the manpower, goods and services whose form, scale and deployment are under the direct personal control of the Minister. Thus, I would exclude those expenditures by local authorities, the National Health Service, grant-in-aid bodies and other in a similar relationship with his department which, although wholly or partly funded through departmental Votes, are not within his personal control and management responsibility. However, where in such cases the Minister's Accounting Officer is required to ensure that the body has an "appropriate financial regime", I recommend that it should be his responsibility also to satisfy himself that the head of that body has available to him a similar management information system.

9. Fifthly, I suggest that the types of expenditure to be included should be determined not according to who pays, but who consumes. Whether or not repayment is introduced for these services currently provided on allied service terms,

I suggest that Ministers will wish to manage their use and consumption of, for example, accommodation and PSA supplies as if they were a direct charge upon their Votes. This is because I see the consuming Department as the most powerful influence on the planning, allocation and control of such resources.

10. On this basis, I recommend that the information to be assembled should cover two broad categories of cost:

- a. Those staff and other costs of running a Department which are paid for out of the Department's Votes and for which the Minister is accountable to Parliament.
- b. The cost of those "supporting services" which are a charge upon the Votes of others and provided free to the Department on allied service terms, notably the services provided by the Property Services Agency.

11. The Supply Estimates provide some useful information on costs in those two categories. But it is in my view an inadequate form for management purposes. For example, the information there given on "supporting services" is not presented on a Departmental basis; the degree of detail about direct Departmental costs is not sufficiently defined to enable the various components of the Department's running costs to be managed individually; and the comparison with the previous year only does not offer an adequate span of time for effective monitoring.

Information about the Department as a whole

12. I have annexed a note which sets out relevant types of expenditure and the periods it should cover.

The types are in brief:

- A. Permanent staff
- B. Other services
- C. Personnel overheads
- D. Office and other accommodation costs
- E. Office services
- F. Other non-office expenditure
- G. Notional expenditure

13. The costs are gross and expressed in money terms. Capital and current expenditures are separately identified, although in an ideal management information system capital expenditures would be displayed in an annualised form, depreciation and interest charges being the cost of the resources consumed each year.

14. In the case of the office and other accommodation costs at 12D above, and data not already available to Ministers from within their own Departments may be obtained from the Property Services Agency. The contact point there is Mr _____ This is another case where Ministers may need to accept that there will be some rough edges in the first year in which they scrutinise their departmental costs.

15. Similarly, I do not expect that the "notional" rentals set out in Section G(ii) and G(iii) of the note can necessarily

be given for all departments in the first year. The point of having this information is that it will give a notional market price for the Crown freeholds occupied by Departments, and therefore a sense of the value of such assets, and an indication of the way in which the cost of leaseholds is likely to move in future.

16. I attach some importance to the question, covered by G(i) in the note, of how much pension liability as well as wage/salary and other cost liabilities, a Minister accepts when he recruits staff. A permanent member of staff, who makes a career in the Civil Service, is a substantial investment from the moment he/she is taken on to the moment he/her life ends.

17. In case officials need help in interpreting the intended scope and coverage of the cost information, I have agreed with Mr Channon that Mr _____, Civil Service Department, 273 _____, should be available to assist.

Possible questions about the cost of the Department as a whole

18. In the first instance I suggest that information needs to be brought together and displayed for the Department as a whole. It will provide Ministers with answers to such simple, but important questions as:

- What is the total cost of running my Department now and how does it compare with costs in previous years?

- Which particular costs make a significant contribution to the total?
- Are my on-staff costs reducing in line with what would be expected in the fact of reduced staff levels?
- Where have I failed to achieve planned changes in my costs?
- Are the savings I am achieving merely at the margin or am I operating on the main bulk of my costs?
- Are my forecast expenditures realistic in the light of the data on previous years?

19. To provide Ministers which a feel for what they are buying for the taxpayer, I recommend that some of the expenditures should be expressed vividly in terms of quantities, eg numbers of staff employed, square footage of office space, amount of energy consumed, numbers of staff trained, number of cars in the transport fleet.

Information about parts of the Department

20. Information about the Department as a whole can only take Ministers part way along the road to effective management. If they are to plan and control the costs of running their Departments they will need to ask, and information be available to answer, such questions as:

- Why are ^{the} costs of particular items at the levels that they are and changing in the way they are?

- How much has inflation caused expenditure to rise and how is my Department improving efficiency to off-set its effects?
- Where in my Department do the cost of particular items mainly arise and the changes originate, eg HQ or Local Offices; Policy/Advisory or delivery of the service; desk staff or support staff?
- What is the cost of carrying out a particular programme and how does it represent value for money?
- Are the staff and other costs of a particular programme moving in the same direction as my policy in relation to the programme? If not, why not?
- Where in my Department have my economy drives failed to bite?
- How much have this year's policy initiatives affected the cost of running my Department?
- In what areas could I achieve savings in the longer term by increasing expenditure in the short term?
- What efforts are being made by the Department to keep individual costs under control?

21. I suggest that providing answers to such questions will mean underpinning gross information on the Department as a whole with similar information on its component parts.

22. It will be necessary for costs to be assembled in relation to organisational units and, if Ministers so desire, expenditure programmes. The definition of the "organisational unit" and of "programmes" will be for Ministers to determine in the light of their own Departmental circumstances. For example, in some cases it might be satisfactory to specify a Deputy Secretary command as an "organisational unit", whereas in others an Assistant Secretary (or lower) command would be appropriate.

23. Ministers need not have this information presented to them in its entirety unless they wish. Its main purpose should be as a source of information which can be tapped so as to explain the data presented on the whole Department and in answering Ministers' specific questions. It should also, of course, stimulate a greater awareness of costs and the need to control them at all levels of management.

Timing of the scrutiny

24. I suggest that Ministers should have an opportunity to scrutinise the cost of running their Departments in good time for the decisions they need to take each year on the level and direction of change of such costs in the next and coming years. I recommend therefore that Departments should prepare their analyses in April of each year for presentation to Ministers in May. The decisions taken by Ministers on the detailed expenditures should then be reflected in the preparation of Estimates. In November each year, when Estimates of the detailed expenditures for

following financial year should be available, I suggest that Ministers will then wish to ensure that their management decisions have been taken on board and made further adjustments as necessary. But I should emphasise that I see the information as being more helpful to Ministers in relation to planning for later years rather than the next following year because it is, in my view, related more to the medium-term manpower policy of the Department than it is to scrutinies of costs here and now and to decisions on the manpower budget for the next year.

25. I recommend that the information should be scrutinised by the Minister in charge of the Department. However the responsibility for taking the first look at the data might be delegated to a Minister of State or a junior Minister. He/she could also be responsible for any follow-up after the scrutiny.

26. The information on the Department will also serve as an input to Mr Channon's exercise to collate the costs of running Government in readiness for considerations by Ministers collectively. I understand that the CSD will be in touch with Departments to help ensure that there is consistency in the compilation of data in connection with that exercise.

17. I recognise that all the information necessary to meet the management needs of Ministers may not be available in this first year of operation. It is important however that

Departments begin now to refine their cost information systems with a view to being fully operational in 1981-82.

Derek Rayner
Cabinet Office

January 1980

TOTAL DEPARTMENTAL COSTS

	Last Year - This Year				
	Penultimate Year (Actual) Gross	Last Year (Actual) Gross	This Year (Estimate) Gross	Increase/ Decrease + or -	% Change + or -
A. Permanent Staff					
1. Average Numbers					
2. Costs	£	£	£	£	£
Wages and Salaries (including Insurance Contribution)					
(i) Permanent Staff (UK based)					
(ii) Overtime					
(iii) Casuals					
(iv) Period Appoint- ees staff on loan from out- side bodies (paid for by the department)					
(v) Staff locally engaged					
TOTAL WAGES AND SALARIES					
B. Other Services					
1. GIRO and other banking services					
2. Post Office Agency charges					
3. Other agency charges, staff employed by contractors, consultants and fee paid staff					
<u>Note</u> : this item is intended to include the employment of contract labour eg cleaning staff, but not the direct labour element in government contracts					
4. Payments to other Departments for Services provided					
<u>Specify each Department separately</u>					
TOTAL OTHER SERVICES					

				Last Year - This Year	
	Penultimate Year (Actual) Gross	Last Year (Actual) Gross	This Year (Estimate) Gross	Increase/ Decrease + or -	% Change + or -
	£	£	£	£	£
<u>C. Personnel overheads</u>					
Travel					
Subsistence					
Entertainment					
Removals					
Catering Subsidies					
Protective Clothing					
Uniforms etc					
External training seminars etc					
TOTAL PERSONNEL OVERHEADS					
<u>D. (i) Office Accommodation Costs</u>					
Rents actually paid					
Rates					
Heating, lighting					
Maintenance					
Furniture and fittings					
Capital Costs - New Construction					
<u>(ii) Other Accommodation Costs</u>					
Rents actually paid					
Rates					
Heating, lighting					
Maintenance					
Furniture and fittings					
Capital Costs - New Construction					
TOTAL ACCOMMODATION COSTS <u>/ACTUALS/</u>					

Last Year - This Year

	Penultimate Year (Actual) Gross	Last Year (Actual) Gross	This Year (Estimate) Gross	Increase/ Decrease + or -	% Change + or -
	£	£	£	£	£
<u>E. Office Services</u>					
Carriage, freight					
✓ Transport, (incl. Vehicle Mtce)					
✓ Telecommunications					
Postage					
✓ Office machinery					
Stationery					
Photocopying					
✓ Printing and publications					
Publicity and advertising					
Library Services					
✓ Administrative Computers					
Minor Administrative Expenses					
<u>Separately annotated where substantial</u>					
TOTAL OFFICE SERVICES					
Note: Separate expenditure between Capital Costs and Running Costs where possible					
<u>F. Other Non-Office Expenditure</u>					
(i) <u>Capital Expenditure</u>					
Plant and Equipment					
Vehicles					
(ii) <u>Running Costs</u>					
Plant and Equipment					
Vehicles					
(iii) <u>Other Current Costs</u>					
TOTAL OTHER EXPENDITURE					
TOTAL EXPENDITURE A - F					

	Last Year - This Year				
	Penultimate Year (Actual) Gross	Last Year (Actual) Gross	This Year (Estimate) Gross	Increase/ Decrease + or -	% Change + or -
<u>G. Notional Expenditure</u>					
(i) Pension and Gratuity Liability					
(ii) Notional Rent - Crown owned Properties					
(iii) Notional additional rent - other properties					
TOTAL NOTIONAL EXPENDITURE					

- Notes: (a) Pension and Gratuity Liability is to be calculated based on the latest rates notified by the Treasury [currently 19% for Non-Industrials and 16% for Industrials].
- (b) Substantial costs will also need to be subdivided by organisational units (eg locations, functions, Under Secretary Commands etc). The precise nature of the breakdown will need to reflect the internal organisation of the department itself. All staff costs will require this treatment; the separation of other costs will depend upon a number of factors eg practicability, materiality and whether cost control will be facilitated.
- (c)
- (~~iii~~) Expenditure figures should be shown gross. A separate note analysing receipts may also be required in order to present a full picture.
- (d)
- (iv) Current year figures should be reconcilable with those shown in Supply Estimates after allowing for notional items. Figures for last year should be as near as possible to the final appropriation account figures. Penultimate year figures must be exactly reconcilable with that year's Appropriation Accounts.
- (e)
- (v) Notional additional rents for other properties are intended to represent the difference between the market rate for rented properties and the rents actually being paid.

24 JAN 1980

MINISTER OF STATE, CSD

RAYNER PROJECT: CHARGING FOR COURSES AT THE CIVIL SERVICE COLLEGE

1. We had a useful talk this morning on the review of Government statistical services and the follow-up to last year's "Rayner projects".

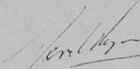
2. I was sorry that Cabinet intervened and you had to leave your meeting with your officials and me on the above before there was a chance for you to say what you think about repayment by Departments for their use of the College. In your absence we could not bring things to a conclusion and it may help you in coming to a decision if I make three points.

4. First, I remain firmly of the view that even with a commodity as important to the centre of government as the developmental and other services of the College, now borne on its Vote, there is no substitute for the discipline whereby consuming Ministers and their Departments had to pay for those services. This is part and parcel of my opinion that he who consumes goods and services should pay for them and that knowing the cost is not the same as counting it and valuing the potential and actual return. I believe that this is in general your view too.

5. Secondly, if you do decide against repayment, as you are entitled to if you wish, I hope that we both understand that it is without prejudice to my position on repayment more generally, especially for PSA services. It is excellent that Ministers have already gone for repayment for HMSO services; I hope that we find ourselves in no difficulty over the PSA issue, when we come to it, should it be argued that the CSD hesitated to expose its own ewe lamb.

6. Finally, I would obviously prefer you to go for repayment. If you do not, I should be glad if you did not close the door for good and all. Mr Wilding suggested that some useful work could be done by the College and by Departments on costing and valuing the inputs to and outputs from central and Departmental training. I agree that costs should be known - indeed, it is pretty frightening if they are not. If you commissioned the work proposed I do not think that it should be in substitution for repayment; I would advise, rather, that we should return to the repayment issue when the work has produced a usable analysis, perhaps in three months time.

7. Let us have another word if you like. In the meantime, I am copying this to the Prime Minister as before and to Sir Ian Bancroft.


Derek Rayner

24 January 1980

25 JAN 1960



23PP's



cc Sir Derek Rayner
Mr Laughrin

Mr PATTISON

TREASURY AND CIVIL SERVICE COMMITTEE

1. I attach a copy letter to Sir Derek Rayner from the Clerk to the House of Commons Select Committee on the Treasury and Civil Service.

2. If the Prime Minister is content, Sir Derek Rayner would be glad to give evidence to the Committee (A/) and to provide a short paper beforehand (B/), in effect an annotated agenda.

CP
C PRIESTLEY
23 January 1980

PRIME MINISTER
Agree that Sir Derek
may give evidence

Enc: Letter from Mr Hubback to the Select
Committee?

Why?
no

(He did a good
half-hour television
interview with Robert
Mackenzie (last night))
MAY 25/80



COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 3285 (Direct Line)
01-219 3000 (Switchboard)

TREASURY AND CIVIL SERVICE COMMITTEE

22nd January 1980

Dear Sir Derek,

A) I am writing on behalf of Mr. du Cann, the Chairman of the Treasury and Civil Service Committee, to ask whether you would be willing to give oral evidence to the Committee about the work you are now doing in scrutinising the activities of Government Departments with a view to improving performance and eliminating waste.

long
I should explain that the Committee is starting on a short enquiry into efficiency in the Civil Service. Mr. Paul Channon will be giving evidence to the Committee next Monday, 28th January and the Committee have it in mind to ask for evidence from the Staff Side and perhaps some other people concerned with efficiency in the Civil Service. The Committee will decide later whether it publishes a report on its findings or whether it simply publishes the evidence. They are however anxious to start a dialogue with the Civil Service Department and others with a view to returning to this far reaching subject from time to time.

B) If you are willing to give evidence the Committee would find it helpful if you were prepared to let them have a paper explaining your terms of reference, progress made so far and how you see the work developing. If this paper were available in good time before you came to the Committee it would enable Members to make the best use of the available time.

longer.
I understand from Priestly that you will be away in Canada shortly but that 4.45 p.m. on Monday, February 18th would be a convenient time for you. This day would suit the Committee. If I can help by further explanation about the work of the Committee please let me know.

I am sending a copy of this letter to Moore in the Civil Service Department.

mealy
D. P. Hubback
D. F. Hubback
Clerk to the Committee

Sir Derek Rayner,
Cabinet Office,
Whitehall.

25 JUN 1950

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Reference.

I told Mr Priestley that Berks should be warned of the intention to publish the lists. na MFF 24/

MR WILSON

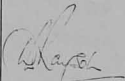
cc PS/Minister of State
Mr Pattison (No 10) —
Mr Priestley (Cabinet Office)
Mr Russell

PQs FROM MRS RENEE SHORT MP FOR PRIORITY WRITTEN ANSWERS ON WEDNESDAY 23 JANUARY 1980

I attach draft replies for Mrs Short's two questions about Rayner Projects and the Scrutiny Programme.

2. I am sending copies for information to Mr Priestley, whom I understand you have consulted about the general line of the answers, and to Mr Pattison, to whom I think Mr Green has spoken.

3. The Parliamentary Clerk requires the draft answers by noon on Tuesday, 22 January.


D W RAYSON
FP1
21 January 1980

CODE 18-78

CIVIL SERVICE DEPARTMENT

WEDNESDAY 23 JANUARY 1980

WRITTEN REPLY

Lab - Wolverhampton North East

No MRS RENEE SHORT: To ask the Minister for the Civil Service, if he will publish the results of Sir Derek Rayner's projects on the specific operations of the Government's departments; and if he will make a statement.

MR PAUL CHANNON

These projects are the responsibility of departmental ministers whom Sir Derek Rayner is assisting. Results will be published in due course.

WEDNESDAY 23 JANUARY 1980

WRITTEN REPLY

Lab - Wolverhampton North East

No MRS REENE SHORT : To ask the Minister for the Civil Service, if he will list the projects carried out in each Government department under the guidance of Sir Derek Rayner; and what further exercises are being carried out or planned.

MR PAUL CHANNON

The list of projects carried out in departments is as follows:

[Insert List A]

The topics for further departmental scrutinies which are being carried out, or are planned, are as follows:

[Insert List B]

LIST A

<u>Department</u>	<u>Topic</u>
Home Office	Radio Regulation Department
Lord Chancellor's Dept	Attachment of earnings procedure in the County Courts
Foreign & Commonwealth Office	Merger of FCO and the former ODM
Inland Revenue	PAYE movements Forms P45
HM Treasury	Paper handling and the Registry system
Customs & Excise	Organisation of the London, Brighton and Dover Collections
Department for National Savings	Handling of letters from the public
Department of Industry (Joint project with Trade)	The statistical services of the Departments of Industry and Trade
Ministry of Defence	Food Procurement for the Armed Forces
Civil Service Department	Charging for courses at the Civil Service College
Department of Employment (including Manpower Services Commission)	<ul style="list-style-type: none"> - Part-time local benefit and unemployment offices - Change in training allowances - Rationalise the skillcentre network - Peaking of work and use of part-time staff in unemployment benefit offices
Ministry of Agriculture Fisheries and Food	The administration of Farm Capital Grants
Department of the Environment (including Property Services Agency)	<ul style="list-style-type: none"> - Management Information for Ministers - Maintenance Economy Review - Bath Area (PSA) - Energy Conservation on the Government Estate - Estate Management in Kingston

<u>Department</u>	<u>Topic</u>
Scottish Office	Consultative Committee on the Curriculum
Welsh Office	- Control over Highway Authorities
	- Control over LEA building
Northern Ireland Office	- Recovery of Public Debt
	- Rate Collection System
Department of Health & Social Security	Change frequency of payment of Social Security benefits
Department of Trade	Services to Exporters
Department of Energy	Organisation of R&D in New Energy Technologies
Department of Education & Science	The administration of the Teachers' Pension Scheme
Department of Transport	Work of the Road Construction Units

LIST B

<u>Department</u>	<u>Topic</u>
Home Office	To be decided.
Lord Chancellor's Dept	To be decided.
Foreign & Commonwealth Office	Arrangements for providing and maintaining transport for 161 Diplomatic Service posts overseas, involving 800 vehicles.
HM Treasury	The monitoring by Treasury specific expenditure divisions of central Government expenditure (particularly the use of the Financial Information System (FIS))
HM Customs & Excise	To be decided
Department for National Savings	To be decided
Inland Revenue	<p><u>Topic 1</u></p> <p>The practice of issuing annual PAYE deduction cards to employees whose tax codes are unchanged from previous year</p> <p><u>Topic 2</u></p> <p>The administrative machinery for making proposals, objections and appeals in connection with rating valuations</p> <p><u>Topic 3</u></p> <p>The use of Accounts Registers kept in tax districts</p>
Department of Industry	The administration of the Regional Development Grant Scheme
Ministry of Defence	<p><u>Topic 1</u></p> <p>Arrangements for provision of secondary education for children of Service and Ministry of Defence personnel overseas.</p> <p><u>Topic 2</u></p> <p>Provision of assisted travel schemes and Ministry of Defence establishment bus fleets</p> <p><u>Topic 3</u></p> <p>The requirement for, the role and organisation of the Claims Commission</p>

<u>Department</u>	<u>Topic</u>
Ministry of Defence (cont)	<u>Topic 4</u> The organisations within the Ministry of Defence responsible for its internal efficiency and organisation.
Civil Service Department	The effectiveness of the Technical Services Division of the Central Computer and Telecommunications Agency
Department of Employment (Joint Scrutiny with DHSS)	To examine the procedures for delivering unemployment and supplementary benefit to unemployed people, with a view to simplification
Manpower Services Commission	To be decided
Health and Safety Executive	The problems of assessing costs and benefits of health and safety requirements and the techniques available
Ministry of Agriculture, Fisheries and Food	The extent and documentation of inspections of eggs and fresh horticultural produce to ensure the maintenance of grading and marketing standards
Department of the Environment (including the Property Services Agency)	<u>Topic 1</u> Methods used by Department to control the expenditure of the water industry and to encourage efficiency
	<u>Topic 2</u> Regional Organisation serving Central DOE and Department of Transport
	<u>Topic 3</u> The requirement for a works transport fleet
Scottish Office	The advisory and monitoring activities of the Scottish Development Department with respect to local planning authorities
Forestry Commission	The administration of <ul style="list-style-type: none"> i. the private woodlands grant scheme & ii. the licensing of felling
Welsh Office	The procedures for processing of major hospital building projects

Department

Topic

Northern Ireland Office

The operation of financial control within the Northern Ireland Departments and the Northern Ireland Office

Department of Health & Social Security

Topic 1

The Department's activities in support of health care exports

Topic 2

The practice of checking and querying National Insurance contribution records

Topic 3

Joint with Department of Employment (see above)

Department of Trade

Administration of the Patent Office and Industrial Property and Copyright Department

Department of Energy

Demand for and resources devoted to economic and statistical advice and services

Department of Education & Science

The administrative arrangements in England and Wales for making student awards by the Department of Education and Science and others

Paymaster General's Office

To be decided

Department of Transport

Topic 1

The functions of the Department on the enforcement of vehicle excise duty

Topic 2

Procedures for setting and certifying standards for the building of roads and bridges

Government-wide

Review of Government Statistical Services

BACKGROUND NOTE

1. Mrs Short has two priority written questions for answer on 23 January 1980. The first asks for publication of the results of Rayner Projects and for a statement. The second asks for a list of Projects and about further exercises which are being carried out or planned.
2. The Prime Minister has said that she thinks it desirable for Ministers to let it be known what they want to achieve under the Rayner Projects and what they are proposing to do in the Scrutiny Programme.
3. The results of particular Rayner Projects depend on decisions by the departmental minister concerned - and this is reflected in the suggested answer to the first question. The Prime Minister has asked Sir Derek Rayner to keep her informed on progress with implementation with a view to a possible statement to Parliament in March.
4. With the agreement of Sir Derek Rayner's office, it is proposed to use the second question to publish comprehensive lists of the Rayner Projects which have been undertaken and the topics to be examined in the first round of the continuing Scrutiny Programme.

22 JAN 1980





*cf Mr Pinesley
re
MAA*

PRIME MINISTER

EFFICIENCY AND WASTE IN CENTRAL
GOVERNMENT

Thank you for your minute of 14 January.

I will be pleased to take personal responsibility for seeing that lessons from the "Rayner projects" are widely applied and will report to you at the end of March in the way you request.

The CSD are working closely with Sir Derek Rayner in pressing Departments to complete their action plans. The more positive these can be, the better will be the opportunities for wider action.

P.C.

PAUL CHANNON

18 January 1980

21 JAN 1960

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1



*cc/Mr Priestley**From the Secretary of State*

C A Whitmore Esq
10 Downing Street
London, SW1

18 January 1980

Dear Clive,

EFFICIENCY IN CENTRAL GOVERNMENT: THE SCRUTINY PROGRAMME

My Secretary of State has decided that we must amend in one respect the detail of his proposal for the scrutiny of the Patent Office and Industrial Property and Copyright Department under this programme.

The details attached to John Symes' letter of 23 November included the expectation that the review would commence in January. However the Comptroller General of Patents has to be in Geneva for over five weeks from the end of January until early March and it seems sensible therefore to postpone the review until after his return. We hope therefore to start in March with the draft report being available in June or possibly July.

Yours ever

Nicholas McInnes

N McInnes
Private Secretary

18 JUL 1960

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Miss Wilson / Lewis



MAP *etc*

Manpower Services Commission

Our ref

Your ref

Date 17 January 1980

Selkirk House
166 High Holborn
London WC1V 6PF
Telephone 01-836 1213

File: Ms. Wilson MAP
Ms. Butler (2)
Ms. Corbridge
Ms. Penfold

P
A.1.80

Chairman: Richard O'Brien
Sir Richard O'Brien

Sir Derek Rayner
Cabinet Office
Whitehall
LONDON SW1

New Head,

SCRUTINIES

I am writing to follow up the very useful discussion we had on 4 January about a MSC candidate for round 1 of the scrutiny programme.

The MSC background is that we are very sympathetic to the scrutinies type of approach. Ever since the Commission was set up we have made active and continuing use of them. Examples are the "Holland" report (on young people and work), the Review of the Training Opportunities Scheme and the Review of the Aims and Objectives of the Employment Service. These and other reviews have helped us greatly to define policy objectives and improve cost-effectiveness.

Good!

I can only agree that the project so far suggested by us for the scrutiny programme - which concerns energy conservation - is not a very major one, and I accept at once the reasons why you may feel that something nearer to the mainstream of the new programme is desirable. We shall press on with the energy conservation project, which we see as essential for transforming good intentions into action, but need to produce another candidate instead for the scrutiny programme.

May I say by way of preliminary that the Commission is in fact at present committed to 3 major scrutinies, but for differing reasons none of these appear to lend itself to formal inclusion in the scrutiny programme?

The first of these scrutinies is a review of the Employment and Training Act 1973 so far as it concerns promoting adequate training in industry. The Review embraces the Industrial Training Boards but goes well beyond them, and is of a fundamental kind likely to have major policy and financial consequences. It is being undertaken by a review body which includes outside nominees and is chaired by myself. It has nearly reached its mid-point and will report to the Commission in July.

The second such scrutiny is a review of employment rehabilitation. As you may know the Commission provides employment rehabilitation for over 15,000 people a year in order to enable them to return to work after injury, illness or absence from work due to other causes. This is undertaken principally in a network of employment

/rehabilitation

rehabilitation centres covering the country and there is also provision through courses and work projects provided by the Training Services and Special Programmes Divisions and through MSC funding of training by independent agencies. Both the policy and cost-effectiveness of these various forms of provision need a thorough look, but it is essential to involve in this outside interests, including for example the medical profession. This review has just started and will be carried out over two stages involving research and experimentation. The team responsible for it is led by the Chief Executive of our Employment Service Division.

The third scrutiny of this kind is an overall look at the Commission's services to the unemployed. We decided that this was necessary recently because of the effect of cuts on the balance of our services and because of the problems which unemployed people will face in the period ahead if unemployment rises rapidly. The work for this review will be led by our Director of Manpower Intelligence and Planning, backed up by inquiries carried out by his staff. The report will go to the Commission in July.

Although I do not think that any of these 3 reviews can conveniently find a formal place in the new scrutinies programme, I should be willing to send you copies of the reports as they become available on an informal basis. Needless to say, I should gladly receive any comments or advice which you felt able to offer and we should take full account of it in translating the reports into action. Good.

I turn now to the suggestion that a study of the regional and field organisation of the MSC might be included in round 1 of the scrutiny programme. As I explained to you, I am sure that in the right circumstances such a study could be helpful to us but I do not believe it would be so now. The current structure has been in existence for less than 2 years and resulted from a large (and helpful) Management Review of the DE Group, which itself took place only 3 or 4 years after the field organisation of the MSC Divisions had been set up. It is designed to fit the needs of programmes of differing kinds and is effective in terms of delivery. We could not look at the field organisation without also covering Head Office in depth, but dispersal of Head Office to Sheffield, which has just begun, makes that inopportune. I want to stress however that I see nothing sacrosanct about our present organisation, and I shall keep in mind the possibility of a root and branch look at the regional and field organisation for the future.

There is however a more limited, but still major, study of our organisation which would be timely and useful. The Review of the Employment and Training Act to which I have referred earlier (paragraph 5) will make it necessary in turn to look searchingly at

/the



Manpower
Services Commission

Our ref

Your ref

Date 17 January 1980

Selkirk House
166 High Holborn
London WC1V 6PF

Telephone 01-836 1213

Sir Derek Rayner
Cabinet Office
Whitehall
LONDON SW1

Chairman: Richard O'Brien
Sir Richard O'Brien

the organisation of our Training Services Division. We need to ensure that it can give maximum impetus to new arrangements to promote and reform training in industry and see that our other training activities (TOPS, Direct Training Services, etc) dovetail in properly. This will be primarily a study of the organisation at Head Office, but it would need also to cover aspects of the regional organisation and to a certain extent other Head Office divisions as well. The Head Office move to Sheffield will not make things any easier, but in this case the problems will be more limited. I would like to suggest that this Review would be a good candidate for the formal scrutiny programme.

I hope that this suggestion will commend itself to you. I foresee that the time will be ripe for it to begin about July ie when the report of the Review of the Employment and Training Act is available. We can decide nearer the time the exact terms of reference and means of carrying it out.

I am sending copies of this letter to the Secretary of State for Employment and Sir Kenneth Barnes.

Your sincerely,

Richard

23 JAN 1964

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10 DOWNING STREET

From the Private Secretary

MR. PRIESTLEY

The Prime Minister has seen Sir Derek Rayner's minute of 10 January, with proposals for further action arising from his assignment. Mr. Whitmore will shortly be writing to Ministers' Private Offices along the lines of the draft which Sir Derek submitted. The Prime Minister has also sent Mr. Channon a minute about follow up and wider application of the Rayner projects, as suggested in Sir Derek's submission.

The Prime Minister is content for Sir Derek to arrange for additional staff assistance from CSD, as proposed in paragraph 3 of his minute.

The Prime Minister is content with Sir Derek's proposals for keeping Ministers up-to-date on his progress. She agrees that there should not be a statement to Parliament at this stage, and she would be prepared to consider a draft towards the Easter Recess, when there may be more substantive achievements to report. In the meantime, she is content for Sir Derek to continue to make himself available to the media on a selective basis. Provided her colleagues are content that a list of the "Rayner projects" now completed, and the scrutinies to be conducted in the new programme, should be released to the press, she has no objection. She would, however, like to see the version of Sir Derek Rayner's report to her which he would like to release to the press.

The Prime Minister would also like to pursue with Sir Derek the scope for greater use of a "nil recruitment - nil redundancy" policy as a means of ensuring more efficient use of existing Civil Service staff resources. Perhaps we could have a word about this.

M. A. PATTISON

14 January 1980

Cont Mark

H3

18.2.80

BF 27.1.80

✓

for Progress

Mr PATTISON

THE RAYNER PROJECTS AND SCRUTINY PROGRAMME: PM's RECEPTION

1. I attach three lists of names for your consideration in connection with the Prime Minister's reception on 18 February.
2. The first is of the OFFICIALS who conducted the "Rayner projects" and of those so far named for the 1980 scrutinies. If it was necessary to reduce the number (51), you could save 20 by leaving out the 1980 "scrutineers".
3. The second is of 28 supervising MINISTERS (including for this purpose one Permanent Secretary vice the Lord Chancellor, the Chairman MSC and the Director HSE).
4. The third is of 13 OTHERS. Sir Derek Rayner and the staff of this office could, I hope, be included. The others are the "central" Permanent Secretaries and their staff who have been helping Sir Derek Rayner in HM Treasury, CPRS, and CSD. These are all optional, depending on the numbers that can be managed.
5. Please let me have a list of those who are invited.
6. Let us have a word if necessary, notably about how you want the officials who are invited to be marshalled on the day.

9
C PRIESTLEY
14 January 1980

Encs: Lists of Officials, Ministers and Others.

NS. Sue Goodchild has all
papers re Reception

Subject



10 DOWNING STREET

B/F 26.3.80.

THE PRIME MINISTER

Personal Minute

No. M1/80

file

MINISTER OF STATE, CIVIL SERVICE DEPARTMENT

Efficiency and Waste in Central Government

You will have seen a letter sent on my behalf to Ministers in charge of Departments. It refers to the need to follow up lessons of wider application which may be derived from the "Rayner projects" and to the role of the Civil Service Department in this.

I should be grateful if you would take personal responsibility for following up the projects in this way when decisions are reached by the Ministers responsible for them and if you would report to me at the end of March on the lessons to be drawn and your proposals for action.

I am copying this to the Chancellor of the Exchequer, the Chief Secretary, Sir Ian Bancroft and Sir Derek Rayner.

Margaret Thatcher

14 January 1980

9B



25

cc: Sir Douglas Watts

10 DOWNING STREET

From the Principal Private Secretary

14 January 1980

Efficiency and Waste in Central Government

The Prime Minister has discussed with Sir Derek Rayner progress with the 29 "Rayner projects", launched by Ministers last June, and the 33 proposals made by Ministers for the first round of the "scrutiny programme" to which Cabinet committed itself on 4 October.

Progress with the "Rayner projects"

The Prime Minister is encouraged by the potential outcome of the Rayner projects, which amounts to annual savings of £80m and once-for-all savings of £53m and is grateful for the effort some Ministers have put into the projects personally. The Prime Minister has noted that behind these figures lie some important percentage savings (e.g. 39% of staff effort on MAFF's administration of capital grants to farmers) which encourage her in the view that there are very considerable savings to be made in Government administration.

The Prime Minister wishes to ensure that the potential savings and improvements do not evaporate. She would be grateful therefore if each Minister, in consultation with Sir Derek Rayner, would put his weight behind implementing the recommendations, work out a clear plan of action, including a timetable, and ensure that his Permanent Secretary takes personal charge of putting the action plan into effect. In some cases, Ministers will need to consult colleagues on the policy implications, some of which the Prime Minister recognises may be difficult, but this should not be allowed to delay unduly either decisions or their implementation. The Prime Minister has asked Sir Derek Rayner to keep her informed on progress with implementation, with a view to a possible statement to Parliament in March. To achieve this, it is essential that decisions should be reached and action plans settled with Sir Derek Rayner by the end of February.

The Prime Minister has asked the Minister of State, Civil Service Department, in consultation with Treasury Ministers and with Sir Derek Rayner, to explore the wider applications for improved efficiency to be drawn from the results of the projects. In his report to the Prime Minister of 30 November, the substance of which is being circulated to Ministers, Sir Derek has made some general observations about this.

/The

cc

The scrutiny programme

A summary of the proposals made is being circulated to Ministers. The Prime Minister has noted that some proposals are very good indeed; a few are disappointing. She has asked that for the future the subjects chosen should be significant in terms of the policies and services involved and characteristic of the main activities of the Department concerned.

The Prime Minister has asked Sir Derek Rayner to liaise with Ministers to get projects on the road; to establish whether there can be different subjects in a few cases; and to associate himself with all projects in general and with some in particular.

Staffing

The Prime Minister is grateful to Ministers for the generally high quality of the staff they selected for the "Rayner projects" and trusts that the same standard will be maintained for the future.

Telling the public

The Prime Minister thinks it desirable for Ministers to let it be known what they want to achieve under the "Rayner projects" and what they are proposing to do in the scrutiny programme.

The Prime Minister would like Ministers to make as much of their "Rayner report" available to their staff and the outside world as possible and would be glad to see some project reports published as exemplifying the approach they have adopted; possible examples are the DRSS report on the payment of benefits, the Inland Revenue report on Movements Form P45 and the Home Office report on the Radio Regulatory Department. There may in some cases be reasonable objections to publication, but the Prime Minister's view is that in general the Government should give people the sort of detail which is interesting and intelligible and shows that it is getting on with the job it promised to do.

I am copying this letter to Private Secretaries to Cabinet Ministers, the Minister of Transport, and the Minister of State, Civil Service Department, and to Sir Robert Armstrong, Sir Ian Bancroft, Sir Kenneth Berrill and Sir Derek Rayner.

G. A. WHITMORE

John Chilcot, Esq.,
Home Office.

Gc

PRIME MINISTER

✓ MAF
I should also like to pursue with Sir Derek
the suggestion that we react to the
'not account needs not redundancy' policy
agreed at CSO today
agreed before me.

(i) Proposes that we should now write to Cabinet Ministers' offices stressing your strong support for effective follow-up to Sir Derek Rayner's work: draft letter at Flag A; *Agree me*

(ii) Asks that he should be allowed some staff reinforcement, by using a CSD Assistant Secretary - this has already been agreed within the CSD; *Agree me.*

(iii) Suggests that you should now minute Mr. Channon instructing CSD to ensure that the lessons of the first round of Rayner projects are made clear to other Departments which can benefit: draft minute at Flag B; *for initialling if you agree; See next one.*

(iv) Seeks your agreement that Sir Derek should circulate to Ministers his earlier report to you on his initial projects, and a summary of proposals for the new "scrutiny programme"; *Agree. me*

(v) Proposes that you should not make any statement to Parliament or the press about Sir Derek's activities at this stage, but should reconsider this around the time of the Easter Recess when the results of the first round of projects may be more tangible. In the meantime, Sir Derek would continue to stay in touch, selectively, with the media. He would also make public a list of the Rayner projects now completed, with a version of his report to you, and a list of the new scrutinies. He would further encourage Ministers to be as open as possible about this work.

Sir Derek concludes with a note on the cost of the work of his unit since his appointment.

I suggest that you agree to all these proposals, subject only to our seeing the version of his report to you which Sir Derek proposes to release to the press.

Some of this ground was covered at CSO today. I think that the discussion confirmed the line taken in the letter for Clive to send, and the minute for you to send.

PRIME MINISTER

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT

Getting action on the "Rayner projects"

1. May I suggest that it is now very important to encourage Ministers to put their weight behind implementing their "Rayner projects"? I attach a draft letter for this purpose which Mr Whitmore might send out in your name or which could be converted into a minute by you if you preferred.

Action 1

2. I am sure that I myself must devote a substantial part of the time I have available over the next few months to keeping up the pressure on Ministers to produce decisions and action plans.

3. I may need some staff reinforcement for this. If you agree, I would if necessary ask for the use of some time from the Assistant Secretary (Mr R H Wilson) in your Department's Functions and Programmes Group which has already been helping me with the appraisal of some of the "Rayner projects". I understand that Mr Channon and Sir Ian Bancroft would be agreeable to this.

Action 2

4. That would leave my unit free to help me with getting the scrutiny programme going and with what I regard as an important part of my work, the exercise on the rules of Whitehall that inhibit good management. This has so far lagged behind and I want to carry it through to completion by about mid-summer.

Wider application of the "Rayner projects"

5. I also attach a draft minute about the wider applications of the "Rayner projects" for you to consider sending to Mr Channon.

Action 3

Keeping Ministers up to date

Action 4

6. If you agree, I will arrange for the circulation to Ministers of:

- the substance of my report to you of 30 November on the "Rayner projects" (para. 4 of the draft letter); and
- a summary of proposals for the "scrutiny programme" (para. 5 of the draft letter).

Parliament and the press

7. There is much press interest in the "Rayner projects", tinged with scepticism about whether they will in the end amount to much. There is some leakage of the recommendations now being considered. And some decisions for example on the MSC's Skillcentre network may be made in the next few weeks. However, in the main we are still in the laborious process of converting potential outcome into real decisions; if there were a Parliamentary statement and a full-dress press conference now, we should still be talking about good intentions, not achievements.

8. So I do not think that it would be right to offer you a draft statement to Parliament now or to have a conference with the press. Instead, I invite you to agree as follows:

Action 5

- a. The aim should be a statement of Ministerial decisions no later than when the House rises for the Easter recess and sooner if it can be managed.
- b. In the meantime, I should continue to make myself available to responsible members of the press who would like to see me. For example, I have agreed to be interviewed for the BBC2 Platform One programme for transmission on 24 January.

c. In keeping with the Government's policy on "openness", we should make available a list of the "Rayner projects" now completed; a version of my report to you on them suitable for the press; and a list of the scrutinies to be conducted in the new programme.

d. Ministers should be encouraged to be as open as possible, pending the general statement to Parliament; I cover this in paras. 8 and 9 of the draft letter from Mr Whitmore.

Work of my unit

9. May I account to you briefly for the work of my unit so far?

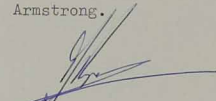
10. It consists of an Under Secretary (Mr Priestley), an Economic Adviser (Mr Allen), and Executive Officer (Mr Spearing) and a Personal Secretary (Miss Sullivan). It costs £5,130 a month; the total since my appointment is £39,000.

11. The unit's work has consisted mainly of launching and liaison with the 29 "Rayner projects", including preparing commentaries for me on the reports, and the launching of the scrutiny programme. (The first wave of the scrutiny programme will consist of 33 projects, but not all starting at once and not all involving me in the same detail as the "Rayner projects"). The unit has also done staff work on cost information for Ministers (advice on which I shall issue shortly); the rules of Whitehall; efficiency and waste in local government; the review of Government statistical services (on which the main effort will be put in by the CSD and CSO); correspondence; and the management of my office.

Acknowledgments

12. I am glad to acknowledge the help I have so far had from officials of your Department, the CPRS and the Treasury.

13. I am copying this to Sir Ian Bancroft and Sir Robert Armstrong.



Derek Rayner
10 January 1980

Encs: Draft minute to Mr Channon
Draft letter from Mr Whitmore

CABINET DISTRIBUTION

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 - ✓ Environment
 - ✓ Scotland
 - ✓ Wales
 - ✓ Northern Ireland
 - ✓ DHSS
 - ✓ Chancellor of the Duchy
 - ✓ Trade
 - ✓ Energy
 - ✓ Education and Science
 - ✓ Chief Secretary, Treasury
 - ✓ Paymaster General
-
- ✓ Transport
 - ✓ M/S, CSD
 - ✓ Sir Robert Armstrong
 - ✓ Sir Ian Bancroft
 - ✓ Sir Kenneth Berrill
 - ✓ Sir Derek Rayner

Govt. Machinery
WB



10 DOWNING STREET

From the Private Secretary

10 January 1980

I am writing to confirm that the Prime Minister is content with Mr. Walker's expanded proposals for the scrutiny programme, as set out in his minute of 8 January (the original copy of which has still not reached us).

I am copying this letter to George Craig (Welsh Office), Godfrey Robson (Scottish Office), Mike Hopkins (Northern Ireland Office) and to Clive Priestley in Sir Derek Rayner's Office).

M. A. PATTISON

G. R. Waters, Esq.,
Ministry of Agriculture, Fisheries and Food.

6c

Mr PATTISON

THE SCRUTINY PROGRAMME: MAFF


I suggest that you reply to Mr Walker's Office thus:

G R Waters Esq
Private Secretary to the Minister of Agriculture,
Fisheries and Food

THE SCRUTINY PROGRAMME

1. The Prime Minister is grateful for Mr Walker's minute of 8 January. She is quite content with the proposals that the first scrutiny should cover the enforcement of marketing standards for eggs as well as that of grading standards for fresh horticultural produce.
2. The Prime Minister noticed that the proposed starting date (14 April) is "subject to the availability of suitable staff". She hopes that the date will not slip, given the importance she attaches to the programme.
3. I am copying this to the Private Secretaries of the Secretaries of State for Wales, Scotland and Northern Ireland and to Clive Priestley in Sir Derek Rayner's office.

MAP


C PRIESTLEY
9 January 1980

10 JAN 1980



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON S.W.1



From the Minister

PRIME MINISTER

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT:
THE SCRUTINY PROGRAMME

In my minute of 22 November 1979 I proposed a scrutiny of the enforcement of grading standards for fresh horticultural produce. I understand that you have asked whether the scope of the exercise could be somewhat extended and, after consulting Sir Derek Rayner, I now enclose a formal proposal for a parallel scrutiny of the work of the Egg Marketing Inspectorate.

I am copying this minute and enclosure to the Secretaries of State for Wales, Scotland and Northern Ireland and to Sir Derek Rayner.

PETER WALKER

8 January 1980

RAYNER SCRUTINY 1980 - MAFF
ADDITIONAL PROPOSAL

a. Subject

Enforcement of marketing standards for eggs

Common marketing standards laid down by the EEC for eggs, including hatching eggs, cover quality, size and labelling. They are enforced at all stages of distribution, other than retail, by the Egg Marketing Inspectorate. Checks take place normally at packing stations and wholesalers' premises. (Checks at the retail level are a matter for local authorities and are not covered by the present proposal, although at the invitation of the local authorities the Egg Marketing Inspectorate carries out checks for quality at the retail level.)

b. Costs

This activity engages 41 staff and costs about £400,000 a year.

c. Reasons for selecting this subject

This work, like the enforcement of grading standards for fresh horticultural produce already proposed for scrutiny, is done in fulfilment of EEC obligations.

d. Terms of reference

To examine, with reference to cost, efficiency and effectiveness the activities of the Egg Marketing Inspectorate in England, and to make recommendations.

e. Proposed starting and finishing dates

To be carried out in parallel with the scrutiny of horticultural inspections, ie -

Start: 14 April 1980 (subject to the availability of suitable staff)

Finish: 15 August 1980

f. Examining Officer and reporting arrangements

As for the scrutiny of horticultural inspections, ie -

Examining officer - as Assistant Secretary or a Principal yet to be selected.

Reporting arrangements - to the Minister of Agriculture, Fisheries and Food, in consultation with the Permanent Secretary MAFF and Sir Derek Rayner's unit. The report will be of interest to the other Agriculture Ministers in the United Kingdom.

PERSONAL

Mr PATTISON

THE RAYNER PROJECT

1. I should be grateful if you would show this to Mr Whitmore. I am available if you and/or he want a word about it.

Dinner with Sir Derek Rayner

2. Sir DR would like to give Mr Whitmore, you, Mr Allen here and me dinner one evening after Wednesday 13 February. If it is possible for you both to be let off, perhaps you would let me have a list of dates which would suit you.
3. Sir DR envisages this as "plus wives" function. That would no doubt be absolutely splendid for them, but it might be that a "without wives" talk would be better. Perhaps you would let me know.

Future course of the Payner project

4. The four main tasks for 1980 are (a) carrying 1979's 29 "Rayner projects" through from recommendation to action; (b) liaising with the 33 "scrutinies" and with 14 of them closely; (c) overseeing and reporting on the review on Government statistical Services, on which Mr Channon is about to minute to the PM; and (d) carrying out the project on "Whitehall conventions".
5. Sir DR envisages that his most important contribution on this visit to Whitehall should stem from the "conventions" project. It will therefore be necessary for him to establish that he is going after targets that the Prime Minister and her senior colleagues regard as important. He will take an opportunity of seeking her views in the reasonably near future.
6. In the meantime, if there is any response to my minute to you of 4 January on this front, it would be helpful to know it.

Sir Derek Rayner as "adviser"

7. The point in para. 5 is obviously related to the larger question of how best to make use of someone of Sir DR's capacity and experience. (What follows, I should make it clear, is not written at his request or with his knowledge.)
8. A question which is, obviously and properly, in Sir DR's mind at present is whether the way in which he is using his time is as helpful to the Prime Minister as it might be. He receives little or no allowance from his colleagues at the top of M&S for the fact that he is working in Whitehall, so that a large part of his work for the Prime Minister is on top of his M&S load and much of it is done in his own time. He does not complain about this - nor indeed about the remark, attributed to the Prime Minister, that he had made a slow start, but was doing quite well now! - but he does speculate on the question whether he is actually at grips with

Mohai
We must talk!
8:

Chris

I have discussed this with Mr Priestley (was 4 awards, I mean) recently. Could we have a word?

MAP ST.

issues of the right size and importance. You might have views on this in the light of progress so far - the more candid the better.

9. Another question is whether as a "businessman" Sir DR could be more helpful to the Prime Minister than he is. More of his meetings with her (and Ministers) are at his initiative than hers (and theirs) and whilst, being a genuinely modest man with a well developed sense of the ridiculous, he would be the last to push himself forward, I cannot help thinking that he has a rare combination of knowledge, experience and intelligence (both kinds) which could make him very useful to the Prime Minister (for example in a war game on steel had there been one). It is relevant that his experience and business activity are far from confined to this country.

CP

C PRIESTLEY
7 January 1980



10 DOWNING STREET

From the Private Secretary

3 January 1980

The Prime Minister has seen your letter of 21 December (to Tim Lankester) about the scrutiny programme.

She has noted that the Chancellor accepts that there is a case for examining the role of the supply divisions and the method of the Public Expenditure Survey. In the light of his advice, the Prime Minister would be grateful if the three exercises mentioned in your letter could be treated as together forming a review of public expenditure control by the Treasury, as follows:

- a. Review of PES procedures and conventions, now in hand and to be reported to Ministers this Summer.
- b. Scrutiny of the role of the supply divisions in monitoring central Government expenditure, with particular reference to the Financial Information System, to be conducted in the new programme between February and June.
- c. Whatever the outcome of the PES review, a review of the role of the supply divisions, constituting the second scrutiny in HM Treasury and beginning early in Autumn 1980.

The Prime Minister would also be grateful if Sir Derek Rayner had an opportunity to offer comments on the report of the PES review at a. above and was associated with both the exercises at b. and c. above.

I am sending a copy of this letter to Clive Priestley (Sir Derek Rayner's Office).

M. A. PATTISON

M.A. Hall, Esq., M.V.O.,
HM Treasury.

I have spoken to
Mr Priestley. NFA.

God Maitland

MAD 9/1

PRIME MINISTER

I learned that Sir Derek Rayner is somewhat concerned that his work for you to date has been more at the margins than at the centre of the problems. This is one reason why he was so keen to pursue a major study in the Treasury, as you agreed earlier in the week.

He may want to talk to you himself about this before too long. He is, however, hoping that his work on conventions of Government will get closer to the heart of the matter. When I enquired about progress, I was told that he had circulated a synopsis of his project to a number of senior officials, where it had encountered a form of resistance.

I have now obtained a copy of the synopsis, which I am showing to you on the understanding that Messrs. Bancroft, Armstrong, Wass and Berrill have not yet had a chance to go through it in detail with Sir Derek.

Against this background, I thought it would be helpful for you to have a chance to look at this now, before your boxes get overloaded again as Parliament re-assembles. On the understanding that work is far from complete, I know that Sir Derek would welcome any reactions to the direction in which he is working. As Mr. Priestley's note below says, the points to which Sir Derek attaches most importance are sidelined and underlined in red.

4 January 1980

MAD
Sir Derek must do what
he wishes and departments must
co-operate. And I mean co-operate
not merely acquiesce. We
have a job to do
MAD

PERSONAL

MR PATTISON

RAYNER PROJECT: "WHITEHALL CONVENTIONS"

1. I attach a copy of the present synopsis of this project.
2. To save the Prime Minister ploughing through it, I have marked those parts of it which Sir D R and I would regard as the most important.
3. This synopsis has been seen by Sir Ian Bancroft, Sir Robert Armstrong, Sir Douglas Wass and Sir Kenneth Berrill.

Not unnaturally, their reaction so far is to suggest a slimmer exercise. Sir D R has asked me now to convert the synopsis into an essay with a view to pinpointing the areas in which he is most interested and where he is likely to be able to make a solid contribution.

4. The essence of Sir D R's approach is to help this Administration to achieve the correct balance between strong Ministerial Management inside departments and strong Management by the Cabinet of resources generally. This takes us into the so-called "Partnership" between departments on the one hand and the Treasury, CSD, and CPRS on the other. It also touches on the support which the Central departments give the Chancellor and the Prime Minister in their crucial managerial roles.

5. Secondly, but still very important, there is a range of issues about the Management of people, including such potentially explosive ones as the rewards and payment systems. All in all, the exercise is intended to help the Administration, but especially the Prime Minister, to achieve the reform of Management by the Civil Service.



PERSONAL

6. If there are any comments at this stage, I am sure Sir D R would find them helpful. He will presently in any case wish to take the Prime Minister's mind on her present assessment of Whitehall and, before he commits himself to detailed work on "Conventions", make sure that he is indeed helping her with the things of most interest to her.

CP

C PRIESTLEY

4 January 1980

Synopsis of the Conventions Project

SUBJECT	ACTION BY
<p>1. <u>We should identify the resources used by Ministers and officials and identify those who have Vote responsibility for them, whether within the Department or outside it.</u></p>	<p>CSD, HM Treasury (NB This is closely related to the exercise on costs, but is more about the distribution of responsibility for them. It is a factual exercise.)</p>
<ul style="list-style-type: none"> - Money: Departmental Minister and his officials 	
<ul style="list-style-type: none"> - Manpower and GAE: - do - (including forward commitment to pensions) (4) 	
<ul style="list-style-type: none"> - Office and General Accommodation Services: PSA 	
<ul style="list-style-type: none"> - Rates on Government Property: Rating of Government Property Department 	
<ul style="list-style-type: none"> - Stationery and Printing: HMSO (1) 	
<ul style="list-style-type: none"> - Computers and Telecommunications: Central Computer Agency (2) 	
<ul style="list-style-type: none"> - Publicity: Central Office of Information (3) 	
<ul style="list-style-type: none"> - Civil Superannuation: Paymaster General's Office (4) 	
<ul style="list-style-type: none"> - Actuarial Services: Government Actuary's Department 	
<ul style="list-style-type: none"> - Catering Services: Civil Service Catering Organisation 	
<ul style="list-style-type: none"> - Central Management of the Civil Service Civil Service Commission Civil Service College Medical Advisory Service Welfare 	
<p>(1) Decision whether HMSO should go to repayment awaited.</p>	
<p>(2) Computer services now provided on repayment terms.</p>	
<p>(3) Subject of study by officials (repayment or, as now, allied service).</p>	
<p>(4) The issue here is really establishing the pensions cost to be added to salary cost in calculating the price of administration.</p>	

SUBJECT

ACTION BY

2. We should define the tasks through which resources are managed by Departmental Ministers and their officials, as a preliminary to considering whether they can be and are done effectively, given the present definitions of the nature and source of authority and divisions of responsibility.

- Planning the micro volumes which make up the macro bids in respect of the continuing quantum of expenditure.
- Appraising the resource consequences of new policies or of variations in policy (eg of new regulations) in respect of (a) central government itself, (b) other public sector bodies and (c) the private sector.
- Disciplined analysis of forward commitments.
- Analysing the use made of money: whether policy objectives are correctly defined; whether objectives are achieved economically; attitudes towards economy and cost-consciousness; the rules of the game; information for management/internal audit.
- Analysing the use made of staff and materials, as above.
- Analysing the utility and effectiveness of organisation and methods of work.
- The balance between top management, line management and functional management.

CSD, HM Treasury, possibly involving some external consultancy.

This is a theoretical exercise, aimed at establishing a model, or set of working principles, applicable to any public sector body, against which one can set a description of what is actually happening.

3. We should clarify and define the responsibilities of Ministers and officials for the resources placed in their charge in two respects, source and effectiveness of discharge.

(a) Source

- How a Minister gets the resources he requires; his authority under statute and his accountability to Parliament; the PESC, Supply Estimates, Finance Act and Appropriation Act procedures. The roles of HM Treasury and CSD in support of Cabinet described (commentary below).
- Collective responsibility of the Cabinet for major resource decisions, implications of this for the discharge of Ministerial responsibility within Departments.

CSD, HM Treasury

This a factual exercise, aimed at clearly establishing the sources and nature of authority for resources.

SUBJECT

ACTION BY

- Responsibility of the Prime Minister as chairman of the Cabinet, leader of the Government and Minister for the Civil Service, implications of this for the discharge of Ministerial responsibility within Departments.

(b) Effectiveness of discharge

- Nature and interpretation of the authority bestowed by Parliament on a Departmental Minister.
- Nature and interpretation of the authority bestowed by a Departmental Minister through his Permanent Secretary on his officials.
- Nature and interpretation of Ministers' accountability to Parliament, including the role of their officials in rendering explanations to Select Committees, notably the Public Accounts Committee.
- The cost of Parliamentary accountability.
- Current conventions and obscurities: argue that officials are not directly accountable to Parliament; that Accounting Officers should be supported by Assistant Accounting Officers, who should be responsible for substantial blocks of work, and that these blocks should consist of units of either "accountable" or "responsible" management, depending on their character; and, as part of this, that delegations and arrangements for accountability should be specific (see below). Pursue and exemplify this thesis by reference to the management tasks and responsibilities of the following, all against the background of the working assumption that the UK has entered a period when the watchwords must be "economy" and "value for money":
- The Minister in charge of the Department.
- His Ministerial subordinates.
- The Permanent Secretary and Accounting Officer: current expectations of him too vague and too open to personal interpretation; argue for a commission of a standard type to be given to Accounting Officers by the appointing

This is a critical exercise. It begins with a commentary on the perception of authority by Ministers and officials, and then moves into a series of recommendations aimed at removing obscurity and divided responsibility.

SUBJECT

ACTION BY

Minister, with clear definition of the tasks to be performed and of the AO's relationship with the Official Head of the Civil Service and the Permanent Secretary to the Treasury.

- Line management from Permanent Secretary through any Second Permanent Secretary and Deputy Secretaries downwards.
- Functional management: Principal Finance and Establishment Officers.
- Management of bodies grant-aided by the Minister

4. We should move rapidly towards making Departmental Ministers and their officials responsible for all the resources consumed by them in carrying out their tasks, arguing that Departments cannot in effect be accountable if they are not responsible for certain resources. We should therefore argue that:

- a. Departments should be responsible for resources now provided on allied service terms by common service departments;
- b. economical arrangements, preserving an appropriate balance of responsibilities between user Departments and supplier Departments should be worked out as part of the exercise; and within departments these arrangements should include, within reason, the management of resource budgets by as low a level of line management as possible.

This is the preparation of a plan of movement towards

- (a) repayment;
- (b) more conscious management of resources by line and functional managers.

CSD, HM Treasury, PSA and other common service departments.

5. The country needs a robust and workable balance between the responsibilities of Departmental Ministers and those of the Prime Minister, Chancellor of the Exchequer and the Cabinet in its collective capacity. We should therefore clarify and define the responsibilities of HM Treasury and the CSD with regard to the management of resources and to Departmental efficiency. We should recommend such changes in working methods as are necessary in the country's straitened circumstances as are operable by a Treasury and CSD of the right kind:

- Work done in support of the Cabinet's collective responsibility for major resource decisions by the Chancellor of the Exchequer,

CSD, HM Treasury, CPRS; a few other Departments. This is a critical exercise, aimed at reforming the relationships between the centre and departments.

Mr. Pattison

All these items are important.

Gp 4

SUBJECT

ACTION BY

the Lord President (on behalf of the Minister for the Civil Service) and the CPRS.

- Supply control and other central roles (eg promotion of efficiency through personnel management, staff inspection, management review, management services and training); strengths and weaknesses of the working base, the Plowden concept of "partnership"; argue that there is an excessive concentration by the Treasury on the control of macro volumes, too little on micro control.
- As part of that, appraise the central departments' expectations of departmental practice in controlling finance, manpower, organisation and methods; discuss the most appropriate form of tension between departmental control and central control in the 1980s and 1990s; and recommend (a) what the expectations should be; (b) how they should be promulgated and monitored; (c) how control functions in departments should be manned; (d) what special knowledge and authority should be possessed by the centre, eg in relation to computers.
- Discuss and make recommendations in respect of the role of the Government Accountancy Service and of the training of line managers as resource managers.
- Discuss and make recommendations about the respective responsibilities of HM Treasury and the GSD (where appropriate) and the Departmental management, when the central departments are operating detailed rules of management on a "single Service" or "Service-wide" footing, eg
 - the annuality rule
 - rules of financial procedure which cause friction, including the length of the control chain extending from the centre to grant-aided bodies
 - pay and conditions; personnel management (including recruitment, dismissal promotion); training.
- Discuss and make recommendations on the implications of all the foregoing for the centre of government and for the office of the Official Head of the Home Civil Service.

SUBJECT

ACTION BY

7. Some features of Civil Service management are thought to impede the effective management of resources. We should clarify and define the real messages to staff derived from existing custom and practice and where appropriate make recommendations:

- Rewards: automatic increments, automatic honours for senior people.
- Incentives to efficiency: effects of political change and its cost, discarding plans (eg for computerisation) in which much effort has been invested; whether middle management is adequately led by higher management; whether higher management is qualified to lead.
- The extended hierarchy: the Service's share of the nation's qualified manpower and the use made of it; monitoring and supervision; finding things for able people to do; what happens to the vital youngsters?
- The working environment and office machinery: inspiring loyalty and commitment. (This is related to repayment.) Involvement of staff in improving efficiency; implications for the use of their time by senior officials, eg in visiting staff at their work.
- What will be the effect of impending technological change?

This is a critical exercise, aimed at producing better management of people, chiefly by "unity of management" within Departments, but also by reference to Service-wide practices where relevant.

Mainly for CSD, but some involvement of HM Treasury, CPRS and a few other Departments.

8. Similarly, some features of Civil Service work management are thought to be impediments. We should clarify and define general principles, preferably illustrated by particular cases, in respect of:

- Equity and fairness, intelligibility of scheme regulations, eg Social Security.
- Contracting for the supply of goods and services; specifications.
- Monitoring, checking and double-banking.
- Paperwork; use of committees.
- Nannying, apron-strings and letting go.
- Hardwork unproductive of value; information and statistics.
- Excessive regulatory activity.
- Need, Department by Department, to simplify systems with central contribution and stimulus.

CSD, HM Treasury

6.
PRIME MINISTER

You encouraged Sir Derek Rayner to press for a substantive project to be undertaken under his aegis by the Treasury.

The Chancellor had some reservations about a study of the role of the supply divisions, which you had suggested. His views are recorded in the letter at Flag A.

Sir Derek Rayner is very keen to pursue this: he regards this as an important area of work, which is relevant to his ideas on the conventions of Government (on which he will be reporting to you shortly). He would therefore like to go ahead with a scrutiny of the supply divisions, associated with other work already in hand in the Treasury on public expenditure procedures and conventions.

Agree that I should now write to the Treasury asking that these three exercises go ahead as a review of public expenditure control, on your authority - draft below?

Yes and

MAD

2 January 1980

MANAGEMENT - IN CONFIDENCE

Mr LANKESTER

c Mr Pattison

destroyed
31-80.

THE SCRUTINY PROGRAMME: HM TREASURY

1 Sir Derek Rayner has seen Mr Hall's letter to you of 21 December.

2 Subject to the Prime Minister's views, Sir Derek suggests that the reply to Mr Hall should be on the lines of the attached draft.

P.

C Priestley
31 December 1979

DRAFT OF 31 December 1979

MANAGEMENT - IN CONFIDENCE

M A Hall Esq
Treasury Chambers
Parliament Street SW1

THE SCRUTINY PROGRAMME

- 1 Thank you for your letter of 21 December, which Sir Derek Rayner has also seen.
- 2 The Prime Minister is grateful for the Chancellor of the Exchequer's acceptance that there is a case for examining the role of the supply divisions and the method of the Public Expenditure Survey.
- 3 In the light of the Chancellor's advice, the Prime Minister would be grateful if the three exercises mentioned in your letter could be treated as together forming a review of public expenditure control by the Treasury, as follows:
 - a Review of PES procedures and conventions, now in hand and to be reported to Ministers this Summer.
 - b Scrutiny of the role of the supply divisions in monitoring central Government expenditure, with particular reference to the Financial Information System, to be conducted in the new programme between February and June.
 - c Whatever the outcome of the PES review, a review of the role of the supply divisions, constituting the second scrutiny in HM Treasury and beginning early in Autumn 1980.
- 4 The Prime Minister would also be grateful if Sir Derek Rayner had an opportunity to offer comments on the report of the PES review at 3a above and was associated with both the exercises at 3b and 3c above.
- 5 I am copying this to Clive Priestley.

1-2 JAN 1940

12 1 2 3 4
5 6 7 8 9



Await comment
from Sir J Rayner
✓ Cow
MFB
26.12
Mack

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

21st December 1979

Dear Tim,

THE SCRUTINY PROGRAMME

When Clive Priestley wrote to me on 11th December about the scrutiny programme projects from the Chancellor's Departments he mentioned the Prime Minister's particular interest in the Treasury's study of the role of the supply divisions, and recorded her suggestions for widening the project. The Chancellor accepts that there is a case for looking at the full range of the work of these divisions, and at the methodology of the Public Expenditure Survey. But he is not convinced that the best course would be to broaden the terms of reference for the proposed project to look at the full range of issues simultaneously.

In fact the Treasury has already set in hand a comprehensive review of the Public Expenditure Survey procedures and conventions, which will be reported to Ministers, possibly by stages, over the coming months, so that the conclusions can be taken into account in the instructions for the 1980 Survey, and also in handling the material produced by that Survey when it goes to Cabinet. This implies completion of the work by the later summer. This review is examining, among other things, the function of the detailed estimates of expenditure in years 3-5 of the Survey period (paragraph 5b of Priestley's letter); the length of the Survey period; and the price basis in which programmes are expressed. The work is not confined to the Treasury, although it is under the leadership of a Treasury Deputy Secretary. The spending Departments, and the Civil Service Department, are fully involved in it.

It may well be that as a result of the review there will be significant changes in the way in which the public expenditure survey is handled, both in the Treasury and elsewhere. If this is the outcome, then

/certainly the

T.P. Lankester Esq.



certainly the role of the Treasury's expenditure divisions in relation to the Survey will have to be examined. But the logical order is to look first at what the Survey is required to produce for Ministers, and how it is best structured to produce it, and then at the way in which the Treasury is organised to see that the Survey produces the required result.

This review of the Survey system and the proposed scrutiny project in its original, more limited, form will inevitably impose substantial additional burdens on the Treasury expenditure divisions at a time when they are going to be more than usually heavily engaged with their immediate task of controlling public expenditure. They will have a great deal to do in briefing Treasury Ministers for the further efforts to reduce public expenditure. Because publication of the full Public Expenditure White Paper has been deferred the Treasury will have to begin mounting the 1980 Survey before the 1979 Survey, including the White Paper, is complete. The Chancellor believes that this too points to postponing a wider look at the role of the expenditure divisions until later.

Meanwhile, there would still be value in proceeding with the more limited review of the monitoring arrangements on the lines originally proposed. Here it should be possible to reach a useful result fairly quickly without diverting undue effort from the primary goal of finding further cuts in public expenditure.

For these reasons the Chancellor would prefer to conduct the scrutiny project for the Treasury within the terms of reference originally proposed, leaving the wider issues to be considered later in the light of the conclusions of the review of the Public Expenditure Survey system.

I am sending a copy of this letter to Clive Priestley.

Yours etc,

MA

M. A. HALL
Private Secretary

11 12 1
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5 6 7 8
9 10 11 12

21 DEC 1979

COPY TO EACH

Mr BAMFIELD
Mr PEARCE
Mr A W RUSSELL

✓ HAD
cc for information

Mr Pattison
Mr R J Green
Mr Laughrin
Sir Derek Rayner
Mr Wilding
Mr Priestley
Mr Spearing

ANNUAL SCRUTINY OF STAFF COSTS AND OVERHEADS

1. I attach a draft of the note which Sir Derek Rayner would like to distribute to Ministers early in the New Year.
2. He would value comments on the draft and suggests that the most convenient way of obtaining these would be for him to chair a meeting with you here in the second or third week of January. Mr Spearing of this office will be in touch with you about possible dates.
3. Having obtained your views, Sir DR will probably want to expose the note to the one or two Ministers and Permanent Secretaries before circulating it.


D R ALLEN
Cabinet Office
(233 8550)

21 December 1979

Annual Scrutiny of Overheads and Staff Costs

1. In order to "manage" their Departments Ministers must have adequate management information to enable them first to be aware of and secondly to question the costs of running their Departments. Accordingly, I recommended in my minute to the Prime Minister of 30 August 1979 that "each Minister in charge of a Department should, at the appropriate point in the PESC/Estimates cycle, scrutinise the overheads of his Department as well as his staff costs". This note offers guidance on the coverage and content of the information needed.

Scope of the information needed

2. Simply stated, management has to define what has to be done; propose a plan of action in order to achieve this at an acceptable cost; and subsequently review how far they have succeeded in achieving their objectives. Because Ministers are responsible for everything their Departments do, their role as the managers of business and resources necessarily includes satisfying themselves that the staff and overheads of their Departments are used efficiently and effectively. This extends even to those items the costs of which is not incurred by them directly, eg the services provided by the Property Services Agency. This note is therefore directed at all staff and overheads "consumed" by Departments, and whose scale, form and deployment can be influenced by Ministers, regardless of who pays.

3. On this basis, the information to be assembled in each Department should cover the following broad categories of cost -

a. Those staff and administration costs which are paid for out of the Department's Votes and for which the Minister is accountable to Parliament.

b. The cost of those "supporting services" which are a charge upon the Votes of others and provided free to the Department on allied service terms.

4. This excludes the staff and overheads of Local Authorities, the National Health Service and grant-in-aid bodies. For although such expenditures are financed wholly or in part out of Departmental Votes, the detailed expenditures are not within the direct control and managerial responsibility of Ministers. However where in such cases the Minister's Accounting Officer is required to ensure that the body has an "appropriate financial regime", I suggest that it should be his responsibility also to satisfy himself that the head of that body has available to him an identical or very similar management information system.

5. The Supply Estimates provide some useful information on staff and overheads, with the broad coverage indicated above, but it is in an inadequate form for management purposes. The information there given on "supporting services" is not presented on a Departmental basis. The degree of detail about direct Departmental costs is not sufficiently defined to enable the various components of the Department's running costs to be managed individually. The comparison with the previous year does not offer an adequate span of time for effective monitoring.

Uses of the information needed

6. The information needs to be in a form which will enable Ministers to obtain answers to such questions as -

- What is the total cost of running my Department now and how does it compare with costs in previous years?
- Which particular costs are rising? Which particular costs are falling?
- What effect is inflation having on my costs and how is my Department improving efficiency and productivity in order to offset price rises?
- Where have I failed?
- Are my overheads reducing in line with reduced staff levels?
- Are the savings I am achieving merely at the margin of the work of my Department or am I reducing the main bulk of its activities?
- Are my forecast expenditure realistic in the light of the data on previous years?

The Information Needed

7. The Annex outlines the sort of particular information which it would be necessary to assemble on the cost of the Department as a whole to provide for such needs. I recommend that this information should be provided for the current year, the previous two years and the next year, with the outturn for each past year and the current year set against the forecast for that year. It should be expressed in money terms and in terms which allow for inflation, and the percentage change from one year to the next should be indicated.

8. To provide Ministers with a feel for what they are buying for their money I recommend that some of the expenditures be expressed vividly in terms of quantities, eg numbers of staff employed on different services, square footage of office space, amount of energy consumed, numbers of staff trained, travel costs. The expenditure on staff should, in addition, be broken down to show how much is spent on particular categories of staff, eg those at HQ, in the regions and in local offices; those working on "policy advice"; those providing professional and other types of service; those providing clerical and other supporting services. This analysis should be supported by a simple analysis showing the composition of staff.

9. The information should be scrutinised by the Minister in charge of the Department. However, the responsibility for taking a first look at the data might be delegated to a Minister of State. He could also be charged with the responsibility for any follow-up subsequent to the scrutiny.

Secondary Information

10. Information on items of expenditure at the level of aggregation represented by the Department can only take Ministers part way along the road to effective management of the staff and overheads in their charge. It is liable to prompt as many questions as it answers, but prompting questions is an essential part of the exercise. If they are to progress further, and so improve the efficiency of their operations, they will find that they need answers to such questions as:

- Why are the individual costs at the levels that they are and changing in the way that they are?
- Where in my Department are the costs mainly arising and the changes originating eg HQ or Local Offices; Policy/Advisory or delivery of the service; desk staff or support staff?
- Which of my Department's functions/activities contribute most to my Department's running costs?
- Are the staff costs and overheads of a particular function/activity moving in the same direction as my policy in relation to that function/activity? If not, why not?
- Where in my Department have my economy drives failed to bite?
- How much have this year's policy initiatives affected the cost of running my Department?
- In what areas could I achieve savings in the longer term by increasing expenditure in the short term?

- What is the cost of carrying out particular activities/functions and how does it represent value for money?

11. Ministers will therefore require a secondary information system to provide the answers. This will mean underpinning the data on the Department as a whole with data on its "building blocks". In some cases the building block would be "the service", in others the "unit of management". The "unit of management" will probably best be defined in Whitehall as an Under-Secretary command, although the grade level will be lower than that in some regional and field organisations. "The service" can be defined as that coinciding with a Programme Section in the Supply Estimates (eg for the Department of Trade - Export Promotion: Programme 4.5 Section A).

12. Information at the levels indicated in paragraph 11 above should have the same broad coverage and be provided in at least the same degree of detail as that shown in the Annex. However Ministers need not have this in its entirety unless they wish. Rather it should be an information source to be tapped so as to provide a commentary on the information presented to Ministers at the level of the Department and in providing answers to Ministers' specific questions. The responsibility for gathering together information at the level of the "service" might lie with Deputy Secretaries, whilst that at the level of "the unit of command" might be the responsibility of those in charge of the command. In this way, it should also serve to assist in ensuring cost consciousness at management levels down the chain.

Timing of Scrutiny

13. It will be important that Ministers have an opportunity to scrutinise the running costs of their Departments in time to be able to influence the level of such costs in the next year. I recommend therefore that Departments should prepare their analyses of costs in April of each year and present it to Ministers in May.

14. I recognise that all of the information to be included in either the primary or secondary information system may not be available at the outset. It is important however that Departments begin now to refine their cost information systems with a view to the systems being fully operational by 1981.

DEREK RAYNER

Cabinet Office
January 1980

Information on Overheads and Staff Costs to be Detailed for Each Department

		£ 000
		<u>HQ</u> <u>Other</u>
<u>Staff Costs</u>	1. Wages and Salaries (Total).....	
	of which eg	
	Desk Staff*.....	
	Support Staff [†]	
	2. Superannuation [§]	
	3. Expenses (Total)	
	of which	
	a. Subsistence.....	
	b. Travel.....	
	c. Removals.....	

* The information at * and [†] should be presented in such a way as to enable the Minister to see the composition and cost of his staff without excessive detail. The Minister should be able to distinguish between such working functions as "policy", "delivery of service" and "common services" in a way which makes sense for his Department as between -

- numbers of staff allotted to particular Departmental responsibilities
- numbers of staff assigned to units of management
- numbers of staff by grade.

[†] Examples of Support Staff are:

Messengers, Secretarial, Typing, Photocopying, Registry, Office Services, Personnel and Welfare, Security, Accounts.

[§] Superannuation

This should be the cost that would be incurred if the scheme were contributory.

<u>Overheads</u>	
1.	<u>Accommodation*</u> (Total)
	of which:
	(a) rent [†] and rates
	(b) Heating and Lighting
	(c) Fixtures and Fittings
	(d) Maintenance
	(e) Office cleaning
2.	<u>Office Services</u> (Total)
	of which:
	(a) Stationery
	(b) Telephones
	(c) Postage
	(d) Office Machinery
	(e) Newspapers and periodicals.
3.	<u>Other</u> (Total).....
	of which:
	(a) Transport
	(b) Computers
	(c) Publicity
	(d) Training
	(e) Catering
	(f) Payments to other Departments for services provided
	(g) Services bought from outside
	(h) Publications and printing..
	(i) Miscellaneous
	<u>Staff Costs and Overheads Grand Total</u>

[†] Rent A notional rent should be attributed to Crown-owned buildings; in the case of rented buildings it should reflect "market" rents.

* Accommodation All accommodation, and not just office space, is included.

21 DEC 1979





✓ MAM

with compliments

MINISTER OF STATE

CIVIL SERVICE DEPARTMENT
Whitehall London SW1A 2AZ

Telephone 01-273 5563/4086



Minister of State

The Rt Hon The Lord Carrington KCMG MC
Secretary of State
Foreign and Commonwealth Office
Downing Street
LONDON SW1

Gort Mach

Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 3000

19 December 1979

Dear Peter,

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT: THE SCRUTINY PROGRAMME -
FCO STUDY

I have seen a copy of your minute of 23 November to the Prime Minister, and of Mr Priestley's letter of 10 December to your Private Secretary.

I see that you propose to look at the arrangements for official transport at overseas posts. I hope that the Civil Service Department will be able to help you in this, in view of our responsibility to secure the efficient use of transport throughout Government.

I am very glad that your forthcoming study will look at the arrangements for CSD examination of departmental proposals, to see that they are operated in as efficient a manner as possible. As you may know, the present more stringent controls that are exercised by CSD were introduced by our predecessors in April 1978 after a Service-wide study showed that there was considerable scope for increasing the proportion of smaller-engined cars in Government service, and for checking that demands for new or replacement cars could be strictly justified. Since that date, examination of departments' proposals has led to reductions in expenditure of about £725,000 with significant continuing savings in fuel and maintenance costs. This includes a capital reduction of some £200,000 in proposals put to CSD by your own Department for new vehicles.

While I am not against flexibility in departments, therefore, we must do nothing to prejudice sensible economies which can sometimes come only by central control.

I am copying this to the Prime Minister and Sir Derek Rayner.

PAUL CHANNON

Pal

19 DEC 1978



12-19-78





MAP(OK)
to see
nj

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-~~XXXXXXXX~~ 233 8224

17 December 1979

The Rt Hon Francis Pym MP
Secretary of State for Defence
Whitehall
London SW1

Your Secretary of State

*at Play in
Folder behind.*

THE SEARCH FOR ECONOMY

When you minuted to the Prime Minister on 4 June, you kindly suggested that I should, if I wished, be associated with your exercises on procurement; the use of energy; movements; the defence estate; committees; and staff suggestions. I have not been free enough to take advantage of this before now but, if it is still agreeable to you, I should be glad to make whatever contribution I could to certain of them if they have not yet been completed, and to know the outcome of such as have been completed.

2. The reviews to which I would hope to be able to make a contribution based on my own experience are those on procurement processes (which is also relevant to the "Rayner project" on the supply of food to the Armed Forces - I enclose a copy of a letter to Lord Strathcona on this); the use of energy; the defence estate; and committees. In the other two cases, movements and staff suggestions, I should be content if I might be brought up to date.

3. I am copying this to the Prime Minister, the Chancellor of the Exchequer, the Minister of State, CSD in the absence of the Lord President, and Sir Robert Armstrong.

[Handwritten signature]

Derek Rayner

Enc: Copy letter to Lord Strathcona



MAP (OK)
faca
us

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-833 3000 233 8224

17 December 1979

The Lord Strathcona and Mount Royal
Ministry of Defence
Whitehall
London SW1

FOOD SUPPLY FOR THE ARMED FORCES

Thank you for your letter of 15 November - I am sorry that I have not been able to reply earlier. I would welcome an opportunity to discuss progress with Mr Hayhoe and Messrs Horsley, Thornton and Ponting. I am reluctant to encroach on your own time and as Mr Hayhoe is the Chairman of the Steering Group on Supply Management I propose, if you are content, to ask to see him with the officials. Michael Spearing in my office will ring your Private Secretary in a day or so about this.

I am also grateful for your suggestion that I should attend the meeting of the Steering Group when it considers the recommendations of Mr Thornton's Study Team on how best to carry forward quickly Mr Ponting's recommendations. I should like to take advantage of this when the time comes.

I am copying this to the Secretary of State for Defence.

Derek Rayner

HM TREASURY
OFFICE NOTICE

MAJ
A. Patterson

look until

EO 3/05
EO 385/625/02

ON (79)90
13 December 1979

THE RAYNER PROJECT ON THE REGISTRY SYSTEM

As people know, over the past few months Mr F K Jones has been examining the way in which we store and retrieve Treasury papers. He has now submitted his report to Ministers.

2. Briefly, his main recommendation is that clerical services should be organised in two tiers:

- (i) most clerical staff now in clerical sections would work instead in Principal/SEO divisional branches and, inter alia, handling 'live' papers; and
- (ii) there would be Sector registries handling and storing papers not in current action.

The Chief Registrar would retain his personnel duties for all clerical staff, but would be the line manager only for his immediate staff, the Sector registries and an EOG clerical support unit.

3. The report also makes a number of recommendations designed to reduce the volume of paper and improve its flow; to improve the job content of clerical posts; and to improve career prospects of clerical staff.

4. After consultation with the Staff Side, the main conclusions of the report have been accepted in principle. There are, of course, a great many detailed points which need to be clarified and discussed with the Staff Side and with line managers. The task of changing from our present system is very complicated. But change to the proposed system offers a real prospect of benefits for us all. It will be essential that the process is carefully planned, taking account of the different operational requirements in various parts of the Office, and so we shall want to involve line managers in the planning. We shall keep the Office generally informed of progress.

C W F



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-~~53637073~~ 233 8224

13 December 1979

M A Hall Esq
Private Secretary to the
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1

Dear Martin,

THE SCRUTINY PROGRAMME

1. This is to follow-up paragraph 5c of my letter of 11 December.
2. The Prime Minister thought that the scrutiny of the role of the specific expenditure divisions might be more than a Principal could manage unaided. It was suggested that Douglas Janes, a recently retired Deputy Secretary, who did the "Rayner project" in the Home Office and is now working on an assignment in the Civil Service Department (on PRISM) might be suitable. He did a good job on the Home Office project, but more to the purpose he has served in the Treasury (1960-63) and has had five years experience as a PFO, first in the old MHLG and then in DOE, where he dealt with Local Government and Development. The Prime Minister thought that, on the face of it, Janes might be a suitable reinforcement, although it is of course for the Chancellor to decide how he wants to man this scrutiny.
3. If more information about Janes's suitability and availability is needed, it can be had from Ian Bancroft, so I am copying this letter to David Laughrin as well as to Jonathan Taylor.

Yours sincerely,

C. Priestley

C PRIESTLEY



[Blind copies:

Mr Butler
Mr Crawley
Mr Russell]

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-530 4222 233 8224

11 December 1979

M A Hall Esq
Private Secretary to the Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1

Dear Martin,

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT: THE SCRUTINY PROGRAMME

The Prime Minister has discussed with Sir Derek Rayner the proposals made by Ministers, including those included in your letter to Clive Whitmore of 26 November on behalf of the Chancellor of the Exchequer. She is very grateful for the Chancellor's proposals and for the impetus which he proposes to give the programme himself.

2. The purpose of this letter is to let you know that the Prime Minister concurs with the proposals in respect of HM Treasury and the Inland Revenue, subject to the points made below; to raise questions about the proposals in respect of HM Customs and Excise and the Department for National Savings; and to inform you that while the Prime Minister has asked Rayner to associate himself generally with all the round one projects she would like him to keep in closer touch with certain projects; in the case of the Chancellor's Departments, these are the projects in HM Treasury itself and on the issue of annual coding cards in the Inland Revenue.

Sir Derek Rayner's association with scrutinies

3. Rayner's note of guidance, circulated with my letter to John Chilcot (Home Office) of 1 November, outlined the form of his association with scrutinies (see particularly paras. 2.8 and 3.3).

4. It is requested that in each of the Chancellor's scrutinies, Rayner should be consulted about the draft plan of study and should keep in touch with the examining officers. As the Prime Minister would like to interest herself in the outcome of the scrutinies in HM Treasury and on the Inland Revenue's coding cards, it is further requested that Rayner should also keep in closer touch with the examining officers responsible for these two exercises; that they should consult him both at will and especially on their findings as they begin to emerge and on their draft report; that Rayner should discuss the draft report with the Minister responsible for the exercise; and that the

proposed outcome should be reported to the Prime Minister at a point when there is still an opportunity for her to comment. Rayner would not expect to be consulted about the other officers' findings and draft reports unless there is a strong reason for seeking his involvement at those stages.

HM Treasury

5. The Prime Minister is most interested in the study of the role of the Supply Divisions and has asked that the following comments and suggestions should be had in mind in preparing and conducting the exercise:

a. It would be preferable not to restrict the scope of the exercise to the mechanisms of monitoring and of FIS, but to examine the complete work of the Divisions in controlling central Government expenditure, ie control before and after the commitment of resources.

b. As part of this, it would be valuable to assess the utility of detailed estimates of expenditure in years 3-5 of PESC.

c. The project, thus amended, is substantial. The Prime Minister would be content for the team to be somewhat extended if the Chancellor thought this desirable. I am writing to you separately on this point.

Customs and Excise

6. While the Prime Minister is content for distillery and warehouse controls to be examined at some stage, she would be grateful if consideration could be given to the possibility of another subject for round one (ie in addition to or in substitution for distillery and warehouse controls). This is because of the general intention that the subjects selected for examination should be significant in their use of resources, as well as characteristic of the Department. While the commitment of 400 man years of official effort, at a cost of £3.65m pa, is not insignificant or uncharacteristic of the traditional work of the Department, it is less significant and less characteristic than, say, the administration of Value Added Tax, on which some 12,000 staff are employed. The possibilities might include:

a. Policy with regard to the control of VAT traders, especially in respect of the frequency of monitoring visits. I understand that C&E have some 4,500 staff engaged on the control of VAT traders, accounting for about 60% of all the work in VAT offices at a cost of some £20m.

b. The depth of coverage and effectiveness of Customs control at ports of entry. I understand that the work to rule earlier this year seemed to make for at least as effective control as normal, with the same number of staff and without excessive inconvenience to passengers.

c. Overlap between C&E and the Inland Revenue. I understand that there have already been experiments in co-operation and that these suggest that further examination of the potential savings to be had from closer working of the two departments would be very valuable.

Department for National Savings

7. It is not at once obvious that the rate at which Premium Bond records are converted from a manual to a computerised form is a subject more suitable to the programme than to the normal conduct of business. A possible alternative might be a scrutiny of the procedures of the National Savings Certificate Branch, including an assessment of the scope for mechanisation, as I understand that this is a staff-intensive area of work and that its operations are at present wholly manual.

Inland Revenue

8. I have few comments to convey to you on the Inland Revenue's proposals. These are the Prime Minister's pleasure that three have been offered; her wish that Rayner should be closely associated with that on the issue of PAYE Deduction cards to employers; and the suggestion that there may be scope for a more extensive study of the work of the Valuation Office than is contained in the proposed Rating Procedures project, in particular; of the justification for and efficiency of its advisory functions in relation to local government and government departments. If this wider study is not feasible for round one, perhaps it could be had in mind for round two.

Yours sincerely,

C. Priestley
C PRIESTLEY



BF 14/11/11 MAP

with compliments

MINISTER OF STATE

CIVIL SERVICE DEPARTMENT
Whitehall London SW1A 2AZ

Telephone 01-273 5563/4086



Minister of State

Sir Derek Rayner
Cabinet Office
Whitehall
LONDON SW1A 2AS

28/11/79
Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 3000
Govt Mach.

4 December 1979

Dear Derek

CHARGING FOR COURSES AT THE CIVIL SERVICE COLLEGE

Thank you for your minute of 28 November about Mr Saunders' draft report on the possibility of charging departments for attendance at the Civil Service College.

I should be glad to discuss with you this report and your views on it. We could also talk about timing in relation to the broader developments you mention. I think I should take views on the case for repayment not only within the CSD but from departments and from the College Advisory Council.

My office will be in touch with yours to arrange a meeting.

I am copying this to the Prime Minister.

PAUL CHANNON

Y
Paul

10 DEC 1979



MA



PRIME MINISTER

RAYNER SCRUTINIES

I have seen the minute which Michael Heseltine sent to you last week about Rayner Scrutinies for his Department. One of his suggestions is that there should be a study of the regional organisation which also serves my Department. I am quite content to go along with his suggestion and make arrangements for the study to be conducted jointly on his behalf and mine. I will contribute from my staff to the small team which will be needed to carry it out.

I am sending copies of this minute to Michael Heseltine, Christopher Soames and to Sir Derek Rayner.

~~NORMAN FOWLER~~

7 December 1979



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10 DOWNING STREET

From the Private Secretary

*B/F 12-12-79
to check & report Mr. Walker
action*

MR. PRIESTLEY

Thank you for your minute of 5 December, about Ministerial responsibility for scrutinies.

I told you yesterday that the Prime Minister would only be prepared to intervene in very general terms. We agreed that she should have a word with the Secretary of State for Defence - this did not happen yesterday, but I will follow it up next week.

In the other cases, we will for the moment leave aside the possibility of the Prime Minister intervening.

M. A. PATTISON

7 December 1979

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MR. PRIESTLEY

Sir Derek Rayner does not appear to have been sent a copy of the attached letter from the Secretary of State for Defence's office to the Foreign and Commonwealth Secretary's office about the proposed FCO scrutiny.

I do not propose to trouble the Prime Minister with this unless an impasse develops which requires her intervention.

M. A. PATTISON



6 December 1979

Mr PATTISON

MINISTERIAL RESPONSIBILITY FOR SCRUTINIES

This is in response to vi) in your minute of yesterday.

HM Treasury

2. Lord Cockfield has had charge of the Chancellor of the Exchequer's "Rayner projects".

3. In the scrutiny programme, the Chancellor proposes to take charge of these items:

6. C&E: revenue control of spirits production and warehousing.*

8.1 IR: annual PAYE deduction cards.

8.2 IR: rating valuation appeals etc.

8.3 IR: use of Accounts Registers.

4. No Minister has yet been designated for:

5. Tsy: monitoring of public expenditure.

7. DNS: computerisation of Premium Bond records.*

5. My advice is as follows:

a. The Prime Minister might say that she is very grateful for the Chancellor's undertaking six projects.

b. And impressed by his assigning four to his own supervision.

c. But it might be better for him to concentrate on items 5 and 8.1, given their intrinsic importance, and perhaps distribute the others by Ministerial assignment, like this:-

6. C&E: Mr Peter Rees, Minister of State (Commons)✓

8.2 IR: - do - ✓

* Suitability being queried.

- 8.3 IR: Mr Peter Rees, Minister of State (Commons)✓
7. DNS: Mr Nigel Lawson, Financial Secretary

✓ As I understand it, Lord Cockfield is responsible for Inland Revenue policy matters and Mr Rees for case work.

Department of Industry

6. Lord Trenchard has had charge of the Secretary of State's "Rayner project" and is designated for item 9 (administration of the Regional Development Government scheme).

7. Responsibility might perhaps instead be placed with Mr David Mitchell, who works to Lord Trenchard on that subject.

Ministry of Defence

8. Lord Strathcona has had charge of the "Rayner project" and is designated for items 10.1 - 10.4, all of which appear to fall outside the responsibilities of the "Service" Parliamentary Secretaries (Mr Speed, Mr Hayhoe and Mr Pattie).

9. A possible re-distribution might nonetheless be:

- 10.1, children's education overseas: Mr Hayhoe
10.2, travel schemes and bus fleets: - do -
10.3, Claims Commission: Mr Pattie
10.4, MOD efficiency and organisation: - do -

Scottish Office

10. Lord Mansfield has had charge of the "Rayner project" and is designated for items 17 and 18 (ie the Scottish Development Department and local authority planning; the Forestry Commission).

11. Lord Mansfield's responsibility within the SO is for Agriculture and Fisheries. This makes the Forestry Commission his, but local authority planning belongs to Mr Rikind, who is responsible for Home Affairs and the Environment, and might be switched to him.

CP
C PRIESTLEY
5 December 1979



15 DEC 1979



10 DOWNING STREET

From the Private Secretary

MR. PRIESTLEY,
CABINET OFFICE.

18.12.79
18.12.79
[Handwritten signature]

W D. Wolfson

This minute is to record the decisions reached at Sir Derek Rayner's meeting with the Prime Minister today.

The Rayner Projects

- i) The Prime Minister agreed to await further reports on those projects which Sir Derek is still pursuing with Ministers concerned;
- ii) The Prime Minister agreed that she would personally stress to Ministers the need to finalise action plans arising from the Rayner projects, to agree and implement a timetable, and to ensure that their Departments carry through effective follow-up. The Prime Minister said that she would do this by raising the subject at Cabinet on 6 December, and you agreed to provide the draft of a speaking note for this purpose in the course of 5 December;
- iii) The Prime Minister asked to be kept informed of progress on those major projects which Sir Derek Rayner had identified as worthy of her attention;
- iv) The Prime Minister agreed that results of the projects should, as far as possible, be made public. She agreed that Sir Derek should speak to the Press on the broad outcome of the projects. She was prepared to consider further whether a Written Statement in Parliament would be appropriate. I would be grateful if you could prepare a draft for the Prime Minister to consider in due course.

The Scrutiny Programme

- i) The Prime Minister agreed with Sir Derek Rayner's comments on the projects proposed for the next round of the scrutiny programme. I suggest that the speaking note for Cabinet on 6 December should include a reference to the need for a few of the projects to be re-considered, and to the Prime Minister's request to Sir Derek to respond directly to the Departments concerned;
- ii) The Prime Minister agreed that the Office of Arts and Libraries should be considered alongside the Department

of Education and Science within the scrutiny programme, occasionally undertaking a scrutiny in place of DES;

iii) The Prime Minister agreed that a suitable subject should be identified within the Paymaster General's Office;

iv) The Prime Minister agreed that Sir Derek should further consider a possible scrutiny within the Overseas Development Administration, and she suggested that one covering the work of the Directorate of Overseas Surveys might be appropriate;

v) The Prime Minister agreed that Sir Derek should continue to be associated with the full range of scrutinies undertaken, and that he should refer to her the progress and results of those listed in paragraph 17 of his minute of 30 November, as well as of others which he might from time to time choose to draw to her attention;

vi) The Prime Minister asked Sir Derek to draw to her attention any proposals on which he would like Ministerial responsibility to be reconsidered. She asked that this should be done as early as possible.

The Prime Minister said that she was very encouraged by the results of Sir Derek Rayner's work to date. She had it in mind to invite the project officers, both from the original Rayner projects and from the next round of scrutinies, to No.10 on a suitable occasion. We can have a word about arrangements for this.

3 | The Prime Minister also asked Sir Derek to provide her with briefing on management issues in the Ministry of Defence, in preparation for her visit to that Department which is at present planned for 4 January. It would be helpful if this could reach us before Christmas.

I am sending copies of this minute to Sir Ian Bancroft and Sir Robert Armstrong.

M. A. PATTISON

4 December 1979

CONFIDENTIAL

a Master list

NOTE OF A MEETING HELD AT 10 DOWNING STREET ON TUESDAY
4 DECEMBER 1979 AT 1700 HOURS

Present:-

Prime Minister
Sir Robert Armstrong
Sir Ian Bancroft
Sir Derek Rayner
Mr. C.A. Whitmore
Mr. David Wolfson
Mr. C. Priestley
Mr. M.A. Pattison

* * * * *

The Prime Minister said that she was very pleased with the results of Sir Derek Rayner's first round of projects. Her concern now was to ensure prompt and thorough follow up. There were signs of Departments regarding the fact of undertaking a Rayner study as sufficient action in itself. In particular, she hoped that the Defence project on Service food procurement would be followed up. She would also be grateful for a wider brief from Sir Derek Rayner in preparation for her proposed visit to the Ministry of Defence in January. Sir Derek Rayner reported that the Defence project was being followed up but the Ministry had enlarged their action to consider procurement in other fields. It would be most helpful to him if the Prime Minister could encourage Ministers to finalise their action plans on the results of his first round of studies. There were signs of resistance. For example, the largest savings were offered by the DHSS project, where vested interests were trying to hold back action and raising the issue of threats to jobs. Ministers needed to be asked to agree proposals for action, and to set firm timetables. There were some cases in which he was not satisfied with the action proposed, although he hoped to be able to deal with this himself for the present. He would of course accept proposals for some adjustments to the action suggested in his projects, where practicality dictated this.

/In further discussion

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- 2 -

In further discussion, the Prime Minister agreed action points 1-4 in Sir Derek Rayner's minute of 30 November about the initial round of projects.

The Prime Minister emphasised that she wanted to see progress on the study of the function of Regional Offices, following her own experience in a visit to the DOE Regional Office in Manchester. Sir Derek Rayner said that he would take a close personal interest in the follow up to the major studies, including that in Defence. The Inland Revenue was another which he was following: as a result of the Rayner study they had already changed the administration of the P46 system.

The Prime Minister said that she regarded the general quality of the work undertaken as outstanding. Sir Derek Rayner suggested that there were three or four failures amongst the projects but the majority were encouraging. After some discussion as to whether the Prime Minister should make a statement to Parliament on the results, she concluded that she should not make a decision until the possible content of such a report was clear. She was prepared to consider both a Parliamentary statement and a further Press Conference to be held by Sir Derek Rayner. She would like to mark the results of the first round of work by inviting all project officers, perhaps with some Ministers, to a party at 10 Downing Street. She would herself reinforce the need for follow up by mentioning at Cabinet the need to finalise action plans arising from the Rayner projects, to agree and implement a timetable and to ensure that Ministers' Departments carried through effective follow-up. Her intention would be to raise this at Cabinet on Thursday 6 December. Sir Ian Bancroft commented that the Civil Service Department would have a role in ensuring that the lessons of this work were taken on board in all Departments to which any individual study was relevant.

/Turning to the

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- 3 -

Turning to the first round of the new scrutiny programme, the Prime Minister said that she was bothered by some unimaginative choices. The Home Office was a case in point. Sir Robert Armstrong suggested that the service and maintenance of Police telecommunications could prove to be an informative alternative. Sir Derek Rayner said that the Inland Revenue had proposed a small study this time, but he was prepared to accept this as it could be a consequence of the successful results of the previous Inland Revenue project. The National Savings proposal, on the other hand, was not worthwhile. If the Department could not produce a worthy project, he proposed to leave it out. The Prime Minister also agreed with Sir Derek's doubts on projects proposed by the Lord Chancellor's Department, Customs and Excise, the Manpower Services Commission and the Ministry of Agriculture. She also agreed with his proposals on the place in the programme of the Office of the Arts and Libraries and the Paymaster General's Office. She agreed that the Overseas Development Administration should undertake a scrutiny in addition to its management review and suggested that the Directorate of Overseas Surveys might be a suitable candidate.

The Prime Minister agreed with Sir Derek Rayner's proposals on the scrutinies with which he should be particularly associated, in addition to his general links with the scrutiny programme. In respect of the proposed Treasury study on the monitoring of Government expenditure, the Prime Minister confirmed her interest in the role of central control, not simply the mechanics. She would like this to cover the question whether forward forecasts for years 3, 4 and 5 were worth having. Sir Robert Armstrong commented that the Treasury were themselves working on PES and the Rayner work would need to be fitted into this. The Prime Minister agreed that Sir Derek Rayner should link the scrutinies with the ongoing Treasury work, to achieve a substantive but manageable review of central Government expenditure control. Sir Ian Bancroft suggested that Mr. Douglas Janes might be a useful candidate to take on this particular programme which would be a much more demanding exercise than most others. He had done

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/some valuable

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some valuable work of a similar kind in the Home Office recently and was now engaged on a CSD assignment. The Prime Minister agreed that he should be considered.

Sir Derek Rayner stressed to the Prime Minister the importance of the choice of Junior Ministers in a Department to supervise the scrutinies. The Prime Minister asked to be informed of any cases where Sir Derek felt that a better choice might be made.

MA

8 January 1980

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10 DOWNING STREET

PRIME MINISTER

You agreed to mention at Cabinet your concern about quick and effective follow-up to the Rayner projects. I attach a speaking note. This is a condensed version of the longer note from Mr. Priestley below.

MAP

Prime Minister:

You asked to be reminded that you wanted to mention to Mr Pyne tomorrow that you thought he would do better to put Mr Hayhoe in charge of the MOD's project rather than Lord Strickland.

5 December 1979

J.H.H.

S.B.

SPEAKING NOTE

Sir Derek Rayner came to Cabinet on 4 October to tell us of progress with the projects. He has now reported further to me on these projects and on the proposals which Ministers have put to him for the first round of the scrutiny programme.

I am delighted with the progress you have been able to make with Sir Derek's assistance. I am particularly grateful for the effort that Ministers personally have been able to put into a number of these projects.

But what has been done so far in most cases - the analysis - is the easiest part. We must now make sure that the recommended results do not evaporate. I realise that the projects producing the biggest recommendations are also the most controversial. Where necessary the policy implications must be properly sorted out between Ministers. This must be done quickly.

I would like each Minister, with Sir Derek's help as appropriate, to:

- put his weight behind implementing the recommendations
- work out a clear plan of action, with a timetable
- make sure that he or his Permanent Secretary takes personal charge of meeting the plan of action within the timetable.

/There are

There are some general lessons to be drawn from particular projects. I shall be asking the Civil Service Department, again with Sir Derek's assistance, to bring these lessons to the attention of other Departments where they can be applied; I hope that you will ensure that these lessons are taken as seriously as those which arise from the projects within your own Departments.

I intend to ensure that we publicise what is coming out of this work.

I have also discussed with Sir Derek the scrutiny proposals for next year. I have asked him to have some of the proposals reconsidered, to keep in touch with progress on all of them, and to keep me informed.

cc for information

Mr PATTISON

Mr Laughrin
Mr Vile
Mr Mountfield
Mr Allen

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT

1. Thank you for your minute of last evening. I submit here-with a draft speaking note as requested.
2. The references in it to a statement and press conference, and their timing, are tentative. You will have to deal with these as appropriate.
3. I will supply a draft statement in due course.
4. I will also let you have a brief on MOD. It would help if we could have a word soon about the meaning of "before Christmas" and about the sorts of point the briefing should cover.
5. I am minuting to you separately on responsibility for scrutinies in Departments.

CP

C PRIESTLEY
5 December 1979

Enc: Draft speaking note

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT

1. Colleagues will recall
 - the presentations by Sir Derek Rayner and Messrs Warner and Ponting on 4 October; and
 - our decision to have a continuing series of self-examinations.

2. I have now discussed with Sir Derek
 - progress with the 29 "Rayner projects" launched by Ministers at my request in June; and
 - the 33 proposals made by Ministers for the first round of the "scrutiny programme".

Progress with the "Rayner projects"

Potential annual value: £80.3m.
 Cabinet Ministers who have taken personal command of projects:

Mr Prior
 Mr Walker
 Mr Edwards

3. I am much encouraged by the progress made. I am grateful to Ministers for the effort some of them have put into the projects personally.

4. But what has been done in most cases so far - the analysis - is the easiest part. We must now make sure that the results recommended do not evaporate.

5. I recognise that the projects making the biggest recommendations are also the most controversial.

- Changing method of paying benefits (DHSS, £39m pa)
- Rationalising Skillcentre network (MSC, £3m pa)
- Changing pattern of services to exporters (Trade, £10m)

6. Even so, we must get the results. By all means, where necessary, let the policy implications be properly thrashed out between Ministers, but quickly, please.

7. I would like each Minister, with Sir Derek's help as appropriate, to

- put his weight behind implementing the recommendations
- work out a clear plan of action, with a timetable
- make sure that his Permanent Secretary takes personal charge under his [the Minister's] direction of getting the action.

Examples of percentage staff savings:

- Inland Revenue, P46, 11.5%
- MAFF, capital grants, 39.0%

8. Sir Derek Rayner has drawn out some general lessons. For example, in particular bits of administration there are big percentage savings to be had by simplifying or modernising procedures. I shall be asking the Civil Service Department in consultation with Sir Derek

- to broadcast these as appropriate; and
- to look into the possibility of making comparable savings and improvements elsewhere in the Service.

The "scrutiny programme"

9. Some proposals are very good; some are quite good; and some are unimaginative.

10. We must ensure for the future that the subjects chosen are indeed significant in terms of policy and resources and are characteristic of the Department.

11. I have asked Sir Derek Rayner to

- liaise with colleagues to get the "good" and "quite good" projects on the road;

[Mr Whitelaw: staff training

Lord Hailsham: Public Record Office

Sir Geoffrey Howe: Dept. for National Savings and Customs and Excise

Mr Prior: Manpower Services Commission

Mr Walker:

Horticultural Produce]

- establish whether there can be better subjects in the "unimaginative" cases - and there should be;

- prepare as quickly as possible a complete list for circulation;

- associate himself with all projects in general and with some in particular.

12. It is essential that Ministerial supervision and the staff selected should be of high quality.

Telling the public

13. I think it very important that we should say what we want to achieve under the "Rayner projects" and what we are proposing to do in the scrutiny programme.

14. [I shall therefore want to arrange for a statement to the House] and for a press conference by Sir Derek Rayner [early in the New Year].



15. I should like to encourage Ministers to make as much of the "Rayner reports" available to their staff and the outside world as possible. Indeed, I should like to see some project reports published as exemplifying the approach we have adopted. I know there may be objections to this; but my view is that we should give people the sort of detail which is interesting and intelligible and shows that we are getting on with the job we promised to do.

Sir DR suggested:

- DHSS, benefit payments
- IR, Form P45
- HO, Radio Regulatory Department

- 5 DEC 1959



cc Mr Priestley



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~907623~~ 218 2111/3

4 December 1979

MO 8/14

Dear Clive,

The Foreign and Commonwealth Secretary sent my Secretary of State a copy of his minute to the Prime Minister of 23rd November in which he proposed as the FCO Rayner project a review of the ways in which vehicles are provided for overseas posts.

While Mr Pym accepts the general premise that there may be some scope for providing greater flexibility to Departments operating overseas, he has asked me to observe that he has doubts whether the particular project envisaged would produce worthwhile savings, at least in regard to the practice of the MOD procuring vehicles for the FCO, and other Government Departments. His initial reaction is that a move away from central purchasing might involve a net increase in public expenditure, since MOD, because of its large volume of purchases, is able to obtain preferential discount rates over other customers; any reduction in the level of our purchases would inevitably lead to some reduction in the agreed rates of discount. It is doubtful whether the FCO would obtain anything much better than normal trade discounts.

Apart from this possible effect on central purchasing, MOD has an interest in the study because of the likeness between the arrangements for the FCO cars and those provided for our Defence Attaches. If, therefore, the Prime Minister decides that the study should proceed my Secretary of State would be grateful if his officials could be closely associated with it.

I am sending a copy of this letter to George Walden (FCO).

*Yours mtd.
Bm*

(B M NORBURY)

C A Whitmore Esq
10 Downing Street

SECRET



SECRET





*na
M.P.*

10 DOWNING STREET

PRIME MINISTER

You saw these papers, for
the meeting with
Sir Derek Rayner, over the
weekend.

Sir Robert Armstrong would
like to join the meeting
tomorrow, if you agree.

YAP.

3 December 1979

cc Mr Wolfson

PRIME MINISTER

Here is Sir Derek Rayner's report to you on the proposals for "scrutiny" next year, and the results of the projects he has scrutinised this year.

The papers are well presented. They are worth reading through, although the points for action are flagged at A and B, as well as noted in the margin at the relevant point.

There is a meeting scheduled for Tuesday afternoon to enable you to go through these points with Sir Derek. Sir Ian Bancroft will also be present and he may want to discuss with you how far we should go in Parliamentary statements and publication of the results of Sir Derek's work. On the whole, I think that this is an area where carefully handled publicity is to be encouraged and where there is very little that need be held back. I doubt whether it is essential to make a point of informing Parliament before going public.

I would endorse all Sir Derek's specific recommendations for action, subject to my qualification about informing Parliament. When you look through the list of proposals, you might want to add or delete from the list, ^{if close} in which Sir Derek suggests you might take a specific interest.

Now that the Rayner programme is well in hand, you will need to consider the future of Sir Derek's own unit. The Cabinet discussion showed that colleagues welcomed the arrangement for internal reviews assisted by Sir Derek's small unit working from the centre. But he himself will not want to stay in this role forever. Would you want to replace him with someone of a similar background; or would you, for instance, consider continuing his unit but having it report to the new head of CPRS now that the system has been created? Ideally, your own Department - CSD - ought to have the capacity to tackle these management questions. But it has never attained the status

/or respect

or respect in Whitehall to enable it to follow through this kind of exercise. The comments in Cabinet showed that a number of colleagues were extremely apprehensive that this work might slip back into the grasp of a large central department.

With this in mind, it might be worth raising with Sir Derek his view on how long there will be a need for his unit, and whether he is ready to continue to supervise this work for some months ahead.

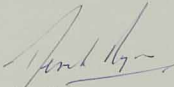


30 November 1979

PRIME MINISTER

THE SCRUTINY PROGRAMME; THE "RAYNER PROJECTS"

1. You asked for reports on these by today.
2. I attach a minute on each, together with summaries of the scrutiny proposals made by Ministers and of the recommendations made by the "Rayner project" officials.
3. You have a lot of other things to read, so I have tried to help you through the attached by
 - a. Noting in the text the points of "Action" I am suggesting; and
 - b. summarising these at the end of each minute (see flags A and b).
4. I am copying this, and the two minutes, to Sir Ian Bancroft and Sir Robert Armstrong.


Derek Rayner
30 November 1979

PRIME MINISTER

THE SCRUTINY PROGRAMME: ROUND ONE

1. Ministers have responded to the Cabinet decision of 4 October with 33 proposals. A summary is attached.

PURPOSE OF THE PROGRAMME

2. I recommended that the programme should include tests of specific functions, tests of ways of doing things and tests of the cost of running the Government; that early scrutinies should be mounted in Departments bearing directly on the public (revenue collection, delivery of benefits and employment services); and that areas of overlap or duplication with other agencies, especially local government and the nationalised industries, should be studied. This was agreed by Cabinet, as was the recommendation that the basic question "Why?" (ie the policy) should be asked, as well as the question "How?" (ie its administration).

CONTENT OF THE PROPOSALS

3. The proposals do indeed cover a good cross-section of Government and its external relationships. Generally, the emphasis is on administration rather than on projects likely to mean a radical review of policies. This will need watching for the future. There are some excellent projects, notably those on the Treasury Expenditure Divisions (Annex, item 5), the joint DE/DHSS review of services to the unemployed (item 11) and the DOE and Scottish and Welsh Office projects (items 15, 17 and 19). (I particularly welcome the Chancellor's proposal as it is germane to my conventions project, on which I am about to send you a minute. I am also glad to hear that the

CSD will be making arrangements to keep in close touch with the Chancellor's review so that any implications for its Supply Control responsibilities can immediately be registered.) Others are rather disappointing given the areas for which their Ministers are responsible, notably those from the Home Office (item 2), Foreign Office (item 4) and MSC (item 12).

Action 1

4. On the whole, the "mixture" of proposals is acceptable for round one and so I advise you to agree to most projects. May I specifically draw to your attention as Minister for the Civil Service, the Lord President's proposal to examine the Technical Services Division of the Central Computer Agency, which I include among the "acceptables" (item 1)?

Action 2

(Paras.

6 - 11
following)

5. There are some however which, if you agree, I should like to query or qualify with the Ministers concerned. The reason for this is that in the "Rayner projects" now nearing completion we had to keep negotiations to a minimum in order to launch them quickly. In the new programme, I believe that the subjects chosen should be at least broadly worthy of it. The ones I would challenge or qualify are as follows:

a. Home Office (item 2)

6. The review of arrangements for staff training might be useful in terms of some of the general lessons to be learnt. However, I believe that for this round Ministers should select projects on either a significant or a characteristic part of their Department. I do not think that training falls into either of these categories, especially as the Prison Service is specifically excluded from the terms of reference. Subject to your views, I propose to press the Home Secretary for a subject in one

✓ of his larger areas of responsibility, perhaps the Immigration and Nationality Department. (I accept that the Prison Service has just been the subject of the May Inquiry and I should not be inclined to press for something there.)

b. Lord Chancellor's Department (item 3)

7. Charging users of the Public Record Office for admission does not take us into the heart of the Lord Chancellor's responsibilities. It is, I think, essentially a political decision - rather like charging for admission to museums. An area which probably offers scope for more significant savings is the courts administration, on which some 8,000 staff are engaged. Even if you were disposed to accept the PRO for round one, you might like to put down a marker that the courts administration should be included in round two.

c. Customs and Excise (item 6)

8. Although the proposed review of revenue control of the production and warehousing of spirits is useful, it involves a relatively small and not very characteristic area of the Department's work (only about 400 staff out of a total of 27,750). The Chancellor of the Exchequer might be invited to consider an additional scrutiny, eg looking at a large block of administrative work in the collection of VAT, on which 12,000 are employed, if not in this round, then certainly on the next.

d. Department for National Savings (item 7)

9. I am not sure that the rate at which Premium Bond records are converted from a manual to a computerised form is a suitable subject for the programme and I should like to discuss this with the Chancellor.

e. Manpower Services Commission (item 12)

10. Energy use is not "characteristic" of MSC activities, although it may be "significant" in terms of the resources consumed. Moreover, the PSA carried out a study of its Service-wide work on energy saving in the "Rayner project". The MSC is quite good at self-scrutiny and has several examinations in hand now, including a look at what it does for the unemployed. I propose to press the Secretary of State and the Chairman MSC for another subject. In the light of my brief for your visit to DE last Monday, my personal preference would be a project on the MSC's regional, area, district and local organisation, which is undoubtedly overblown but which top management seems to find too embarrassing to get to grips with.

Area should be added

f. Ministry of Agriculture, Fisheries and Food (item 14)

11. The Minister proposes the enforcement of grading standards for fresh horticultural produce. I sympathise with his reasons. This regulation is foolish and ought to be stopped; established producers get round it by downgrading their produce; but it is an EEC obligation and must go on. However, the scope of the project is limited. For comparability, I think that it could and should be extended to the certification of meat and meat processing.

EXEMPTIONS

12. I recommended in my minute of 30 August that each Department should have at least one scrutiny a year, with no Department automatically excluded, and that the executive and larger Departments should have more. Ministers in charge of the larger Departments have on the whole met this very handsomely.

13. Only the Chancellor of the Duchy of Lancaster has specifically asked to be left out. The Paymaster General has asked that his Department should be allowed to get on with its normal cycle of self-examination, merely extending reporting arrangements to include me. And the Foreign Secretary has asked that, if it is thought necessary for the Overseas Development Administration to undertake a scrutiny in addition to the current management review, the choice of subject should wait upon the outcome of the preliminary survey. My advice is as follows:

Action 3

a. The Office of Arts and Libraries is indeed very small. It would depend on the Department of Education and Science for project staff. I suggest that you should agree with Mr Stevas's suggestion that an OAL project should be undertaken every so often instead of a DES one, provided that we do not accept that the DES itself is a small Department: it consumes about £23m in staff and administrative costs which the average taxpayer would certainly think a lot of money.

Action 4

b. I do not think it a satisfactory arrangement that the Paymaster General's Office should simply show me the result of one of its normal management exercises. The scrutiny programme should be regarded as different from such exercises, which the PGO is not alone in undertaking, of course. (I think that there may well be a substantial question about the future viability of the PGO in Crawley, where it cannot keep the skilled staff it needs. No view need be taken on that yet.) I think that the PGO's relationship with DES on Teachers' Pensions would

follow on naturally from the "Rayner project"
in DES and I suggest that that should be the
subject of a scrutiny.

Action 5

*The Meeting of
we may discuss for
long no. of other functions
I think whether the
costs are properly
calculated.*

c. The Overseas Development Administration is
a large area of work. I think that the Foreign
Secretary should be asked to carry out a scrutiny
in addition to the management review (as the
Minister of Agriculture proposes to do in his own
case). However, I suggest that you agree to
await the outcome of the management review pre-
survey now in progress before fixing on a subject.

STARTING DATES

14. Most Ministers plan to start by January. The rest will start by March, except in the case of the Minister of Agriculture (April, item 14) and the Civil Service Department (May, item 1). No reason has been given by Mr Walker for the delay in starting. The CSD wishes to await the completion of the present re-organisation of the Central Computer Agency. In cases where more than one review is proposed, later starting dates are intended for some.

15. I do not think it matters if some projects start later than others. The main thing is that there is a commitment to a review or reviews within the terms of the programme.

MY ASSOCIATION WITH THE PROGRAMME

Action 6

16. If you agree, I should like to associate myself
with all of the projects generally, eg through agreeing
the terms of reference and the study plans and keeping
in touch with the project officers as before. I have
already circulated to Ministers in charge of Departments
a detailed note of guidance on the conduct of projects.

This builds on the guidance given to project officials in the "Rayner project". It is not intended to be the last word. I find that I learn as I go along and the first round is meant to be a "pilot".

Action 7

17. There are 14 projects in which I should like to advise you to take an interest by associating me closely with them and by having the results reported to you. They are marked in the Annex, under the heading "PM" and are these:

<u>Annex item no</u>	<u>Department</u>	<u>Subject</u>	<u>Reason</u>
5	HM Treasury	Monitoring of central govt. expenditure.	Importance of the Chancellor's role as controller of Supply. Relevant to "conventions" project.
8	Inland Revenue	Issue of annual coding cards.	Importance of the Revenue as a large, staff-intensive department, and intrinsic interest of the subject.
9	Industry	Regional Development Grant Scheme.	Your interest in regional organisation. Intrinsic importance of the subject.
10, Project 4	Defence*	Promoting internal efficiency and effectiveness.	Importance of strong control of staff and staff-related resources under Ministers. Relevant to "conventions" project.
11	Employment + Social Services	Delivery of benefits to the unemployed.	Intrinsic importance of the subject; size of the staff committed.
12	MSC	See para. 10 above.	Your interest in the control of Quangos and in regional organisation

* The MOD subjects are comparatively small beer, so I shall latch onto some of the larger reviews mentioned by Mr Pym in his minute to you of 23 November, as well as continuing to follow up Mr Ponting's study of food procurement.

<u>Annex item no</u>	<u>Department</u>	<u>Subject</u>	<u>Reason</u>
15, Project 1	Environment	Financial control over the Water Industry.	Your interest in Quangos; importance of financial control; relevant to "conventions" project.
15, Project 2	Environment + Transport	DOE/DTpt regional organisation.	Your interest in regional organisation; size of staff commitment.
17	Scottish Office	Scottish Development Dept. activities in respect of local authority planning.	Importance of central/local government relationships.
20	Northern Ireland	Financial control.	This is one of the Depart- mental ends of financial control and is a good com- parison with item 5, above.
21, Project 1	Social Services	DHSS support for health care exports etc.	Government's relationship with industry in an area with which I have some familiarity.
21, Project 2	Social Services	Checking and query- ing National Insur- ance records.	Size of (DHSS and Inland Revenue) staff committed; importance of the Social Security system.
23	Energy	Economic and statis- tical services.	See para. 21 below.
25	Transport	Enforcement of VED.	General importance of revenue and of enforcement procedures; size of staff committed.

18. I would sum up the reasons for this selection by saying that, for my part, my participation in detail should be limited to those subjects which are either intrinsically very important or raise issues of general principle. But I accept that those suggested may be too many for you and that you would like to star only a few of them for reporting to you.

MINISTERIAL SUPERVISION

19. You will see from the Annex that it is not yet known which Ministers will direct some projects. But several senior Ministers will take charge of some reviews. They are the

Chancellor of the Exchequer (items 6 and 8, but not 5).

Secretary of State for Employment (jointly with the Minister for Social Security) (item 11).

Minister of Agriculture (item 14).

Secretary of State for the Environment (jointly with the Minister of Transport) (item 15, Project 2).

Secretary of State for Wales (item 19).

Secretary of State for Trade (item 22).

Secretary of State for Energy (item 23).

Minister of Transport (item 25).

20. Junior Ministers will be in charge in other cases (except the MSC and HSC, whose chairmen will superintend). I am a little worried about some of these. I will, if I may, raise this with you orally; determination in supervision and follow-through to implementation is all important.

Action 8

REVIEW OF STATISTICAL SERVICES

21. The "Rayner project" included a very useful review of statistical services in the Departments of Trade and Industry. The Secretary of State for Energy now proposes a review of his economic and statistical services. I have been consulted by Sir Ian Bancroft and Mr Boreham about the possibility of including statistical services in a few other large departments, as part

of the round one exercises. These would contribute to a general examination of statistical work in Government, including that of the Central Statistical Office. I am sympathetic with this idea. I understand that Mr Channon will be submitting proposals to you shortly and that they should not involve Ministers in much extra work. The basic idea is to look at services in the round and in Departments, if you agree, under my direction.

INTERDEPARTMENTAL PROJECTS

22. You will see that one of the most important proposals has been submitted jointly by the Secretaries of State for Employment and Social Services (Annex, item 11). The proposal review of statistical services (para. 21 above) would also deal with work which was not the property of one Minister. This is a natural and welcome development because there are several areas where thorough examinations can only be undertaken inter-departmentally. I should like to consider how such projects might be promoted in future.

CENTRAL DEPARTMENTS

23. I have found it necessary to consult officials of the central departments (CSD, HM Treasury and CPRS) on the "Rayner project" reports. This is because your interest as Minister for the Civil Service and head of Government and those of the Chancellor of the Exchequer are often affected. I value the generally good quality of the advice I have received.

24. I propose to consult the central departments again during the new round and to let this be known. I have already made the obvious point that it would be wise for project officers to consult other Departments, including the central Departments, during their work and I shall take appropriate opportunities to re-emphasise this.

SUMMARY OF RECOMMENDATIONS AND NEXT STEPS

25. I invite you

Action 1
(para. 4)

to agree to most projects.

Action 2
(paras.
6 - 11)

to agree that I should on your behalf query some (Home Office, Lord Chancellor's Department, Customs and Excise, Department for National Savings, Manpower Services Commission and Ministry of Agriculture, Fisheries and Food);

Action 3
(para. 13a)

to agree that an Office of Arts and Libraries project should be undertaken occasionally instead of a DES one;

Action 4
(para. 13b)

to agree that there should be a project in the Paymaster General's Office;

Action 5
(para. 13c.)

to agree that the Foreign Secretary should be invited to select a project for the Overseas Development Administration in the light of the management review preliminary survey;

Action 6
(para. 16)

to agree that I should associate myself with all the projects generally;

Action 7
(para. 17)

to agree to interest yourself in certain projects by associating me with them and by having the results reported to you;

Action 8
(para. 20)

to allow me to raise with you the question of Ministerial supervision.

26. I suggest that the next steps should be as follows:

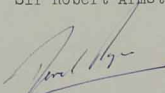
a. Those Ministers with whose proposals you are content should be so informed to enable planning to go ahead, including telling the Departmental Staff Sides and any other interests which ought to be consulted. Clearance can be conveyed by my unit if you wish.

b. I should now query their proposals with other Ministers in an attempt to arrive at better suggestions quickly.

c. The complete round one programme should then be circulated for the information of all Ministers.

d. Parliament (and the National Staff Side) should then be informed of the round one programme and, reading across from my other minute on the Rayner projects, para. 24, given some report on the content and outcome of the Rayner projects.

27. I am copying this to Sir Ian Bancroft and Sir Robert Armstrong.



Derek Rayner
30 November 1979

Enc: Summary of Ministers' proposals

P.M.	Minister	Project	Minister in charge of Project	Reasons for Selecting Subject	Cost of Activity Under Scrutiny	Starting and Finishing Dates	Names of Project Officers
10.	Secretary of State for Defence	<p><u>Project 1</u></p> <p>Arrangements for provision of secondary education for children of Service and Ministry of Defence personnel overseas.</p> <p><u>Project 2</u></p> <p>Provision of assisted travel schemes and MOD establishment bus fleets.</p> <p><u>Project 3</u></p> <p>The requirement for, the role and organisation of the Claims Commission</p> <p><u>Project 4</u></p> <p>The organisations within MOD responsible for its internal efficiency and organisation.</p>	<p>Lord Strathcona</p> <p>Lord Strathcona</p> <p>Lord Strathcona</p> <p>Lord Strathcona</p>	<p>Need to compare relative merits of providing secondary schools overseas and sending children to United Kingdom schools.</p> <p>A recent limited review suggested disproportionately high administrative costs.</p> <p>It may be possible for the Commission's work to be carried out in some other way. Possible internal procedural and policy improvements will also be examined.</p> <p>The existence of several separate divisions responsible for internal organisation suggests a possibility of duplication.</p>	<p>£8.5 M pa (920 staff)</p> <p>£3 M pa plus unidentified administrative overheads and capital costs.</p> <p>£2.5 M pa (180 staff)</p> <p>£9 M pa (600 staff)</p>	<p>1 January - April 1980</p> <p>1 April - July 1980</p> <p>1 September - 31 December 1980</p> <p>1 June - September 1980</p>	<p>Mrs Mary Williams (Principal)</p> <p>Mr N H R Evans (Principal)</p> <p>Mr J M Stuart (Principal)</p> <p>Mr David Fisher (Principal)</p>

P. M.	Minister	Project	Minister in charge of Project	Reasons for Selecting Subject	Cost of Activity Under Scrutiny	Starting and Finishing Dates	Names of Project Officers
	14. Minister of Agriculture Fisheries and Food	The extent and documentation of inspections of fresh horticultural produce to ensure the maintenance of grading standards	Mr Peter Walker MP	It is a useful starting point for examining the thoroughness with which EEC obligations (which impose a significant and growing activity on MAFF) are carried out.	£1.3 M pa (129 staff)	14 April - 15 August 1980	Not yet known.
✓	Secretary of State for the Environment 15. DOE	<u>Project 1</u> Methods used by Department to control the expenditure of the water industry and to encourage efficiency.	Not stated	The Project will examine the degree of detail in which the Department should examine the industry's affairs	£0.46 M pa (27 staff)	As soon as possible (complete within 3 months)	Not yet known.
✓		<u>Project 2</u> Regional Organisation serving Central DOE and Department of Transport	Mr Michael Heseltine MP and Mr Norman Fowler MP	Functions likely to change as a result of Government policies	£25 M pa (1600 staff)	1 April 1980 (within 90 working days)	Not yet known.
	16. PSA	The requirement for a works transport fleet	Not stated	Reductions in size of directly employed labour force and other changes in PSA make it timely.	£4.8 M pa (2, 580 vehicles)	1 December 1979 - March 1980	Mr R J Verge (Principal)

P.M.	Minister	Project	Minister in charge of Project	Reasons for Selecting Subject	Cost of Activity Under Scrutiny	Starting and Finishing Dates	Names of Project Officers
✓	Secretary of State for Scotland 17. Scottish Office	The advisory and monitoring activities of the Scottish Development Department with respect to local planning authorities.	Lord Mansfield	Need to determine the right balance of activity between Central and Local Government in Scotland.	Not separably identifiable but some part of £1.4 M pa	December - 1979 31 March 1980	Mr J S B Martin (Principal)
	18. Forestry Commission	The administration of i. the private woodlands grant scheme and ii. the licensing of felling.	Lord Mansfield	Both schemes carry very high administrative costs in relation to value obtained.	(Administrative costs only) Woodlands Grant Scheme: £0.99 M pa Felling licensing: £0.26 M pa	7 January - 31 March 1980	Not yet known
	19. Secretary of State for Wales	The procedures for processing of major hospital building projects.	Mr Nicholas Edwards MP	Possible significant savings in staff and expenditure and a measure of Welsh Office disengagement.	£0.25 M pa	December 1979 - Not specified	Mrs Margaret Evans (Principal)
✓	20. Secretary of State for Northern Ireland	The operation of financial control within the Northern Ireland Departments and the Northern Ireland Office.	Mr Hugh Rossi MP	The systems to be examined are responsible for the administration of over £2,000 M of public funds.	Not yet known	December - 1979 Easter 1980	Mr W G McKeown (Principal) Mr P N Bell (Principal) plus financial expert

P.M.	Minister	Project	Minister in charge of Project	Reasons for Selecting Subject	Cost of Activity Under Scrutiny	Starting and Finishing Dates	Names of Project Officers
✓	23. Secretary of State for Energy	Demand for and resources devoted to economic and statistical advice and services	Mr David Howell MP (via Mr Norman Lamont MP)	Need to ensure that resources are correctly deployed in face of growing demand for economic and statistical advice.	£1.5 pa	15 January - 15 April 1980	Sir Fred Atkinson plus supporting principal or Senior Economic Adviser
	24. Secretary of State for Education and Science	The administrative arrangements in England and Wales for making student awards by DES and others	Dr Rhodes Boyson MP	Present arrangements have evolved ad hoc. Overall examination needed. (NB Prior consultation with LEAs and other agencies would be necessary).	DES costs: £0.5 M pa (45 staff) Local Authority costs: Not known but large	Spring 1980 (90 working days)	Not yet known
✓	25. Minister of Transport	<u>Project 1</u> The functions of the Department on the enforcement of vehicle excise duty.	Mr Norman Fowler MP	The Government has recently decided to increase the enforcement effort - need to consider how best to implement this decision and ensure resources used efficiently.	£5 M pa (700 staff)	1 January - 30 April 1980	Not yet known
		<u>Project 2</u> Procedures for setting and certifying standards for the building of roads and bridges.	Mr Norman Fowler MP	Need to establish whether present arrangements are reasonable and constitute value for money.	£3.5 M pa (141 staff at HQ)	Spring 1980 (90 working days)	Not yet known

PRIME MINISTER

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT: THE "RAYNER PROJECTS"

1. This is a report on progress with the "Rayner projects" commissioned by your Minute of 4 June to Ministers in charge of Departments.

PROGRESS MADE

2. Most Ministers mounted a project. Some had two and, in the case of the Property Services Agency, three. I excluded very small Departments (those of the Chancellor of the Duchy of Lancaster and the Law Officers) and the Paymaster General's Office.

3. There were 29 projects. Most were carried out by one officer; some involved two or three. 35 officers were engaged in all.

4. I have had talks with 30 Ministers. I have met all the officials together on three occasions; have seen many of them individually; and have visited offices with five of them (an Inland Revenue Tax Office in Southwark, a Customs and Excise Office in Shaftesbury Avenue, an Unemployment Benefit Office in Stepney, a DHSS office in Hoxton and DES Pensions Branch in Darlington).

5. Ministers and I have now received 23 project reports. Summary details of these and a note on each are given in Annexes 1 and 2 respectively.

6. I have agreed that six more reports should come in later, because they started late or were more complex than most, or in HM Customs and Excise, because it was possible and sensible to extend the project's scope.

7. I have so far discussed four reports with Ministers; written to six saying that I agree with the recommendations made; written to four Ministers and to the Chairman of the Manpower Services Commission asking for talks about six more. I shall be dealing with the last and with the rest, by discussion or correspondence, over the next few weeks. Each Minister will then consult his staff side, interest groups and in some cases other Ministers, including as necessary the Lord President and the Chief Secretary, on the basis of a "proposed action" plan agreed with me.

8. So this is a report of potential results, not of results achieved. In some cases, eg that of the FCO and ODA merger, I may need to report to you separately and I hope you will agree to this.

Action 1

POTENTIAL VALUE OF THE RECOMMENDATIONS MADE

9. The potential value of the recommendations made so far at £80.3m pa is substantial. The details are in Annex 1. I have ordered the information in Annex 2 on completed reports now to hand in three categories: those producing savings in services to the public; those producing savings involving Government only; and those where I shall be pursuing with the Minister concerned the question of the savings attributable to them.

10. Many projects have examined a comparatively small piece of administration in detail. Some of the possible savings are therefore small in absolute terms. Nonetheless, they include some important percentage savings, including 11.5% of the staff effort on the Inland Revenue's Form P46, 39% of that on MAFF's administration of capital grants for farmers and 55% of that on rate collection in Northern Ireland. These encourage me in the view that there are very considerable savings to be made in Government administration, especially as the projects have been, naturally enough limited in scope and number.

11. Not all savings are realisable at once. The bedrock is obviously the DHSS project. On this foundation, savings eventually stabilise at £30.3m pa. They include some 1,716 posts and once-for-all savings (in the case of MOD and the MSC) of £53.5m in addition.

12. Some of the staff savings have already been earmarked by Ministers as a contribution towards the Lord President's exercise on reducing the size of the Civil Service. These are noted in Annex 1. They total around £35.4m.

GETTING THE RESULTS

13. In the majority of the areas examined I am satisfied with the potential outcome. I have been impressed by the very high quality of many of the project officials, by the amount of work they have been able to accomplish on their own, or in very small teams, and by the excellent stimulus some have received from their Ministers and Permanent Secretaries. Inevitably, some officials have not been as good as others, some Ministers have taken less interest than others and some project subjects have had fewer possibilities than others of producing savings. But these few cases do not invalidate the method of scrutiny which the Cabinet embraced at its meeting on 4 October.

14. None of the savings will come about by wishful thinking. All will have to be worked for, many outside Whitehall as well as some inside. Some will impact on particular sections of the public, none of which will be slow to defend its interests, as it perceives them. If I may say so, therefore, it is vital that Ministers should be precise and determined in finalising an action plan and then keeping to the implementation timetable. You may wish to encourage Ministers to do this.

Action 2

15. This will be especially critical in the case of the largest group of projects, and of savings, ie those which affect the public. The savings set out at the beginning of Annex 2 are the most dramatic in gross cash terms, but obtaining some of them will need vigorous explanation and defence. Some proposals should be welcome because they represent change and reform which should be relatively uncontroversial, eg the Inland Revenue, Welsh Office and part of the Home Office reports. But some mean marked changes that will not be welcomed, either in particular places (eg the MSC's proposals for closing down Skillcentres in Scotland or the NIO's for closing down local rating offices in Ulster); or to large groups of people (eg the DHSS's proposals for altering the frequency with which benefits are paid); or to specific interest groups (eg MAFF's proposals for streamlining the administration of capital grants to farmers).

16. Some decisions will be difficult. I would certainly not want to press for the whole of the project officers' recommendations and nothing else. Even so, Ministers might be encouraged to come to firm, optimum decisions and to resist pressure to leave things as they are which would mean that Government would go on being generous with the taxpayer's money. Generosity may be difficult to diminish because people and interest groups have grown accustomed to it. But the project reports also show that the basis on which it rests may be inefficient, obsolete, illogical or prodigal.

17. It will therefore be very important for each Minister not only to draw up a precise plan for the implementation of those recommendations which he accepts, but also to establish with his Permanent Secretary's help

Action 3

an effective and consistent means of progress chasing. You may wish to take an opportunity to emphasise this. I shall endeavour to help Ministers with this. In some cases I shall continue to associate myself with the project in order to see it through. Obvious examples are those in MOD, DHSS and the Inland Revenue. There may be others in which you would wish me to interest myself.

Action 4

COMMENTARY

18. This is an Administration committed to the better management of resources. My experience of officials shows that if firmly pointed in the right direction and firmly led they can do a very good job. I am once more struck by the ability and dedication of many of those I have met, whether as project officers or on my visits. The Service has much talent, energy, imagination and enthusiasm. On the other hand, I am also struck by a slackness in cost-consciousness and a certain detachment from reality in the perception of some officials of the value of resources and the importance of using them cost-effectively. Some project officers have captured this well. You have met Messrs Warner (DHSS) and Ponting (MOD), but they are not the only ones whose work has drawn my attention either to weaknesses in management and other practices or to substantial opportunities for economy through modernised procedures.

19. The points and lessons of general application which I draw out so far are these:

- a. The social effects of the projects are very wide. It cannot be argued that they favour any group at the expense of another. Interests as various as those of Social Security beneficiaries and farmers are affected. The anonymous taxpayer should benefit most.

b. Departments of State, nationalised industries and other public bodies may become too reliant on each other and grow inefficient because of it. The prime example here is that of the Post Office's dependence on DHSS. Relationships within the public sector may be valid but need careful and sustained scrutiny, to ensure that extended bureaucracy does not get set in concrete at the expense of both and certainly of the taxpayer.

c. Administrative systems get left behind by developments in business or technology. Obvious examples are the Inland Revenue's PAYE Movements Forms and the DHSS's method of paying benefits. (The UK and Eire are alone among advanced countries in their ponderous ways of paying benefits.) Ministers and departmental managers need to work for the reform of such systems; repeated changes of mind by past Ministers, as in the case of Inland Revenue computerisation, have not helped. The crucial factor is how much importance Departmental Ministers attach to good management. There is too an obvious need for the central departments, in the work they do for you and for Ministers collectively, to inform and stimulate the search for reform.

d. Policies appropriate in the past, but no longer so, have captured resources. It is often difficult for Ministers and officials to break free, because they are shackled to investments in staff and other resources, eg specialised buildings, even if such policies have proved ill-founded or are no longer apt. This seems

to be the case with the Skillcentres network and the structure of training allowances (MSC); there has been a large investment in capital and labour and it is very natural to try and use them to capacity but the better course may be to run down existing staff and fixed plant and adopt new policies with the wisdom of hindsight. Obviously it is not sensible to throw good money after bad.

e. Much Government activity may be unproductive. This is usually due to the growth of administrative systems piecemeal, as in the cases of the Teachers' Pension Scheme, the Social Security System and MAFF's Capital Grants Scheme. Several projects raised the question of the correct use of professional staff, eg HM Inspectors of Schools, and of the value which is being added to the common good by the work they are doing at present. The need is for a continuing radical review of functions, shaking them down to their basic principles and ceasing to do what is unnecessary. This must be for Departmental Ministers. But once again there is a good question about how best to encourage this from outside the Department.

f. For understandable reasons the Service can be very cautious with too much checking, control and supervision. This attitude was aptly described in the Home Office project as relying on both "belt and braces". Again functions need a good shake from time to time. That must be a duty laid on line management, but Ministers must keep them up to the mark.

g. Departments sometimes seem to find it hard to define their working relationships with each other and with outside bodies effectively. Examples are the relationships between the Scottish and Welsh Offices and local authorities; between DES and LEAs over the Teachers' Pension Scheme; within MOD between the Service departments; and, within FCO, between the "FCO" and the "ODA". It can lead to a needlessly fussy and needlessly supportive attitude to local authorities and, within Whitehall, to putting too much emphasis on avoiding other people's toes. The lesson is that someone has to stand up for the taxpayer and that in most cases the person best placed to do it, perhaps the only person who can, is the Ministerial head of the Department.

h. An important example, in my view, of the way in which costs of administration get obscured and therefore cost-consciousness fails to develop is that of allied services. The Government is going for repayment in the case of HMSO services. The "Rayner projects" included two other services, accommodation (PSA) and central training (CSD). I differ from both reports in believing that repayment for such services is the correct way in bringing home the actual cost of resources consumed. As a whole, the projects confirm my view that Government is not sufficiently conscious of the value of its resources, whether human or material. I shall want to pursue this in my conventions exercise.

i. Another example, less of obscurity of relationships, than of the proliferation of systems related to each other, is the area

covered by DHSS, DE and the MSC. Here, it seems to me as an outsider, there are two opportunities for rationalisation. Either one recognises that the Unemployment Benefit Service is part of the Social Security System and merges the two, with consequential savings in staff and overheads, or one accepts that it is not really sensible to have an Unemployment and an Employment Service alongside each other, again with separate regional, area and local staffs and overheads. Neither choice could be effected without upsetting interest groups and established policies; neither could be effected quickly; but looking at it from the point of view of the taxpayer, there are substantial benefits to be had here.

j. Another instance of lack of cost-consciousness is that of providing services to certain client groups at a low or no charge, eg licences for the use of radio frequencies and services to exporters. Where government provides a service which people need for pleasure or profit it is generally (but not universally) sensible to charge. Accordingly, I agree with charging for services on a full-cost basis, always provided that the full costs are in themselves justifiable. More fundamentally, there must be a question whether our practice in leading industry and commerce to expect services from government which they could provide for themselves is right. On export promotion, we differ from some more successful nations which expect (indeed make) business and industry finance their own overseas effort.

k. Finally, I am left with a clear impression of the difficulty of supporting both the Prime Minister of the day and Ministers in their collective responsibility for the effective

management of resources. I believe strongly in responsible and powerful management by individual Ministers and their Departments; I have not yet felt my way to the right balance between Ministerial and departmental responsibilities and those of the central departments acting in support of you and the Cabinet. I shall want to pursue this further in my conventions exercise. For the moment, I should say that I regard the central Departments as having a key role in helping to control the cost of administration and that I have accordingly drawn upon them in appraising the project reports sent to me.

STAFF AND THE STAFF ASSOCIATIONS

20. I was pleased with the general atmosphere in the Customs and DES offices I visited, and with the sense of application in all offices. But I was distressed by some of the working conditions and equipment available to staff in the local offices of the DE, the DHSS, and Inland Revenue I visited. The staff turnover is often high. This indicates, among other things, low satisfaction with the work and is very expensive in terms of recruitment, training and the time of local managers. At the DHSS office I visited in Hoxton, staff "waste" at the rate of 45% a year. Some of the main reasons for this (apart from the fact that they can get £500 a year more working for the local authority) are these:

- Antiquated office machinery, especially for over stamping payment order books, which sprays ink over the operators.
- The operators are not given overalls, allegedly because of public expenditure cuts.

- Because there is a £30 limit on the size of payable orders, clerks have to print out many second orders, often for a very small amount.
- Girocheques for beneficiaries are written out by hand.
- The regulations are very complicated and local supervisors spend a lot of time explaining them to new staff.

21. Staff themselves have been, almost without exception, helpful to and interested in the projects. In my experience, the knowledge and experience of staff actually doing the work are of immense value. So I am keen to see effective consultation with departmental staff during future projects. There should be an honest but not excessively protracted attempt to consult departmental staff sides. I myself have encountered only the tiniest difficulty with departmental staff sides. Some project officers have been denied co-operation but in general staff sides have either been helpful or not unhelpfully inactive.

22. As for the staff associations, I had an excellent meeting with officers of the "industrial" trades unions, who were full of ideas, and two not unfriendly meetings with the "non-industrial" General Secretaries. Both feel, of course, that they have seen it all before. Some have good ideas, which they are prepared to put to me privately. The difficulty for some General Secretaries is that while they are quite stimulated by the efficiency exercise, it is indistinguishable (they say) in their members' eyes from the staff "cuts" exercise.

PUBLISHING THE RESULTS ACHIEVABLE BY MINISTERS

23. The déjà vu is important. I would like to think that all the exercises in which I am involved helped to free your Administration of the need to bring in people like me. The need is for robust management by Ministers and officials, as much of it exposed to public view as possible. The lack of firm management practice, of firm definition of managerial responsibilities and of information to show whether management is effective or not breeds a general lack of confidence. Ministers and senior officials need so to practise their job as managers as to win and keep the leadership of their staff and the reasonable confidence of the public. The issues are often complex, as some of the projects show. I firmly believe that making information about them available, to the staff side, to the public generally and to the interest groups concerned can only be to the good, provided that this is not simply procrastination and that the Minister does have a firm intention to reform his Department's use of resources.

Action 5

24. I advise that a statement should be made about the expected outcome of the "Rayner projects" and also that each Minister should be willing to make available the project officer's report or material drawn from it.

Action 6

25. In your Minute of 4 June, you envisaged that the outcome would in some cases be published as exemplary. If this is still your view, I recommend that the following should be published with the agreement of the Minister concerned. Except for the DHSS one, these are among the shorter documents, but some of the longer ones are also very readable.

Action 7

- The DHSS report on the payment of social security benefits. ✓

- The Inland Revenue report on the PAYE Movements Form P45.
- The Home Office report on the Radio Regulatory Department.

RECOMMENDATIONS

26. I invite you

Action 1
(para. 8)

a. to agree that I should report to you later on some cases if necessary, eg the FCO/ODA merger; ✓

Action 2
(para. 14)

b. to encourage Ministers to finalise action plans and keep to the implementation timetable so as to achieve the savings indicated; ✓

Action 3
(para. 17)

c. to emphasise to Ministers the importance of effective follow-up arrangements within their Departments. ✓

Action 4
(para. 17)

d. to indicate whether there are projects with which you would like me to continue to associate myself; ✓

Action 5
(para. 24)

e. to consider whether a statement should be made on the outcome of these projects; ✓

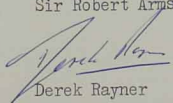
Action 6
(para. 24)

f. to encourage Ministers to make as much information about projects available as possible; and ✓

Action 7
(para. 25)

g. to consider whether any of the reports should be published as exemplary. ✓

27. I am copying this to Sir Ian Bancroft and Sir Robert Armstrong.


Derek Rayner

30 November 1979

SAVINGS ATTRIBUTABLE TO RECOMMENDATIONS

1. Projects producing savings in or affecting services to the public

Department	Project	Annual Saving (£m)	Staffing Consequences	Once-for-all savings (£m)
DHSS (Note 1)	Change frequency of benefit payments; pay some into bank accounts	Main 39.6 (Note 2) (by 1987/88)	(Note 5)	-
	Administrative reform	Secondary 10.6 (by 1987/8)	- 180	-
Trade	Services to exporters	10	- 75	-
Manpower Services Comm. (Note 4)	Rationalise Skillcentre network	8.0 (Note 5)	-	41.5 (Note 5)
	Change in training allowances	Uncertain (Note 5)	-	
Home Office	Radio Regulatory Department	2.9	- 15	-
DF (Note 4)	Administration of farm capital grants	2.5 +	- 395	-
Northern Ireland Office	Public debt	Unascertainable	Unascertainable	Unascertainable
	Rate collection system	1.19	- 195	
Inland Revenue (Note 4)	PAYE Movements Form P45	1.90	- 355	-
Welsh Office	Control over LEA building	0.09	-	-
	Control over Highway Authorities	0.10	-	-

Department	Project	Annual Saving (£m)	Staffing Consequences	Once-for-all Savings (£m)
Scottish Office	Consultative Committee on the Curriculum	0.20	-	-
DES	Administration of the Teachers' Pension Scheme	0.16	- 27	-
Lord Chancellor's Dept	Attachment of Earnings procedure in the County Court	-	-	-
Op	Work of the Road Construction Units	-	-	-

2. Projects producing savings in or affecting Government only

MOD	Food procurement for the armed forces	1.65	- 400	12
Industry (Note 4)	Statistical services of Depts of Industry and Trade	1.25 +	- 60 +	-
FCO/ODA	Merger of the FCO and ODA	0.11	- 11	-
HM Treasury	Paper handling and the Registry System	0.04	- 5	-
Energy	Organisation of R&D in new energy technologies	[10-15%?]		-

3. Projects in which I am pursuing with the Minister concerned the level of savings derivable from them

PSA	Estate management in Kingston	-	-	-
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Department	Project	Annual Saving (£m)	Staffing Consequences	Once-for-all Savings (£m)
PSA	Description of energy conservation in the Government Estate	N/A	N/A	N/A
CSD	Charging for some courses at the Civil Service College (Note 6)	-	-	-

NOTES

General

A. The following projects are still to be completed or submitted:

- Employment: The peaking of work in Unemployment Benefit Offices.
Part-time working in local Benefit Offices.
- National Savings: The handling of letters from the public.
- Customs & Excise: The organisation of the London, Brighton and Dover Collections.
- Environment: The provision of management information for Ministers; Maintenance Economy Review, Bath Area (PSA).

B. The cost of completed projects is £220,000.

Specific

1. Included in Annex 2 (possible future savings) of the Lord President's paper on Further action to reduce the size of the Civil Service (C(79(57))
 2. Speculative.
 3. I shall be discussing the staffing consequences with the Secretary of State for Social Services, as I do not find their treatment in the report convincing.
 4. Included in Annex 1 of the Lord President's paper (committed reductions).
 5. Skillcentres: £5m of the annual savings will not be fully achieved until 1982/83, and are derived from proposed cuts in the forward capital programme.

£3.1m of the once-for-all savings represent proceeds from the sale of premises in 1982/83.

£38.4m of the once-for-all savings derive from proposed cuts in the forward capital programme in the period 1979/80 to 1983/84.
- Allowances: The net financial consequences of the report's recommendations cannot be calculated at this time, being dependent upon completion of a further stage in the review. The gross savings

Allowances: arising from simplification of TOPS, the reform of YOP and computerisation amount to £28.9m pa.
(cont.) Against this however will be set the costs associated with the changed structure of allowances, to be determined on completion of a further stage in the review.

6. This project was to examine charging for an allied service. Savings could arise only from the exercise of the discipline imposed by charging and I shall be pursuing this with Mr Channon. Similarly, in some other projects (eg the Treasury registry system), the staffing consequences deal only with immediate savings, whereas the improvement and tightening of operations should provide opportunities for further savings as they take effect.

1. PROJECTS PRODUCING SAVINGS IN OR AFFECTING SERVICES TO THE PUBLIC

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Mrs Lynda Chalker MP; Mr N R Warner, Mr G E Grimstone and Mr A H Baker
£25,000* (including £6,000 on market research)

Arrangements for paying Social Security benefits

The main recommendations made by the report are that -

1. Apart from Child Benefit, all social security benefits now paid weekly should be paid fortnightly, except for people now aged 80 or more, those on Supplementary Benefit or Family Income Supplement who wish to be paid weekly or where medical statements do not allow it.
2. Child Benefit should be paid 4-weekly, except for those on Supplementary Benefit and FIS who wish to be paid weekly.
3. Recipients of most Social Security Benefits should be able to have them paid into bank accounts.

The net savings from reducing frequency of payment and paying by direct credit are calculated at £6m in 1981-82, rising to £39.6m on full implementation by 1987-88.

Secondary recommendations are made for improving services to DHSS customers and administrative practices in the payment of benefit. The net savings from these are calculated at £1.5m in 1981-82, levelling off at £10.6 m in 1987-88.

The staffing consequences of these proposals are broadly: main recommendations, + 550 permanent posts; secondary recommendations, - 180 posts. Net effect: + 350 posts.

Remarks

The net financial effects are very promising, levelling off at £50m in 1987-88. But while endorsing the proposals generally, I have raised with the Secretary of State the questions whether -

- a. he could not go to monthly payment for most benefits at one go, bringing the United Kingdom into line with other advanced countries;
- b. the new permanent posts are needed; and
- c. he should make a full statement of the case to help overcome public suspicion of the changes and probable Post Office opposition to them.

I expect to discuss this with Mr Jenkin shortly.

*The sum given at this point in each note is the cost of the project up to the report by the project officers.

DEPARTMENT OF TRADE

Mr Cecil Parkinson MP; Dr J P Spencer £8,500

Services to Exporters

The report recommends -

1. That all but one of the existing services should be continued, but with adjustments in some, and that apart from general information and advice, cost-related charges should be imposed where possible, with exceptions where appropriate for pump-priming schemes of support.
2. Certain organisational changes to avoid both duplication and loose connections.
3. Strengthened management and control.

The financial consequences depend critically on the precise charges imposed and on the consequent changes in usage of the services concerned, for example in trade fairs. Staff savings could be between 75 and 110 (5-8%) over the period 1980-85 and cost savings up to £10m (23%).

Remarks

I have yet to discuss the recommendations with Mr Parkinson.

MANPOWER SERVICES COMMISSION

Mr Richard O'Brien, Chairman; Mr R Phillips Two projects: £19,408

A. Rationalisation of the Skillcentre Network

The report recommends rationalising the network of 69 Skillcentres and 32 annexes by -

1. The early closure of 5 Skillcentres and 5 annexes (March 1980), followed by the closure of another Skillcentre later.
2. The later review of 5 Skillcentres and 2 annexes in the light of their continuing performance.
3. The abandonment of postponement or 13 capital projects.

The financial consequences of 1 above are savings of £5m pa plus estimated sales proceeds of £5.1m in 1982-85, and of 3 above are total capital savings of £38.4m by 1983-84 and associated annual savings of £5m pa from 1982/85.

Remarks

I have written to Mr O'Brien agreeing with the proposals which are courageous and politically very controversial indeed, as the areas affected are those worst hit by economic decline. The Commissioners will not like them (and this will be a good test of their capacity to manage the Commission's resources effectively) nor, I suspect, will the Secretaries of State for Employment, Scotland and Wales.

B. Review of TOPS and related allowances

This is intended by the MSC as the first part of a study designed (a) to identify and cost options for reforming the structure of allowances (stage 1) and (b) to translate the selected option into a practical structure of allowances (stage 2). The report recommends -

1. A new basic rate for all TOPS and ERC trainees, embodying an element for some of the expenses now rated separately (eg daily travel).
2. That stage 2 should test whether extra "inducements" would correct failure to recruit to certain TOPS and ERC courses.
3. That payment for periods of unauthorised absence from Youth Opportunities Programme placements should cease and that there should be certain other improvements in respect of YOP.
4. That there should be further work aimed at administrative savings.

The net financial consequences of these recommendations cannot be calculated until stage 2 is complete. The gross savings arising from simplification of TOPS, the reform of YOP and computerisation amount to £28.9m. Against this will be set the costs associated with the changed structure of allowances to be determined in stage 2.

Remarks

I have written to the Chairman of the MSC. There are some fundamental issues here which I shall want to discuss with him.

HOME OFFICE

Lord Belstead; Mr J D W Janes CB £5,900

Review of the Radio Regulatory Department

The report makes a number of recommendations about the internal organisation of the Department, but its main thrusts are these -

1. To clarify the purposes of regulating the use of radio frequencies and to exempt certain classes of low-power device from regulation.
2. To clarify the character and extent of the charges made by the Department, including the proposition that manufacturers should meet the full costs to the Home Office in all type approvals.
3. To clarify the relationship between the Home Office and the Post Office on the basis of a firm contract for the work to be done by the latter on an agency basis.
4. To regularise the distribution of responsibility between Departments for relevant functions.

The financial consequences are a saving in staff and staff costs of some 15-20 posts and £155,000 pa and a major saving in increased income from licence and other charges, amounting to a total of £2.75m pa (although some of these charges might be controversial).

Remarks

I have endorsed the report in a letter to Lord Belstead.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

The Rt Hon Peter Walker MP; Miss V K Timms, Miss N R Caswell £13,387

Administration for farm capital grants

The report recommends a radically streamlined capital grant scheme, under which MAFF would do less to influence the farmer's capital investment decisions and the farmer would have correspondingly greater responsibility for the nature, cost and timing of his own investment. The financial consequences are these, although they cannot be realised at once and are restricted to direct administrative savings by MAFF -

1. Staff savings of 395 man-years (59%)
2. Salary cost saving of £2.5m pa, rising to £3.8 m in the longer term.

Remarks

I have agreed with the Minister that the principle should be accepted, including the abolition of prior approval, simpler tests of eligibility, more use of private consultants and further reductions in checking and inspection. We expect to agree on a "proposed action" document shortly.

NORTHERN IRELAND OFFICE

Mr Hugh Rossi MP; Mr W G McKeown, Mr G Hannigan and Mr A W Hamilton (Public Debt)
Mr W G McKeown, Mr D Kennedy and Mr C W Millar (Rate Collection)

Two projects: £25,912

A. Public Debt

The report recommends replacing existing methods for recovering public debt under controversial 'emergency' legislation (whose repeal it urges) by measures designed to promote the return of a normal relationship between creditor bodies and their customers -

1. In cases of default, amounts should be withheld from supplementary benefit in respect of current rent and fuel charges plus a sum towards arrears. They should be remitted direct to the NI Housing Executive and to public sector fuel enterprises.
2. The powers of the Enforcement of Judgments Office should be extended to permit attachments from National Insurance Benefits etc.
3. Debtors should be able to ask DHSS (NI) or public sector employers to make payment direct from their benefits or wages to creditor bodies.

4. DHSS (NI) should, subject to safeguards, be asked to supply information on the whereabouts of debtors who have moved house.

5. Co-operation with and between creditor bodies and Government Departments should be improved.

The consequences of these recommendations should include a reduction in the size of public debt in NI (£26.7m in March).

Remarks

I have discussed this highly political, intractable subject with Mr Rossi. I regard the recommendations as a matter of political judgment and public presentation on which I have little to contribute. He regards the main financial objective as being to prevent current debt from getting out of hand and takes a realistic view of the possibility of recovering accumulated debt. The proposals are put forward by the authors as a package, but those at 2 and 4 will depend for their implementation on the views of the Lord Chancellor and the Secretary of State for Social Security.

B. The rate collection system

The report concludes that the rate collection administration is too big and that the system is slow and cumbersome in recording and accounting for receipts. It proposes that -

1. The present 26 local Rating Offices should be closed and replaced by 9 new offices based with the present District Valuation Offices.
2. A new computer system should be introduced quickly to cope with much of the work.
3. Northern Ireland rating legislation should be brought more closely into line with Great Britain practice.

The financial consequences are a saving of 195 posts out of 347 (56%); a saving of £1.19m pa out of £2.39m pa (50%).

Remarks

I welcome these dramatic savings which I have discussed with Mr Rossi. He wishes in principle to put the recommendations into effect, but he has not yet committed himself to a definite figure for reductions either in staff or the number of local offices pending further study (which is in hand) of the wider implications for Civil Service staffing in Northern Ireland of the recommendations.

The NI Department of Finance (the lead Department for both projects) is preparing plans for the implementation of both reports. Subject, in the case of public debt, to the agreement of the DHSS (GB) and the Lord Chancellor's Office, we hope to receive completed "proposed action plans" by mid-January.

INLAND REVENUE

Lord Cockfield; Mr A Pinder £12,000

PAYE Movements Form P45

This report recommends simplification of the procedure to be adopted by employers and Tax Districts when a new employee starts work in those cases where he/she is unable to produce Form P45 (nearly half of all cases).

The staffing consequence is a saving of 355 posts (out of 3,000 = 11.5%). The financial consequence is a saving of £1.9m pa (out of £16m pa = 11.9%). Savings are expected to start flowing in late 1980.

Remarks

I have written to Lord Cockfield agreeing with the recommendation made, subject to some minor qualifications.

WELSH OFFICE

The Rt Hon Nicholas Edwards MP; Mr P E Loveluck Two Projects: £9470

A. Administration of controls over local authorities: LEA building

The report looked critically at the relationship between the Welsh Office and LEAs in the light of the Government's intention to reduce the level of control. It recommended that building control as such should be ended, but that there should be legislative provision to specify standards for education building; that LEAs should have a duty to comply with such standards and, where they do not, to obtain a dispensation from the Secretary of State; that LEAs should have to certify compliance; and that the Secretary of State should have the power to require LEAs to provide plans and cost information for completed schemes. Subsidiary recommendations would relax the suggestion that local authorities should clear draft Compulsory Purchase Orders with the Office and raise the level at which the Office would scrutinise voluntary school building projects.

The financial consequences of the recommendations could be annual savings in staff costs of about £90,000.

Remarks

I have written to the Secretary of State endorsing the proposals subject to some minor points of clarification.

B. Administration of controls over local authorities: Highways

One finding of the project as a whole was that the existence of the Welsh Office can make local authorities lean too much on central government support or checking, which in turn can foster a paternalistic and needlessly fussy attitude by Welsh Office staff. The recommendations of this report recognise that there is a role for central government, for example where the Secretary of State is the Principal in respect of motorways and trunk roads, but argue for a reduction in central control by specifying more clearly the roles to be played by the Welsh Office and local authorities and by greater use of contractors

and consultants for construction and design work. There are also minor recommendations, for reducing the Welsh Office profile on road safety and on developments adjacent to trunk roads.

The financial consequences of the removal of controls are expected to be savings of about £100,000 pa in staff costs.

Remarks

I have yet to write to the Secretary of State.

SCOTTISH OFFICE

The Earl of Mansfield; Mr J S B Martin £5,600

Consultative Committee on the Curriculum

The report made numerous recommendations as the future organisation of the Committee, which advises the Secretary of State for Scotland on how to carry out his role of advising education authorities and the teaching profession on the curriculum. I discussed the critical assumption that the Committee should be retained with the Minister of State; Mr Alex Fletcher MP; Sir William Fraser; and the head of the Scottish Education Department. As a result, although I find the distribution of accountability for the curriculum as between the Secretary of State, LEAs and the teachers somewhat confusing, I have told the Minister that in my view the CCC should be kept but its status should not be that of a body established under company law (as recommended), it should be advisory and the number of staff in colleges of education concerned with curriculum development should be reduced. As a consequence of this the Secretary of State will require some additional staff in this field. I am awaiting formal agreement with the Minister.

The savings from the recommendations in the report were expected to be £200,000. I hope that the savings from the alternative version will not be substantially less.

DEPARTMENT OF EDUCATION AND SCIENCE

Lady Young; Mr R W Chattaway £4,675

The administration of the Teachers' Pension Scheme

The report concluded that the administration of the scheme is well managed by DES and that the real issues meriting attention arose from the nature of the scheme, rather than its administration. On the assumption that DES should continue to administer the scheme, the report recommends that -

1. The notional fund should be abandoned.
2. The scheme should change to a non-contributory basis.
3. Private employers should either be excluded or charged a realistic fee.

4. There should be a central review of administrative practice in the various public sector pension scheme.

5. There should be a number of administrative changes, or studies of change, including the relationship between the DES in Darlington and its paying agent, the Paymaster General's Office in Crawley; the use of small computers; and the use of expensive unused computer accommodation at Faverdale.

Remarks

The report raises issues which go well beyond DES. Nonetheless, I have told Lady Young that I am dubious about the need for some of the work being done at Darlington, especially the labour associated with the checking of teachers' records, and that in principle a non-contributory scheme seems preferable. On the purely administrative side, I think that there is scope for reform, in particular in relation to the Crawley connection, the checking of records and unused accommodation.

If the result were confined to the improvement of present practices, the financial consequences would be savings of 27 staff, at a salary cost saving of £165,650 pa. If the result included the abandonment of the notional fund and the adoption of a non-contributory scheme, there would be savings of 59 staff, at a salary cost saving of £399,955 pa.

LORD CHANCELLOR'S DEPARTMENT

Sir Wilfred Bourne; Mr C F Tye £10,460

Attachment of Earnings Procedure in the County Court

The main recommendations are that -

1. County court Registrars should consider adopting a model procedure which will allow attachment of earnings orders to be made in the shortest possible time.
2. The LCD should review the level of the statutory fee which employers can take from the debtor employee for each deduction made under an attachment of earnings order. This fee, currently 13p per deduction, has not been reviewed since 1976.
3. The LCD should notify employers' organisations of the bulk payments facility that exists for employers who have to comply with attachment of earnings order from several county courts, and review the operation of this arrangement.

The effect of adopting the model procedure would be a better service to creditors. But, the report concludes, there will be no savings in administrative costs. The recommendation relating to bulk payments and the employers, fee will serve to reduce the complaint made by employers that the attachment of earnings procedure is burdensome.

Remarks

I have yet to write to the Lord Chancellor's Department.

DEPARTMENT OF TRANSPORT

Mr Kenneth Clarke; Miss R L Crafts £7,750

The work of the Road Construction Units

The report's main recommendations are these -

1. The RCU sub-units should be generally run down in number and size by a planned transfer of work to the private sector consultants.
2. The RCU HQ organisation should be merged with the DOE/DTp regional organisation.
3. Minimising administrative and organisational overlap.

The financial consequences are not indicated.

Remarks

I have yet to write to the Minister.

2. PROJECTS PRODUCING SAVINGS IN OR AFFECTING GOVERNMENT ONLY

MINISTRY OF DEFENCE

Lord Strathcona; Mr C S Ponting £8,500

Food Supply for the Armed Forces

The main finding is that substantial economies are possible within the present system without affecting the quality or quantity of food supplied and while still meeting War Reserve requirements. The possible economies identified are:

1. Review of food specifications and packaging. £50,000 pa
2. Reducing stocks to War Reserve level and eliminating duplication. £12m once for all
3. Consequential savings from reducing stocks and rationalising distribution system. £1m pa & 200 staff
4. Creation of a single procurement agency. £0.6m - £3m pa & up to 200 staff

Summary: Once for all, £12m; annual, £1.65m - £4m; up to 400 staff.

Remarks

I endorsed the report in October, suggesting more precision in some recommendations as to who was to do what by when. Lord Strathcona tells me that the Secretary of State has remitted the report to the Steering Group on Supply Management under Mr Hayhoe MP and that it in turn has appointed a team to carry forward Mr Ponting's work. Some recommendations will be dealt with quickly, others will be wrapped up in the Supply Management exercise, which is due to report by 1 April 1980. I shall continue to associate myself with this exercise and press it forward.

DEPARTMENT OF INDUSTRY

Lord Trenchard; Mr R de L Holmes £9,000

The statistical services of the two departments

The report recommends:

1. A number of reductions in statistical work, subject to consultation with statistics users.
2. Reviewing the need for continuing the monthly index of production.
3. Applying questions derived from the project to all proposals for new statistical inquiries and to all reviews of existing inquiries.
4. Reduced duplication as between the London HQ and the Business Statistics Office, Newport.

5. Increased efficiency in organisation, working methods and the use of resources.
6. Strengthened machinery for decision-making and resource management.

The financial consequences, realisable over the period 1980-85, are the savings of 60 - 100 staff (3.9 - 7.4%) and of £1.25m - £1.9m (8.7 - 13.5%), attributable to 1, 4 and 5 above.

Remarks

I have yet to write to Lord Trenchard.

FOREIGN AND COMMONWEALTH OFFICE (INCLUDING THE OVERSEAS DEVELOPMENT ADMINISTRATION)

The Hon Douglas Hurd MP; Mr C C W Adams (FCO), Mr M C McCulloch (ODA) £17,585

The merger of the FCO and the former ODM

The report does not agree that a reality can be made of total merger, but recommends integration where appropriate, namely:

1. Establishment of a jointly staffed FCO/ODA Aid Policy Department in the ODA.
2. Establishment of a jointly staffed FCO/ODA Economic Relations Department in the FCO.
3. Establishment of two more joint geographical Departments on an experimental basis.
4. Consequential adjustments to the ODA Development Co-ordination Department and the FCO's Trade Relations and Export Department.
5. Eventual co-location of the FCO's United Nations Department and the ODA's two United Nations Departments.
6. Eventual rationalisation of the FCO's three and the ODA's one Information Departments into two joint departments.

The financial consequences of 1 - 4 above are limited to a saving of 11 posts at an annual saving of £0.11m. The savings for 5 and 6 have yet to be assessed. The report also recommends that serious thought should be given to eventual co-location of the FCO and ODA.

Remarks

I have yet to let Mr Hurd have my reactions to these recommendations.

H M TREASURY

Lord Cockfield; Mr F K Jones £8,500

Paper handling and the Registry System

The report recommends the re-organisation of clerical services in 3 tiers with:

1. Most clerical staff now in clerical sections instead allocated to Principals and SEOs in the divisions.
2. Three "Sector Registries" covering most of the Treasury.
3. A Chief Registrar's office, directly managing only the sector registries, the HEOs dealing with personnel and records and a clerical support unit for the Establishments and Organisation Group.

The financial consequences are estimated as follows:

a. Transitional staff costs to introduce the new system:	£15,060
b. Transitional capital and associated costs:	£27,908
c. Annual staff savings of at least 5 posts:	£37,630

Remarks

I have written to the Minister of State endorsing the report. Its real significance is not in the modest savings, but in offering the prospect of a more efficient (and humane) use of the clerical staff, at the same time preventing senior staff from doing paper work themselves which duplicates that of the clericals and is thus wasteful on two counts.

DEPARTMENT OF ENERGY

Mr Norman Lamont MP; Mr J D West £7,500

Research and Development on new energy technologies

The report's recommendations are about the organisation of the various parts of the Department which have an interest in research and about the relationship between the Department and two units which it finances at UKAEA, Harwell, and which manage a substantial part of its R and D effort. It recommends means of making and co-ordinating R and D policy at the top of the Department; regularising the Department's relationship with Harwell by means of a contract for research services and by taking over the "strategic" role played by one of the Harwell units; and bringing together the Department's own R and D sections in the form of a new "Chief Scientist's Division", headed by a new Under Secretary post.

The consequences have been roughly estimated as a reduction of about 20 posts (savings of 10 - 15 per cent).

Remarks

I have sent Mr Lamont a letter, commenting on some of the underlying assumptions in the report; agreeing with the proposals on machinery for policy-making and regulating the relationship with Harwell; but querying the case for the new Chief Scientist's Division - I can see the case for this intuitively, but not intellectually.

3. PROJECTS IN WHICH I AM PURSUING WITH THE MINISTER CONCERNED THE LEVEL OF SAVINGS DERIVABLE FROM THEM

PROPERTY SERVICES AGENCY

The Rt Hon Tom King MP; Mr G J B Donaldson £12,000

Management of the Civil Office Estate, Kingston-upon-Thames

The report comments on the management of the Civil Office Estate at large on the basis of a description of the work of PSA Estate Surveyors and to some degree of Works staff also in Kingston. It makes a number of recommendations specific to the management of the estate, and especially of that part of it owned by the Crown, and more generally about the functions of PSA management in relation to those of Departmental management; the recommendations include the proposal that Estate Surveying and Works staff should gradually be co-located. The report briefly discusses the question of repayment for accommodation by departments.

The financial consequences of the recommendations made are modest by the nature of the report.

Remarks

I have discussed the report with Mr Geoffrey Finsberg MP, a Parliamentary Secretary at DOE, the Hon Timothy Sainsbury, PPS to the Secretary of State, the Chief Executive and officials of the PSA. As a result, we are about to finalise our agreement on a list of detailed recommendations arising from the report. To my mind, the main issues which emerge are those of repayment; whether or not the Estates Surveying and Works staff can be unified as well as co-located; and obtaining the best return for the taxpayer on Crown assets. I shall be pursuing the first of these (repayment) in the context of my conventions exercise, the other two in continuing discussions with the Ministers responsible for the PSA.

PROPERTY SERVICE AGENCY

The Rt Hon Tom King MP; Mr M J Fuhr £3,700

Energy Conservation in the Government Estate

The main conclusions and recommendations are -

1. Since 1975/76 PSA has regularly achieved energy savings in the Government Estate of 30 per cent in real terms on 1972/73 levels.
2. The PSA Board has set a new energy conservation target: by 1982/83 energy consumption must be reduced by 12 per cent of its 1978/79 levels.
3. A new inter-disciplinary Energy Conservation Unit should be established to ensure a coherent energy strategy.
4. Energy monitoring systems should be improved and greater responsibility for energy conservation should be laid on the Departments and the individual line manager. Consideration should be given to providing electricity on a repayment basis.
5. The PSA has decided that up to 60 more staff should be assigned to energy conservation work in the United Kingdom.

The energy savings achieved by PSA to date are worth £60 million a year. If the new targets are met - and the report's recommendations on improving the present administrative structure and lines of accountability should help to ensure that they are - further savings of £19 million a year will be obtained.

Remarks

This report is intended by the PSA to tell a "good story". I wanted some success stories in this project and I welcome it as such. I shall be writing to the Minister welcoming the achievements to date, the new target and the proposals for improving Departmental and line management responsibility and accountability.

CIVIL SERVICE DEPARTMENT

Mr Paul Channon, MP; Mr R B Saunders £7,900

Charging for some courses at the Civil Service College

This report considered whether courses now provided by the Civil Service College should be provided on a repayment basis rather than, as now, on allied service terms. Its conclusions were, broadly, that -

1. Repayment would give a better accountability for what takes place at the College and would encourage the efficient use of college resources.
2. But it would not necessarily lead to better decisions by Departmental Management about whether particular individuals should take training at the College.
3. And it would lead to a distinct shift in the character of the service provided by the College - forcing the College "down market".
4. It is impossible to mitigate the effect of 3. without keeping the allied service arrangement and the decision whether to go for repayment should take account of whether the "shift" would be acceptable.

The report does not make a firm recommendation. As for financial consequences, it estimates that repayment would mean modest increases in administrative costs for the College and for Departments.

Remarks

I have minuted to Mr Channon, pressing the case for repayment.

PART 3 ends:-

S/SENOIS to PM & atts 29.11.79

PART 4 begins:-

D. Rayner to PM 30.11.79

