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PREM 19/243

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Promotion of Efficiency and Elimination
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GOVERNMENT

MACHINERY

Part 1: May 1979

Part 5: February 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
18.2.80		17.4.80					
19.2.80		9.5.80					
20.2.80		30.5.80					
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ENDS.

PREM 19/243

Material used by
official Historian
DO NOT DESTROY

PART 5 ends:-

MAP to JOE

PART 6 begins:-

DHSS to ind 5/6



JH
file
Gov Machinery
a Clive Priestley

10 DOWNING STREET

From the Private Secretary

30 May 1980

You will have seen my letter of today's date to Clive Priestley recording the Prime Minister's comments on Sir Derek Rayner's minute of 22 May about the Bath Maintenance Economy Review.

The Prime Minister has noted with particular approval the excellent work of Mr. Turtle throughout this exercise. She has asked that her comment be recorded on the relevant file and that Mr. Turtle should be informed of this.

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

M. A. PATTISON

David Edmonds, Esq.,
Department of the Environment.

D/R 30-8-80.

JH



10 DOWNING STREET

From the Private Secretary

30 May 1980

The Prime Minister has seen Sir Derek Rayner's minute of 22 May about the Bath Maintenance Economy Review.

She has noted with approval the action taken so far by the Ministry of Defence and the action in hand at the Property Services Agency.

The Prime Minister would like to be informed when the surplus assets have been disposed of and what sums are realised from this.

I am sending copies of this letter to the Private Secretaries to the Secretaries of State for Defence and the Environment, the Lord President of the Council, Lord Strathcona and Mr. Finsberg.

M. A. PATTISON

Clive Priestley, Esq.,
Cabinet Office.

TGR



1.
(for week-end)

10 DOWNING STREET

PRIME MINISTER

22/5/80

Here is a report from Derek Rayner about follow-up to the study of the use of Ministry of Defence accommodation in the Bath area. He asks that you simply note with approval the action so far taken both by MOD and PSA.

~ ~

MA

- ① Note with approval action by MOD + being taken by PSA. Please let me know when the assets are disposed of and for how much.
- ② Note with approval the week-end work

29 May 1980

7 Dr. Smith throughout
Please record on the
relevant file + and let him
know. orb

See MAP's note
to PM 29.5.80

BATH MAINTENANCE ECONOMY REVIEW

1. I am sorry that I have not let you have an earlier note on progress with the implementation of the recommendations made by Mr Turtle and his team in the Bath Maintenance Economy Review. The delay is due entirely to the pressure of work on my office and me, not to the Ministry of Defence (MOD) and the Property Services Agency (PSA).

2. I am glad to report that follow-up action is well in hand. Moreover it has been decided to mount a further 20-30 Maintenance Economy Reviews this year (two-thirds of which will be on the Defence Estate) and 10 are already under way. The general question of the under-use of defence property is being reviewed by the MOD.

Action by the Ministry of Defence

3. Most of the Review's major recommendations, and identified savings, related to the under-use of land and property at the three military establishments Hullavington, Keevil and Colerne. Many depended on a single, large deployment decision, the future of Hullavington. Since the responsibility for control of these assets whilst in operational use lies with MOD it has been for them not PSA to take the necessary decisions on usage. These decisions have now been taken and Lord Strathcona, who has visited the establishments concerned, has said that he is satisfied with the response that his Department has made.

4. Much of the under-use of assets arose from a delay in deciding what to do with RAF Hullavington following its nomination for closure in the 1974 Defence Review. Mr Turtle referred to the "the bureaucratic complexities of the internal MOD machine" having prevented a definitive decision. Lord Strathcona has commented to me that he would not wish to defend for one moment the Department's unconscionable delay in deciding Hullavington's future but that he does not regard

the result as representative of MOD's ordinary stewardship of its resources. I am glad to report that the station's long term use has now been decided. Moreover, and importantly, Ministers are looking at Headquarters decision making to avoid such wasteful delays in the future.

5. As a consequence of the clarification of Hullavington's future use, MOD are now able to dispose of a number of hangars and associated land (reducing the site by 20%) and 350 married quarters in the Bath area. Also, the previously "considerably under-used" barrack space will be fully used as will the Officer's Mess whose under-use was described in the Review as "particular scandalous". When a new plan of establishment has been worked out, and a review of parachute training requirements has been completed, it is thought that it may be possible to dispose of yet more of the Hullavington estate. Lord Strathcona has asked for a further report on Hullavington on 1 September.

6. At RAF Colerne, occupied by the Junior Leaders Regiment (Royal Corps of Transport) since 1976, the main recommendations related to the ineffective use of hangars, sub-standard barrack block accommodation and the questionable need for the airfield lighting system and stand-by facilities. A review of the use of hangars is now in hand, taking into consideration the planned expansion next year of the Junior Leaders Regiment. However one hangar is being made available immediately for disposal or alternative use. It is agreed that the sub-standard barrack accommodation should be demolished and a planning brief will be with the PSA in 6 months. The need for the airfield and its lighting is being considered in a review of all potential war satellite airfields. This will be completed within the next 6 months. Lord Strathcona has called for a general progress report on Colerne on 1 September.

7. The Maintenance Economy Review Team questioned the need to retain RAF Keevil which covers a site of 495 acres. Lord Strathcona has concluded that Keevil cannot be disposed of entirely, it being a necessary Dropping Zone for heavy drop parachute exercises, but 140 acres of the site have

been identified as surplus to needs and will be disposed of.

Recn 1

8. On the basis described above receipts from the disposal of property will be in the region of £6m and the remaining Defence estate property will be effectively used. I recommend therefore that you note with approval the action to date; the decision to review the Headquarters' decision making processes; and the decision of Lord Strathcona to call for further reports in September. I am writing to Lord Strathcona asking to be kept in touch with progress.

Action by the Property Services Agency

9. The Property Services Agency is responsible for disposing of assets declared surplus by MOD and for the provision of construction and maintenance services on the Defence estate. The PSA will follow up with the MOD, and take the necessary action, the decisions described above and some lesser recommendations, mainly of a construction and maintenance kind, on which action is jointly for the MOD and the PSA. Progress is being made with the firm intention to move forward quickly. PSA South West Regional HQ have invited the MOD clients to meetings to take things forward. Regular progress reports will be made to the relevant Deputy Chief Executive of PSA.


10. The Bath Review also made a number of detailed recommendations which bore directly on the construction and maintenance responsibilities of the PSA on the Bath civil and defence estate. For example grounds maintenance; fuel consumption; water consumption; building deterioration; contract methods; stores; and the use of Directly Employed Labour. I am pleased to report that action to rectify deficiencies in these areas is well in hand. The 27 recommendations relating to the use of Directly Employed Labour (DEL) are in the process of implementation as part of the wider policy on the contraction of the DEL force; and of the other 46 recommendations within the responsibility of PSA, 34 have been implemented and action has begun on the remainder, though some are being held up through lack of resources. Monthly progress reports are being submitted to the relevant Deputy Chief Executive of PSA.

Recn 2

11. I recommend that you note with approval the action to date by PSA; that progress is under way following on MOD decisions; and that there is regular monitoring by PSA Headquarters of the follow-up action being taken. I am writing to Mr Finsberg asking to be kept in touch with progress.

12. May I, in conclusion, bring to your notice the fact that Mr Turtle, who led this important exercise carried out on behalf of the Secretary of State for the Environment and as part of last year's "Rayner project", was the most junior of the "Rayner project" leaders? He is a Senior Executive Officer. The quality of his work casts an interesting light at one and the same time on the talent available within the Service and on what it can achieve if given the scope of which you spoke in your Statement on the Civil Service last week.

13. I am copying this minute to the Secretaries of State for Defence and the Environment, the Lord President of the Council, Lord Strathcona, Mr Finsberg and Mr Turtle. I also enclose for your information, copies of letters to Lord Strathcona and Mr Finsberg


Derek Rayner
22 May 1980

Encs: Copy letters to Lord Strathcona and Mr Finsberg



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-~~930 542222~~ 233 8224

22 May 1980

The Lord Strathcona
Minister of State for Defence
Ministry of Defence
Main Building
Whitehall SW1

Yes Minister

I enclose your copy of my report to the Prime Minister on progress with the implementation of the recommendations made by the Bath Maintenance Economy Review team.

I am glad that a decision has now been taken on the future of Hullavington enabling valuable resources, tied up for so long, to be freed or more fully used. I am glad also that you and your Ministerial colleagues are looking at the relevant Headquarters decision making processes.

I see that the improved use of land and property at Hullavington derives from the decision to redeploy units from Wittering and Benson. The annex to your letter of 14 March notes that this will permit the cancellation of planned works services at Wittering. Will it also make available for disposal existing land and property at Wittering and Benson? Perhaps these chain effects will be picked up in your general review of the under-use of Ministry of Defence assets?

I am very glad that your Department are co-operating with the PSA in the series of Maintenance Economy Reviews being mounted this year. As I have said to Geoffrey Finsberg, I do not know what Ministerial involvement is intended but I do think it important for Ministers to be kept in touch.

Finally, I should be grateful to be kept informed of progress with Ministry of Defence follow-up to the Bath Review, perhaps when you receive the reports that you have called for in September. I have also asked Geoffrey Finsberg if I could be kept informed with progress at the PSA end.

Derek Rayner

Derek Rayner



CABINET OFFICE

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

22 May 1980

Geoffrey Finsberg Esq MBE MP
Department of the Environment
2 Marsham Street
London SW1

Geoffrey

I enclose your copy of my report to the Prime Minister on progress with the implementation of the recommendations made by the Bath Maintenance Economy Review team.

John Delafons has kindly kept my office in touch with the follow-up and I am heartened to note the pace at which the PSA have been working to implement the recommendations in their areas of responsibility. I should be glad to be kept informed of the progress made.

I am pleased to see that it has been decided to mount up to a further 30 Maintenance Economy Reviews this year. The Bath experience has shown them to be clearly worthwhile. I do not know what Ministerial involvement is intended but, if I may say so, I think it important for Ministers to be kept in touch whilst of course avoiding excessively detailed reporting.

Derek Rayner
Derek Rayner

Mr PATTISON

REPAYMENT FOR PSA GOODS AND SERVICES

You kindly sent me a copy of your letter to Mr Ellison (Department of Industry) in response to his of 30 April to Mr Lankester.

2. You and copy addressees might like to note for the record that, following the request made earlier by the Prime Minister, Sir Derek Rayner is supervising a study by officials of repayment for PSA goods and services.

3. The study is being carried out under Treasury chairmanship with the PSA, CSD and this office in membership. The terms of reference require the study group to enable Sir Derek Rayner to submit proposals to Ministers by the end of October on the principle of repayment for services now supplied by PSA on allied service terms; to consider the respective merits of "attribution" of cost and full repayment; to examine the practical implications of each; and to advise on the timing of such changes as are recommended.

4. I am copying this to your copy addressees.

CP
C PRIESTLEY
8 May 1980

Mr PATTISON ✓

MPD
20/4 (Not previously seen)
No action now.

THE SCRUTINY PROGRAMME: DHSS ACTIVITIES IN SUPPORT OF
HEALTH-CARE EXPORTS

1. The rules of the scrutiny programme require that, in those cases where she has asked Sir Derek Rayner to take a particular interest on her behalf, the Prime Minister should have the opportunity of commenting on the findings at a stage when there is still an opportunity for her to influence the outcome.
2. The first of the relevant scrutinies to be completed is that named above.
3. I am not troubling you with the full text of the team's report to Sir George Young MP and Sir Derek Rayner, but you might like to see the attached extract, covering their conclusions and recommendations, and also Sir Derek Rayner's letter to Sir George Young of 30 April, both of which Sir Derek has told Sir George he will lay before the Prime Minister.
4. The team's main finding is that the work at present done by DHSS, costing between £0.6m pa and £1m pa, while useful, is somewhat hit and miss and possibly inimical to the real needs of the industry. The team suggests a radical shift in emphasis so that the industry itself is put into the lead by expanding the British Health-Care Exports Council to take over from DHSS specific export functions on behalf of industry. The team proposes that DHSS should help BHEC with such a reconstruction for up to three years and should gradually phase out its own work in support of health-care exports as a new strategy is developed and implemented. The effects looked for, in addition to an eventual saving of £0.5m pa, are clarifications of the roles and work of industry itself, DHSS and the BHEC. But the team very properly make the modest point that the re-oriented promotional activity they are discussing "can at best only provide marginal help so far as the export performance of the health-care manufacturing industry is concerned" (para. 1.7.8).
5. As you will see from Sir Derek Rayner's letter to Sir George Young, he has been pleased with this scrutiny; his recommendation is therefore that the Prime Minister endorse his letter to Sir George Young.

C

C PRIESTLEY
8 May 1980

Encs: Summary of conclusions and recommendations by the
scrutiny team
Letter from Sir Derek Rayner to Sir George Young,
30 April 1980

1.6 Cost of the scrutiny. We estimate this to be:

Salaries of scrutiny team:	£13,000
Travelling and subsistence:	£ 300
Time of people consulted:	£ 2,000
Estimated total cost:	<u>£15,300</u>

1.7 Conclusions

- 1.7.1 The present DHSS exports activity is largely conducted through two Branches - Industries and Exports Division, Branch 2 (IED2) and Works Group Branch, Health Building Overseas (HBO). The cost of their effort is, at the minimum, £600,000 per annum but, taking associated resource use into account, could be as much as £1m per annum.
- 1.7.2 DHSS effort impinges on a large number of organisations - FCO overseas Posts, Industry, the NHS, foreign Governments, trade and professional associations. Few agree that it is essential to their purpose. Most are agreed that, while useful and helpful, DHSS activities are fragmented, not all directed to the main problems and may be inimical to meeting the true needs of industry, in some respects, by competing with and confusing their own activities.
- 1.7.3 We think that the business of exporting is for industry. A central capacity deployed in support of individual companies is more likely to be deployed in a way which is attuned to the needs of companies if it is run by BHEC than if it is run by DHSS.
- 1.7.4 We conclude, therefore, that DHSS activities should be reorientated to form a contribution to a differently planned joint industry/Government strategy to expand and enhance the health care exports effort of the country. In this strategy, the main thrust - the striking force - should be industry, as represented by the British Health-Care Export Council (BHEC), and Government's part should be to provide pointed help, specialist expertise, finance and encouragement.
- 1.7.5 In general, DHSS should retreat from overseas activity, leaving Government input here to FCO Posts and industry itself, and should concentrate on building an export-orientated element into its activities - ranging much wider

that DHSS (and NHS) activities are geared to providing relevant, specific and rapid information and specialist expertise as and when industry or FCO Posts or overseas Governments or interests call for it. DHSS should provide an effective "door opening" mechanism to link the home based activities of UK exporters in the health care field (and NHS) to the health care requirements identified by FCO Posts or overseas Governments and interests, whilst still maintaining the traditional neutrality and impartiality required of the UK Government by overseas Governments.

- 1.7.6 From these conclusions we deduce that DHSS (and NHS) exports effort should not be diminished in scale but radically reorganised and redirected so as to build on the past 20 years investment by DHSS. If this is done, the country will provide a much more effective service for its exporters, at less cost for more input from DHSS (and NHS), because each partner will be doing the job for which it is suited. Industry will provide the entrepreneurs and executives and Government will provide the health care policies and expert back up to support the entrepreneurial action.
- 1.7.7 We recognise that our recommendations will require at least as great a change of attitude and organisation from industry as from Government; and we frankly admit that change in industry will almost certainly be more difficult to achieve than the comparatively straightforward redeployment of Government activity we envisage - given the staff changes which have already taken place or which will be required over the next few years as long serving DHSS staff retire and career planning takes its effect.
- 1.7.8 Such promotional activity can at best only provide marginal help so far as the export performance of the health care manufacturing industry is concerned. The industry earns overseas about £1000m, and even £1m of DHSS/BHEC expenditure must remain on the margin of such activity. Industry must produce the right goods at the right price and be prepared to sell them aggressively in the right place at the right time. Otherwise DHSS/BHEC efforts, past and future, will continue to pale into insignificance in the face of wider international events, such as recent events in Iran and Afghanistan; or domestic constraints, such as an overvalued pound and the erosion of the home market volume by NHS spending cuts.

But we believe that it is now an appropriate time for industry to formulate its strategy for the 1980s, in the face of its urgent requirements in respect of overseas trade, alongside a Government which is also having to re-think its strategy for the use of its limited resources in support of industry's health care effort. We state this for the following main reasons:

- this Rayner scrutiny requires a full consideration of the issues directly affecting health care exports and provides a useful peg on which to hang the necessary wider discussion;
- Whitehall is already enquiring into related areas - through a parallel Rayner study into the Department of Trade's general support for exports, a re-examination of the requirements of FCO Posts and the Department of Industry's reconsideration of industrial strategy;
- Industry has recently embarked on a process of change, through the amalgamation of various trade associations in the British Health Care Trade and Industry Council (BHTIC) and the development of a new constitution and committee structure for BHEC;
- DHSS is already engaged in a process of change affecting the home market, through the creation of the Supply Council and the amalgamation of the Supply Division and the Industries and Exports Division;
- DHSS Works Group, including HBO, is to be the subject of a staff inspection; and senior staff in IED2 have retired or been transferred without replacement, pending the outcome of this Rayner scrutiny, and further retirements and other staff changes can be expected over the next few years.

It therefore seems most appropriate to use the opportunity created by all these separate but related events to draw up a new strategy for the support of health care exports, by industry and the Government.

1.8 Recommendations.

We therefore recommend:

- 1.8.1 A health care exports team should be established within DHSS to assist industry to draw up a strategy for the support of health care exports in the 1980s, in consultation with the British Health-Care Export Council (BHEC), other Government Departments, the NHS and overseas Governments and interests.
- 1.8.2 The team should comprise two full time members from DHSS, at Assistant Secretary level (say drawn from Industries and Exports Division and Works Group, with one to be nominated leader) and should have the authority to co-opt more members as necessary - drawing from DHSS Scientific and Technical Branch, from the NHS, from FCO, from the Department of Industry, from the Department of Trade, from the Defence Sales Organisation, and from outside industry.
- 1.8.3 The team should report to DHSS Deputy Secretary, Regional Group, in his role as Chairman of DHSS Exports Steering Group; and the membership of the Steering Group should be broadened to reflect Personnel, Finance, Regional Liaison and Health Services Development interests.
- 1.8.4 DHSS Supply Division, Scientific and Technical Branch ((STB), International Relations Division, Finance, Health Services Development, Personnel, Regional and Works Groups and Medical and Nursing Divisions should each identify a focal point, within their existing resources, to respond to the exports team and to the requirements of the health care exports strategy for the 1980s.
- 1.8.5 BHEC should be expanded to take on more, specific, health care export functions on behalf of industry, including most of those at present undertaken in DHSS by IED2 and HBO, the British Consultants Bureau, the Overseas Projects Group in the Department of Trade and individual Trade Associations; and should provide the channel from industry (pharmaceuticals, equipment, supplies and works) to Government on those exports activities which require a partnership between the DHSS exports team and BHEC.

- 1.8.6 DHSS should assist BHEC with this reconstruction, for a transitional period not exceeding three years; by seconding to BHEC one Principal and two Executive Officers from IED2; and, by providing financial assistance, up to a limit of one quarter of the existing headquarters administrative cost of IED2 and HBO, to fund specific functions identified in the exports strategy for the 1980s. In addition DHSS should make available suitable space, surplus to NHS requirements - preferably in a London teaching hospital, to house a new working administration and NHS display centre to support industry's long term health care exports effort.
- 1.8.7 The Association of the British Pharmaceutical Industry (ABPI) and the Proprietary Association of Great Britain (PAGB) should be encouraged to extend more of their exports activities to include representatives from DHSS and BHEC; and to work more closely with each other and with DHSS and BHEC in BHEC's development of a health care exports strategy for the 1980s.
- 1.8.8 DHSS should gradually phase out its present activities in support of health care exports, including the present branches - IED2 and HBO - as the health care exports strategy for the 1980s is developed and implemented and BHEC and DHSS gradually build up their new roles. The aim should be to make significant headway by the end of 1980 and to complete the transition by mid-1982, when only the two full time team members (supported by focal points and their Divisions and the BHEC) might be required in DHSS.

The financial effect of our recommendation is to save eventually about £500,000 a year. The major changes should be implemented by mid-1982 and should involve no net increases in public expenditure in any one financial year.



CABINET OFFICE
70 WHITEHALL
LONDON SW1A 2AS

01 2338224

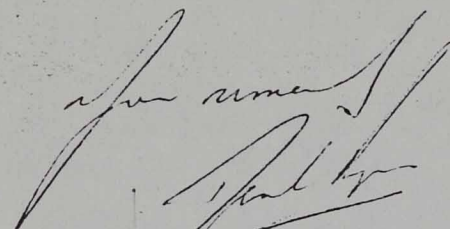
30 April 1980

Sir George Young MP
Parliamentary Secretary for Health
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
London SE1

Dear Sir George,

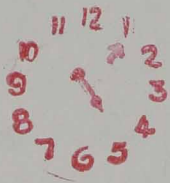
1. I read with great interest the scrutiny report on DHSS Activities in Support of Health-Care Exports. To my mind, the report exemplifies the scrutiny approach and both Mr Graham and Miss Shiells are to be congratulated on the thoroughness and excellence of their work.
2. I am completely at one with the report's conclusions on the present position, the broad direction of change identified as necessary and the means recommended for achieving that change. I do not under-estimate the difficulties of bringing into being the radical shift in emphasis proposed, not least the strengthening of the British Health-Care Exports Council. But I agree entirely with the report when it says (paragraph 3.31) that the industry must be faced with the challenge. I am sure that if pursued with determination by industry and government the new approach will result in greater effectiveness in the export effort. If industry fails to take up the challenge this would not in any case be an argument in my view for the DHSS reverting to its present lead role.
3. The case is well argued for each of the recommendations and I hope you will be able to give the proposals your full support. Proposals for change which impinge upon the interests of several groups are always particularly difficult to implement. This is as true in business as in Government. If this natural inertia is to be overcome it is my experience that there has to be a firm steer from the top.
4. I am content with the proposed timetable for action. Might I suggest however that the action plan combines in a single document Part 4 of the report and what is now described as the draft action plan? It would also I think be helpful as a management document if it were more precise on the timing of the conclusion of each of the tasks and if it indicated who is to be responsible for seeing each action through to implementation.
5. I see that it is proposed that a shortened version of the report might be published. I welcome this openness. I would ask you only to consider publishing the report in full since it is so well written and exemplifies the scrutiny approach. Moreover I believe it can only be to your advantage to make publicly available all the evidence in support of the case for change.

6. As you know the Prime Minister asked me to take a special interest in this scrutiny on her behalf. I am therefore copying to her this letter and the Report's summary of conclusions and recommendations. Copies of this letter also go to Patrick Nairne and Clifford Graham.



DEREK RAYNER

8 MAY 1980





10 DOWNING STREET

From the Private Secretary

6 May 1980

VLS
cc: JOE
HMT (CSO)
CSO (Min)
CO
Clive Priestley, CO

Dear Ian

The Prime Minister has seen your letter of 30 April (to Tim Lankester), recording your Secretary of State's view that current P.S.A. arrangements need revising.

As you say, Sir Derek Rayner has already argued strongly that Ministers should have direct responsibility for as much as possible of the cost of the resources they consume. The particular area of expenditure upon which your Secretary of State has commented is an obvious candidate for further examination in this context, and the Prime Minister would like to be kept informed of the progress of work on possible alternative arrangements.

I am sending copies of this letter to David Edmonds (Department of the Environment), Alistair Pirie (H.M. Treasury), Geoffrey Green (C.S.D.), David Wright (Cabinet Office) and Clive Priestley (Sir Derek Rayner's Office).

Yours ever

Mike Patterson

I. K. C. Ellison, Esq.,
Department of Industry.

DSC

PRIME MINISTER

In this letter, Sir Keith Joseph argues the case for departments taking responsibility on their own votes for office rent and maintenance costs.

This is very much in line with Sir Derek Rayner's strong belief in the need for Ministers to be responsible for the full cost of the resources they consume. In yesterday's Cabinet discussion you heard of some of the nonsenses that arise from the present arrangement - eg Mr. Prior's Department having no knowledge of the rent on the new building, and Mr. Jenkin's district offices being unable to get an electric point repaired because the PSA region had spent its allocation.

May we tell Sir Keith, Mr. Heseltine, and CSD that you are strongly in favour of further moves in the direction proposed in this letter?

MAD

Yes no

2 May 1980

*Copy to Mr Priestley
MA 2/10.*



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

*gc Econ Pol:
Pub. Ex. Pt. 9.*

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

PS/ *Secretary of State for Industry*

30 April 1980

Tim Lankester Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON SW1

Dear Tim

My Secretary of State has been thinking about your letter of 31 March to David Edmonds about public expenditure provision for the PSA on new works. He has noted that Mr Channon, Mr Heseltine and Mr Biffen are examining the issue further and will be reporting back in due course.

My Secretary of State hopes that the reconsideration of the issues can take account of what he regards as the unsatisfactory features of the present PSA arrangements. At present responsibility for the construction, leasing and maintenance of office and other accommodation rests with the PSA and is carried out on their vote. Individual Departments, therefore, do not meet the costs of the accommodation they occupy and in many cases are not even aware of the expenditure they incur. There is no incentive for individual Ministers to economise in the use of accommodation.

If, on the other hand, rental and maintenance costs, and possibly construction costs as well, were carried on the votes of individual Departments, there would be a clear incentive for Ministers to economise in the use of office space. A reduction in a Department's expenditure on rent and maintenance would reduce that Department's overall expenditure and might well reduce its claim on the taxpayer.

My Secretary of State has noted that Sir Derek Rayner has proposed ideas on very similar lines in his letter of 22 February to the Home Secretary about the scrutiny of Departmental costs. My Secretary of State realises therefore that Mr Channon, Mr Heseltine and Mr Biffen will be aware of the benefits which might be obtainable by transferring expenditure on rents, maintenance and construction to the votes of individual Departments.

/I ...

CONFIDENTIAL



2

I am sending copies of this letter to the private secretaries to members of the Cabinet, including the Minister of Transport, David Wright (Cabinet Office) and David Laughlin (CSD).

Yours ever

Ian Ellison

I K C ELLISON
Private Secretary

CONFIDENTIAL

CONFIDENTIAL



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1 MAY 1960



CONFIDENTIAL

BK

File

Sat
Machinery

17 April 1980

Thank you for your letter of 17 April, about the question of press cutting economies. I am sorry that so many of our colleagues felt it necessary to copy their responses so widely on this. I fear that the first full year's economies have probably been re-absorbed in the correspondence.

The Prime Minister was nevertheless grateful to learn that all departments have made economical improvements in their arrangements.

M. A. PATTISON

SP

G.D. Rogers, Esq.,
Office of the Minister of State for the
Civil Service Department



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

Minister of State

M Pattison Esq
10 Downing Street
LONDON SW1A 0AA

17 April 1980

Dear Mike,

Pt 4

When you wrote to Ian Ellison on 7 February about the economies which his Secretary of State had achieved in photocopying press articles, you expressed the Prime Minister's interest in whether other Departments could make similar savings. You asked me to enquire and let you know.

We have now had replies from most of the Private Secretaries to whom Ian Ellison copied his letter of 30 January. Savings of some £90,000 pa have been declared by this and other related economies, such as cutting back on the purchase of newspapers and magazines. Not all the replies quantified the savings so that the figure could well be higher. This is therefore a small but useful contribution to the savings along these lines in the housekeeping areas which my Minister is seeking to encourage all Departments to make (and on which he reported to the Prime Minister in his minute of 6 March).

A copy goes to Ian Ellison.

Yours sincerely
Gary Rogers.

G D ROGERS
Assistant Private Secretary

17 APR 1960



Gat Mackenzie
MFD 17/4

cc - ~~Mr Lankester -~~
~~No 10~~
 Mr G E T Green
 Mr Laughrin
 Mr Priestley -
 Cabinet Office

Mr Gaffin
 No 10

cc Econ PCL Jan 80

Index sent
Inflation Proofed Pensions:
Inquiry.

EFFICIENCY: PUBLICITY

Mr Priestley kindly copied to me his minute of 10 April.

You and I will certainly need to keep in touch about publicity for any Cabinet decisions on manpower and efficiency which are made in the near future. My Minister of State envisages that any decisions would be announced more ~~or~~ less immediately they are taken, and we are assuming here that it is likely to be CSD who will be making the announcement.

We also need to keep in touch about what line should be taken with the press if the fact that there is to be a Cabinet meeting on this subject leaks out.

Following the article in this week's Sunday Telegraph, the CSD is dealing appropriately with the National Staff Side.

Perhaps I may take this opportunity of commenting on Mr Desmond Quigley's request for an interview with Sir Derek Rayner. Sir Derek will of course have his own views about this, but Mr Priestley may like to know that "Financial Weekly" have recently made a conscious decision (we have been explicitly told this) to change their previous policy of giving reasonably fair treatment to Civil Service affairs to one of hostility to the Service. This is illustrated by the attached cutting from the edition of 4 April, with its wholly unfounded attack on Sir Ian Bancroft and Sir John Herbecq, which was largely the work of Mr Quigley. As far as the CSD is concerned, therefore, Mr Quigley does not now rate highly on our list of people to whom we are willing to give facilities.

J/S

J S Beastall
 Information Services

16 April 1980

ENC

Financial Weekly
4/4/80

FINANCIAL WEEKLY

Government to review Whitehall pensions

By DIAMOND QUELLEY

FW's exclusive
forecast a month ago

Whitehall beats its mistress

WOULD SIR Ian Bancroft and Sir John Herbecq please come forward and take a bow before their 7.2m fans?

Sir Ian, Permanent Secretary at the Civil Service Department and Head of the Home Civil Service, and his No 2 Sir John, who are both 57, have managed to frustrate the pension desires of the Prime Minister.

Margaret Thatcher wanted to abolish public sector index-linked pensions. So did Chancellor Sir Geoffrey Howe and a few other Cabinet colleagues. But Bancroft and Herbecq were not happy with the idea, nor were some other Cabinet members. Other Ministers were on the sidelines until the Bancroft/Herbecq team got to work.

Bancroft and Herbecq, of course, know what they are talking about. In their time they have both headed the Civil Service superannuation division. And Herbecq was the architect of the Pensions (Increase) Act 1971 which put index linking for civil servants on a permanent basis. So who better to tell their peers in other Departments the advice to be given to their Ministers sitting on Cabinet Committee E — the committee dealing with the pensions question.

The upshot was that Defence Secretary Francis Pym, whose Permanent Secretary, Sir Frank Cooper, is a real Whitehall heavyweight, and Home Secretary Willie Whitelaw sided with the well-known wets

on Committee E and watered down the already weak Cabinet decision on an inquiry.

Having lost the Cabinet battle to scrap index-linked pensions, Thatcher is now faced with an inquiry — forecast exclusively in *Financial Weekly* a month ago, and announced by Howe in his Budget — which has had its teeth drawn even before it starts, through circumscribed terms of reference.

Instead of fundamentally questioning whether it is equitable that one section of the community should have the privilege of index-linking while the rest does not, the inquiry will be required only to consider what should be the cost to public servants of having their inflation proofing, a figure which has anyway been produced for years by the Government Actuary and which is actually garbage. (The private pensions industry says

it is actuarially impossible to produce a correctly funded inflation-proof scheme.)

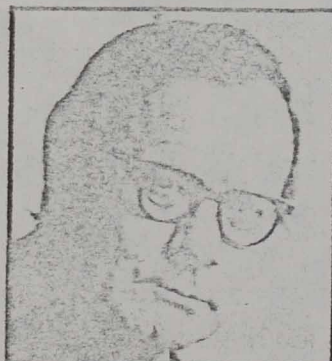
So Bancroft and Herbecq have saved the current 4.9m public service workers and the 2.3m public service pensioners from having their pension arrangements being messed around. The 2.3m pensioners — who include ex-MPs, civil servants, gasmen, postmen and local authority workers — are costing £2.9bn to keep index-linked this year.

Meanwhile the hunt for the chairman of the five-man inquiry goes on.

Those on the Civil Service Department's list of the "Great and the Good" are proving remarkably reluctant to take on the job.



SIR JOHN HERBECQ



SIR IAN BANCROFT

117 APR 1980



W.A. March DSG

*1) B/F 18.4.80
2) S/F 24.4.80.*

Free



*cc: CSD
CO
Sir D Rayner*

10 DOWNING STREET

*cc Bingham
cc J Hoskyns*

10 April 1980

From the Private Secretary

Dear Gwynne.

CIVIL SERVICE NUMBERS AND COSTS

The Prime Minister discussed the tables enclosed with your letter to me of 3 April with the Minister of State at Chequers yesterday morning. Discussion was somewhat extended during the afternoon after the arrival of Derek Rayner and Clive Priestley, but concentrated on Civil Service manpower.

It was confirmed that at the special Cabinet meeting on 25 April, there should be:

- a. a main paper by the Minister of State on Civil Service numbers, costs and efficiency;
- b. a supplementary paper by the Secretary of State for the Environment illustrating the techniques now applied at DOE, and
- c. a discussion paper by Derek Rayner on lasting reforms, based on his personal and confidential minute to the Prime Minister of 26 March, but not seeking endorsement of decisions to commission work already taken by the Prime Minister and not including either his machinery of government or his Honours proposals.

The Minister of State undertook to let the Prime Minister see a draft of his paper and it was agreed that, if it could be arranged, it would be helpful for the Prime Minister to discuss the issues with the Home Secretary, the Chancellor of the Exchequer, the Minister of State and Derek Rayner on about 21 April. (We have now arranged this for 11.15 a.m. on that day with the Chief Secretary standing in for the Chancellor).

A number of points were made in the course of discussion which bear on content of Mr. Channon's paper for Cabinet and you may wish to take account of these in drafting. They are as follows:

- a. Despite the options exercise and the recent 2½% cut, the Service is too big and must be further reduced.

/ b.

DSG

- b. It would be helpful to Ministers to bring home the cost of Government activity. The analysis should accordingly show:
- i. the total size and distribution of the Civil Service over time (say 1950, 1960, 1970 and 1980);
 - ii. present and estimated future costs; and
 - iii. the full costs of particular grades (i.e. including accommodation and services) on the basis of such data as those in the Ready Reckoner.
- c. A substantial reduction in size is desirable, but experience so far suggests caution in basing policy on percentage reductions tout court. - The particular value of the work being done by the Secretary of State for the Environment in his Department is that he has been finding out for himself what its component parts do so as to provide a better informed basis for decisions on numbers.
- d. There is no easy or painless way of reducing activities. Those so far mentioned, by the Minister of State among others, seem to fall into one of three categories - first, to examine such particular issues as those mentioned by the Minister in his minute of 3 April and by the Prime Minister in her comments (excessive supervision of local authorities, industrial sponsorship, duplication between departments, excessive statistical work and excessive layering of office networks); secondly, to stipulate targets for the progressive reduction of numbers; and, thirdly, to reduce numbers by increasing efficiency. Experience suggests that a combination of these three approaches may now be appropriate.
- e. On the main issue of reducing the size of the Civil Service, there is a choice between asking Ministers to agree at once to a specific target or asking them to spend some time in their departments, somewhat like the Secretary of State for the Environment, in considering in reasonable detail what contribution they could make. If the latter approach were adopted, one way of proceeding would be to commission a study in each Department of possible manpower savings. Each study would be conducted by a Deputy Secretary, appointed by and reporting to his Minister; but to ensure consistency across Departments, the work programme would be devised and led centrally by an official (say at Second Secretary level) reporting to the Prime Minister.

/ The purpose

The purpose would be to examine and make practical plans for the propositions that:

- i. existing functions should be achievable with fewer staff, especially in staff-intensive areas where administrative reform (e.g. computerisation) might produce more economical working methods;
- ii. some existing functions should cease altogether in recognition of the facts that this is a non-interventionist Government, that we are in a period of retrenchment and that other public sector employers are bound to be more impressed by deeds than words in manpower matters; and
- iii. the length of the hierarchy should be reduced.

If this approach were adopted, the intention would be to carry out the work so as to enable Ministers to take collective decisions on the reduction of activities and on increased efficiency by the early autumn.

The following additional points came up in discussion:

- i. It would be helpful if Mr. Channon's paper included information on natural wastage since by this means Ministers could achieve manpower savings much more easily than they sometimes thought.
- ii. If substantial further cuts in the Civil Service were to be achieved, this would only be accepted by the unions if there was no compulsory redundancy. Improved redundancy terms might need to be considered.
- iii. There was considerable scope for cutting Civil Service costs by reduced training, less travel, a greater consciousness of the costs of holding unnecessarily large and time-consuming meetings, and by reducing the number of forms sent out and the amount of statistics collected. As regards training, Sir Derek Rayner said that far too many civil servants lacked basic skills in such things as numeracy and finance; yet much of the training effort at present appeared to be of a non-vocational nature.

/ (iv)

- iv. One important aspect of improved efficiency was to increase the motivation of civil servants, and this involved looking at pay, promotion and retirement policies. In general, there needed to be more rewards for good work, and penalties for indifferent work. Mr. Channon said that he would be bringing forward a paper on this during the summer.
- v. The performance of senior officials and Ministers should be judged to a greater extent than at present by their success or otherwise in controlling staff numbers and promoting efficiency.
- vi. Efficiency was in some areas held back by inadequate investment, for example, in office equipment, but also by restrictive practices imposed by the unions. In addition, there was great scope for improved efficiency by considering how staff at all levels could be used more efficiently.
- vii. The Prime Minister said that she would like there to be a debate in the next Parliamentary Session, on which she might well take the lead on what was being achieved in terms of reduced Civil Service manpower and improved efficiency.
- viii. A great deal of staff time was taken up in processing and implementing EEC Directives - and all the more so since we seemed to take them more seriously than some of our EEC partners. (The Prime Minister asked to see a list of EEC Directives, and I am arranging for the FCO to provide this).
- ix. The costs and efficiency of the COI, and expenditure on advertising, needed to be looked at. The Prime Minister, who had read the minutes of 1 and 2 April from the Paymaster-General, said that she was sure there was scope for savings in this area. Mr. Channon said he would refer to it in his paper to Cabinet.

"Rayner Projects": progress on wider applications

The Minister of State's minute of 24 March was not discussed, but there was a brief discussion of Derek Rayner's minute of 26 March. The Prime Minister agreed that in general project results should be announced individually by Departments and that projects

/ should be

CONFIDENTIAL

- 5 -

should be presented as Ministerial scrutinies, rather than "Rayner projects" or "Rayner scrutinies". The Prime Minister has also asked that Derek Rayner should submit a further progress report in the autumn.

I am copying this to David Laughrin (CSD), David Wright (Cabinet Office), and Derek Rayner.

I. P. LANKESTER

G. E. T. Green, Esq.,
Civil Service Department.

CONFIDENTIAL

DSG

PRIME MINISTER

-26 March 80

We discussed Derek Rayner's progress report on his projects at Chequers on Wednesday. But we did not discuss Paul Channon's report on wider applications. - 3 April 1980

Are you content for me to write as I suggested earlier at Flag A?. (I have recorded the points which you agreed on Derek Rayner's report).

As regards the follow-up to Wednesday's meeting, Paul Channon will send you a draft of his paper for Cabinet next Friday; and we have arranged a meeting for you to discuss it with him on the following Monday morning. We have invited the Home Secretary, the Chief Secretary (in the Chancellor's absence in Brussels), Derek Rayner, Robert Armstrong, and of course Paul Channon himself.

TL

10 April 1980

(don't think we need to reply.

Let us see what comes out of the Cabinet meeting. We don't want to bombard CSJ with more papers than necessary.

ans.

BF 2 May
MA 14/4

CONFIDENTIAL

cc ✓ Mr Lankester
Mr G E T Green (CSD)
Mr Laughrin (CSD)
Sir Derek Rayner
Mr Beastall (CSD)

Mr GAFFIN

EFFICIENCY: PUBLICITY

1. I have kept a copy of Miss Scott's minute, the original of which I return herewith.
2. You should know that Mr Desmond Quigley, Financial Weekly (405 5721), has asked to be put on the list for interviews when Sir Derek Rayner feels disposed to give any more (which is not yet).
3. Recent press activity may give rise to PQs and to a general level of public interest which it would be hard to frustrate. You may like to consider whether - depending on the Cabinet decisions on 25 April - some sort of statement will be desirable. I would guess that something will have to be said to the National Staff Side and it might be prudent to time any more general statement so that the press are not fed a one-sided view of what is going on. I also understand that the PM is making a number of speeches in the provinces in the next few weeks for which material will be needed; conceivably, one of these speeches might be an occasion for a substantial discussion of the issues.

SP

C PRIESTLEY
10 April 1980

Enc: Miss Scott's minute

MR. GAFFIN

Susan Collett, ITN News at One, has asked for an interview with Sir Derek Rayner following reports in last week's Economist and the Daily Mail this week which say that he has proposed reductions in the Civil Service hierarchy.

I have declined the invitation for today, pointing out that this is one of a number of ideas Sir Derek Rayner has proposed to help cut bureaucracy. No firm proposals have been made at this stage and certainly no decisions have been taken.

News at One have asked whether it would be possible to arrange an interview in the future. I have promised to bear this in mind for the future.

Mary Scott

MARY SCOTT

10 April, 1980

*Mr Pnestley
Tonde
NS
10-4*

11 APR 1960





✓ MRP

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-~~530 3311~~ 233 8224

9 April 1980

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

Francis Pym

THE SCRUTINY PROGRAMME, 1980

You kindly copied to me your minute of 20 March to the Prime Minister and I have seen the note sent on her behalf to your private secretary dated 25 March. The purpose of this letter is to say that I look forward to receiving a draft study plan in due course and, in the meantime, to offer three comments and suggestions.

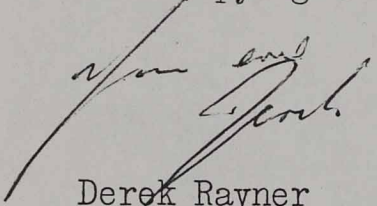
First, I think the subject of the proposed scrutiny, economy in new building works for HM Forces, a very interesting one and I should be glad to take a particular interest in it if you think that would be likely to be helpful to you.

Secondly, I should if I may like to suggest a variation in the terms of reference. As drafted they seem to concentrate rather on building technicalities, whereas I should like to suggest importing two related thoughts, namely the need to judge the capacity of the existing stock of buildings to meet HM Forces' requirements and the need to judge the specific case for specific new building projects. If you adopted this idea, the terms of reference might then read as follows:

"To examine the need for and the standards, quality and cost of a sample of recent MOD building projects by reference to the capacity and state of the existing stock of buildings and to comparable local authority and private developments, with a view to securing economy in meeting the essential requirements for future buildings".

Thirdly, I am not sure whether it is intended that the scrutiny should include building projects other than those providing living accommodation. While your covering minute speaks only of the latter, the terms of reference are less specific; if it is intended to include other projects as well as mess and barrack accommodation, it might be worth making this clear.

I am copying this to the Prime Minister and your copy addressees.

A handwritten signature in dark ink, appearing to read 'Derek Rayner', with a long, sweeping flourish extending to the left.

Derek Rayner

15 APR 1960



PRIME MINISTER

I attach for your discussion with Mr. Channon and Sir Derek Rayner tomorrow the following papers:

- See - Govt Mach - Rayner.*
- A 3 April 1960.*
- (i) A further note from Mr. Channon on the Rayner projects and possible further initiatives (Flag A) - you already have with you a folder with a progress report from Derek Rayner on the projects and a minute from Mr. Channon on their wider application.
 - (ii) Data on Civil Service numbers and grades in the big Departments (Flag B).
 - (iii) A note by Bernard Ingham, two minutes from the Paymaster-General on the COI and the future of the Information Services, and a note from Mr. Channon on COI advertising expenditure (Flag C).

You are seeing Paul Channon on his own for two hours in the morning. You might like to go over the Departmental numbers with him, and also ask him to explain the ideas on manpower policy which he intends to put to Cabinet on 25 April (I have tried to get an early draft of his paper, but to no avail). I suggest you defer discussion of the Rayner projects and their wider application, and the further initiatives proposed in Paul Channon's minute at Flag A until Derek Rayner arrives. Apart from discussing this, you will also want to continue the discussion on manpower policy generally - and also, perhaps, Derek Rayner's proposals for "lasting reforms". (I attach at Flag D Derek Rayner's paper on this latter subject, and your minute to the Chancellor following the meeting we had here last week).

As regards the material on the COI, you did say that you wanted to discuss this issue with Mr. Channon. However, I think he would prefer to discuss it first with Angus Maude and then report back to you.

The CSD data on Civil Service staff does not include anything on the CSD itself. You may be interested to see the CSD organisation chart at Flag E, and compare it with the Treasury organisation chart for November 1967 (Flag F). In 1967 the Treasury had 15 Assistant Secretaries managing the Civil Service; ^{CSD} ~~we~~ now seem to have 37 even excluding the people who run the Civil Service Catering Organisation, the Civil Service College and the Civil Service Commission (which was separate from the Treasury in the old days).

You might also be interested to read a personal note at Flag G by a former Treasury colleague of mine on Civil Service efficiency, which includes a number of very good points.

TL

8 April 1980

(A)

MANAGEMENT IN CONFIDENCE

PRIME MINISTER

RAYNER PROJECTS: LESSONS AND FURTHER INITIATIVES

There are three specific points I thought you might like to see before we meet on Wednesday.

Supervision of Local Authorities Ed

... 2. Some 5,000 staff are involved in oversight of local authorities. Michael Heseltine agrees that there is scope for considerable savings. (I attach copies of my letter to him and his reply.) I believe we now need a target for reducing this activity. I suggest that we should ask Ministers concerned to reduce these staffs by one-third from the level we inherited. Do you agree? Decisions should be taken by the summer recess.

Industrial Sponsorship

3. I have been giving further thought to this since our meeting this week and have talked to John Nott. I believe we should look at the whole area of sponsorship in Government ^{and} overlapping functions in departments. Would you like to commission a review with terms of reference like this?

"To appraise the number and role of those engaged in Departments in dealing with industry, both public and private, in the light of the Government's reduced requirements for industrial intervention and sponsorship and to recommend appropriate reductions in these tasks and staffs".

This would provide the basis for decisions, before the summer recess. I am sure that there are considerable savings to be found. I suggest, however, that you might first wish to discuss such a review with Keith Joseph, as he is obviously vitally concerned.

Streamlining of Networks of Regional and Local Offices

4. We need to tackle each network of offices separately where there looks to be good scope for improvement and economies. I suspect there will be considerable opposition and will report further if there is.

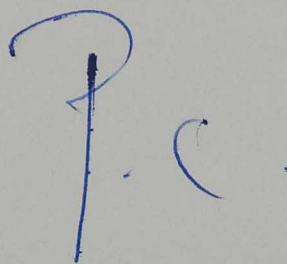
MANAGEMENT IN CONFIDENCE

MANAGEMENT IN CONFIDENCE

- a. A study in the MAFF Management Review is recommending streamlining of the Department's district and regional offices which should result in saving several hundred staff. Decisions on this should be taken within the next few weeks;
- b. I am pressing the Minister of Transport to look similarly at the Traffic Area Offices, which employ 4,500. I believe there should be good scope for improvements and economies. If a decision to go ahead on this is not taken within the next week or two, I will report to you further;
- c. I have agreed with Lord Cockfield that once the rationalisation of the Customs and Excise London Collections has been implemented (as recommended in the Department's Rayner project), the Collections throughout the rest of the country will be looked at in the same way. A clear timetable for this has been set;
- d. I am raising with the Secretary of State for the Environment the possibility of a look at the regional and district offices of the PSA. There looks to be scope for economies here and I suspect he is already examining it.

Under-utilised Defence Property

5. I have been pressing Defence colleagues to apply the lessons from the PSA Bath project to dispose of under-utilised property throughout the Defence estate. Action is being taken, especially in increasing the rate of disposal of married quarters. But it needs to be pressed home and I would like to discuss with you how this can best be done.
6. I will raise these points when I see you Wednesday.



PAUL CHANNON

3 April 1980

2

MANAGEMENT IN CONFIDENCE



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

26 March 1980

See Paul

I have comments on your letter and note of 20 March about central government staff employed in the oversight of local government.

- a. There are substantial opportunities for economy in every area where I have a detailed knowledge.
- b. From about the middle of April I shall be getting a costed breakdown of every task carried out in this Department in the last 6 months in connection with local government.
- c. By the summer recess Norman Fowler and I will have the results of the Rayner scrutiny of our Regional Offices' activity.

I will keep you in touch with the findings on (b) and (c) and my conclusions.

Finally, I believe it essential that you maintain a trans-government scrutiny across this (and other similar) fields because otherwise no-one knows what lessons of common applications are being learnt and also because without central scrutiny the whole exercise depends at best on the whim of individual Departments.

I am copying this letter to the recipients of yours and to Sir Robert Armstrong.

yes

MICHAEL HESELTINE



Minister of State

LORD PRESIDENTS OFFICE
C 46
21 MAR 1980
FILING INSTRUCTIONS
FILE NO. 45

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

The Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON SW1 3EB

20 March 1980

LESSONS FROM RAYNER PROJECTS: OVERSIGHT BY DEPARTMENTS OF LOCAL
AUTHORITY ACTIVITIES

As you know, the Prime Minister has asked me to see that lessons from individual "Rayner" projects are applied as widely as possible.

The two Welsh Office projects critically examine the way the Department supervises and advises local authorities in the fields of education building and roads. When these are implemented, there will be quite significant administrative savings in the Department. I have written to Mark Carlisle, George Younger and Norman Fowler drawing their attention to these projects and asked them to consider how far similar reductions in activity would be possible in the corresponding areas of their Departments.

It seems to me that these projects show up the need to look very critically at the resources we devote generally in central Government to local authority affairs. These resources are substantial, involving many thousands of staff - by no means all in clerical functions. Many expensive staff, including a large number of professionals ranging from Quantity Surveyors and Transport Officers, Planning and other kinds of Inspectors, are involved.

I do of course recognise that staff are necessary to fulfil statutory functions. Undoubtedly, however, many such functions have come to be very widely interpreted and we should not rule out the possibility of statutory changes in some fields. Staff are also necessary to operate financial controls, but again, there should be significant scope for simplification and administrative improvement as the new systems of capital and current expenditure controls which you are proposing are introduced. There are in any case a number of other functions which are less specific. In some cases I suspect they exist probably because some Ministers responsible for local authority expenditure programmes have at one time or another said that they ought to exist.

I believe, and think you will agree, that we should look at staff resources in this field, and attempt to reduce them. Another lesson from some of the Rayner projects is that unless we do our

utmost to avoid it, we do not cut the size of the administration even when the operations being administered or the tasks requiring to be done have been reduced. Tighter aggregate spending control; reductions in general administrative controls over local authorities; reduced intervention through circulars to local authorities; and lower - in some cases very substantially lower - expenditure programmes, are all factors pointing to the need to reduce the scale of central activity on matters for which local government is responsible.

There is of course a further point, which I know you have very much in your mind. We are asking local authorities to improve their efficiency and curb their manpower. I think we should be prepared to take an equally searching look at the way central Government conducts its affairs in the same areas.

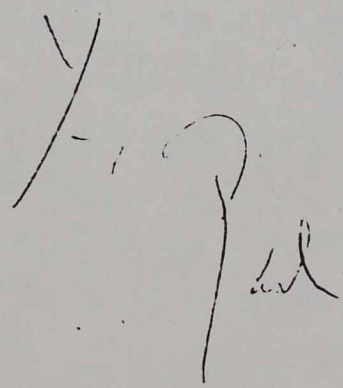
Some reductions may already have been achieved. This should surely now be carried further. I attach a list of the main areas in Departments concerned with local authority services. The list of course is intended as a guide, and not as a complete description.

Could you, and our other colleagues concerned, let me know by the end of April what your plans are for slimming down resources in these areas over the coming years, how much change has already happened since we took office, and how this compares with the relevant local authority expenditure programmes?

These plans should include any reductions in these areas already proposed in the manpower review or in the cash limits squeeze for 1980-81. In the case of the regional offices of your Department and the Department of Transport, there will be an immediate opportunity to develop these plans further in the forthcoming scrutiny. The same will be true of planning work in the Scottish Office, which is also the subject of scrutiny.

I will mention this approach in my report to the Prime Minister on the scope for applying wider lessons from the Rayner projects, and would like to be able to report subsequently on the results when there has been a chance to discuss your plans.

I am sending copies of this letter to Willie Whitelaw, George Younger, Nicholas Edwards, Patrick Jenkin, Mark Carlisle and Norman Fowler, whose Departments are listed in the Annex. I am also copying it to Keith Joseph, Jim Prior, Peter Walker and John Nott, in whose Departments there is some oversight of local authority activity, and to John Biffen and Sir Derek Rayner.



PAUL CHANNON

Scotland

Similar areas to England

About 900 staff

Wales

Areas not already covered by Rayner projects and scrutinies.



Room N14/02
Department of the Environment
2 Marsham Street London SW1
Telephone 01-212 ~~2424~~ 4425

3 April 1980

C Priestley Esq
Cabinet Office
Whitehall
London SW1

Dear Sir

I refer to Sir Derek Rayner's letter of 24 March to the Secretary of State about the draft action plan on the Bradley Report. The Secretary of State agrees with the suggestions made for amending the plan and I now enclose the final version.

Yours sincerely,

K F J Ennals

K F J ENNALS

1. Miss Sullivan

Please copy to Mr. Wankester (for information) and to Mr. COT Green and Mr. A.W. Russell (CSD).

2. Mr. Muir

For the 100% / RD file, when seen.

Sy. 10/4

DEPARTMENT OF THE ENVIRONMENT

DOE (CENTRAL) "RAYNER STUDY"

"The provision of management information to Ministers"

ACTION PLAN

Introduction

1. The Secretary of State for the Environment and his senior Ministerial colleagues have now considered the draft final report of the management information study carried out as one of the 1979 "Rayner projects" by Mr D R Bradley together with Sir Derek Rayner's commentary on it. They have decided that arrangements should be made immediately for the collection of management information for all of DOE and for its submission to senior Departmental Ministers from April 1980.

The information required

2. The immediate objective is to provide Ministers with information in a standard form - for DOE Central and for the Property Services Agency - relating to the activities of each of the Department's directorates. The information will cover the cost of activities, the progress made towards the implementation of policies; and future planned activities and their resource implications. Information on the public expenditure responsibilities of individual directorates will also be included.

Timing

3. This information will be gathered to cover the period
October 1979 - March 1980 (retrospectively); and
April - September 1980 (prospectively)

with a view to submission of information by groups of directorates being made to Ministers in April and May 1980.

The use of the information

4. The information will be used by senior Ministers for judgments about priorities within the Department and for related issues (as a further stage in the 66 directorates exercise).

The longer term

5. Decisions about the longer term will be taken in the light of experience with the first run and Ministers' continuing requirements. However, the arrangements being established allow for the collection of similar information at 6 monthly intervals. It is anticipated that additional benefits would be derived when a series of reports were available for comparison. It is recognised that refinements and improvements (eg. for performance indicators and for more comprehensive "output" statements) would be needed before the system could be a full basis for the central budgeting and planning of the Department.

6. In making decisions about the longer term, it will be necessary to assess the value and role of this management information system as a permanent part of the complex of systems for planning and controlling resources, including the requirements for the proposed annual scrutiny of departmental running costs and the manpower budgeting system proposed in the recent management review.

7. The arrangements for the collection and presentation of data will be developed from those used in the Bradley study for DOE Central; for the Property Services Agency, they will be further adapted as required either to provide for the presentation of additional relevant information already available within PSA (eg. on specific performance indices) or to avoid unnecessary duplication of existing arrangements for PSA's computerised information.

Organisational arrangements

8. A small central Unit has been established (since February) in the Central Policy and Resources Directorate to collect and

process the information from DOE Central directorates (and to liaise with the PSA's Secretariat and Planning Unit (SAPU) which is undertaking similar work in the PSA). Initially the Unit will have 4 staff (at an estimated annual cost of £37,600). The future of the Unit, whose work is solely concerned with the management information system, will be reviewed when the first run is complete.

STAFF IN CONFIDENCE

Mr. [unclear]
News [unclear]



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2119 (Direct Dialling)
01-218 9000 (Switchboard)

Indirectly

PERMANENT UNDER-SECRETARY OF STATE
SIR FRANK COOPER GCB CMG

It has been seen
8/4

PUS/80/329
58/1/3

1 April 1980

Sir Derek Rayner
Cabinet Office
Whitehall

Dear Frank.

175

Many thanks for your letter of 31 March. I would welcome a talk with you and our offices are in touch.

2. As to Clive Ponting he finished his current assignment at the end of last week. The fact is that he was put forward some little time ago as a candidate for Private Secretary to Norman St John Stevas - and we are still waiting for an answer. If we do not get one very quickly then we have a really good slot for him here in the MOD. Everyone here entirely agrees that "Rayner" Principals (and principles!) are to be publicly supported.

Yours ever
Frank

FRANK COOPER

Copied by [unclear] to:

Mr. Whitman
Mr. Laughlin, CSD.

STAFF IN CONFIDENCE
STAFF IN CONFIDENCE



[-8 APR 1980

PERSONAL



[Blind copy: *PA*
✓ Mr C Whitmore *shw*
Sir Ian Bancroft *pw*]

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-~~930 3444~~ 233 8224

31 March 1980

Sir Frank Cooper GCB CMG
Ministry of Defence
Main Building
Whitehall SW1

Sir Frank

I should welcome an opportunity for a talk with you in the not too distant future and wonder whether you would care to come and have lunch with me at 57 Baker Street as soon as we can manage it. If this would be agreeable to you, perhaps your office could have a word with Lynne Holmes here (233 8550) to see what can be arranged.

May I mention that I have heard that Clive Ponting, whose work on the food procurement project I so much admired, is now unassigned? I am sure that there is nothing sinister about this, but I very much hope that he can be posted suitably soon; for one thing, I am anxious to avoid the impression getting about that "Rayner" Principals who do a good job have somehow blotted their copybook! That would not be your view, I am certain. I should explain that I have heard by chance and that I have not been asked to intercede.

All good wishes.

Derek Rayner

Derek Rayner

PRIME MINISTER

RAYNER PROJECTS AND THEIR WIDER APPLICATION

At Flag A is a progress report from Sir Derek Rayner on his individual projects. At Flag B is a report from Mr. Channon on their possible wider application. Both of these reports are lengthy, and I am therefore attaching at Flag C a summary of the main points in each of them.

It is clear that we need to maintain the momentum both on the projects themselves and on their wider application.

On the Rayner report, I would draw the general conclusion that, while the method of analysis has proved itself, getting the results on projects where we are hoping to make major savings - such as the DHSS project - is not so easy. Many of the savings are still dependent upon the outcome of consultations, and Action programmes can slip if the pressure is not kept up. I think it would therefore be useful if we asked Sir Derek Rayner to report again in the autumn. Agree? ✓

There is one specific recommendation in Sir Derek's report about the announcement of project results. Originally it had been intended to have a single general announcement. Sir Derek now recommends "gradual emergence" with individual Ministers making separate announcements for the projects which they are responsible for. Agree?

PM yes

12
9/7

/ On

On Mr. Channon's report, I suggest we respond as follows:

(i) His para 4 - he should be asked for a further progress report in 6 months time.

(ii) His para 6 - he should be asked to propose another service-wide review after the completion of the statistics review, adopting a similar approach. And in response to his point "that we must also somehow get down to line managers in Departments the lessons from all this work", we should say that you would expect Sir Derek Rayner to pursue this point in his "conventions/lasting reforms" work.

(iii) His para 7 - rather than encourage a separate paper on the lessons learned for the Chequers Cabinet, we should ask Mr. Channon to cover this aspect in his paper on manpower policy.

There is a paper on this in your folder for the Monday afternoon meeting.

R.

R.

27 March 1980

PRIME MINISTER

RM
scr
12. 9/4

THE RAYNER PROJECTS: PROGRESS TOWARDS IMPLEMENTATION

1. I undertook to submit a progress report on last year's "Rayner Projects" with a view to a possible Parliamentary statement before the Easter recess. (My earlier minute of 30 November 1979 detailed the findings of the individual projects.) This is a progress report on which the only recommendation arises in para. 17.

"Proposed Action" Documents

2. Your private secretary's letter to his opposite numbers of 14 January asked that all "proposed action" documents should be submitted by the end of February. They have been received in respect of 22 projects. Those outstanding are -

- Department for National Savings: Await decision of Minister of State (project late finishing).
- Manpower Services Commission: Action document on review of Skillcentres dependent on Commission decisions on 22 April; action document on review of TOPS allowances dependent on completion of second stage of the review in June/July.
- Northern Ireland Office (Public Dept): Report's recommendations supported in principle and "tentative" action document agreed. Finalisation of action document dependent upon outcome of Ministerial consultation with the Lord Chancellor and the Secretary of State for Social Services in respect of two political and sensitive recommendations. Public announcement of and acceptance of some recommendations made on 21 March.

- Department of Health and Social Security: Action document dependent on decisions by Ministers following discussion in H committee of recommendations to be made by the end of April on the implications for the Post Office.
- Department of Energy: Action document dependent upon outcome of follow-up work commissioned by the Secretary of State.
- Department of Education and Science: Awaiting decisions by the Minister of State.

3. I have tried to help Ministers ensure that the "proposed action" document clearly defines aiming points against which to monitor implementation by specifying the recommendations accepted in principle and the timetable for implementation. I regard this as an important management discipline.

4. I have been impressed on the whole with the quality of the "proposed action" documents received and have been able to agree them in respect of 20 projects. The 2 projects yet to be agreed are -

- Home Office: original draft action document was unclear as to the recommendations accepted in principle and the timetable for implementation. I have discussed this with the Home Secretary and we agreed upon the need for a revised document.
- Department of Trade: I am encouraging the Minister of State to move closer to the main direction of the report's recommendations, namely to place a greater emphasis on Government financial support which is of a pump-priming nature and otherwise to charge full costs.

Action to date and for the future

5. The Annex to this minute provides for each of the projects a summary of progress to date. This is for the record and you need not read it.

6. In respect of the 20 projects for which action documents have been agreed I am heartened by the extent to which Ministers have been able to agree the recommendations in principle and the pace at which, subject to consultations, they plan to implement them. As I would expect of reports produced so quickly not all the recommendations have been accepted as proposed. But the main direction of the changes proposed by the project officials has so far to date emerged unscathed and the proposals will be implemented, or at least begin to be, during this year and next. The pace of implementation is consistent with what I have asked of Departments this year in respect of the scrutiny programme, namely that they should implement or begin their implementation within 12 months of the start of the scrutiny.

7. It will not be possible to go firm on the savings for these 20 projects until consultations are concluded. Moreover, in some cases the savings will not be ascertainable until further work is completed (eg Foreign and Commonwealth Office, Department of Employment). But Ministers have felt able to take a robust line in responding to the reports and I believe that this should help to secure the savings.

8. Some potentially quite difficult decisions in principle have been taken (eg less "nannying" of farmers by the Ministry of Agriculture; reductions in the number of rating offices in Northern Ireland). It is noticeable however that the greatest boldness has been in respect of those projects which bear upon activities internal to government (eg Customs and Excise to reduce the number of London Collections from 5 to 3; Inland Revenue to

simplify the P46 procedure). There has been some hesitancy where decisions are to be made which have a bearing upon client groups (eg Department of Trade loath to move to full recovery of costs of export services; Home Office loath to increase licence fees to cover costs; Ministry of Agriculture rejected the recommendation to introduce a uniform grant structure for farmers).

9. The possible savings associated with the 20 projects on which I have been able to agree action documents amount to £9.0 million a year and £8.0 - 12.0 million once-for-all. Savings on the 2 projects where action documents are in the final stages of agreement will amount to a further £13.0 million a year if implemented in full.

10. Of those projects on which I am awaiting action documents the most significant in terms of savings are the Department of Health and Social Security (£50 million pa) and the Manpower Services Commission (£8 million pa and £41.5 million once-for-all). Preliminary work towards action is well in hand in respect of the Manpower Services Commission although it remains to be seen how hard the MSC will feelable to bite on the Skillcentre bullet. It had been hoped that the Commission would decide on 24 March but they have put it off until 22 April. The Department of Health and Social Security project is however of great concern to me for two reasons. First as you will recall, it was described in my minute to you of 30 November as being the bedrock of the potential savings of £80 million pa attributable to the "Rayner projects". Secondly, savings attributable to greater efficiency and modernisation may always be at risk if the pressure group affected by the DHSS project succeeds in carrying the day.

11. The Secretary of State wishes in principle to proceed with the implementation of the recommendations relating to the optional payment of benefits direct into bank accounts and most of the improvements in administrative procedures (eg sending order books

to home addresses, computer sorting of order books). These account for potential savings of upwards of £15 million pa by 1983/84.

12. The Secretary of State regards the recommendation to change the frequency of benefits as being more problematical, not least because of the Post Office implications. The Government has already announced that it will not change the frequency of payment compulsorily for retirement pensioners. This will reduce the original £33 million pa savings attributable to change of frequency by £15-25 million, depending on whether new beneficiaries are also given the choice.

13. The Chancellor of the Exchequer has set up an inter-Department group of officials to study the implications of the recommendations for the Post Office. There will then be Ministerial discussion in H Committee, I think during May. The Secretary of State has also promised the House the opportunity of a full debate on the proposals before implementation.

14. If I may say so, I believe that the Government is entitled to redress the balance of psychological advantage which the Post Office has gained through blatant lobbying. The submission of an abridged version of the project report to the Select Committee on Social Services is of some small help in this direction. I think it would help the Government to move quickly towards publication of the report, an announcement of a decision in principle on the recommendations and a speedy conclusion of the necessary consultation. This will provide the needed input of views from the electorate rather than what we have at present, the sound generated by and on behalf of a well-organised pressure group. Moreover, as you have already indicated, whilst recognising the Government's commitment to the support of rural communities, it is important not to confuse this wider commitment with the need to improve efficiency in the payment of benefits and the provision of choice to the public. I was accordingly much encouraged by your Private Secretary's letter of 21 March to Mr Hall (Treasury).

15. One general lesson which emerges from the DHSS experience is that it may be all too easy for conservative, anti-efficiency lobbies to brand administrative improvements and savings as "anti-people", if the Government does not take the initiative in preparing the ground especially where reforms either contemplated or intended affect people and families.

Announcing the Results

16. In my minute of 10 January I recommended that the aim should be a statement by you of Ministerial decisions no later than when the House rises for the Easter recess. I have been thinking further about this. My view is now that the best publicity strategy may be for individual Ministers to make announcements severally. This approach has already been adopted in the cases of the Inland Revenue (report published), the Department of Transport (report published), the Ministry of Agriculture (consultation document issued) and the Scottish Office (consultation document issued). The Secretary of State for Employment and the Secretary of State for Social Services have indicated that they hope to publish their reports in full.

17. I believe that this gradual emergence of results, coupled with my occasionally seeing the press, will not only generate greater awareness that the Government is doing things but is also more in keeping with the stance that you have been adopting, namely that the reports are the property of individual Ministers and it is for them to decide on the action to be taken. There is also the added complication at the present time that any general announcement would have to exclude the Department of Health and Social Security which, although only one out of 29 projects, accounts for very much more than half of the total annual savings identified to date. I therefore recommend that the course of "gradual emergence" should be adopted.

Recn

18. Your private secretary's letter of 14 January encouraged departments to make public their results. Departments have clearly taken note of this and no further encouragement is necessary at this stage.

Wider Applications

19. You asked Mr Channon to take responsibility for following up the wider implications of the projects. I have been kept in touch and Mr Channon is minuting to you separately. Action is already in hand in two areas in which I am personally involved:

- Statistics: Following the Rayner project on the statistical services of the Departments of Industry and Trade a government-wide review is now under way.
- Repayment: The disadvantages of the allied service system, whereby goods and services are provided to departments free, were highlighted in a number of projects. I have started a special study of the case for placing the Property Services Agency more completely on a repayment footing.

20. I shall report to you on Statistics and Repayment in the Autumn.

Conclusion

21. I am generally satisfied with the progress that is being made in the conversion of the reports into action, the pace at which implementation is moving and the way in which departments are making public their achievements. The important exception is the Department of Health and Social Security project, though in most cases realisation of the savings is still dependent on consultations. Moreover, whilst there is a high success rate in terms of the number of projects the savings realised to date are still extremely small compared with the potential savings identified.

22. I am copying this to the Chancellor of the Exchequer,
Minister of State, CSD, Sir Ian Bancroft, Sir Robert Armstrong
and Mr Wolfson.

Chris Priestley

Mr.

DEREK RAYNER
26 March 1980

(Approved by Sir Derek Rayner in Canada and signed in his
absence)

ANNEX

<u>Page No</u>	<u>Department</u>
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2	Lord Chancellor's Department
3	Foreign and Commonwealth Office
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5	Inland Revenue
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7	Department for National Savings
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15 - 16	Property Services Agency
17	Scottish Office
18	Welsh Office
19	Northern Ireland Office
20	Department of Health and Social Security
21	Department of Trade
22	Department of Energy
23	Department of Education and Science
24	Department of Transport

DEPARTMENT: Home Office

PROJECT

Review of Radio Regulatory Department.

REPORT'S MAIN RECOMMENDATIONS

Full recovery of the costs to the Home Office of issuing licences and giving type approvals; low power devices (eg model aircraft) to be exempt from regulation; relationship between the Home Office and other Departments and the Post Office should be regularised and clarified.

POSSIBLE SAVINGS

£155,000 pa (staff costs)

£2.75m pa (increased revenue from fees and charges)

ACTIONS TO DATE

Action Document submitted but unclear as to which recommendations are accepted in principle. Also imprecise timetable of implementation.

Await revised Action Document, but advance indication is that there will be difficulty in implementing the recommendation that there should be full recovery of costs in licence fees (bulk of savings therefore at risk)

Responsible Divisions are examining the various recommendations and embarking on relevant consultations. These should be completed during 1980.

ACTION FOR THE FUTURE

Timetable of implementation unclear until revised Action Document received.

DEPARTMENT: Lord Chancellor's Department

PROJECT

Review of Attachment of Earnings Procedure

REPORT'S MAIN RECOMMENDATIONS

Existing procedures in Country Courts to be streamlined, rationalised and made uniform in all courts. Employers fee to be increased (cost to debtor not courts)

POSSIBLE SAVINGS

Nil Financial savings identified but will be reviewed after implementation.
Service to creditors improved eg average time between creditors application and court order reduced from 13 weeks to 9 weeks.

ACTIONS TO DATE

Report's recommendations accepted in principle.

Addition to Report's recommendation: minimum amount for which attachment of earnings order can be made raised from £5 to £15 (or more) and reviewed annually.

Action Document agreed.

Report and Action Document sent to County Court Rule Committee for consultation on proposed changes (Committee meets in June).

ACTION FOR THE FUTURE

Employers fee to be raised from 13p to 50p per deduction from June 1980 and then regular review

Minimum amount for which attachment of earnings order can be made to be increased from £5 to £15 (or more) by June and arrangements made for annual review

Recommendations for streamlining procedures etc to be implemented by October 1980

DEPARTMENT: Foreign and Commonwealth Office

PROJECT

The merger of the FCO and ODA

REPORT'S MAIN RECOMMENDATIONS

Total merger not possible. Recommend integration where appropriate (eg single Aid Policy Department, single Economic Department, rationalisation of information departments, geographical departments, etc.)

POSSIBLE SAVINGS

Savings will be quantifiable when further work completed. Sir Derek Rayner to keep in touch.

ACTION TO DATE

Report made to Prime Minister.

Agreed that single Aid Policy Department (replacing existing units in FCO and ODA) and a single Economic Relations Department should be set up.

Work in hand to further eliminate FCO and ODA overlap (eg information departments, geographical departments)

ACTION FOR THE FUTURE

Report to Ministers in July on the further work which is currently in hand to reduce overlap/duplication. Following this, work to be set in hand on the best way of rationalising common service functions (eg personnel and finance), to be completed by 31 March 1981

Prime Minister to receive further progress reports: beginning of Summer Parliamentary Recess for report on overlap; in April 1981 on common service functions.

DEPARTMENT: HM Treasury

PROJECT

Paper handling and the Registry system

REPORT'S MAIN RECOMMENDATIONS

Reorganisation of clerical services into two tiers leading to most clerical staff being located in divisions (rather than in centralised registries) to handle 'live' documents. Three "sector registries" set up to store and handle papers not in action.

POSSIBLE SAVINGS

£38,000 pa (staff savings). But main benefit is the prospect of a more efficient paper handling system and more humane use of clerical staff. .

ACTION TO DATE

Report's recommendations accepted.

Action Document agreed.

Implementation Group established to draw up detailed programme of implementation, in consultation with divisions.

ACTION FOR THE FUTURE

Implementation Group to complete their report by July with a view to full implementation by October 1980.

DEPARTMENT: Inland Revenue

PROJECT

PAYE Movements Procedures.

REPORT'S MAIN RECOMMENDATIONS

Simplification of the P46 procedure (ie the procedure which is triggered when a new employee is unable to produce a Form P45).

POSSIBLE SAVINGS

£2 million pa (staff savings). 350 staff. Simpler forms and less form filling by the citizen.

ACTION TO DATE

Reports recommendations accepted.

Action Document agreed.

Report published.

Work already started on implementation.

ACTION FOR THE FUTURE

New system to be fully operational by 6 April 1981. Long lead time necessary to design print and distribute new P46s and to ensure that employers are able to cope with the new procedures.

DEPARTMENT: Customs and Excise

PROJECT

Review of the London and South East Collections.

REPORT'S MAIN RECOMMENDATIONS

The existing 5 London Collections to be reorganised into 3 new Collections; senior managers' spans of control to be increased; greater delegation of responsibility.

POSSIBLE SAVINGS

£1 million pa (staff savings). 70 staff.

ACTION TO DATE

Report's recommendations accepted.

Action Document agreed and circulated to Departmental Staff Side.

ACTION FOR THE FUTURE

Three new Collections to be established by 30 June 1980.

Merger of common support services plus accommodation changes to be completed, if possible, by 1 September 1980.

All the remaining Collections outside London and Belfast to be reviewed. Review to start not later than the end of 1980 and completed not later than 1 April 1982.

DEPARTMENT: Department for National Savings

PROJECT

Handling of correspondence with members of the public.

REPORT'S MAIN RECOMMENDATIONS

Withdrawal of the facility to nominate others to take over holdings of certificates and bonds after death. Simplification of procedures for handling correspondence, eg avoid letters where inessential, avoid routine acknowledgement.

POSSIBLE SAVINGS

£324,000 pa (staff, postage and stationery). 38 staff.

ACTION TO DATE

Action document not yet received, but expected shortly. (project late starting)

ACTION FOR THE FUTURE

Dependent on action document.

DEPARTMENT: Department of Industry

PROJECT

Review of the statistical services of the Departments of Industry and Trade.

REPORT'S MAIN RECOMMENDATIONS

A number of statistical inquiries to be dropped or simplified or their frequency reduced. Transfer of some work from London to Newport and to other Departments. Changes to increase efficiency in organisation, working methods and the use of resources. Stengthening of machinery of management and control.

POSSIBLE SAVINGS

£1-1.6 million pa. 50-85 staff.

ACTION TO DATE

Majority of recommendations accepted in principle.

Action document agreed. A number of the recommendations whilst accepted in principle to be pursued/reviewed further. Three of the recommendations on statistical inquiries which have an inter-departmental flavour are to be considered in Sir Derek Rayner's review of statistical services.

ACTION FOR THE FUTURE

In many cases recommendations are to be implemented, or pursued with a view to implementation, in 1980 and 1981.

Transfer of work to Newport to be completed by end 1982.

DEPARTMENT: Ministry of Defence

PROJECT

Review of the arrangements for the supply of food to the Armed Forces.

REPORT'S MAIN RECOMMENDATIONS

Stock levels should be reduced from current excessive levels to War Reserve level; distribution system to be rationalised; present divided responsibilities between MOD and NAAFI should be ended; food specifications and packaging to be reviewed.

POSSIBLE SAVINGS

£2.0 million once-for-all (definite)
£4.0 million once-for-all (possible) - dependant on review of rationalisation of distribution system.

ACTION TO DATE

Report submitted for consideration by Supply Management Study Steering Group, following which the main recommendations of report accepted in principle.

Action document agreed.

Some recommendations already in hand.

ACTION FOR THE FUTURE

Study on the exact form of the proposed change in the relationship between MOD and NAAFI to be completed by April 1980. Sir Derek Rayner to keep in touch.

Review of rationalisation of distribution system to be completed by September 1980. Sir Derek Rayner to keep in touch.

Other recommendations to be implemented during 1980.

Action Document to be published in due course.

DEPARTMENT: Civil Service Department

PROJECT

Review of the case for charging for courses at the Civil Service College.

REPORT'S MAIN RECOMMENDATIONS

The Report did not make a firm recommendation. It recognised that repayment would give a better accountability but set against this the possibility of a detrimental shift in the character of the service provided by the College.

POSSIBLE SAVINGS

Direct savings not applicable; greater efficiency that should flow from repayment not ascertainable.

ACTION TO DATE

No decision yet taken on repayment. Sir Derek Rayner has pressed for a decision in favour.

Action document agreed in respect of work preliminary to a decision on repayment and the date for implementation should a decision be taken in favour. Sir Derek Rayner has pressed that the preliminary work should be completed in time for the repayment decision to be taken no later than May. Sir Derek Rayner to be kept informed.

ACTION FOR THE FUTURE

If decision taken in favour of repayment implementation would be April 1981.

Minister of State will also be pursuing with Departments two issues derived from the project namely: the separate identification of the costs of training in the Ministerial annual scrutiny of Departmental running costs; comparisons of training costs across Government Departments.

DEPARTMENT: Department of Employment

PROJECT A

Peaking of work in unemployment benefit offices.

REPORT'S MAIN RECOMMENDATIONS

Monday signing to be reallocated between Tuesday and Thursday in congested offices. More part-time staff to be employed.

POSSIBLE SAVINGS

Financial savings not quantifiable in advance of switch to part-timers, but should be positive. Better service through reduced waiting time for claimants at Benefit Offices.

ACTION TO DATE

Recommendations accepted. Action Document agreed. Reallocation of Monday signing to be implemented immediately where appropriate. Use of part-time staff being discussed with Departmental Staff Side.

ACTION FOR THE FUTURE

Discussions with staff side. Guidance on use of part-timers to be issued by June 1980. Implementation thereafter dependent on such factors as availability of good quality part-time staff and replacement of full-time staff by part-timers through natural wastage. Report to be published.

PROJECT B

A review of the operations of part-time and small full-time Benefit Offices.

REPORT'S MAIN RECOMMENDATIONS

Subject to costing exercises, there should be closure of very small (less than 150 claimants) Benefit Offices and conversion from full-time to part-time of those offices with less than 1,000 claimants. Changes in procedures for issuing forms to postal claimants.

POSSIBLE SAVINGS

Subject to outcome of costing exercises, but the Report indicates that they could be in the region of £1 million pa. Sir Derek Rayner to be kept informed of outcome.

ACTION TO DATE

Recommendations accepted. Action Document agreed.

ACTION FOR THE FUTURE

Costing of very small offices to be completed by July 1980 with implementation of closures commencing January 1981. Costing of those offices which might be converted to part-time to be completed by August 1980 with conversions to commence June 1981. Where offices have been costed in the Rayner exercise conversions will commence January 1981. Report to be published.

DEPARTMENT: Manpower Services Commission

PROJECT A

Review of the Skillcentre network.

REPORT'S MAIN RECOMMENDATIONS

A number of skillcentres and Annexes should be closed and planned future expansion cut back.

POSSIBLE SAVINGS

£8 million pa. £41.5 million once-for-all. 330 staff.

ACTION TO DATE

Recommendations for the closure of up to 20 skillcentres and Annexes and cut backs on the forward programme (based substantially on the project report) considered by Commission 28 January. Consultation has taken place with Scottish and Welsh Committee. Commission met on March 24 and deferred decision until 22 April.

ACTION FOR THE FUTURE

Following Commission discussion implementation programme to be drawn up. Closures likely to be phased over the period 1980-83, with more than half closed by end 1981.

PROJECT B

Review of TOPS allowance

REPORT'S MAIN RECOMMENDATIONS

New basic rate for all TOPS and ERC Trainees embodying an element for some of the expenses now rated separately. Review need for extra inducements to correct failure to recruit to certain courses. Improvements in the Youth Opportunities Programme.

POSSIBLE SAVINGS

Uncertain, being dependent on second stage of review.

ACTION TO DATE

Second stage of review now taking place and due to be completed by June/July 1980. Sir Derek Rayner to be kept in touch.

ACTION FOR THE FUTURE

Consider report on second stage of review. Present plans for implementation are November 1980.

DEPARTMENT: Ministry of Agriculture

PROJECT

Review of the administration of capital grant schemes.

REPORT'S MAIN RECOMMENDATIONS

Radical streamlining of capital grant scheme leading to less MAFF involvement in support of farmers applications, simplifications of procedures, simplification of grant schedule.

POSSIBLE SAVINGS

£2 million pa (400 staff)

ACTION TO DATE

Main thrust of the recommendations accepted but variations in the detail.

Consultation Document issued, for comment by end March

General outcome of study announced in written PQ.

ACTION FOR THE FUTURE

Working up details of proposals with a view to laying revised scheme before Parliament in June or July 1980 and introduction of new scheme in August 1980.

DEPARTMENT: Department of the Environment

PROJECT

The provision of management information for Ministers.

REPORT'S MAIN RECOMMENDATIONS

Information system devised on a trial basis in respect of one tenth of the Department. Steps should be taken to establish a full system with a view to the first full year's operation covering 1980/81. Further work should be done to refine the information system.

POSSIBLE SAVINGS

No direct savings; indirect savings, deriving from better management, not ascertainable.

ACTION TO DATE

Secretary of State agreed to full system being constructed (notwithstanding substantial reservations by Sir Derek Rayner as to benefit of the system proposed). There should be further work to refine and improve the system, taking into account the Annual Scrutiny of Departmental Costs.

ACTION FOR THE FUTURE

Central unit to be established to collect and process the information.

Information to be assembled on the whole of the Department with a view to submission to Ministers from April 1980 onwards.

DEPARTMENT: Property Services Agency

PROJECT A

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

REPORT'S MAIN RECOMMENDATIONS

Number of recommendations specific to the management of the estate; unification/co-location of Estates Surveyors and works staff; review of more intensive development of Kingston estate; improvements in performance indicators.

POSSIBLE SAVINGS

Not ascertainable.

ACTION TO DATE

Nearly all recommendations accepted; some to be implemented immediately. Action document agreed. Feasibility of co-location considered.

ACTION FOR THE FUTURE

Put in hand implementation of proposals. More intensive development of Kingston estate unlikely in next few years (shortage of funds); similarly in the case of greater co-location. "Unification" of Estates Surveyors and works staff to be examined.

PROJECT B

Energy conservation on the Government Estate.

REPORT'S MAIN RECOMMENDATIONS

Number of recommendations to improve energy monitoring systems, lay greater responsibility on the Departments, strengthen PSA staff effort in the field of energy conservation. Also reported on measures taken to date and already in hand for the future. Annual fuel consumption has been reduced by 30 per cent on 1972/73 levels.

POSSIBLE SAVINGS

Not applicable. But recommended changes will be of assistance in ensuring that the new conservation target of a 12 per cent reduction in energy consumption by 1982/83 is met.

ACTION TO DATE

Recommendations generally accepted. Action Document agreed. Implementation already in hand.

ACTION FOR THE FUTURE

Consideration of the practical implications of repayment for electricity. Implementation of recommendations during 1980.

DEPARTMENT: Property Services Agency (Contd)

PROJECT C

Maintenance Economy Review of the Bath District.

REPORT'S MAIN RECOMMENDATIONS

98 recommendations all of which contribute to an improvement in the organisation and operation of 3 sites occupied mainly by the Ministry of Defence following the identification of eye-opening examples of waste, not least in the use of assets.

POSSIBLE SAVINGS

£393,000 pa £6.1 million once-for-all.

ACTION TO DATE

Action Document agreed. PSA and MOD following up the recommendations urgently, both jointly and individually. PSA are receiving monthly progress reports from South West Region. MOD have provided a progress report on the results of their follow-up investigations.

ACTION FOR THE FUTURE

Sir Derek Rayner to report to Prime Minister March 1980.

Following consultations between PSA and MOD, an implementation programme to be drawn up.

DEPARTMENT: Scottish Office

PROJECT

Review of the future of the Consultative Committee on the Curriculum (CCC).

REPORT'S MAIN RECOMMENDATIONS

Changes in and pruning of committee structure; changes in membership and status of CCC; reductions in numbers of CCC permanent staff and the centres in which they are based.

POSSIBLE SAVINGS

Report envisaged annual savings of £200,000. Not now expected to be fully achieved but will not know outcome until new committee structure established. £70,000 savings already achieved; any further savings to be retained by CCC.

ACTION TO DATE

Recommendations accepted in the main.

Consultative Paper agreed and published.

ACTION FOR THE FUTURE

Comments on consultative paper to be received by April.

CCC membership to be changed in September 1980.

CCC budget to be kept under review in the light of progress made in implementing recommendations over the period 1980-1985, with the possibility of cutting the funds available to the Committee if they do not take satisfactory action.

DEPARTMENT: Welsh Office

PROJECT A

Welsh Office controls over local authorities in respect of highways.

REPORT'S MAIN RECOMMENDATIONS

Reduce Welsh Office central control by specifying more clearly the respective roles of the Welsh Office and local authorities. Greater use of contractors and consultants for construction and design work. Lower profile on road safety.

POSSIBLE SAVINGS

£68,000 pa (of which £55,000 staff).

ACTION TO DATE

Recommendations accepted. Action Document agreed. Action in hand in some cases; consultation taking place on others.

ACTION FOR THE FUTURE

Follow-up report on progress towards implementation to be provided to Secretary of State in July 1980. Recommendations to be implemented in the main during 1980-81.

PROJECT B

Welsh Office controls over LEA building

REPORT'S MAIN RECOMMENDATIONS

Disengagement from building controls.

POSSIBLE SAVINGS

£90,000 pa (staff savings).

ACTIONS TO DATE

Recommendations accepted. Action document agreed. Announcement made in PQ of proposals for disengagement. Consultations taking place.

ACTION FOR THE FUTURE

Expect to implement the disengagement proposed in early Summer 1980.

DEPARTMENT: Northern Ireland Office.

PROJECT A

Review of the Rate Collection system in Northern Ireland

REPORT'S MAIN RECOMMENDATIONS

The number of local Rating Offices should be reduced; a new computer system to be introduced.

POSSIBLE SAVINGS

Over £1 million pa. Staff savings of 180.

ACTION TO DATE

Main thrust of recommendations accepted but number of offices will be reduced by slightly less than recommended. Discussions with Staff Side.

ACTION FOR THE FUTURE

Implementation by April 1982 - the length of the timetable for implementation being due to design etc of computer system.

PROJECT B

Review of methods of recovering public debt.

REPORT'S MAIN RECOMMENDATIONS

Replace existing methods by measures designed to promote the return of a normal relationship between creditor bodies and their customers and to ensure more efficient debt recovery. For example: withhold rent debts from supplementary benefit; flexibility in payment methods; attachment of debts to national insurance benefits.

POSSIBLE SAVINGS

Not ascertainable but should lead to a greater debt recovery.

ACTIONS TO DATE

Consultations with Lord Chancellor and Secretary of State for Social Services taking place. "Tentative" Action Plan agreed.

ACTION FOR THE FUTURE

Announcement this month that part of the report's recommendations have been accepted and will be implemented forthwith. Final action document to be drawn up following completion of prior consultations with LCD and DHSS.

DEPARTMENT: Department of Health and Social Security

PROJECT

Review of the frequency and method of benefit payments.

REPORT'S MAIN RECOMMENDATIONS

Benefit recipients should be given the option to have benefits paid direct into their bank accounts. Benefits should be paid fortnightly, except child benefit which should be paid monthly. Improvements in Administrative Procedures (eg sending order books to home addresses, computer sorting of order books).

POSSIBLE SAVINGS

Unclear until Ministerial consideration complete. But likely to be in the range £23-33 million pa (compared with £50 million pa envisaged in project report).

ACTIONS TO DATE

Abridged version of report submitted to Select Committee on Social Services.

Government commitment not to change the frequency of payment compulsorily for retirement pensions, thus reducing potential savings identified in the report.

Inter-departmental Group of Officials set up to consider implications of Report's recommendations for the Post Office (to report end April).

ACTION FOR THE FUTURE

H Committee to consider recommendations early May.

Full debate on proposals in House of Commons before final decision taken on recommendations.

Implementation to occur over the period up to 1983/84.

DEPARTMENT: Department of Trade

PROJECT

Review of services to exporters.

REPORT'S MAIN RECOMMENDATIONS

Support for exporters should be of pump priming nature, with the full recovery of costs where this is not the purpose. One scheme should be wound up. Certain organisational changes to avoid duplication etc.

POSSIBLE SAVINGS

£16.5 million over next 4 years. Annual savings not yet clear but certainly less than £10 million pa identified in report, unless more of the report's recommendations are accepted following Sir Derek Rayner's questioning of the Action Document.

ACTIONS TO DATE

British Overseas Trade Board consulted.

Some recommendations accepted but the important recommendation of full recovery of costs of export services other than where of a pump priming nature not accepted.

Action document yet to be agreed following Sir Derek Rayners questioning of the Minister's response to the reports proposals.

Action document on organisational changes awaited pending follow-up review.

ACTION FOR THE FUTURE

Implementation in hand in some cases, to be completed this year and next in others. But increase in recovery of costs of services to exporters to be phased over next 4 years or so.

DEPARTMENT: Department of Energy

PROJECT

Review of the organisation of Non-nuclear Research and Development on new energy technologies

REPORT'S MAIN RECOMMENDATIONS

Reorganisation of existing R and D sections into new single Chief Scientist's Division; clarify and strengthen policy making at the top; regularise and formalise the relationship between the Department and the Atomic Energy Authority at Harwell.

POSSIBLE SAVINGS

Financial savings not identified. But expected to be in region of 10-15 per cent of staff costs. To be confirmed after follow-up review.

ACTION TO DATE

Decision on recommendations to await outcome of follow-up review which it was agreed should occur to consider in depth the interface between the Department and Harwell.

ACTION FOR THE FUTURE

Action document to be agreed on completion of follow-up review (expected this month).

DEPARTMENT: Department of Education and Science

PROJECT

Review of the administration of the teachers pension scheme

REPORT'S MAIN RECOMMENDATIONS

DES should continue to administer the scheme; the notional fund should be abandoned and should change to a non-contributory basis; an economic charge should be made to private employers; there should be a central review of administrative practice in the various public sector pension schemes and a number of administrative changes, including the relationship between DES and the Paymaster General's Office.

POSSIBLE SAVINGS

£400,000 (59 staff)

ACTION TO DATE

Minister considering report. Sir Derek Rayner pressing for action document.

ACTION FOR THE FUTURE

Not known until action document available.

DEPARTMENT: Department of Transport

PROJECT

Review of the work of the Road Construction Units

REPORT'S MAIN RECOMMENDATIONS

There should be a planned phasing out of the Road Construction sub-units (1,700 staff); number of changes in the planning and design of road and bridge schemes, specialist engineering activities and relationships of the Road Construction Units with Departmental Headquarters; the question of exceptional recruitment of Road Construction Unit Headquarters staff into Civil Service should be investigated.

POSSIBLE SAVINGS

Not known until detailed study completed on the future of individual sub-units and final decisions taken on the other recommendations.

ACTION TO DATE

Recommendations accepted in principle.

Report published.

Consultations taking place.

ACTION FOR THE FUTURE

A detailed "Action Study" will be carried out to draw up a programme to chart the future of individual sub-units; study to be completed within 3 months of publication of Roads Policy White Paper. Sir Derek Rayner will be informed of the outcome.

Decisions on exceptional recruitment of Road Construction Unit Headquarters staff will be taken at the same time as the completion of the Action Study.

Decisions to be taken shortly on other recommendations, following which an action document will be drawn up.

Mr LANKESTER

Ash

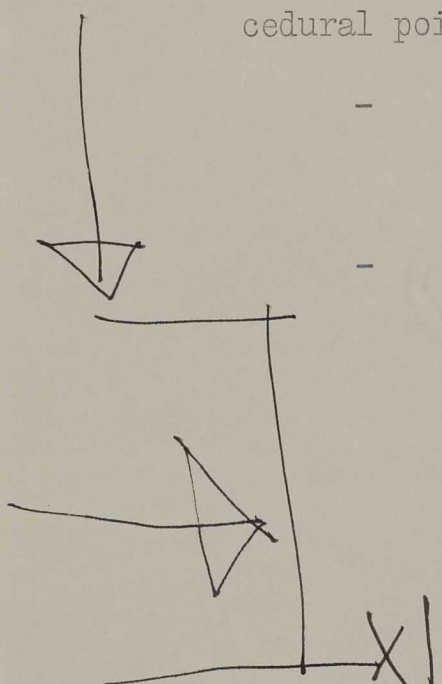
Dan Allen about

X . (p.a.)

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT

1. You will have now seen Mr Channon's report on the Wider Applications of the Rayner Projects and Sir Derek Rayner's report* on Progress Towards Implementation. I attach a summary note which you might find helpful in presenting the two reports to the Prime Minister.

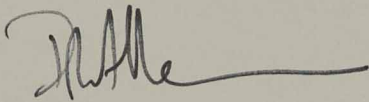
2. If I may, I would like to suggest that in responding to Mr Channon's minute the Prime Minister makes the following procedural points:

- 
- Paragraph 4: Mr Channon should be asked for further progress reports at specified times (say every 6 months).
 - Paragraph 6: Mr Channon should be encouraged to propose another service-wide review after completion of the statistics review, but adopting the same approach. In response to the point that "we must also somehow get down to line managers in Departments the lessons from all this work" the Prime Minister might wish to say that she would expect Sir Derek Rayner to pursue this point in his "conventions/lasting reforms" work. (A personal and confidential submission by Sir Derek Rayner to the Prime Minister is now in No 10.)
 - Paragraph 7: Rather than encouraging a separate paper for the Chequers Cabinet the Prime Minister might ask Mr Channon to incorporate the lessons learnt in his paper on manpower policy which should essentially be a paper on the scale of Government's functions.

3. I would not presume to advise on a response to Sir Derek Rayner's minute. The main point is plainly that while the method of analysis has proved itself, getting the results in

* Attached

important cases depends on political will. It would however be helpful if Sir Derek Rayner were asked to report again in the Autumn. Many of the savings are still dependent upon the outcome of consultations. Moreover, Action programmes can slip if the pressure is not kept up. A request for a further report in the Autumn should help Sir Derek Rayner in keeping up the pressure.



D R ALLEN

26 March 1980

SUMMARY NOTE

Sir Derek Rayner reports on progress towards implementation of last year's Rayner projects. Mr Channon reports on the wider application of lessons learnt from these projects.

Sir Derek Rayner's Report

The main points to note are:

a. In 20 out of the 29 projects the main direction of the changes proposed have been accepted in principle and Ministers are proceeding to speedy implementation, this year and next (paragraph 6). But the savings associated with these 20 projects amount to only £9.0 million pa and £8-£12.0 million once-for-all, compared with the £80 million pa and £53 million once-for-all potential savings identified last year for the 29 projects as a whole (paragraph 9). Moreover, even in these cases the savings are not 100% secure, being subject to consultation both inside and outside Government (paragraph 7).

b. The main projects (in terms of savings) on which agreement on implementation is outstanding are the DHSS (£50 million pa), the Manpower Services Commission (£8 million pa and £41.5 million once-for-all) and the Department of Trade (£10 million pa). The progress of the DHSS recommendation is of great concern to Sir Derek Rayner not only because of the magnitude of the potential savings at risk (savings are already likely to be less than half those identified in the report) but also because of the general lesson that it can be all too easy for lobbies to knock down administrative improvements before the case for them has been presented (paragraphs 10 - 15).

c. Ministers have been bold in taking decisions which bear upon activities internal to Government. There has however been some hesitancy where the recommendations affect particular client groups (paragraph 8).

d. Sir Derek Rayner recommends that the best publicity strategy is one of "gradual emergence" rather than a single Parliamentary statement. This approach would be in keeping with the notion that the Reports are the property of individual Ministers. Moreover any general announcement now would omit two big projects - the DHSS, which is to be discussed in H Committee in May, and the Manpower Services Commission which is not due for final decision until 22 April (paragraphs 16 - 18).

e. Sir Derek Rayner is involving himself in two areas of work deriving from the experience of last year's projects namely Statistics and Repayment. He will report to you in the Autumn.

f. The Annex details the state of play on each project.

Mr Channon's Report

The main points to note are:

a. It is thought that there is considerable scope for multiplying the potential savings identified in the Rayner projects through the application of the lessons learnt in other Whitehall departments. Mr Channon identifies the wider applications deriving from 20 of the 29 Rayner projects undertaken last year and details the action that he has taken to date in following them up (Annex 2).

b. The main themes of the lessons learnt (described in Annex 1) are: streamlining and rationalising office networks and systems; reduced "nannying" by Whitehall in relations with Local Authorities and industry; greater charging for the services provided by central

government; need to reduce administration at the same time that operations are reduced; greater computerisation; inefficiency in the use of assets and staff.

c. The main form of the action taken by Mr Channon has been to bring the results of particular projects to the attention of Ministers and to ask for reports on how the lessons can or are to be applied in their Departments. In only a few cases are specific studies in hand in the Departments working to fixed timetables.

d. Mr Channon suggests (paragraph 6 of his minute) that after the completion of the service wide review on statistics (on which Sir Derek Rayner is due to report in the Autumn) there should be a similar form of review in "another field". He feels also that "we must also somehow get down to line managers in Departments the lessons from all this work".

e. Mr Channon offers to report "from time to time" on progress (paragraph 4 of his minute) and to prepare a paper for colleagues, perhaps taking it as an extra topic for the Chequers Cabinet.



Govt Mad

10 DOWNING STREET

From the Principal Private Secretary

25 March 1980

Dear Brian,

RAYNER STUDIES FOR 1980

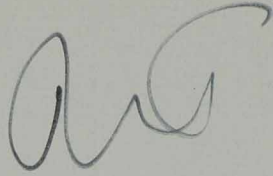
The Prime Minister has seen your Secretary of State's minute of 20 March 1980 and has noted that he is adding to his existing Rayner Studies an examination of economy in new building works for the Armed Forces.

I am sending copies of this letter to John Wiggins (Treasury), David Edmonds (DOE), Geoffrey Green (CSD), Sir Robert Armstrong, Sir Kenneth Berrill and Sir Derek Rayner.

Yours etc,

John Wiggins.

B.M. Norbury, Esq.,
Ministry of Defence.



PRIME MINISTER

RAYNER PROJECTS: WIDER APPLICATION OF LESSONS

In your minute of 14 January you asked me to report by the end of March on the scope for applying lessons from the Rayner projects more widely.

2. Annex 1 lists a number of ways for improving efficiency which I am already pursuing. You will see that I am developing action on the basis of five or six main themes. I believe that if these can be successfully applied, widespread improvements and savings will result.

3. Annex 2 gives the state of play on individual Rayner projects and the scope I see for applying detailed lessons from them.

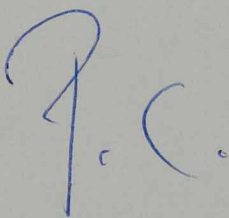
✓ 4. I will report from time to time on progress, or problems on all of this.

5. This is just the beginning. Final decisions have not yet been taken on most of the Rayner recommendations. We will learn more lessons - in particular from the next round of scrutinies. It should be our aim to structure the comparatively small number of scrutinies so that we can get information on the widest possible basis across the Service.

6. When we see what comes out of the statistics review, we will want to decide whether to do another service-wide review in a different field. We must also somehow get down to line managers in Departments the lessons from all this work - and to get them to adopt this sort of approach. As a modest step, the Civil Service College is going to introduce into some of its courses material from the Rayner projects.

7. I shall of course remain in close touch with Sir Derek Rayner about all this. If you wished, I could prepare a paper for our colleagues about the lessons learned, and possible applications of them. Perhaps this would be a good extra topic for the Chequers Cabinet meeting on Civil Service numbers and costs?

8. I am sending a copy of this report to the Chancellor of the Exchequer and to Sir Derek Rayner.



PAUL CHANNON

24 March 1980



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BULL
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GENERAL THEMES FOR IMPROVING EFFICIENCY

Stream-lining

The projects on the London Collections of Customs and Excise, on the MSC's Skillcentres, on Rate Offices in Northern Ireland and on the Department of Employment's Unemployment Benefit Local Offices all illustrate the scope for stream-lining networks of Government offices and establishments. The most obvious application is from the London Collections, to the Collections in the rest of the country. If the same improvements could be made, at least £4 million in savings might be achieved.

The projected look at the Valuation Offices of Inland Revenue (employing 8,000) and my proposal to the Minister of Transport for rationalising the Traffic Area Offices (employing about 4,500) fall under this heading. So too does the DOE/Transport scrutiny of their Regional Offices and the inquiry in the current MAFF Management Review into their Regional Offices. I hope for useful improvements and savings from all of these.

There is also likely to be continuing scope for rationalisation of the different services' systems in MOD, building on the excellent project on food procurement there.

One other most important difficult area is the administration of the Courts (total employment of 18,000 including the Magistrates Courts and Courts in Scotland). There should be scope for rationalisation and the wider application of efficient procedures. The Lord Chancellor has now agreed to undertake a scrutiny of the administration of the jury system. A study by CSD and the Lord Chancellor's Department to tighten the staffing formula covering the County Courts should be completed by the summer. Later this year I will be in a better position to suggest how to improve efficiency in this area.

Too much nannying

A number of projects, especially those of the Welsh Office, show the scope for cutting down the amount of central Government supervision of and advice to other authorities, especially local authorities.

Also, there is the question of the "sponsorship" by Departments of particular industries. John Nott raised this question in his minute to you of 12 March.

On the first, I have asked Ministers responsible for local authority functions to prepare a programme of action to cut down work on supervision of, and advice to, local authorities. I hope that where this has not already been achieved, proportionately large reductions can be made in the staff involved (who total about 6,000).

On the second, I propose to ask all colleagues concerned to let me know what scope they see for reduction of "sponsorship" in all its various forms in their Departments. In the Department of Industry alone there are certainly well over 1,000 staff involved.

Charging for Government services

different ways, three projects - Home Office on the Radio Regulatory Department, Department of Trade on export services and MAFF on agricultural grants - point to areas where we could extend charging for services. All areas of Government involved in providing services of this kind should be re-examined from this point of view. I believe we should use the price mechanism to regulate the scale of Government activity and to determine its real value to the consumer. But I am well aware of political pitfalls here. Museum charges must be a warning to us.

I have written to the Minister of Agriculture about a radical extension of charging for the services of ADAS. As the Department of Trade's export project has shown, advisory services in the industrial and commercial field are also candidates for charging - if we need to retain such services at all. I think that ADAS will probably be very tricky, but it employs 5,500 and we must look at it.

Too much administration

We must ensure that when we cut down operations, we cut down the administration at the same time. I have discovered that in the Road Construction Units project the ratio of staff to the size of the programme has increased. We are dropping or reducing in number many local authority activities - eg council housing, numbers of teachers and new schools. Another area is industrial grants where the level of grants is now much less than a year or two ago.

Modern methods

A number of the projects, eg Northern Ireland rates project, have shown that despite the extent to which computers and other mechanised procedures have been introduced in Government, there is plenty of scope for more. CSD is taking a lead in promoting the use of standard computer systems for processing the payroll and superannuation calculations in Departments (which should produce up to £7 million savings on systems and programming staff over the next 10 years). It is also helping the Treasury to see if it is feasible to use standard computer programmes for financial information systems. Each Department should ensure that they update their methods. The CCTA are looking to see whether within their existing resources, they can help Departments to identify further areas suitable for the application of computers. There will be financial constraints here especially since the PSA's recent expenditure cuts. As you know, we are negotiating with the Staff Side an agreement on the use of modern technology.

Other points

There are two other particular points in the Table. The first is the lessons from the report from the PSA on the Government Estate in Bath for the handling of the Defence Estate generally. You have already commissioned work on the possibility of PSA moving to a repayment basis, and on Departments realising how valuable are the assets they are sitting on. I believe that we should improve the use of properties on the Defence Estate; and dispose of property not required far more

MANAGEMENT IN CONFIDENCE

quickly. 20,000 out of 90,000 married quarters are unoccupied. If
en a quarter of these unoccupied properties were sold off
£50 million could be raised. There would be considerable continuing
savings in the reduction of maintenance. I am pressing this with
Euan Strathcona and Barry Hayhoe.

The second point is the proposed joint CSD/Customs and Excise look
at improvements of productivity in local VAT offices. This is
potentially valuable not only for an improvement in performance of
VAT operations, but also since it may provide wider lessons for
measuring and improving performance at local level and for increasing
delegation of authority down the line.

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
1. FCO/ODA - merger of FCO and former ODM	Scope for rationalising aid functions and supporting services	ODA Management Review and Staff Inspection (involving CSD Inspectors) to make recommendations for most efficient and economical administration of aid functions and supporting services. There is to be a separate scrutiny of the Directorate of Overseas Surveys	This was the subject of Sir Derek Rayner's minute to the Prime Minister of 6 March. Savings in manpower should be possible
2. Customs and Excise - Rationalising of London Collections	Principles established for amalgamating Collections, widening span of management responsibility and rationalising supporting services	Study of the application of these principles to rationalising of Collections in rest of country will begin this autumn Implementation to begin towards the end of 1981 (CSD to participate)	Programme of action agreed by Lord Cockfield and Mr Channon in consultation with Sir Derek Rayner. Potential savings about £4m
	Evidence of lack of morale, direction and delegated authority in local VAT offices. Combined with other evidence to suggest need to look at improvement of ways management measures and seeks to improve performance of VAT field force	Joint CSD/Customs and Excise study of ways to measure and improve performance of local VAT offices and individual VAT officers	Aim is to achieve greater revenue "take" per VAT officer - allowing either increased revenue or reductions in staff
3. Department of Industry (Joint project with Department of Trade) - review of statistical services	Case for continuing each block of statistical activity at its present level assessed in light of a checklist of basic questions about the real value which they add to the public interest	Broadly the same approach is being adopted in a service-wide review of Government statistics, initiated by Minister of State, CSD. Review under direction of Sir D Rayner supported by an official from CSD and CSO	Report expected late summer. Significant improvements in efficiency expected with reductions in statistical inquiries and staff savings

MANAGEMENT-in-CONFIDENCE

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
4. Department for National Savings - handling of correspondence with the public	A number of methods for improving efficiency of handling large flows of correspondence are identified - some are already applied in DNS : others are recommended for introduction	Other large correspondence handling Departments - eg Inland Revenue, DHSS, Dept of Employment - have been asked to consider application of these methods where this has not already been done. Departments to report to CSD, which will monitor progress and will serve as an "exchange mart" for good ideas for achieving economies in this field	Very difficult to estimate savings but could amount to over £1m in reductions of staff and postage costs
5. Ministry of Defence - Food Procurement for the Armed Forces	Scope for rationalising separate army and navy systems : and Services and NAAFI systems. Also reduction in excessive stock holding	Possibility of similar rationalisation of procurement distribution and storage of non-food items being looked at in wider Supply Management Review. Minister of State, CSD, asking Mr Hayhoe for a progress report	The scope for a wider review of stock-holding by Government Departments being considered by CSD
6. Civil Service Dept - charging for courses	Need for greater cost-consciousness in training in Departments and in particular the costing of individual courses	The Minister of State, CSD, arranging for the preparation of a framework for costing training in Depts and for bringing these costs to the attention of Ministers. CSD also to undertake experimental comparative study of training costs in departments this summer	

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
<p>7. PSA -</p> <p>a. maintenance of the Government estate in Bath</p> <p>b. Estate management in Kingston</p>	<p>Under-utilisation of property, especially in the Defence Estate. Inefficiencies in maintenance and estate management</p>	<p>a. Minister of State, CSD, is pursuing with MOD Ministers the handling of under-utilised property on the Defence estate nationwide; and pressing for a quicker rate of disposals. Procedures for disposal of surplus Government property may need to be re-examined</p> <p>b. The Prime Minister has commissioned a study on moving PSA onto a repayment basis</p> <p>c. A large and continuing programme of Maintenance Economy Reviews (on the lines of the Bath Review) is being introduced</p>	<p>Scope for big savings Figure for total under-utilisation of defence property not known but 20,000 out of 90,000 married quarters are unoccupied. If even a quarter of these can be disposed of £50m would be realised with significant continuing savings in PSA's maintenance costs</p> <p>With 20 or 30 MERs per annum, the scope for direct savings should be considerable. The Minister of State, CSD, will take close interest in MERs to see that lessons for improved efficiency can be more widely spread</p>

MANAGEMENT-in-CONFIDENCE

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
<p>8. Department of Employment - peaking of work and use of part time staff in unemployment benefit offices. Part time local benefit and small full-time UBOs</p>	<p>Scope for closure of, or conversion from full to part-time working in, small satellite offices. More accurate complementing of small offices by the employment of part time staff Re-arranging work to smooth out peaks and troughs is cheaper than employing part-time staff to cope with peaks</p>	<p>a. Minister of State, CSD, is writing to the Secretary of State for Social Services drawing attention to the possible lessons for the Social Security local office network</p> <p>b. Minister of State, CSD, has agreed with the Secretary of State for Employment that there will be a further review of staffing formula in early 1981 which will, inter alia, take account of points arising from project</p>	
<p>9. Welsh Office control over highway authorities and control over local education authority building</p>	<p>Scope for reducing control over and supervision of local authority activities in these fields with commensurate reduction in staff</p>	<p>Minister of State, CSD, has drawn attention of Secretaries of State for Education and Scotland and Minister of Transport to the Welsh Office project and suggested that similar reductions in activities and staff in analogous areas in their Departments be made. He has written to all Ministers with responsibilities for local authority functions to ask for reports on reduction of activity and staff engaged on supervision and advice to local authorities</p>	<p>Total staff involved about 6,000. Scope for savings should be considerable. In many of the functional areas concerned, local authority activity is declining; circulars to local authorities have been sharply reduced : many controls over local authorities have been relaxed</p>

MANAGEMENT-in-CONFIDENCE

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
<p>10. Customs and Excise London Collections, Department of Employment Skillcentres, Northern Ireland Office rate collection, Department of Transport Road Construction Units</p>	<p>) All of these projects in different ways offer possibilities of rationalisation of networks of local offices</p>	<p>Minister of State, CSD, has asked Minister of Transport to review scope for rationalisation of Traffic Area Offices</p> <p>Valuation Offices of Inland Revenue are to be reviewed : CSD will participate</p>	<p>The possibility of rationalising other networks of local offices will be explored by CSD</p>
<p>11. Lord Chancellor's Department - attachment of earnings procedure in the County Courts</p>	<p>Scope for introducing model procedures based on best practice in the courts</p>	<p>a. Minister of State, CSD, will be asking Home Secretary to consider introduction of these model procedures for attachment of earnings in the Magistrates Courts</p> <p>b. How best to mount a general exercise to secure the wider application of efficient procedures in the courts</p>	<p>b. Will be taken forward in the light of the current review of the Staffing Formula in the courts and of the scrutiny of administration of the jury system</p>
<p>12. MAFF - Administration of Farm Capital Grants Department of Trade - Services to exporters Home Office - Work of the Radio Regulatory Department</p>	<p>) All of these involve greater degree of charging for "services" provided for business or recreational purposes</p>	<p>This principle can be applied more widely. The Minister of State, CSD, has written to the Minister of Agriculture raising the possibility of a large extension of charging for ADAS. The scope for charging in the field of promotion work in Departments of Industry and Trade on behalf of industry will also be explored</p>	<p>The scope for extending the field for charging, the consequential reduction of demand and drop in staff engaged in these activities could be considerable. The cost of ADAS alone is over £85m a year and receipts from charges only £4.8m</p>

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
<p>13. DHSS - payments of social security benefits Home Office - work of the Radio Regulatory Department</p>	<p>Both projects illustrate need to review periodically whether activities done by agents continue to be efficient</p>	<p>Minister of State, CSD, will be asking Departmental Ministers to review particular agency arrangements For example, the Minister of State is writing to the Chancellor of Exchequer suggesting a review of the administrative work which the Bank of England undertakes as agent of the Treasury</p>	

MANAGEMENT IN CONFIDENCE

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SIR DEREK RAYNER

RAYNER PROJECT: CHARGING FOR CERTAIN CIVIL SERVICE COLLEGE COURSES

Thank you for your minute of 29 February commenting on my draft of a proposed Action Plan on this project. I have included your suggestions in a revision. That was put to the National and Departmental Staff Sides. Having seen the National Staff Side to hear their views, I am now writing to tell them that the revision is now the Action Plan. A copy is enclosed.

2. The original action 1. (differential course costing) was taken by 29 February. I therefore made it a preamble, since it could hardly be put to the Staff Sides as 'proposed' action without a forward deadline. A similar reason underlies the deadline of 31 March for the new action 1., which includes one of your suggestions.
3. The experimental round of meetings with selected departments is not intended to be addressed to the principle of repayment but to the sort of specific question in the 'comments' column.
4. There has been virtually no press interest in this project; nor does it involve specified savings. I shall therefore make no special announcement, but will make the report and Action Plan available through CSD and College libraries and the CSD Press Office (on repayment if it is to be taken away!).
5. I am sending copies of this minute and enclosure to the Prime Minister and to Sir Ian Bancroft.

PAUL CHANNON

24 March 1980

MANAGEMENT IN CONFIDENCE

PROPOSED ACTION PLAN

NB: The Civil Service College will include in its printed programmes for 1980-81 projected costs per course on the lines recommended in the report, which will become the charge to non-Exchequer bodies.

<u>Action</u>	<u>Comment</u>
1. By 31 March, the Civil Service College will submit to the Minister of State (CS) a note on the management information needed to support the College's objectives with or without repayment, and terms of reference and a timetable for the review of existing arrangements against these needs.	This exercise would include the questions in para 6.5 of the report, but would extend to all the flows of management information needed in the College to support its management objectives with or without repayment. Terms of reference and timetable to be agreed with others concerned in CSD, and probably with an external consultant.
2. By 31 March, the Civil Service College will send to each Principal Establishment Officer a statement of the cost of his department's use of the College in the autumn term of 1979.	Statement to cover late cancellations.
3. By 30 April, the Principal of the Civil Service College will report to the Minister of State (CSD) on an experimental round of meetings with selected departments to consider the information at 2. above.	The meetings would cover the relative value of attendances and likely future demand, and the reasons for late cancellations, as well as questions prompted by the particular figures in each case.
4. At a date to be decided at Action 1. above, the Minister of State (CSD) will decide on the extent and nature of repayment in the light of 1-3 above.	Report 3.22 Subject to the study at 1., target date for any changes is April 1981.



25 MAR 1980

cc for information

Sir Derek Rayner o/r

Mr WHITMORE ✓

PA-
ML

THE SCRUTINY PROGRAMME: MOD BUILDING PROJECTS

1. Sir Derek Rayner is in Canada until the end of the month, but I am sure he will very much welcome the Secretary of State for Defence's minute to the Prime Minister of 20 March and, should the Prime Minister so wish, take a particular interest in it on her behalf.
2. I suggest that it would be helpful to import into the terms of reference two related thoughts, namely
 - a. judging the capacity of the existing stock of buildings to meet HM Forces' requirements; and
 - b. judging the need for particular new building projects.
3. This would free the study from the risk that it concentrates too much on building technicalities.
4. There is a wider question, namely whether the scrutiny should also include building projects other than those providing living accommodation. While the covering minute speaks only of the latter, the terms of reference are less specific; on enquiry at the working level, I find that the intention is to concentrate on mess and barrack accommodation, but to leave room for other types of building too. It might be worth clarifying this point.
5. The attached draft to Mr Norbury takes that point and also Mr Pym's reference to the review of the defence estate. In his minute of 23 November, Mr Pym simply noted that "my Ministers are also leading studies aimed at improving economy in the defence estate, in movements, in our consumption of energy, and in our procurement processes". These studies had reached initial conclusions at the beginning of last month.

CP

C PRIESTLEY
24 March 1980

Enc: Draft letter/minute to Mr Norbury

NOB.

Spoke to Mr (Norbury) & explained that his minute had missed the point and that I had, as he will have seen, done my own work to Mr Norbury. We agree that he should write to Mr Norbury, on Sir D. Rayner's behalf, making the above points.

ML 25/3

DRAFT OF 24 MARCH 1980

B M Norbury Esq
Ministry of Defence
Main Building
Whitehall SW1

cc John Wiggins Esq,
HM Treasury
David Edmonds Esq,
DOE
Geoffrey Green Esq,
CSD
David Wright, CO
G B Spence Esq, CO
Clive Priestley Esq, CO

THE SCRUTINY PROGRAMME: MOD BUILDING PROJECTS

1. The Prime Minister has seen your Secretary of State's minute of 20 March, proposing a study of Ministry of Defence building projects. The Prime Minister has asked me to say that she very much welcomes this study, in which she would like Sir Derek Rayner to take a particular interest, and to suggest that consideration should be given to adjusting the terms of reference proposed thus:

"To examine the need for and the standards, quality and cost of a sample of recent MOD building projects by reference to the capacity and state of the stock of existing buildings and to comparable local authority and private developments, with a view to securing economy in meeting the essential requirements for future buildings".

2. The Prime Minister was glad to be reminded of the studies of the defence estate, movements, energy consumption and procurement. She would be grateful if the Secretary of State would kindly arrange for her to be informed of the probable outcome of these.

3. I am copying this to John Wiggins (HM Treasury), David Edmonds (DOE), Geoffrey Green (CSD) and David Wright, Gerry Spence and Clive Priestley (Cabinet Office).

11 12 1
0 9 8
7 6 5 4 3 2

24 MAR 1980



MANAGEMENT IN CONFIDENCE

Govt Mail

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/11123/80

Your ref:

21 March 1980

*VMS**Dr Jukes*

My Secretary of State was grateful to you for copying to us your letter to Ian Ellison about Press Cuttings.

This Department's Press Cuttings service was reduced as a result of a review last September and now costs £27 a day in photocopying. We are shortly to move to a new system in which no cuttings will be circulated as a matter of course; they will be provided on request to recipients of the daily Press Summary. Although we cannot anticipate precisely the level of demand, we hope to contain photocopying costs within a daily average of £10. We also expect to be able to save one post.

I am copying this letter to Ian Ellison and the other recipients of yours.

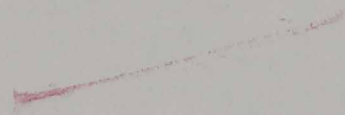
Jukes
D.A.E.

D A EDMONDS
Private Secretary

G E T Green Esq
PS/Minister of State
Civil Service Department
Whitehall
SW1

24/2

24 JULY 1960





Prime Minister.

MO 8/14

This seems a useful addition to the MOD's programme of Rayner studies. I will, however, see whether Sir Derek Rayner has any comments on the Rayner's plans.

PRIME MINISTER

RAYNER STUDIES FOR 1980

JRH
21 iii

attached

In a minute dated 23rd November 1979 I informed you of my proposals for four Rayner studies in 1980. I have been glad to know that they have been incorporated in the overall programme, and that Sir Derek Rayner wishes to take a particular interest in our review of our organisation for inspection and audit. Two reviews are already under way.

2. In my earlier minute I also mentioned a number of other studies that I had set in hand, including one relating to economy in the defence estate. This related primarily to the use and disposal of real estate holdings. I have now concluded that, against the continuing background of the need to provide proper living accommodation for the forces and improve it where it is below reasonable standards, we need to satisfy ourselves that our building programmes really do concentrate on essentials at the cost of cutting out or deferring things which are not strictly essential. I accordingly propose to commission a study in this area; and I think that there could only be benefit in bringing it into the framework of the "Rayner study" programme.

/ 3. I attach details of my proposals in the customary form. The function of oversight at Ministerial and Permanent Secretary level, as with my other Rayner studies, will be exercised by the Minister of State and the Second Permanent Under Secretary. Michael Heseltine has been consulted over this proposal and he is considering suitable PSA representation in the review team, and possibly an outsider with relevant experience.

4. I am copying this minute to the Secretary of State for the Environment as well as to the Chancellor of the Exchequer, the Minister of State for the Civil Service Department, Sir Robert Armstrong, Sir Kenneth Berrill and Sir Derek Rayner.

Ministry of Defence
20th March 1980

SUBJECT

Economy in new building works for the Armed Forces.

COST

The cost of major new works projects for the Armed Forces is running at a level of £240M a year.

REASONS FOR SELECTING THE SUBJECT

The Government is committed to providing decent living conditions for the Services to accepted scales and standards. Nevertheless at a time when capital spending in all other parts of the public sector is being heavily cut back, and when the pressure on the defence budget is increasing, it is more than ever necessary to ensure that the MOD's building requirements are met with the maximum of economy. The study is designed to illuminate the consideration of future building projects at the planning stage, before contracts are placed.

TERMS OF REFERENCE

"To examine the standards, quality and cost of a sample of recent MOD building projects by reference to comparable local authority and private developments, with a view to securing economy in meeting the essential requirements of future buildings."

DATES

1 April - 31 July

EXAMINING OFFICERS

Mr. D G Jones, Senior Principal (MOD)

A military officer of Lieutenant Colonel level (MOD)

Appropriate PSA representation

21 MAR 1980





Govt Mail

Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

Geoffrey Green Esq
Private Secretary to
Minister of State
Civil Service Department
Whitehall
LONDON
SW1A 2A2

14 March 1980

Dear Geoff,

PRESS CUTTINGS

You wrote on 5 February on this subject in the wake of Ian Ellison's letter of 30 January. I am sorry for the delay in making our contribution.

A short while ago we greatly reduced the number of press-cutting folders issued here from around 40 to 16 and achieved some useful savings then. Your letter has, however, prompted a further look at essential needs and as a result we have now been able to bring the numbers down again.

In future, we shall send out only 3 full sets but we will also issue four part-sets on a limited range of topics mainly concerned with the Employment Bill. This latest reduction will save us about £6,500 pa and we expect to make further savings when the Bill is through.

All this has made us wonder whether larger economies might be achieved across the Service by setting up a central press summary and cutting service. I imagine this possibility has been examined before but it might be worth considering again now in the light of new technology developments in microfiche and facsimile transmission. We have suggested at any rate that this might be a suitable topic for study by Civil Service Department Management Services.

I am copying this to the recipient of yours.

Yes *etc*
Richard Dykes

R T B DYKES
Private Secretary

1177 MAR 1960



*Went made
✓
MAD*



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

14 March 1980

Dr Betty

ECONOMIES - PRESS CUTTINGS

I wrote to you on 8th February about the savings in staff and related costs made by a reduction in press cutting services in the Treasury. For completeness I am sure you would like to know the position in the Chancellor's other major departments.

Inland Revenue, Customs and Excise and the Department for National Savings have each kept a tight rein on both the number of articles copied and the number of sets of press cuttings circulated in order to keep costs down.

In the Inland Revenue for instance photocopying costs only some £2,800 a year. This has been achieved by careful selection of the extracts, so that only a very few pages are circulated each day. If these were replaced by a daily list of articles there would be savings on photocopying, but the staff cost of preparing the list and of dealing with ad hoc requests for copies would mean that there was a net increase in the cost of the service.

The cost of copying press cuttings in Customs and Excise is about £3,300 a year. The extracting process is selective and the distribution is on the basis of personal copies for Board members and one copy for each HQ Division and each Collection (i.e. all Assistant Secretary commands). Here, too, the staff cost of preparing lists, etc. would outweigh the benefits of reducing the amount of photocopying.

The annual cost of photocopies in DNS had already been reduced to about £230 and a further review has brought this figure down to around £120.

/In the

G.E.T. Green, Esq.,
Private Secretary to the
Minister of State,
Civil Service Department



In the interests of economy I am copying this letter to Tim Lankester and to Sir Derek Rayner only.

Yours ever,

MA

(M.A. HALL)



14 MAR 1980

✓ MAA



HOME OFFICE
QUEEN ANNE'S GATE LONDON SW1H 9AT

13 March 1980

Dear Chris,

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT

You wrote to me and other Private Secretaries on 14 January about the Rayner projects and the 1980 scrutiny programme. I am writing to let you know that the Home Secretary has decided, following a discussion with Sir Derek Rayner, that the first scrutiny project in the Home Office will be a review of the function of dealing with applications for naturalisation and for registration as a citizen of the United Kingdom and Colonies, and related matters. ^{below.}

This is an activity which is by definition characteristic of the Home Office (which has sole responsibility for this function throughout the United Kingdom) and it is concerned with the provision of a service to a section of the resident population of the country. The work involves some 200 staff handling about 40,000 applications a year, and the direct staff costs are about £1½m annually. Substantial costs, which cannot be quantified precisely, are also incurred by the police and the immigration service who make inquiries into the suitability of applicants in a proportion of cases. Fees are charged, according to the type of application and the work involved.

The number of applications, and thus the pressure of work, has been growing steadily, and a review is timely to see what scope there may be for streamlining the operation, and whether there might be any changes in current practices, policy or law (there is a Nationality Bill in prospect, which makes the timing of this scrutiny the more appropriate) which would help us to provide a speedier and more efficient and economical service.

The scrutiny will start in May, and will be carried out by Mr T G Weiler, one of our Under Secretaries who is about to retire from full time service. Mr Raison will be the Junior Minister concerned with the project. Sir Derek Rayner has said that he will take a

/particular interest

C A Whitmore Esq

particular interest in this project on the Prime Minister's
behalf.

I am sending a copy of this to Clive Priestley.

Yours,
John

(J A CHILCOT)



14 MAR 1980



FROM THE SECRETARY OF STATE

G E T Green Esq
Private Secretary to the Minister
of State
Civil Service Department
Whitehall
LONDON
SW1A 2AZ

VMAJ
ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9222

Rayner file

12 March 1980

Dear Coffey,

PRESS CUTTINGS

My Secretary of State is glad of the opportunity to comment in response to your letter of 5 February and Ian Ellison's of 30 January.

Our press cuttings service is based on distribution of sets of cuttings to Ministers and a restricted number of senior officials, with a strictly limited selective service to other officials on topics for which they are responsible. The service has been examined from time to time and as a result some improvements in efficiency and reductions in distribution have recently been made, with the effect of halving the annual cost of photocopying. A review of the present level of service is under way and this is expected to produce a saving of over one-third in the current total cost (staff, photocopying, etc.) bringing it down to about £9,000 per annum.

I am copying this letter to recipients of yours.

Yours sincerely
Peter

P A SHAW
Private Secretary

12 MAR 1960



Mr Pattison

J copies. Whether such a table was described as 'budget' or 'at the same' or 'what was, it was the very clear when the information has come from.

Mr Whitmore to see.

COPY TO EACH

am v doubtful about para 3, prior to Ministerial discussion.

For Information

- Mr Pattison
- Mr G E T Green
- Mr Laughrin

010

MR GAFFIN
MR BEASTALL

Mr Presley agreed to cancel further discussion with Hennessy

MAD 10/3

THE TIMES: WHITEHALL BRIEF

1. Mr Hennessy spent an hour with Sir Derek Rayner on 7 March accompanied by a photographer. I was also present. Discussion was "on the record", except where taken off, as Sir Derek prefers to be open.

MAD 11/3

2. The ground covered included:

- Sir Derek's work in Government during Mr Heath's Administration.
- His membership of the steering committee for the MOD and DHSS Management reviews.
- The scope of his present exercise, with particular reference to the "Rayner projects" and the "scrutiny programme" in speaking of which Sir Derek laid particular emphasis on the fact that they are commissioned by departmental Ministers and carried out by departmental officials in consultation with him.
- The source of impetus for his present exercise.
- Whether the "£80 million annual and £50 million once for all" savings are likely to be achieved. Sir Derek said "possibly not", given that those estimates were based on the project officers' findings which were the basis for Ministerial consideration and decision.

- The role of the Civil Service Department, which Sir Derek said he preferred to treat in terms of the functions which had to be carried out at the centre of any organisation (manpower, personnel, pay etc); and what should happen "post Rayner".

3. Discussion moved from the last point mentioned above on to talk about the "conventions" exercise. This was taken "off the record" and Mr Hennessy asked to see me again, in Sir Derek's absence abroad, on 17 March. If I am able to do this, I am inclined to make it a background briefing.

CP

C PRIESTLEY
10 March 1980

110 MAR 1980

110 MAR 1980





Minister of State

The Lord Strathcona
Minister of State
Ministry of Defence
Main Building
Whitehall
LONDON SW1A 2HB

✓ MAP 3 ffs
Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 3000

Govt w/c.

6 March 1980

Dear Fran,

BATH MAINTENANCE ECONOMY REVIEW: WIDER LESSONS

Thank you for your letter of 25 February. I would be very pleased to receive a copy of the progress report you will be sending to Sir Derek Rayner on the action you are taking on those specific recommendations of the Bath report which are the responsibility of the MOD.

On the wider question of reducing the amount of under-utilised property on the Defence Estate in other parts of the country, I accept that to some extent the problem has necessarily occurred as a result of defence reviews. If the position in other parts of the country displays even some of the characteristics of the situation in Bath, there is clearly an urgent need to bring decisions to a head to deal with under-utilised property nationwide in the same way as you are doing in regard to the properties in the Bath district. I am very glad therefore to note that Barney Hayhoe is heading a review to see that no more property is held on the defence estate than is strictly necessary.

I would be interested to hear of the progress of Barney Hayhoe's review. There are two particular points that I should like to raise at this stage. First, has the review produced a broad estimate of the scale of property on the estate which is under-utilised? Secondly, does the review have targets for reducing the under-utilised position within a specified timetable? I would be very grateful if Barney Hayhoe could write to me on this and if I could then have an opportunity to follow up any points of interest arising from the information he provides. I imagine from his letter of 25 February that John Biffen would be similarly interested to receive such information.

I am copying to the other recipients of this correspondence, and to Barney Hayhoe.

*Yours
Paul*

PAUL CHANNON



BLIND COPIES:

Mr Pattison ✓
Mr Butler
Mr Crawley
Mr Russell

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-~~33054444~~ 233-8224

5 March 1980

J A Chilcot Esq
Private Secretary to the
Secretary of State for the Home Department
50 Queen Anne's Gate
London SW1

Dear Sir,

THE SCRUTINY PROGRAMME

1. Thank you for your letter of last Friday, received here yesterday.
2. Derek Rayner is well content with the proposal to scrutinise the way the Home Office deals with applications for naturalisation and registration and will take a particular interest in it on the Prime Minister's behalf. He notes that it should start in May or June.
3. Rayner looks forward to having a draft study plan in due course; if Alec Gordon-Brown wants a word about this I am of course at his service.

Yours etc,

Private Advice

C PRIESTLEY

155 MAR 1960

155 MAR 1960



✓ MHP

Foreign and Commonwealth Office

London SW1A 2AH

3 March 1980

Dear Green,

My Minister was interested to see Ian Ellison's letter of 30 January to you about press cutting services, and the responses which this drew from various Departments.

Our own press cutting arrangements are geared mainly to the needs of our News Department. They would normally be reviewed about once every three or four years as part of our regular home inspection programme. But in light of the present correspondence we mounted a separate review of the service (whose present overall cost, for staff and photocopying, is about £44,000 a year). This is leading to some stream-lining of the service and the saving of one clerical post with a consequent saving of about £5,500 per annum. We are exploring the possibility of further rationalisation and hope to effect additional economies shortly.

I am copying this to the recipients of Ellison's letter.

Yours ever,

Charles Humfrey

C T W Humfrey
Private Secretary
to Mr Hurd

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

5 APR 1950

APR 11 12 30 PM '50
6547



✓ MAJ
MINISTER OF STATE FOR DEFENCE

WHITEHALL LONDON SW1A 2HB

Telephone 01-218 6621 (Direct Dialling)
01-218 9000 (Switchboard)

3 March 1980

Dear John,

Francis Pym has asked me to reply to your letter to him of 26 February about the Bath PSA District Works Office review.

By now I expect you will have seen a copy of my own letter of 25 February to Paul Channon on the same subject. This explains that the issues are not quite as straightforward as the review suggests.

Although we recognise our interest in disposing of unwanted and under-utilised property without unreasonable delay, we have an equal interest (which your Department shares) in avoiding ill-considered decisions which produce false economies in the longer run.

We are seeing what we can do to narrow down the uncertainties which are at present holding up our disposal programme and I will keep you informed of progress. Meanwhile my officials are in touch with yours about the handling of the Bath review.

I am copying this letter to the other recipients of yours.

Yours
Eric

Lord Strathcona

191



3 - MAR 1960



✓ MRP
With Sir Derek Rayner's
compliments.

MINISTER OF STATE, CSD

RAYNER PROJECT: CHARGING FOR CERTAIN CS COLLEGE COURSES

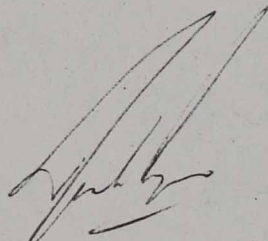
1. Thank you for your minute of Wednesday and for the draft action plan.
2. I see that the action plan is one "for the next three months" during which you will be considering different views. I am very concerned that after each project there should be early decision and steady progress to implementation. The action plan is however talking about work on which you will take a decision some time after the end of April "as soon as it is possible to do so". While I have no problems with Actions 1 and 3, Action 5 (decision) is indefinite as to timing; it is made dependent on, in particular, Action 2, "the review of the continuing management information needed by the College", whose date of completion is not plainly indicated.
3. May I suggest that you commission your officials to advise you by the end of March what information is needed by you and by them in order to manage the College? Given that it has been in existence for 10 years and that eight months have now been devoted to this current project, I think the Department should be able to give you at the least a main structure quite quickly. That would enable you to set the date, I would suggest in May, when you can consider the substantive decision; if you wanted to talk to me again at that stage I should of course be at your disposal. Meanwhile I am heartened to note that at present you believe the answer is to go for repayment.
4. May I also comment on the "experimental round of meetings with selected departments" to consider the earlier Actions. Given all the consultations which has gone on already, I think that the Department is entitled to make up its mind and if further talks are necessary I suggest that they should be very specifically addressed to secondary questions of practice and operations rather than to the principle of repayment.
5. I am interested in your point about outside experience and your reference to business in particular. The central point to my mind is that what we are dealing with here is value for the taxpayer's pound, right across government, and with the disciplines needed to get it. IBM's and other businesses' experience is of interest; I am less sure that it is analogous. Local government and the business schools I find not too impressive as exemplars I'm afraid. Worries about almost all aspects of local authority manning are too extensive and well-known to need further comments; as for business schools, I have heard a former chairman of the UGC say recently that, in his early experience at least, business schools were no better at knowing what they were costing than the rest of their university - but perhaps times have since changed!

6. On the wider issues, I applaud your initiative and would offer only these remarks:

Departmental Training: By all means establish full costs, along with those for other items, as part of the annual scrutiny of costs. This would be one of the items that Ministers looked at monthly (my letter to the Home Secretary of 22 February, paragraph 10).

Cost Comparison: I am all for this, provided it helps CSD take a firm line on the relative efficiency of departmental arrangements and departments do actually take action in response. (My minute to the Prime Minister of 26 February, on Civil Service numbers, may also be relevant - paragraph 19a.).

7. Copies go to the Prime Minister and Sir Ian Bancroft.



DEREK RAYNER

29 February 1980

From: THE PRIVATE SECRETARY

Govt Mail
✓ MAP



NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

Clive Whitmore Esq
10 Downing Street
London SW1

29 February 1980

Dear Clive,

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT

I refer to your letter of 14 January on progress on the Rayner projects.

As you know, the Secretary of State is entirely committed to the success of the two Northern Ireland exercises which have been completed and has welcomed the close personal interest which Sir Derek Rayner is taking in the latest project on the Northern Ireland system of financial control, on which work is well under way.

One of the two projects - that on the Northern Ireland Rate Collection System - is progressing well and Mr Rossi has written to Sir Derek Rayner with his response to its recommendations and his proposals for implementation.

Some of the recommendations in the other Report - that on Public Debt in Northern Ireland - have fundamental policy implications (on the confidentiality of National Insurance Records and on the inalienability of Social Security Benefits). The Secretary of State is consulting the Lord Chancellor and the Secretary of State for Social Services before making final decisions but the delicacy of these particular issues may mean that he will not be able to accept all the recommendations in that Report in full. It also means that he will not be able to reach these decisions before the end of February, the date proposed in your letter.

Nevertheless, we shall let Sir Derek Rayner have an interim report on Public Debt and tentative action plan within a few days.

Yours sincerely
Julie Doherty

PP R A HARRINGTON

RECEIVED
FEBRUARY 11 1960
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C.

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FEB 11 1960

FEB 11 1960



MAA
Good
Had

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

I K C Ellison Esq
Private Secretary to the
Secretary of State of Industry
Ashdown House
123 Victoria Street
London
SW1

28 February 1980

Dear Ian

My Secretary of State has followed the exchange of correspondence since you copied your letter of 30 January. He has asked me in particular to reply to those points which have suggested other areas for 'house-keeping' economies.

In DHHS a great deal of effort has been put into this over the last two or three years. Thus, we had, some months ago, already cut down on the photo-copying of press cuttings - the item which prompted your Secretary of State's suggestion to other Departments. By reducing the number of sets of cuttings, we are currently saving about £14,000 a year, but the scope for saving was restricted to a certain extent by the fact that we had already gone over earlier to using a cheaper copying process. In addition, before that, following a CMS study, we had completely reviewed the staffing of messengerial services and, in agreement with CSU, secured a substantial reduction in complement. We also instituted a CMS study of the typing services, with particular reference to the possible advantages of using work processors and we are now only awaiting agreement between CSD and the National Staff Side on new technology before considering how far and how best to implement the recommendations.

On post and telephones, the Department has done a great deal of work and both matters are subject to a continuous and continuing campaign to keep the facts and the need for economy before all members of staff.

My Secretary of State has asked me to say, therefore, that whilst the Department will be very anxious to join in any general economy drive, in our own field worth while further house-keeping savings are likely to flow rather more from a reduction in Central Government activity and in the number of buildings which Departments like ours have to service, than from yet further management services type studies.

I am copying this to those who have received earlier letters.

Yours sincerely
B C MERKEL
Private Secretary

28 FEB 1950

11 12 1 2 3 4 5 6 7 8 9 10



✓ MR

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

G E T Green Esq
Private Secretary to the Minister
of State
Civil Service Department
Whitehall
LONDON
SW1A 2AZ

28 February 1980

P4

In your letter of 5 February to Ian Ellison about his Department's economies in photocopying press cuttings you asked other Departments whether they could achieve similar economies. It is not our practice to copy such items as a matter of routine. We have a daily press headline summary produced by the Scottish Information Office for Ministers and some senior officials: cuttings are supplied only if requested.

We have given and will continue to give much thought to the economies which we can continue to make in our office procedures and services. Already we have achieved savings by reducing our office cleaning complements, ~~the~~ messengers' overtime, the inter-office van service in Edinburgh and our demand for office publications and periodicals. We have also managed to reduce stocks of stationery, obtain refunds on certain obsolete items and economise significantly in telephone costs and on the number of telephone extensions. Expenditure on travelling and subsistence, which is not insignificant because of the scatter of our offices, has been reduced by the introduction of unit budgets. This area remains under continuous and critical examination. Later this year we will make further economies by transferring staff from a number of small uneconomic buildings to existing larger buildings.

A copy of this letter goes to the recipients of yours.

GODFREY ROBSON
Private Secretary

28 FEB 1960



MANAGEMENT IN CONFIDENCE

SIR DEREK RAYNER

RAYNER PROJECT: CHARGING FOR SOME COURSES AT THE CIVIL SERVICE COLLEGE

Thank you for your minute of 24 January about the project. I have also seen Mr Pattison's minute of 1 February setting out the Prime Minister's views. I think we are all agreed that, in principle, it is better for each Department to pay for the services it consumes.

... With regard to the College, and departmental repayment, I attach a proposed action plan for the next 3 months. It gets on with the further work recommended in Mr Saunders' draft report as a necessary preparation for repayment. It also takes immediate action to break down the costs of individual courses, and to develop a better structure to bring each department's costs of attendance - and cancellation - under scrutiny. We would decide on the next steps as soon as we have the results of this work, the longest element of which - the study at Item 2 - is in any case a necessary stage en route to repayment, and has to be got right. If we press ahead now, we shall be in time for a financial change (if we so decide) to take effect from April 1981. This looks like the earliest sensible date. I should be grateful for your comments on this proposed action plan, so that I can inform the National and Departmental Staff Sides and get the action moving.

Although I favour the principle of departments paying for services provided for them, I have been interested to learn that a wide range of organisations outside the Civil Service believe firmly in central funding of the sort of training that the Civil Service College provides. For example, representatives of local government and (to my surprise) of companies such as IBM and some of the business schools, share that view. They take the view that the sort of investment concerned goes wider than line management's responsibilities, and is too important to be surrendered by the Centre.

Over the next few months, I shall also need to consider carefully these different views. At present, I believe the answer is to go

MANAGEMENT IN CONFIDENCE

MANAGEMENT IN CONFIDENCE

for repayment but I do also have to consider the importance of development training for the long-term efficiency of the Civil Service.

Mr Saunders' project has raised points of much wider significance which I want to pursue, not about the College but about the Service-wide question of cost-consciousness about training among line-managers in departments. I propose to tackle this question by pursuing two ideas with departments.

The first is that Ministers and senior line managers should be shown the full costs of training in their departments in detail. This work would complement the annual scrutiny of departmental running costs. The details may need to differ between departments, but the aim would be to satisfy Ministers that lines of responsibility were sufficiently clear; that cost was not being overlooked; and that they were getting value for money.

The second is the comparison of costs for a particular sort of training, chosen annually, in which comparisons appear to be possible. The standard costing guide issued by CSD would be used to raise questions about the costs being incurred by different managers, and different trainers, to meet a similar need. Comparative studies across Government of this kind, led by CSD, have worked well in other areas. Training needs are more complex than some others. But there seems to be scope here too for CSD to spread the wider knowledge and use of the best departmental practice. The aim would be to start the first such exercise, experimentally, this summer.

I should of course be grateful for your comments on this as well.

I am copying this minute to the Prime Minister and to Sir Ian Bancroft.

PAUL CHANNON

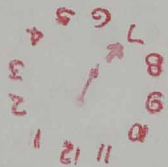
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27 February 1980

MANAGEMENT IN CONFIDENCE

PROPOSED ACTION PLAN

<u>Action</u>	<u>Comment</u>
1. By 29 February, the Civil Service College will include in its printed programmes for 1980-81 projected costs per course on the lines recommended.	Report 6.10, 6.11 and Annex E. These costs will become the charge to non-Exchequer bodies.
2. By 14 March the Civil Service College will submit to the Minister of State (CSD) terms of reference and a timetable for the review of the continuing management information needed by the College.	This exercise would include the questions in para 6.5 of the report, but would extend to all the flows of management information needed in the College to support its management objectives with or without repayment. Terms of reference and timetable to be agreed with others concerned in CSD, and probably with an external consultant.
3. By 31 March, the Civil Service College will send to each Principal Establishment Officer a statement of the cost of his department's use of the College in the autumn term of 1979.	Statement to cover late cancellations.
4. By 30 April, the Principal of the Civil Service College will report to the Minister of State (CSD) [and to Sir Derek Rayner?] on an experimental round of meetings with selected departments to consider the information at 1. and 3. above.	The meetings would cover the relative value of attendances and likely future demand, and the reasons for late cancellations, as well as questions prompted by the particular figures in each case.
5. The Minister of State (CSD) will decide on the extent and nature of repayment as soon as it is possible to do so in the light of 1-4 above.	Report 3.22 Subject to the study at 2, target date for any changes is April 1981.



27 FEB 1980



✓ MAP

Blind Copies

Mr Pattison
Mr A W Russell

CABINET OFFICE

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

27 February 1980

D G Jones Esq
Private Secretary to the Lord Strathcona
Ministry of Defence
Main Building
London SW1

Dear David,

BATH MAINTENANCE ECONOMY REVIEW

1. We had a useful talk on the telephone this afternoon and it may help if I confirm my main points. We can, as you suggested, have another word next week after Lord Strathcona, Alistair Jaffray and you have visited Hullavington, Colerne and Keevil.
2. We agreed provisionally that there might be a threshold of detail below which it would risk wasting the Prime Minister's time to inform her of what was happening or what was intended. Recommendations 29 (Barrack block drying rooms) and 32 (Hobbies centre safety) may be examples of "below the threshold" details.
3. We also agreed provisionally that the best way of responding to the Prime Minister's interest would be to take the report site by site and set out for each the recommendations on it and what had been decided, what was in process of decision (and by when decisions would be taken), what (if anything) depended on other (non-Bath) decisions and when, in those cases, decisions would be taken. It might be helpful in some cases to illustrate the issues, eg by site plans.
4. If it would help to talk further about any of this, I should of course be glad to come across.

Yours sincerely,
C Priestley
C PRIESTLEY

28 FEB 3 1980





Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Francis Pym MC MP
Secretary of State
Ministry of Defence
Main Building
Whitehall
London SW1A 2HB

26 February 1980

Dear Francis,

THE SEARCH FOR ECONOMY: PSA BATH DISTRICT

I have seen the letters from Paul Channon and Sir Derek Rayner about the review of the PSA Bath District Works Office, and the Prime Minister's request for detailed replies on each and every defence matter raised in this report. I have already written to Michael Heseltine about the civil side, and this letter is on the defence aspect.

I agree with Paul Channon that one significant feature of the report is the attention which it draws to the large number of unoccupied and underutilised defence facilities in the Bath area. At a time when it is essential to make the most cost-effective use possible of the resources we can afford to devote to public expenditure, we need to dispose of unwanted or underutilised assets wherever they may be in order to save both money and manpower, and to redeploy their capital values to purposes of higher priority.

There are lessons from the Bath review to be applied more widely, and the broader issue of the policy on stewardship of assets, to which the Prime Minister has referred, needs to be recognised and pursued. But in the Defence field it is of course already the case that receipts accrue to your programme so that your Department has a clear interest in promoting sales. And we should not lose the opportunity, even under existing procedures, to maximise the disposal of surplus and underutilised land and buildings so that receipts can be increased and made available for other purposes.

I should be glad to be kept in touch with what you decide about stepping up the rate of disposals. It would be helpful if your arrangements to deal with the recommendations of the Bath review generally, including the disposals exercise, could be discussed with my officials.

I am sending copies of this letter to the Prime Minister, Michael Heseltine, Paul Channon and Sir Derek Rayner.

JOHN BIFFEN

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~8307822~~ 218 2111/3

MO 8/14

26th February 1980

Dear Geoffrey,

My Secretary of State has seen the correspondence about economies which can be made in the arrangements for the photocopying and circulation of press cuttings.

My Secretary of State has asked me to observe that expenditure on newspapers and periodicals has been significantly reduced in this Department; despite the need for the Ministry of Defence to monitor both the national and provincial press and draw to the attention of Ministers and senior officials items covering a very wide range of matters affecting defence policy and the three Services, he has also significantly reduced the number of press cuttings prepared. Only twelve of these are now circulated within the Department although a single summary sheet is circulated more widely to give essential notification of matters of interest.

I am sending copies of this letter to Mike Pattison at No 10 and to Clive Priestley and David Wright in the Cabinet Office.

Yours sincerely
Brian Norbury

(B M NORBURY)



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28 FEB 1980



Foreign and Commonwealth Office
London SW1A 2AH

DEPARTMENTAL NOTICE

26 February 1980

ADVANCE COPYING OF TELEGRAMS

1. In view of the urgent need to reduce the enormous volume of paper used in the copying of telegrams, it has been agreed that as from Monday, 3 March advance copying of Priority, Routine and Saving telegrams will be at the discretion of the Telegram Distribution Selectors.

2. All Priority, Routine and Saving telegrams not advanced will be endorsed 'THIS TELEGRAM WAS NOT ADVANCED'. The top copy or action copy will be sent to Departments as soon as possible.

Telegrams Branch

COMMUNICATIONS OPERATIONS DEPARTMENT

Distribution :-

All recipients of FCO telegrams



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MINISTER OF STATE FOR DEFENCE

WHITEHALL LONDON SW1A 2HB

Telephone 01-218 6621 (Direct Dialling)
01-218 9000 (Switchboard)

D/MIN/ES/7/12/3

25 February 1980

Dear Paul,

Francis Pym has passed on to me your letter of 14th February about the Bath maintenance economy review and has asked me to follow it up. The Ministry of Defence and the Property Services Agency are in close touch about this; an action plan for dealing with the various recommendations has been drawn up and I will personally be keeping a very close watch on progress. I will also be letting Sir Derek Rayner have a progress report in the middle of March on those recommendations which are the responsibility of the MOD. I will send you a copy.

Meanwhile, as has been explained to Sir Derek, we must put this maintenance economy review report into its correct perspective. The reasons for the situation which has been revealed in the Bath region, of which we were already well aware, are not unique to that area and I know that at present there is under-utilisation of defence land and property elsewhere. We should, however, be clear that this is not symptomatic of careless estate management; and we should not assume

/ that ...

Paul Channon Esq., MP

that savings of the order suggested by this report can be made in the Bath region - let alone repeated all around the country.

The situation in fact arises because of the current re-deployment of units of all three Services following the last Administration's defence reviews and in the course of our own search for the most cost-effective disposition of our Forces. This is a very complex jig-saw puzzle and - while I entirely take your point that we must not retain property against vague contingencies - we must allow ourselves a certain amount of time to work out the optimum solutions. Meanwhile, to give us latitude, it is inevitable that some properties will have to be retained at less than full capacity. This is at present the case with both Colerne and Hullavington, but you can be assured that there is already strong pressure to take the necessary deployment decisions, as a result of which we can either dispose of properties or bring them into full utilisation. For example, it has been proposed as part of this plan to accommodate the Army's increased junior entry, to base the RCT element at Colerne; a second decision is about to be taken on the future of Hullavington, which should lead to the economical utilisation of that establishment, including the Mess, by next year. A decision on the future of Keevil will similarly be taken early next month.

While I have no doubt, therefore, that some savings will be made when the re-deployments affecting the Bath region have been completed and we can see the new pattern of occupation, they will not be on the scale of those indicated in the MER report, which pre-supposed that the establishments could be declared permanently surplus to the MOD's requirements.

/ Having ...

Having said this, I am very conscious of the general points which you make about the disposal value of properties and the cost of unnecessary maintenance. A main feature of the "action plan" drawn up in the light of the Bath report is the setting in hand of a series of MER's in the other regions; and Barney Hayhoe is personally conducting a continuing review of the defence estate to ensure that we hold no more than is absolutely necessary.

I am copying this letter to the recipients of yours.

Erin

Erin.

Lord Strathcona

26 FEB 1980

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CABINET OFFICE

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

22 February 1980

John Chilcot Esq
Private Secretary to the
Secretary of State for the Home Department
Queen Anne's Gate
London SW1

Dear John,

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT

Clive Whitmore's letter to you of 14 January indicated that a summary of Ministers' proposals for the scrutiny programme would be circulated. The enclosed paper gives brief details following the headings suggested in my letter to you of 2 November and up to date as of today. A tick in the first column, headed "PM", denotes a project in which the Prime Minister has asked Sir Derek Rayner to take a particular interest on her behalf.

Yours ever,

Clive Priestley
C PRIESTLEY

Enc: Summary of scrutiny programme

Circulations: Private Secretaries to Cabinet Ministers,
Minister of Transport, Minister of State, CSD;
Sir Robert Armstrong, Sir Ian Bancroft and
Sir Kenneth Berrill

PM	Minister	Project	Minister in charge of Project	Reasons for Selecting Project	Cost of Activity Under Scrutiny	Starting and Finishing Dates	Names of Project Officers
	1. Minister for the Civil Service	The effectiveness of the Technical Services Division of the Central Computer Agency.	Mr Paul Channon MP	Technical Services Division is central to the effectiveness of the CCA and it is particularly timely to examine it now in the light of impending technological and other developments.	£1.75 M pa and substantial non-staff costs.	May - August 1980	Not yet known
	2. Home Secretary	To be decided					
	3. The Lord Chancellor	To be decided					
	4. Foreign Secretary	<u>Project 1.</u> Arrangements for providing and maintaining transport for 161 Diplomatic Service posts overseas, involving 800 vehicles.	The Hon Douglas Hurd MP	Increasing concern over restraints imposed by Civil Service Department and the reduction in efficiency which they cause.	1978/79 £3.98 M pa	4 February - early June	Mr C Imray (Assistant Secretary)
<u>Project 2.</u> The services of the Directorate of Overseas Surveys							

PM	Minister	Project	Minister in charge of Project	Reasons for Selecting Project	Cost of Activity Under Scrutiny	Starting and Finishing Dates	Names of Project Officers
✓	Chancellor of the Exchequer 5. HM Treasury	The monitoring by Treasury specific expenditure divisions of central Government expenditure (particularly the use of the Financial Information System (FIS))	Lord Cockfield	Need to ensure most effective possible use of FIS if public expenditure is to be adequately controlled.	Staff cost not known (though staff cost of expenditure divisions is £2 M pa) Computer cost is £75,000 (265 staff)	3 March - early July	Mr R K Hinkley (Principal)
	6. HM Customs and Excise	<u>Project 1</u> Present methods of revenue control of the production and warehousing of spirits.	Lord Cockfield	Possible scope for staff savings through relying more on traders' own controls. Conclusions relevant to most of excise duties on goods administered by the Department.	£3.65 M pa (400 staff)	1 January - mid April	Mr R P R Tilley (Principal)
		<u>Project 2</u> Co-operation between the Inland Revenue and Customs and Excise in their dealings with insolvent traders/taxpayers	Lord Cockfield	Possibility of savings through creation of a central unit, reducing duplication of effort	£1.3 M pa (C+E). Cost of IR activities not known (160 staff in total)	20 February - 30 June	Mr R Townend (Principal)
	7. Department for National Savings	To ascertain the optimum rate at which the computerization of Premium Savings Bond records could proceed.	Lord Cockfield	To ensure that manpower and financial savings associated with conversion are maximised.	£7.5 M pa (completion of present computerization scheme).	11 February - 19 June 1980	Mr C L Dann (Principal)

PM	Minister	Project	Minister in charge of Project	Reasons for Selecting Project	Cost of Activity Under Scrutiny	Starting and Finishing Dates	Names of Project Officers
✓	Chancellor of the Exchequer (Cont) 8. Inland Revenue	<p><u>Project 1</u> The practice of issuing annual PAYE deduction cards to employees whose tax codes are unchanged from previous year.</p> <p><u>Project 2</u> The administrative machinery for making proposals, objections and appeals in connection with rating valuations.</p> <p><u>Project 3</u> The use of Accounts Registers kept in tax districts.</p>	Lord Cockfield	Potential staff savings. Possible implications for the issue of <u>all</u> deduction cards (950 staff involved)	Not directly calculable (but 250 staff directly involved)	18 February - mid July	Mr M J Hodgson (Principal)
✓	9. Secretary of State for Industry	The administration of the Regional Development Grant Scheme.	Lord Trenchard	Particular aspects of the procedures have been examined, but an overall look is needed. Significant in terms of staff and money disbursed (£400 M)	£4.9 M pa (554 staff)	4 February - mid May	Mr R A C Hewes (Principal)

PM	Minister	Project	Minister in charge of Project	Reasons for Selecting Project	Cost of Activity Under Scrutiny	Starting and Finishing Dates	Names of Project Officers
10.	Secretary of State for Defence	<p><u>Project 1</u> Arrangements for provision of secondary education for children of Service and Ministry of Defence personnel overseas.</p> <p><u>Project 2</u> Provision of assisted travel schemes and MOD establishment bus fleets.</p> <p><u>Project 3</u> The requirement for, the role and organisation of the Claims Commission</p> <p><u>Project 4</u> 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 - end April 1980</p> <p>1 April - end July 1980</p> <p>4 February - end May 1980</p> <p>1 June - October 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 D Fisher (Principal)</p>

PM	Minister	Project	Minister in charge of Project	Reasons for Selecting Project	Cost of Activity Under Scrutiny	Starting and Finishing Dates	Names of Project Officers
✓	Secretary of State for Employment 11. Department of Employment (Joint Project with DHSS)	To examine the procedures for delivering unemployment and supplementary benefit to unemployed people, with a view to simplification.	<u>DE</u> Mr James Prior MP <u>DHSS</u> Mr Reginald Prentice MP	The two benefit systems are complex and interactive. Recent organisational changes, computerisation and the gradually increasing expenditure on supplementary as opposed to unemployment benefit make it timely to review the system.	£200 M pa (35,500 staff)	18 February - end August 1980	Mr I Johnston (DE) Mr L Lewis (DE) Mr G A Johnson (DHSS)
✓	12. Manpower Services Commission	Organisation of the Training Services Division	Mr R O'Brien (Chairman MSC)	Need to ensure that it can give maximum impetus to promote and reform training in industry and ensure MSC training activities dovetail in properly.		July 1980 - December (?)	Not yet known
	13. Health and Safety Executive	The problems of assessing costs and benefits of health and safety requirements and the techniques available.	Mr W Simpson (Chairman HSC)	Tendency for benefits of marginal safety improvements to be obscure relative to cost.	Not specifically stated.	1 January - April	Mr P Morgan (Economic Adviser)

PM	Minister	Project	Minister in charge of Project	Reasons for Selecting Project	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 separately identifiable but some part of £1.4 M pa	December 1979 - early April 1980	Mr J S B Martin (Principal)
	18. Forestry Commission	The administration of the private woodlands grant scheme and 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	8 January - 9 May 1980	Mr J M Gwynn (Superintending Professional and Technology Officer) and Mr B Tipping (Principal)
	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	January 1980 - end April 1980	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	January 1980 - end April	Mr J Anderson Mr W G McKeown Mr D Jeal Mr P N Bell

PM	Minister	Project	Minister in charge of Project	Reasons for Selecting Project	Cost of Activity Under Scrutiny	Starting and Finishing Dates	Names of Project Officers
✓	21. Secretary of State for Social Services	<u>Project 1</u> DHSS activities in support of health care exports.	Sir George Young MP	Need to see whether these activities are adequate, bearing in mind other export promotion activities	£0.6 M pa	2 January - end March	Mr C Graham (Assistant Secretary)
✓		<u>Project 2</u> The practice of checking and querying National Insurance contribution records.	Mrs Lynda Chalker MP	Need for an independent assessment of tolerance used in keeping level of queries down to manageable levels.	£10 M pa (2000 DHSS staff, 100 Inland Revenue staff)	Mid 1980 - (90 working days)	Mr J Westby
		<u>Project 3</u> Joint project with DE (see 11 above).					
	22. Secretary of State for Trade	Administration of the Patent Office and Industrial Property and Copyright Department	Mr John Nott MP	Largest single unit in the Department and important for firms and other users that the system operates effectively.	£19.3 M pa (attracting receipts of £18.4 M)	31 March - end July	Mr A C Hutton (Assistant Secretary)

PM	Minister	Project	Minister in charge of Project	Reasons for Selecting Project	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 Norman Lamont MP	Need to ensure that resources are correctly deployed in face of growing demand for economic and statistical advice.	£1.5 M pa	17 January - end April 1980	Sir Fred Atkinson Mr C Williams
	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	Mid April - August 1980	Mrs H Douglas (Principal)
	25. Paymaster General	Working relationship between Paymaster General's office and the banks.					
✓	26. Minister of Transport	<p><u>Project 1</u> The functions of the Department on the enforcement of Vehicle Excise Duty.</p> <p><u>Project 2</u> Procedures for setting and certifying standards for the building of roads and bridges</p>	Mr Norman Fowler MP	<p>The Government has recently decided to increase the enforcement effort - need to consider how best to implement this decision and ensure resources used efficiently</p> <p>Need to establish whether present arrangements are reasonable and constitute value for money.</p>	£5 M pa (700 staff)	Mid January - Mid May 1980	Mr M Williams (Principal)
			Mr Norman Fowler MP		£3.5 M pa (141 staff at HQ)	Spring 1980 (90 working days)	Not yet known

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2 MARSHAM STREET
LONDON SW1P 3EB

α Aunt Kenne: Feb 80
Secretary of Dept
Running Costs

My ref:

Your ref:

21 February 1980

Dear Sir

ANNUAL SCRUTINY OF DEPARTMENTAL RUNNING COSTS

Thank you for your letter of 18 February about Sir Derek Rayner's proposals on Departmental Running Costs and on the Bath Maintenance Economy Review.

Mr Heseltine has already written to Sir Derek confirming that PSA will provide the information needed for a trial run in 1980/81 of the new system for monitoring Departmental running costs. PSA are also working on methods of refining the data for future years.

As regards the repayment issue, the Chief Secretary has written to Sir Derek proposing a study by officials, led by the Treasury with CSD and PSA. Mr Heseltine had previously written to Sir Derek agreeing that Departments should be made to accept responsibility for the accommodation services they consume and that the problem was to find a way of doing this without generating further bureaucracy. Mr Heseltine suggested that specific attribution and Ministerial and Parliamentary scrutiny, coupled with the new system for monitoring running costs, would be worth trying before moving to a more elaborate system. PSA will of course join in the proposed study.

As you suggest, most of the major recommendations in the Bath Maintenance Economy Review are for the Ministry of Defence to follow up. The PSA savings would result mainly from decisions to reduce MOD holdings - coupled with energy conservation and reduction of Directly Employed Labour which are in line with current policy. PSA will be preparing regular reports on the recommendations that are wholly their concern: the first is due next month.

More generally, my Secretary of State has instructed that the PSA should give all possible encouragement to the proposals made by Sir Derek, and should actively look for additional ones.

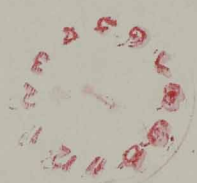
I am copying this to those to whom your letter was copied.

Susan
D A Edmonds

D A EDMONDS
Private Secretary

Mike Pattison Esq
10 Downing Street

✓ 1/11/60



25 FEB 1960



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MEMORANDUM FOR THE DIRECTOR

Reference is made to your letter of 14 February 1960 and the attached report of the Joint Committee on the Administration of the Federal Government.

The report contains a number of recommendations which are being reviewed. It is noted that the report is a valuable contribution to the study of the Federal Government's administration.

The report also contains a number of recommendations which are being reviewed. It is noted that the report is a valuable contribution to the study of the Federal Government's administration.

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MR PRIESTLEY

Thank you for your minute of 11 February, reporting on scrutiny programme proposals from the Chancellor's Department and the Paymaster General's organisation.

The Prime Minister is grateful to be kept informed of progress. I confirm that she is content to leave ^{the} choice to Sir Derek Rayner's judgment.

M. A. PATTISON

20 February 1980

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with compliments

Private Secretary to
CHANCELLOR OF THE DUCHY OF LANCASTER
68 Whitehall London SW1A 2AS
Telephone 01-233-7113



Chancellor of the Duchy of Lancaster

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

20 February 1980

Las Geoffrey

We have been interested to see copies of the many letters addressed to you or Ian Ellison about the housekeeping economies which have been achieved by cutting back on Departments' press cuttings service.

In our small office daily cuttings are provided for the Chancellor of the Duchy, the Parliamentary Under Secretary who assists him on the arts side, to the private offices and the Office of Arts and Libraries. From this relatively small operation we have nevertheless managed to achieve proportionately high savings of almost a third in the number of sets of copies made every day which, although it may sound a humble sum, amounts to about £200 a year.

I am copying this letter to the recipients of yours.

John W Stevens

J W STEVENS
Private Secretary

Geoffrey Green Esq
Private Secretary to the
Minister of State
Civil Service Department
Old Admiralty Building

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20 February 1980

The Prime Minister has seen your letter of 15 February (to Clive Whitmore) about the publication today of the Inland Revenue Rayner Project Report. She is pleased to hear that it is to be published.

I am copying this letter to Richard Prescott (Paymaster-General's Office) and Clive Priestley (Sir Derek Rayner's Office).

M. A. PATTISON

N. V. Brotherton, Esq.,
H.M. Treasury.

(M/St (Lords), HMT)

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cc Mr. Pattison
Mr. GET Green
Mr. Kaufman
Mr. Butler
Mr. Conroy

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

MO 8/14

19th February 1980

Dear Bert,

THE SEARCH FOR ECONOMY: PSA BATH DISTRICT

Thank you for your letter of 14th February, ^{not copied to us} enclosing other letters and your report on the Bath project.

I am looking into your recommendations, in so far as they concern the Ministry of Defence, as a matter of urgency and I will see that you get my Department's comments absolutely as soon as possible.

Yours ever

Francis Pym

Francis Pym

Sir Derek Rayner

20 FEB 1960



[legible version] !

19 February

Dear Prime Minister,

Thank you so much for the reception you gave last night for those who worked and who were associated with the first round of Projects. I am very grateful for the personal interest you took in the work of individuals, many of whom did not find things easy in their efforts to expose wasteful and cumbersome practices. The evening was, for all of us, a highlight to be remembered and, for many of the younger Civil Servants, a landmark in their careers.

Your interest will be of enormous value in the present round of work, which includes some very substantial projects. Probably, most importantly of all, it will help force the pace in applying lessons learnt to much wider areas, e. g. statistics, PSA regional organisation, accountability for economical use of assets and the opportunities for substantial staff savings by simplification of complicated and overgrown methods.

Yours sincerely,

DR

DEREK RAYNER

3 HAMILTON TERRACE
 ST. JOHN'S WOOD
 LONDON, NW8 9RE
 TEL. 01-286 5532

19th February

Dear Prime Minister,

Thank you so much for the reception you gave last night for those who worked and who were associated with the first round of projects. I am very grateful for the personal interest you took in the work of individuals many of whom did not find things easy in their efforts to expose wasteful and cumbersome practices. The evening was for all of us a highlight to be remembered and for many of the young civil servants a landmark in their careers.

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accountability for economical use of assets and the
opportunities for substantial staff savings by simplification
of complicated and overgrown methods.

Yours sincerely
Paul Kaye.



MA
Govt machinery

Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400
Switchboard 01-213 3000

Ian Ellison Esq
Private Secretary
Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1

19 February 1980

Dear Ian

Thank you for sending me a copy of your 30 January letter to Geoffrey Green about press-cutting economies.

A short while ago we greatly reduced the number of press-cutting folders issued here from around 40 to 16 and achieved some useful savings then. Your letter has, however, prompted a further look at essential needs and as a result we have now been able to bring the numbers down again.

In future, we shall send out only 3 full sets but we will also issue four part-sets on a limited range of topics mainly concerned with the Employment Bill. This latest reduction will save us about £6,500 pa and we expect to make further savings when the Bill is through.

All this has made us wonder whether larger economies might be achieved across the Service by setting up a central press summary and cutting service. I imagine this possibility has been examined before but it might be worth considering again now in the light of new technology developments in microfiche and facsimile transmission. We have suggested at any rate that this might be a suitable topic for study by Civil Service Department Management Services.

I am copying this to those receiving your earlier letter.

Yours sincerely
Ian Fair

I A W FAIR
Principal Private Secretary

11 12 1 2 3 4 5 6 7 8 9 10

19 FEB 1980

Cost Marking
file 106

MR. PRIESTLEY

The Prime Minister has seen Sir Derek Rayner's minute of 14 February, about his appearance before the Select Committee on the Treasury and Civil Service.

She is wholly in agreement with Sir Derek's comments, and, specifically, she agrees that he must speak frankly in response to questions. She regards this as the only way to deal with these matters.

I can also confirm that she is quite content with the paper which Sir Derek has submitted to the Select Committee.

M. A. PATTISON

18 February 1980



file 105

10 DOWNING STREET

From the Private Secretary

a Civil Service: Feb 80
Scrutiny of Dept. Running
18 February 1980 *Cat*

ANNUAL SCRUTINY OF DEPARTMENTAL
RUNNING COSTS

The Prime Minister has seen Sir Derek Rayner's letter of 8 February to your Secretary of State and his letter of 14 February to Mr. Finsberg on the Bath Maintenance Economy Review.

The Prime Minister very much welcomes Sir Derek Rayner's proposals for the examination of departmental running costs by Ministers and hopes that the Secretary of State, the Chief Secretary and Minister of State, C.S.D., will give the new system the underpinning by the common service departments which it will need. She also notes the reference to repayment. While she recognises that there are technical problems, she would like to see proposals brought forward for consideration by Ministers later this year and she has asked Sir Derek Rayner, in consultation with your Secretary of State and others, to arrange for this to be done.

The Prime Minister agrees with Sir Derek Rayner's comments on the Bath Report. She believes that the Report's principal message is that there is a basic flaw in the Government's present arrangements for the stewardship of assets in the State's possession. Repayment may prove to be the answer to all or part of this problem. In respect of the specific issues about Bath raised in the Report, the Prime Minister looks forward to receiving the note from Sir Derek Rayner on this about which he has been in touch with the Secretary of State for Defence. She has asked me to emphasise that she expects to see detailed replies on each and every defence matter raised in the Report, and she will want the replies to include a specific account of action taken so far in response to the findings of the Report.

I am sending copies of this letter to Brian Norbury (Ministry of Defence), Alistair Pirie (Chief Secretary's Office, H.M. Treasury), Geoffrey Green (Civil Service Department) and to Clive Priestley in Sir Derek Rayner's Office.

D. A. Edmonds, Esq.,
Department of the Environment.

M. A. PATTISON



file 16

10 DOWNING STREET

From the Private Secretary

a. Civil Service, Feb 80
Secretary of Departmental
Accountants

MR. PRIESTLEY

The Prime Minister has seen Sir Derek Rayner's submission of 15 February on departmental running costs and related matters. She was particularly grateful for the clear presentation of this and other submissions from Sir Derek.

She is entirely content with Sir Derek's proposals, and has no specific comments on the drafts enclosed with the paper.

She has agreed that I should write to Mr. Heseltine on the issue of repayment for common services along the lines of the draft which Sir Derek submitted. I have expanded a little in relation to the response which she wishes to see from the Ministry of Defence about Bath.

M. A. PATTISON

18 February 1980

✓
MA

cc for information

✓ Mr Pattison
Mr Laughrin
Mr Butler (HM Tsy)
Mr Crawley (CPRS)
Miss Forsyth (HM Tsy)
Mr Russell

NOTE FOR THE FILE

THE SCRUTINY PROGRAMME: HOME OFFICE

1. Sir Derek Rayner, accompanied by me, saw Sir Brian Cubbon at the HO on 15 February and then, together with him and me, the Home Secretary, Mr Cairncross and Mr Gordon-Brown.
2. In discussion with both Sir BC and Mr Whitelaw, Sir DR resisted the choice of staff training not on the grounds that it was a bad subject but that it was not one on which he had views, experience or special knowledge of the HO which would enable him to make a contribution worth having.
3. In the preliminary talk, Sir BC said that after 4 months in post, he was satisfied that staff training was a good subject but indicated that, for this round, his choice had been narrowed by these considerations:
 - a. The Prison Department had been the subject of the recent May Inquiry and was now fully committed to the implementation of accepted recommendations.
 - b. The Immigration and Nationality Department had been worked over a lot and there was no obvious candidate there, apart from the very costly appeals procedure which ought to be abolished but which was too holy a cow for that.
 - c. It was easier to get a subject for scrutiny in the establishments area than elsewhere, because it was, for the moment, more easily entered by him than the others. Ministers and he were sold on the scrutiny method post-Janes, but the traditional strongholds of the HO would be less resistant if establishments showed the way.
4. In the main talk, the Home Secretary repeated the points at 3a and b above, but responded to Sir DR's reservations by saying that he was very keen, on his own account and the PM's, to find a subject which would involve Sir DR. It was agreed that HO officials would consider the possibilities and that Mr Whitelaw would be in touch in two weeks.

THE RAYNER PROJECT: RADIO REGULATORY DEPARTMENT

5. There was a brief discussion at both meetings of the draft action document sent by Lord Belstead to Sir DR. It was agreed that it could be sharpened up in several aspects and that Sir DR would write about this.

Sp

~~C~~ PRIESTLEY
18 February 1980



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✓ Mr Ingham



PRIME MINISTER

2

Perhaps this Rayner publicity will produce a more positive response than the benefit payment one has.

MAD

18/2

Treasury Chambers, Parliament Street, SW1P 3AG

ms

15 February 1980

Dear Clive

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT

In your letter of 14 January to John Chilcott, you said that the Prime Minister would like 'Rayner' project reports to be published, and mentioned in particular the Inland Revenue report on Movements Form P45. You may therefore be interested to know that the Inland Revenue report is to be published on Wednesday 20 February. I attach a copy of a draft of the Press Release to be issued by Inland Revenue on that day.

I am copying this to Richard Prescott (Paymaster-General's Office) and Clive Priestley (Sir Derek Rayner's Office).

Yours Sincerely
Nigel Brotherton

N V BROTHERTON

Private Secretary

Clive Whitmore
No 10, Downing Street

DRAFT PRESS RELEASE

PAYE PROCEDURES: EMPLOYEES STARTING NEW JOBS

One of the projects undertaken in 1979 as part of Sir Derek Rayner's programme of work for the Government was an examination of how the Inland Revenue's PAYE system works when employees change jobs. In his report the project officer suggested changes in the procedures and forms used by the Inland Revenue and by employers and employees. These recommendations have been accepted and are being implemented. The new procedures will lead to eventual savings of about 350 staff in tax offices; will reduce the total cost of the movements system by some £m2 in a full year; and will mean simpler forms and less bother for many taxpayers.

Copies of the Scrutiny Report are available on request from the Reference Room of the Inland Revenue's Library, Room 8, New Wing, Somerset House, Strand, London WC2R 1LB.

Notes for Editors

1. As part of its programme to promote efficiency and eliminate waste in administration the Government initiated in 1979 scrutinies of specific functions or activities characteristic of the work of Civil Service departments. These were undertaken by officials who, supervised by Ministers, and in consultation with Sir Derek Rayner, examined specific areas in their departments with a view to economies ^{and} of more effective use of resources.

2. In the Inland Revenue the area chosen for study was the PAYE movements system. This is a large routine operation which helps employers to take the right tax from new employees and so avoid later adjustment. The system relies heavily on the Form P45 which is prepared by an employer when an employee leaves and contains details of the employee's tax code number as well as earnings received and tax paid. On starting a new job the employee should hand the form to his new employer, to enable him to operate PAYE correctly and to maintain cumulative taxation.

3. Unfortunately many employees cannot give a P45 to their new employer or choose not to do so. In these cases the new employer then has to initiate the P46 procedure, sending to his tax district a form P46 with basic details of the employee - his name, address etc. On receipt of this form the tax district usually issues a tax return to the employee. At present several million tax returns are issued annually in these cases and a laborious tracing procedure is used on receipt of the completed return to obtain pay and tax details from the Tax District dealing with the employee's last job. The details which would have been on the P45 can then be given to the new employer to enable him to make the correct tax deductions from the employees pay.

4. The recommendations in the Report mainly involve changes to the P46 procedure and are summarised below.

i. The expensive P46 procedure can be avoided entirely if an employee gives his new employer a P45. Accordingly, taxpayers will be encouraged to take more care of their P45s through a national and local publicity campaign, and by improving the appearance of the form.

ii. There are many cases where an employee does not get a P45 from his previous employer until after he has started a new job. In these cases the operation of the P46 procedure will be delayed to allow time for the P45 to make its ~~way~~ way to the employee. The new employer will issue on behalf of the Revenue a short questionnaire which will (a) ask the employee to contact his old employer and try to get a P45 and (b) provide sufficient information for the tax office to compute a provisional code if there is undue delay in obtaining the P45 or in concluding the P46 procedure once initiated.

iii. At present school leavers and others leaving full-time education are placed on emergency code until they have completed a tax return. In the vast majority of cases their tax affairs are straightforward and a single person's allowance is appropriate. Accordingly they will in future, after signing a simple declaration, be given the single person's code on a

way/

cumulative basis and no return will be issued unless requested by the taxpayer.

iv. Similarly, taxpayers starting an additional job (ie where the main source of income is from other work) are now put on emergency code (if their earnings are above the PAYE threshold) or have no tax deducted at all until the tax office can issue a code. In almost all cases this is a code which deducts tax at the basic rate. This will in future be used from the start of such employments, leaving only a small minority to be adjusted later.

5. The new procedures will result in simpler forms for taxpayers to fill in and will mean increased efficiency within the movements system. The reduction in the number of tax returns issued and examined, and in the laborious tracing procedures, will save about 350 staff in tax offices. Together with savings on overheads this will reduce the cost of the movements system by above £m2 a year.

6. Implementation will start during 1980 with the aim of achieving full implementation ~~at the end of 1980~~. from 6 April 1981.

18 FEB 1980



Mr Whitmore

57 guests
60

LIST OF GUESTS ATTENDING THE RECEPTIONS TO BE GIVEN BY THE PRIME MINISTER AND MR. DENIS THATCHER TO MARK THE SUBMISSION OF REPORTS ON THE RAYNER PROJECTS ON MONDAY, 15 FEBRUARY 1980 FROM 6.30 PM TO 8.00 PM AT 10 DOWNING STREET

The Prime Minister
and Mr. Denis Thatcher

The Rt. Hon. Nicholas Edwards, MP

Mr. Paul Channon, MP

The Lord Belstead

The Hon. Douglas Hurd, MP

The Lord Cockfield

The Lord Trenchard

The Rt. Hon. Tom King, MP

? Mr. Hugh Rossi, MP

Mrs. Lynda Chalker, MP

Mr. Cecil Parkinson, MP

Mr. Norman Lamont, MP

The Lady Young

Sir Robert Armstrong

Sir Ian Bancroft

Sir Derek Rayner

Mr. Clive Priestley Private Secretary to Sir D. Rayner

Mr. D.R. Allen " " "

Mr. M.G. Spearing " " "

Miss J.W. Sullivan " " "

Mr. R.B. Saunders Civil Service Department

Mr. J.D.W. Janes Home Office

Mr. C. Tye Lord Chancellor's Department

Mr. C.C.W. Adams Foreign and Commonwealth Office

Mr. M.C. McCulloch " " " "

Mr. F.K. Jones H.M. Treasury

Mr. M.F. Welling HM Customs & Excise

Mr. D.F.W. Fryett " " "

Mr. R.H. Lee	Department for National Savings
Mr. A. Pinder	Board of Inland Revenue
Mr. R. de L. Holmes	Department of Industry
Mr. C. Ponting	Ministry of Defence
Mr. R. Phillips	Department of Employment
Mr. L.W. Lewis	" " "
Mr. D.J. Shrimpton	" " "
Miss K. Timms	Ministry of Agriculture, Fisheries and Food
Mr. N.R. Caswell	" " " "
Mr. D.C. Bradley	Department of the Environment
Mr. G.J.B. Donaldson	Property Services Agency
Mr. E.R. Turtle	" " "
Mr. M.J. Fuhr	" " "
Mr. Michael Clarke	" " "
Mr. J.S.B. Martin	Scottish Office
Mr. P.E. Loveluck	Welsh Office
Mr. W.G. McKeown	Northern Ireland Office
Mr. P.N. Bell	" " "
Mr. G.E. Grimstone	Department of Health and Social Security
Mr. A.H. Baker	" " " "
Mr. J. Spencer	Department of Trade
Mr. J.D. West	Department of Energy
Mr. R.W. Chattaway	Department of Education and Science
Miss R L. Crafts	Department of Transport
Mr. A.W. Russell	Civil Service Department
Mr. R.H. Wilson	" " "
Mr. J.M. Crawley	Central Policy Review Staff
<u>10 Downing Street</u>	
Mr. Ian Gow, MP	
Mr. Clive Whitmore	
Mr. David Wolfson	
Mr. Mike Pattison.	



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-~~555 4111~~ 233 8224

14 February 1980

Geoffrey Finsberg Esq MBE MP
Department of the Environment
2 Marsham Street
London SW1

Geoffrey
PSA: BATH MAINTENANCE ECONOMY REVIEW

1. Thank you for your letter of 1 February and for the action document enclosed with it. I certainly agree that action is necessary and am glad that it is in train. If I may say so, the action document was, once again, a well set out and very easily usable paper, even if (as indicated in the attached commentary) I cannot help thinking that there should be more urgency about some of the action! I have also had a letter from Sir Arthur Hockaday of MOD, in which he says that his Ministry is urgently examining the implications of the report.

2. I have set out in the attachment comments on the team's report, but should make it clear that I have not read it all cover to cover. Mr Turtle and his colleagues are to be congratulated on producing what was, to a large degree, a clear and readable document in the time available to them; I have not of course taken all the technical details on board and I do wonder whether management needs it all; for that reason, the abridged report was a helpful way in, although I have read much of the main report. The cost of their work (£12,000) seems very modest compared with the estimates they make of capital savings (£6.1m) and savings in current expenditure to PSA of £231,000 and to client departments of £162,500.

3. The enclosed commentary covers most of the report and its 98 recommendations. In this letter I concentrate on what appear to me to be the main issues. I am bound to say that, although the report contained some things that gave me pleasure, it is the only report in the "Rayner project" series which I have read with disbelief and, I am afraid, some anger. If I may, I will now deal with what struck me as the points which need airing.

Staff factors

4. Bath is no doubt a very good place to live and work in and I doubt whether the staff have anything like the disagreeable surroundings of their colleagues I visited last year in Hoxton,

Southwark and Stepney. Nonetheless, I am all for things which promote good morale and pride in work, so I should like to draw your attention to minor works to improve the appearance of Red Bridge and Kingsmead Houses, Bath (commentary, paras. 21 and 25).

Do things change?

5. The report refers to earlier work - an MER in 1971 (commentary, para. 61), on fuel consumption at Colerne (para. 52), on DEL in 1978 (para. 78a) and on stores in 1972 (para. 79) - some of which appears to have been abortive. Given that it is 10 years or so since Mr Chapman made his name with the MER, I cannot help wondering why it is that some of the wastage so carefully recorded in the report can still come about. As one cannot rely on a continuous process of MER but has to rely on good management by PSA and the client, I wonder what lessons you draw out of the Bath report in this respect?

6. Examples of waste (eg space or heating) which lie behind this question are:

Waste space in office accommodation, paras. 18 - 20.

Under-used messes at Colerne and Hullavington, paras. 46 - 66.

Unused, under-used or misappropriated hangers at Colerne, para. 62.

Wasted land, notably Keevil airfield, para. 72.

Unused (and even semi-derelict) married quarters, para. 74.

Under-used Directly Employed Labour, para. 78.

7. I acknowledge that the last of these (DEL) is now the subject of a general policy initiated by the Secretary of State, which I hope will bear the sort of fruit indicated by the team's report on Bath, but if the Bath District is in any important sense typical or representative of the other 159 Districts, I think that there is much to worry about.

The "ownership" of assets: allied service and repayment; cost data

8. You will not be surprised to hear that one of the main lessons I derive from the report is that confusion about possession of responsibility and lack of a sense of asset value lead to the sorts of excess which the team itself described as "scandalous" in the case of the officers' mess at Hullavington (commentary, para. 66).

9. As I understand it, the MOD is an allied service client of the PSA. This explains why, as already noted in the Kingston report by Mr Donaldson, the client "demands" services and the PSA "responds", each moderating its action according to circumstances and the budget. But I am unclear, after reading the Bath report, about the ownership of assets. Who, to take two examples, owns the Officers' Mess, Hullavington and Keevil Airfield?

10. I suspect that the concept of ownership and responsibility for assets is somewhat obscure in the Government. I do not here and now want to enter into a discussion of it, but I should draw your attention to what seem to be products of or questions about that obscurity:

What is the nature of the responsibility by PSA and a client with regard to (a) care of and (b) development of assets? (This question arises from the question I raise in para. 40 on Army/PSA liaison at Colerne.)

Continuing Army/PSA misunderstandings about their respective roles, para. 41.

Misappropriation of land and buildings, para. 49.

Damage by Army to airfield lighting, Colerne, para. 53.

Continuing indecision, since the 1960s, over the future of Hullavington, para. 60.

Abuse of officers' mess, Hullavington, para. 66.

Lack of decision on empty MQs, para. 75.

11. Keevil Airfield is perhaps the clearest and simplest case (para. 72). This comprises 495 acres in good country. I would guess that the team's "alienation" value of £0.9m is very much under-stated. Who owns and is responsible for Keevil as an asset temporarily in the State's keeping?

12. There is no need to labour here my views that the management of such assets would be greatly promoted if the information available to Ministers on the costs of their departments included asset valuation and notional rentals for land property or that obscurity about where possession and responsibility lie are bound to obstruct good management or that repayment is likely to be infinitely more effective in bringing home to the client the nature and extent of his responsibilities. Can one doubt that if the RAF were bearing the full cost of housing a handful of officers in a mess built for 82 at Hullavington, namely £9,000 per head (para. 66), they would think again?

13. A related point is, of course, that one cannot get very far into the build and lease issue quite properly raised by the team without a valuation of the sites in one's possession or an analysis of the notional rent attributable to them. In my view, a comparison of the data in Appendix C on Crown-owned and Appendix E on leasehold is not possible because the former includes no idea of land/property value. The general issue is particularly interesting in the case of Bath. On the face of it, and greatly simplifying the issues, the Crown has enough assets in its possession in the Bath District to plan several different development schemes, based on the disposal of land and buildings and on the concentration of staffs. I quite accept that policy changes import uncertainty, but a period of indecision as long as that on Hullavington and the continuing neutralisation of Keevil suggest to me that lack of consciousness of asset value seriously impedes good asset management.

14. A further related point, which I was very glad to see, was that it is possible (see paras. 31 and 32 of the commentary) to provide much of the information needed for the good management of the estate. This is very encouraging, given my letter to the Secretary of State of 8 February on departmental costs.

Contracting

15. The report enables me to give another of my hobby horses a run. I comment in para. 85 on the wisdom of going for the most reliable rather than the cheapest contractors. Forgive me if here I stray into teaching egg-sucking to those who know how already!

Bureaucracy and paperwork

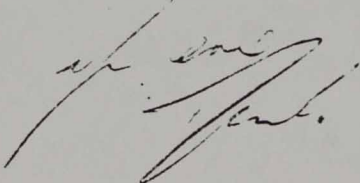
16. There are several references to these, for example, see para. 88 on my commentary. It goes without saying that I am at one with the team in my resistance to them.

Next steps

17. I think that the general issues raised by the report are of sufficient importance to justify me in copying this letter to the Secretaries of State for the Environment and Defence (copy letters to them are enclosed), as well as to John Stanley, the Chief Executive and Deputy Chief Executive I, PSA. As the Prime Minister will be very interested, I shall show her some of the papers before she meets you and Mr Turtle (to whom a copy goes also) next Monday. This is to contribute to and help forward the discussion of repayment which I mentioned to Michael Heseltine in my letter of 8 February.

*Wrong: in fact,
Mr. Tom King is
attending the
reception on 18.ii.80*

18. On the particular details of the Bath report, I suggest that it would be helpful to the Prime Minister if I prepared a report for her to see in the next few weeks indicating what was to be done as a result of the urgent examination mentioned by Sir Arthur Hockaday. You will see that I deal with this in my letter to Francis Pym and Michael Heseltine.



Derek Rayner

Enc: Commentary

Copy letter to Mr Pym and Mr Heseltine

MAINTENANCE ECONOMY REVIEW OF THE BATH DISTRICT WORKS OFFICE:

COMMENTARY BY SIR DEREK RAYNER

Responsibilities of Bath City Office (Section A.1)

1. I am glad to see that MOD (Navy) is not accused of "pulling rank" on the PSA, although I note that, simply because of numbers, there is pressure on PSA to respond promptly to its "demands" (A.1.3)

2. A lot of this section once again raises in my mind the issues of balance of responsibility as between the client and the PSA and, therefore, of "repayment". Not all the evidence in the Report points towards repayment as clarifying the issue of respective responsibilities. For example, some of the smaller properties like Red Bridge House (Section A.12) and Strahan House (Section A.13) are occupied by more than one department; but the discussion of the MOD (Navy)'s requirements in Section A.1 and elsewhere and of the MOD (Air)'s requirements at Hullavington (Section C1) and elsewhere raises very sharply and unavoidably the question whether there would be better management of resources in departments' keeping if they were having to pay for them rather than getting both goods and services free.

3. Apart from that issue of principle, the Section appears to show that a large client is (as I would expect) equipped to deal with its side of the client/PSA partnership as it is at present organised, witness the general message to be had from paras. A.1.8 - A.1.15 on MOD (Navy)'s Office Services Organisation.

4. I agree with Recommendations 1 - 4 and have no comments on the treatment of these in the Action Document.

Electrical services and mains distribution - MOD (Navy) Main Sites
(Section A.2); Heating and Controls - MOD (Navy) Main Sites
(Section A.1)

5. I have not read these sections and have no comments on them or on Recommendations 5 and 6.

Grounds maintenance - MOD (Navy) Main Sites (Section A.4)

6. I agree with Recommendations 7 and 8 on grass cutting and land reinstatement. I am distressed to see that "there is an overgrown gangmower on the front lawn at Ensleigh" (A.1.3) and should like to know what has happened to it.

7. I also agree with Recommendation 9 on landscaping, but do not understand why the action document allows as long as 9 months for implementation.

Foxhill Development (Section A.5)

8. I agree with Recommendation 10 (for a feasibility study to examine the possibility of building a first floor on one or more of the Temporary Office Buildings), but Foxhill raises a more general issue with which I deal in the covering letter.

Additional Office Accommodation - MOD (Navy) Main Sites (Section A.6)

9. What conclusions if any, should be drawn from the poor condition of Block J Foxhill only two years after repair and repainting (A.6.5)? The team's appear to be in para. 1.6.10 and, on the face of it, very sound: the initial dearer buy is often justified by usage.

10. I agree with Recommendation 11, but am somewhat surprised by the time apparently to be taken over it in the action document.

Office Uplift - MOD (Navy) Main Sites (Section A.7)

11. I very much agree with the team's Recommendation 12 (reviewing the programme and brief). I do not see why, in the action document, it is necessary to "obtain agreement to the change of scope with client". If, as the team indicates, there is a saving of £100,000 to be had on the PSA's Works and Staff Votes, surely the PSA - as the expert - is, under the existing distribution of responsibility between it and its clients, entitled to have its own way?

12. The reference to a local "myth" in A.7.7 is interesting. I can understand how such things come about. But it must be expensive and I am at one with the team in wanting to see it ended.

Electricity and Fuel Consumption - MOD (Navy) Main Sites
(Section A.8)

13. I agree with Recommendations 13 (examine potential electricity savings at Ensleigh) and 14 (work on the consumption of fuel at Foxhill). Again, I think the time allowance (6 months) on the high side.

Carpenter House, Bath (Section A.9)

14. It is of course difficult for me to comment on the data given here, and in the following notes and other larger leasehold properties, because I cannot compare them with national or regional data. I see from Appendix E that the per capita unit cost in these properties varies from £233 in the Empire Hotel to £536 in StrahanHouse, a variation of £300, with an average of £400. In this good, bad or indifferent?

Empire Hotel, Bath (Section A.10)

15. I note that this occupies a prime site overlooking Bath Abbey (A.10.1), has been occupied by MOD (Navy) since 1939 (ibid,) is somewhat extravagant for office use (A.10.3), has been (not unnaturally) messed about (A.10.5 - A.10.7), and that the rent and rateable value are likely to go up on the impending review (A.10.4).

16. This appears a good case of conflicting priorities. On the one hand, the Empire Hotel, at its present rental, looks like a good buy. It is well below the current average price for the larger leaseholds in Bath. On the other hand, the use of such a resource in such a place looks like the near neutralisation of an asset which could be very much more productive. I wonder how it would fare if the site reverted to hotel or other commercial use. I should think it highly desirable for the Government to give up the site and to concentrate its staff elsewhere as A.10.4 suggests. The Hotel, of course, illustrates

the wider issue of buy versus lease on which I comment in my covering letter.

17. That said, I agree with Recommendation 15 (support for the main staircase, A.10.5) and have no comments on its treatment in the action document.

Northwick House, Bath (Section A.11)

18. I note that there is "a good deal of waste open areas" (A.11.2). This is presumably quite expensive at £25 per square metre (Agent's Letting Area). What can be done about it?

Red Bridge House, Bath (Section A.12)

19. I note that the Department of Employment have 27 staff in this building, including 9 in an Unemployment Benefit Office, but the Employment Services Division have a separate holding in Strahan House, part of which is not well used (A.13.2). Is it necessary or desirable for DE and ESD to be housed separately, especially if the latter is unable to make full use of what is the most expensive leasehold premises you have in Bath?

20. I see also that there is "significant" under-use of accommodation in Red Bridge House (A.12.4). Red Bridge is the second most expensive of your Bath leaseholds (£505 per capita). What, I wonder, is the cost of the unused accommodation and what can be done about it?

21. I am sorry to read that the front wall has holes (A.12.5) and that the rear is in bad condition (A.12.6). I agree with Recommendation 16 on the latter (and have no comment on the action document's treatment of this) but I also think that a little expenditure, in the interest of staff morale, would be justified to deal with the former.

Strahan House, Bath (Section A.13)

22. No further comments.

Trimbridge House, Bath (Section A.14)

23. This looks like a good leasehold.

Northgate House, Bath (Section A.15)

24. No comments, beyond agreeing with Recommendation 17 (A.15.3) and its treatment in the action document.

Crown Building, Kingsmead House, Bath (Section A.16)

25. I hope that the approach sign can be revised as indicated in A.16.4, as there is little to be gained by making both staffs' and users' first impression a shabby one.

26. I agree with Recommendation 18 (on the reduction of the dining area to provide extra office space, A.16.6), especially as it is obviously necessary to make full use of a Crown Building. I see from the action document that there are to be discussions, for which 9 months have been allotted. This seems rather lengthy.

27. I very much agree with Recommendation 19 (conversion of oil-fired boilers to gas-firing) and have no comments on the action document's treatment of this.

Building Services - Bath (Section A.17)

28. I agree with the two parts of Recommendation 20 (A.17.3 and A.17.4) on reducing water consumption and charging for water and would comment only that the action document's treatment of the second (basis of charging) looks a bit leisurely.

29. I agree with Recommendation 21 (foul drainage, Burnett) (A.17.6) and its treatment in the action document.

30. I also agree with Recommendations 22 - 24 (kitchen cleaning at the Empire Hotel, roadworks and printing) (A.17.9., A.17.11 and A.17.17) and with their treatment in the action document. As with the reference to Block J Foxhill (A.6.5), I wonder what conclusions should be drawn from the references to poor joinery in A.17.17 and incomplete painting in A.17.20.

The Government Estate in Bath (Section A.18)

31. I am encouraged to see that the data summarised in this Section and set out in more detail in Appendices B - E can be provided. They are of course relevant to my separate exercise on the provision to Ministers in charge of departments of information on their running costs. The particular relevance of this Section - accepting the reservation entered by the team in B.1.21 about the present difficulty of establishing the cost of particular aspects of work or buildings and facilities - is that it demonstrates that local managers can have presented to them management information on the state and movement of their costs.

32. Equally, I am struck by the team's reference to the absence of published "norms", which makes comparison difficult (A.18.4). They also mention "reseach": is this going to produce "norms" which PSA and direct management can use in monitoring costs?

33. This discussion is self-confessedly "somewhat superficial" (A.18.10) but this does not invalidate the importance of the Section as a whole. The Recommendation (25) is noted in the action document as "Further support for the case for more Crown-owned accommodation", which rests on the general disparity between Crown freehold and leasehold in Bath (the latter being 67% more expensive in running costs, A.18.9).

34. The team acknowledge that they did not have time to consider "land costs, building costs or capital value" (A.18.10). But the absence of these from the analysis is, of course, crushing in its effect. While the data in Appendix E obviously include the rent of leaseholds, those in Appendix C include no valuation of land and capital beyond that obscurely tucked away behind rates. So that the only information we have on asset value for the Crown estate in Bath, is a total rate bill of £220,000. The Temporary Office Buildings at Ensleigh and Warminster Road account for 71 areas of land (abridged report, para. 40) which has, no doubt, a very high value indeed.

35. This means that, in my judgment, the comparison given in Section A.18 is flawed because the data in A.18.6 (and supporting tables elsewhere) omit notional rent representative of site and asset values. I sympathise with the team's conclusion but I do not think that one could have a thorough plan of rationalisation in Bath without establishing asset values and what contributions might be made to meeting the cost of the plan by asset sales, either in the rest of the district or region or indeed country.

Other properties - Bath City Office (Section A.19)

36. I am sorry to read of the decline in its fortunes suffered by the PSA Supplies Workshop, Burnett (A.19.7 - A.19.22). Two points struck me on reading A.19.19:

a. Very strict budgetary control by Supplies Division is causing a "fall off in the standard [of] upkeep of the buildings". Of course, economies here may be attributable as much to doubts about the future of the establishment as to the fact that the Division now has a strict financial regime, but I wonder what is their actual effect on the buildings: acceptable or unacceptable?

b. Where are the former customers (local authorities etc) now getting their repair work done and at what cost compared with PSA?

37. I agree with Recommendation 26 (reconsider whether the operation is economic, A.19.21) and its treatment in the action document.

Azinghur Barracks, Colerne (Section B.1)

38. I note the reference to "feeling" over change of role (B.1.15). This is very human and understandable; it presents management with a challenge that should not go unanswered.

39. I see that the Barracks account for some 690 acres (B.22) in good country. Following on my remarks in paras. 34 and 35 above, it would have been helpful to know the value of this acreage and of the buildings on it. This is particularly relevant to under use of Messes (B.1.9) and Married Quarters (B.1.11), 30% of which I see are unused. I agree with the reference in B.1.16 to the need to re-appraise the use of space: it seems ironic that there is over-crowding of Junior Ranks accommodation (B.19) as this, presumably, represents Colerne's present raison d'etre.

40. I notice that Army/PSA works liaison is through the Regimental Quartermaster (B.1.20). Presumably he works on authority delegated by the Commanding Officer, who in turn works on authority delegated from Command or HQ: is it known how these responsibilities are specified and what they consist in?

Azinghur Barracks - Site details (Section B.2)

41. I note the reference to Army/PSA misunderstandings in B.2.2 and to creep in B.2.3. Things don't seem to have changed much since my Service days! How much have such misunderstandings to do with obscurity about respective responsibilities and the "free good" mentality engendered by allied service, I wonder?

42. I agree with Recommendation 27 (preparation of a maintenance programme, B.2.5) and its treatment in the action document.

43. I agree with the comment in P.2.7 on the use of the 13 aircraft hangers and with the various suggestions made under cover of Recommendation 28 (B.2.8). I am somewhat surprised to see that the action document provides as long as 12 months for the review of usage by PSA and the Army. Particular points which took my notice, on which you may care to comment, were:

Buildings 31 and 32: £230,000 spent on uplift; very little used - but stores expected to arrive "during 1980".

Building 37: apparent heating wastage, due to defective doors and uninsulated partition; partly used for the parking of 35 private vehicles.

Building 447: I agree that the Motor Cycle Wing should go into Building 37.

Building 39: my impression is that there is scope for extra use and I therefore agree with the last sentence to the first paragraph on p.59, especially given the following paragraph.

44. I agree with Recommendation 29 (provision of suitable drying facilities, B.2.12). Again, given the essential purpose of the Barracks, housing and training Junior Leaders. I am a little surprised that this is not tackled with more urgency (see for example the team's comment in the last line of B.3.15).

45. I very much agree with the team's Recommendation 30 (demolition of SECO Barracks Blocks and bringing unused HQs into service, B.2.16). I think the time allowed for this in the action document (12 months) too long. As for the Army's objection to the isolation of Junior Ranks, I assume that the boys would be in the charge of NCOs living-in? The objection, I confess seems trivial compared with the potential savings listed in the Recommendations volume.

46. I note that both the officers' Mess (B.2.19) and the Sergeants' Mess (B.2.20) are under-used. Would not the most economical course be to combine two Messes as one Mess?

47. I agree with Recommendation 31 (bringing other existing buildings into use to enable sub-standard SECO huts to be abolished, B.2.26), but am again surprised that the Army need as long as 12 months to think about it.

48. I am even more surprised to see that it is to take 3 months to examine and recommend emergency fire arrangements for the Main Hobbies Centre (Recommendation 32, B.2.28).

Leaving aside the heretical thought that boys could break the windows if there were a fire, I would have thought it comparatively simple to unseal the windows and unlock the main doors.

49. I note that land has been misappropriated for use by the Pony Club and the attendant circumstances (B.2.31). Who is accountable for this? What charge has been made for this and in respect of Buildings 511 and 446?

Building Services - Colerne (Section B.3)

50. I have no comments on this or on Recommendations 33 - 36, other than to ask whether it is reasonable for the Army to complain about variable standards in the swimming pool (B.3.9) if they use it for training including "personnel in full kit and canoes".

Electricity and Heating, Colerne (Sections B.4 and B.5)

51. No comments.

Fuel consumption, Colerne (Section B.6)

52. I note that despite recommendations made in April 1976 and the apparent availability of resources, there is inadequate control over heating (B.6.1.). This confirms my general view that the absence of a requirement to pay for services makes for irresponsibility in their use. I therefore agree with Recommendation 37 (reduce consumption), but am again surprised that as long as 12 months is allowed for this.

Colerne Airfield (Section B.7)

53. I note that there is an extensive lighting system, costing £1500 pa to maintain but that the Army has done much damage to it, the estimate to re-instate being £15,000 - £20,000. Who is responsible for the custody of the system and for the cost of re-instatement?

54. I see from the Recommendations volume that the actual cost of retaining the airfield and its lighting system is "not readily available". I agree with Recommendation 38, that the state of readiness and maintenance should be reviewed, but once again do not understand why the MOD needs six months to do this.

Colerne: Grounds Maintenance (Section B.8)

55. I note that the cost, in 1978-79, including MQs, was £45,000 (B.8.1 and B.8.8). This seems a lot. How about some judicious use of defaulters?

56. It follows from para. 54 above, that I agree with Recommendation 39 (eliminate need for cutting round airfield obstructions, B.8.2).

57. I agree with Recommendations 40 and 41 (contractor to fulfil all his obligations and review of letting of grassed areas, B.8.3) but I must say that if the Pony Club is worth its salt it might use its initiative and the unswept cut grass.

58. I agree with the references to and Recommendation 42 on the groundsman (B.8.6. and B.8.7.) and am glad to see that no more than one month has been allowed for the transfer of his equipment and facilities from building 10 to building 66.

RAF Hullaington (Section C.1)

59. Why can't the Parachute Support Unit be co-located with the Parachute Training School at Brize Norton (C.1.2 and c.1.3)?

60. I see that as the PSU has a total of 457 personnel (C.1.4) the DCDC 100 staff (C.1.5) and an acreage of 690 (C.2.1), each of the staff has nearly $1\frac{1}{4}$ acres to himself. This seems a little generous. Of course, I do not know the rights and wrongs of the case and the team may be a little severe in attributing an under-use lasting since the mid-60s to the "bureaucratic complexities of the internal MOD machine"

(C.1.7), but there appears to be no doubt that there is wastage and creep (C.1.9). I note the human implications of this (C.1.11), but am astonished to see that the team estimate the cost of continuing indecision at £0.5m pa, although - given what has gone before - I am not surprised that the "true cost" may be out of present reach (C.1.11 and C.1.18). I therefore agree with Recommendation 43 (need for early decision) and am glad to learn from Sir Arthur Hockaday's letter of 7 February that MOD is urgently examining the implications of the report.

61. I note some of the consequences for PSA (C.1.19 et seq). I sympathise with the reference to deterioration (C.1.22), but note that some expenditure on maintenance and heating had to be borne willy-nilly (C.1.19). I note also that there was an earlier MER in 1971 (C.1.25 and C.2.2) but given the reference to under-use since the mid-60s (C.1.7) am a little puzzled to know what economies were then achieved and what was left over for the MER just completed.

RAF Hullavington - Site and Building Details (Section C.2)

62. I note varying usages of hangars in C.2.3, including 6 rentals, some good use, some very low use and two misappropriations. I agree with Recommendation 44 (review use), but do not understand why 9 months are required to agree on "more economic usage".

63. I agree with Recommendation 46 (C.2.5) in respect of barrack accommodation.

64. I agree that the housing of motor transport should be rationalised (Recommendation 45, C.2.6.)

65. I note the comments on the heating of buildings 45, 82, 38 and 23 (C.2.9.). Surely the first two of these can be heated only when needed? I am astonished to see that a request has been for £6000 to paint building 123, which houses private caravans (C.2.9).

66. I see that the team describe the use of the officers' Mess as "particularly scandalous" (C.1.14). The further details given in C.2.10 - C.2.15 do nothing to suggest that this judgment is in error; it is truly amazing that the per capita cost for each living-in officer is £9,000 pa (C.2.15) and I am bound to say that I think it impossible to justify this expenditure. I note that the repayment principle (in respect of fuel) does not appear to have made the RAF any more self-conscious about the cost (C.2.14), presumably because no-one attached the cost to the building and because responsibility for most costs is borne not by the client but by PSA. I agree with Recommendation 47A (consider alternatives to present use, C.2.13) and I am very surprised that another year (meaning another year's expenditure) is being allowed for discussion.

67. With regard to my comment on Messing at Colerne (para. 45 above), I am interested to see that Sergeants make some use of the Officers' Mess (C.2.13). Surely it would be good sense to develop joint usage here and elsewhere to make optimum use of facilities provided at public expense?

Building Services, Hullavington (Section C.3)

68. I agree with Recommendation 47B (investigate increased water consumption, C.3.4 and C.3.5) and have no comments on its treatment in the action document. Given my other comments, I am glad to see that roadworks and MQs have been subject to "Good, mean budgetary control all to a sound standard" (C.3.9).

Electrical services and air conditioning - Hullavington (Section C.4); Heating - Hullavington (Section C.5)

69. Not read, so no comments.

Fuel Consumption - Hullavington (Section C.6)

70. I agree with Recommendation 48 (energy consumption measures) and the qualification to it expressed in the action document.

Grounds maintenance - Hullavington (Section C.7)

71. I see that nature is re-asserting itself! I agree with Recommendation 93 (E.7.33), that the pyracantha creeper should be cut back, although I would have doubted whether 12 months need elapse before it happens.

Keevil Airfield (Section C.8)

72. This airfield accounts for some 495 acres in fine country. The only military use - frequency unstated - is for Heavy Drop Parachute exercises from Lyneham although these could be mounted over Salisbury Plain (C.8.1 and C.8.5). I wonder what the value of this site is? It must be very large indeed. But it brings a rent of only £12,000 (£2.50 an acre), totally offset by annual maintenance (C.8.1. and C.8.3.). With an agreeable insistence on economy, PSA has to drive 40 miles quarterly to read the water meter!

73. Against this background, I am astounded to find that two years are to be allowed to deal with Recommendation 49 (consider need for retention). Surely there can be little excuse for the continued neutralisation of this land?

Married Quarters (Section D)

74. I am no less upset by the data given in D.3 about the incidence of vacancy among MQs and its length; I see that in no case is it less than 26% and that it goes as high as 88%. Recommendation 52 (dispose of unwanted MQs, D.3 and D.6) is absolutely right and I hope that effective action can be taken in the time set (12 months). This should be especially possible for the MQs in Chippenham and Melksham (D.6) and on the Thickwood and Pinewood Estates (D.7); I agree that where it is not easy, there should be "re-appropriation" (D.9). (I note that the capital value is estimated at £4m and the annual savings at £66,000 pa in the Recommendation volume.)

75.. I agree with Recommendation 50 (civilian occupied MQs, D.4), 51 (site houses, Hullavington D.5) and 53 (minimum house-keeping, D.11). I was interested by the reference to the

"Housing Warden" in D.11. Presumably this is a Services official; where he does not do his job properly, is it because of indolence or obscurity about the respective responsibilities of himself and the PSA?

76. In connection with mixed responsibility, I was also interested by the team's view that the PSA "is providing a reasonable and economic standard of maintenance in all the [MQs], given a most unsatisfactory policy with regard to the retention of empty [MQs]" (D.17).

PSA Management and Organisation (Section E.1)

77. I have no comments on Recommendation 54 (PTO IV Vacancy, E.1.4), 55 (supervision of MQ work, Chippenham, E.15) or 56 (processing Part II work, E.1.9), apart from supporting the team in its opposition to the wasteful use of staff (E.15). On Recommendation 57 (role and staffing of the Area Management Team, E.1.11), I have read what is said in the Recommendation Volume (p.10) and in E.1.11 with sympathy; if you are to have these Teams, they should not be over-burdened with work not related to their direct function and District Works Offices should be encouraged to seek their help. (I am not sure why, in the action document, action on this is to be/has been initiated by Regional HQ.)

Directly Employed Labour, Planning and Control (Section E.2)

78. I have not worked through these in detail, as I see from Mr Donaldson's letter to Mr Priestley of 21 December that they are overlapped by the proposed reduction in DEL generally. I should therefore simply make the following points:

- a. The recommendations made earlier by the Regional DEL Planning Officer were similar to the team's "but few of these seem to have been accepted or implemented" and the cross-reference to the Area Management Team (E.2.6).

- b. The team believes DEL is under-loaded, but I am not sure that, as they suggest, this should be remedied by taking work back from contractors (E.2.8).
- c. Paragraphs E.2.9 and E.2.10 appear to indicate a misuse of labour which is occasionally gross.
- d. Recommendations 59 - 86 reflect this by proposing a substantial (18%) reduction in the work force (94 to 77) and I trust that the larger review will not, like the Regional 1978 review apparently, miss its target.

Stores arrangements (Section E.3)

79. Would you kindly tell me why the closure of 3 former Daily Issue stores agreed in 1972 has not (apparently) taken place (E.3.1) and why there is still uncertainty about the intended new arrangements (E.3.2)? The arrangements for large stores (in E.3.3. and E.3.4) look rather muddled.

80. I note that it is impossible to assess the value of stock in store (E.3.6), that stores paperwork is "vast" even for small value items (E.3.9) and that there is confusion about loan arrangements (E.3.10).

81. Against the background set out by the team, there appears to be a well-established case, and I agree with Recommendation 87, for a Central District Store (rationalisation/optimisation). The points made by the team at E.3.11 i. - vi. seem eminently sensible.

M&E Planned Maintenance (Section E.4)

82. I have no reason to dissent from the team's view that the system should be updated and that the frequency of maintenance should be reviewed (Recommendation 88). I see that the action document refers to "improved monitoring of job frequencies": this is not the same as E.4.3's reference to "increasing the maintenance periods with a consequent reduction in labour costs", for which I have a preference.

Building inspections (Section E.5)

83. What are the costs associated with reduced inspections (E.5.1 and 5.2), I wonder? The MER represents a fall-back position: I agree with the team that "regular planned inspections give us [an] opportunity to take in the whole picture" (E.5.5).

Transport (Section E.6)

84. I note that, Supplies Division being on repayment, vehicles are "on hire" (E.6.1). The team do not discuss how this works in practice, indeed, they suggest a further van (Recommendation 89, E.6.4). I assume that this field will be covered by the PSA's first scrutiny.

Contract methods and resources (Section E.7)

85. I note that contract work at Bath, Colerne and Hullavington totals £275,000 pa (E.7.1.). I note also PSA's difficulties over liquidated contractors (E.7.2 and E.7.3). Are these due to the "lowest tender" principle? If so, would it not be better to settle with a well-established and reliable even if more expensive contractor?

86. I have no comments on Recommendations 90 (priority for replacement action, E.7.3.), 91 ("pressure impregnated preservative", E.7.4), 92 (B&CE TC rates, E.7.4), 93 (pyracantha, already noted, E.7.33), 94 (grass cutting, E.7.34), 95 (daywork contract, E.7.41) or 96 (door maintenance, E.7.49). My other comments are:

- a. Paragraph E.7.17 deals with an (apparently) indifferent contractor and an indifferent PSA response to him. The simple point here must be that you are entitled to hold your contractors firmly to account.
- b. Was it necessary to rewire the Officers' Mess (E.7.21)?
- c. Is one conclusion to be drawn from E.7.36 - E.7.41 that too much PSA effort is put into paper-work as compared to monitoring the quality of contract work?

PSA Accommodation (Section E.8)

87. The capacity for rationalisation and greater cleanliness (E.8.2) is a little ironic and I accordingly agree with Recommendation 97:

PSA Supplies (Section E.9)

88. The arrangement summarised in E.9.1 seems ludicrously bureaucratic and I agree with Recommendation 98 (revised order procedure for minor fixed items and minor floor repairs E.9.3). I cannot help wondering, however, whether it would not be simpler for the client to arrange and pay for such work direct.

Derek Rayner

14 February 1980



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

15 February 1980

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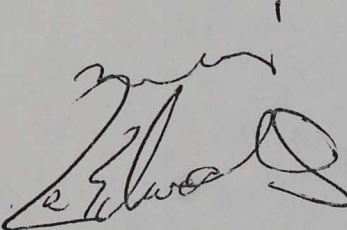
Dear Ian

My Minister has seen a copy of your letter of 30 January to Geoffrey Green drawing his attention to the economies that you have achieved by rationalizing the press cuttings service provided in your Department.

For some years now the needs of a majority of officials in this Department have been provided for by the issue of a daily press summary supplemented by the "on demand" provision of copies of press cuttings as and when they are required.

Full sets of cuttings, relating to topics of prime interest to the Department, are provided for Ministers and a restricted number of officials who need to have them. In addition a selective service is provided for senior officials on topics which relate to their Departmental responsibilities. The need for these services is kept under constant review to ensure that costs are kept to a minimum. The last review, carried out in September of last year, ensured that the service related more precisely to individual requirements.

The total cost of the service within this Department is estimated to be about £3500 per annum. I am copying this letter to the recipients of yours.

Yours


C R EDWARDS
Private Secretary



[Faint, illegible handwritten marks]

100 FEB 1980
N.M.A. 5000

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PRIME MINISTER

This is Sir Derek Rayner's written evidence for the Select Committee. He will have to submit it before you see it. Confam X?

PRIME MINISTER

SELECT COMMITTEE ON THE TREASURY AND CIVIL SERVICE

MP 14/2.

1 You kindly agreed that I should accept an invitation from this Committee to give evidence. I am called for next Wednesday, 20 February - I only hope that I can make my way there through the lobby of sub-postmasters protesting against the DHSS "Rayner project" on the payment of social security benefits!

2 You may like to see the attached paper which I propose to submit beforehand (it has to go in today or tomorrow), which I hope will meet with your approval.

X / 3 I should very much value your agreement that I should speak frankly in response to questions. *Agreed - it is the only way.*

✓ 4 Following your earlier agreement that I should use publicity judiciously, I think that the Government's efficiency drive has gained some assistance from my Platform One (BBC1) interview with Professor McKenzie on 24 January and the Newsweek (BBC 2) programme on 7 February in which Mr Channon and two of the "Rayner project" officials were interviewed, among others.

5 The Select Committee is attracting some attention and I would hope to use my appearance to spread the word a bit, in order to keep up the general pressure on departments and to encourage Members of Parliament to play a constructive part. I think and hope that you would see no difficulty over this. So far I have been involved in almost nothing that is truly confidential and, as you know, I do not believe that many of Whitehall's administrative practices need or should be cloaked in the mantle of secrecy.

Derek Rayner
Derek Rayner
14 February 1980

ENC: Paper for Select Committee, minus attachments

*Am wholly in agreement with this memo -
Am kind of paper sub.*

SELECT COMMITTEE ON THE TREASURY AND CIVIL SERVICE

Note by Sir Derek Rayner

1. I was appointed on 8 May 1979 to advise the Prime Minister and her colleagues on ways to improve efficiency and eliminate waste in government. I am supported in this by a small central team comprising 2 Staff Officers (an Under Secretary and an Economic Adviser), an Executive Officer and a Personal Secretary. I also consult, as necessary, the central departments (Civil Service Department, HM Treasury, and the Central Policy Review Staff).

Rayner Projects

2. My first task was to launch a number of so-called "Rayner projects". Each Government department was asked last June to examine radically and searchingly a particular activity or function with the object of identifying ways in which it could be carried out more efficiently, more effectively and at less cost. The investigations were to last, in general, no more than 60 working days.

3. Each project was carried out by one or two officials from within the Department concerned. The officials, who were at about Principal grade, were free of steering committees and hierarchy. They reported direct to a Minister (in most cases a Minister of State) in consultation with their Permanent Secretary and me. They were free to ask awkward questions (eg "Why is this work done at all? Why is it done as it is?"), and to do so at the point where the job is actually done. They were told to come up with recommendations for action, not simply to identify problems.

4. There were 29 projects undertaken. A complete list is at Annex 1. I associated myself with all the projects from inception to conclusion: the study plans were agreed by me; I was available for consultation throughout, accompanying

some of the officials on their visits to the "sharp end"; the reports were copied to me at the same time as they went to the departmental Minister concerned.

5. All the reports are now with Ministers, along with my comments and advice, and most results have been reported to the Prime Minister. The potential savings suggested by project officers are around £80 million a year and £50 million once-for-all. The next and crucial stage is for the reports to be converted into "proposed action" documents, showing which recommendations are accepted, how and by when the savings will be realised and who will be responsible for seeing the recommendations through to implementation. I have the opportunity to comment and advise on these documents before circulation/publication.

6. Throughout my role has been that of adviser. The recommendations are those of the officials nominated to carry out the projects. The reports are the property of Departmental Ministers. It is for individual Ministers to decide what should be done as a result of the reports made to them and to implement the recommendations accepted or action based upon the recommendations made.

7. The Minister of State in the Civil Service Department (Mr Paul Channon MP) has the responsibility for drawing out lessons that might be usefully applied elsewhere within each department and across departments.

Annual Scrutiny Programme

8. On the basis of this experience the Government has decided that there should be an annual scrutiny by departments of specific activities. Each department will examine at least one area of its administration. The programme of each year's scrutinies will be decided upon after the Prime Minister has been informed of the proposals for it. The method of investigation will be the same as that

adopted in the previous exercise - a copy of the note of guidance issued to scrutineers is at Annex 2.

9. A list of subjects for examination in the first year is at Annex 3.

I shall be generally associated with all the projects but more closely with 14 of them (asterisked in the Annex) on which I shall be reporting to the Prime Minister. These are projects which are either intrinsically important or likely to raise issues of general principle.

Statistical Reviews

10. In addition, Departmental Ministers are this year being asked to review their statistical services. This follows the very useful project in the last round which looked at the statistical services of the Departments of Trade and Industry. I shall oversee and co-ordinate these studies, supported by an official in the Civil Service Department and in the Central Statistical Office. The officials in the departments with the responsibility for carrying out the individual studies will adopt the same method of working as in the scrutiny programme.

11. Drawing upon the departmental studies I will assess centrally the statistical services which meet wider needs than those of one department, including the work of the Central Statistical Office.

12. The statistical review will be completed by the end of the summer when I shall report to the Prime Minister.

Cost Information

13. The annual scrutiny of specific activities will be a necessary and important instrument for Ministers in seeking to improve efficiency and reduce waste in their Departments. It supplements the existing machinery, eg for staff inspection and O and M studies. But it is not sufficient. Ministers need also to have available to them management information on the cost of having a Department that is, of its staff, of its buildings and of supplying it with goods (eg stationery, furniture and equipment) and services (eg heating and lighting). This is because in order to run anything one needs first to know and then to question his costs.

14. The Government has decided that each Minister in charge of a Department should scrutinise such costs at least once a year. Cabinet will also consider collectively an annual statement of the cost of running central government. I am currently advising Ministers on the provision and use of cost information systems. It is the intention that there should be a pilot run this year with a view to being fully operational by next year.

Rules and procedures which inhibit effective management

15. A paucity of management information has been one barrier to the effective management of resources in central government departments. Over the coming months, I shall be considering a number of other areas in which existing rules or procedures could inhibit good and efficient management eg:

- the present system of providing certain goods and services, notably accommodation, free to Departments on "allied service" terms;
- the distribution of responsibilities for the management of resources within Departments including the use of professionally qualified staff;

- the role of the central departments in the management and control of resources;

- personnel practices

General

16. I should be glad to have comments and advice from members of the Select Committee.

12 February 1980



with compliments

MINISTER OF STATE

*Get Paul Channon to
come to my office
this morning with
Rayner
money*

CIVIL SERVICE DEPARTMENT
Whitehall London SW1A 2AZ

Telephone 01-273 5563/4086



Minister of State

27PS

2

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

14 February 1980

The Rt Hon Francis Pym MC MP
Secretary of State for Defence
Main Building
Whitehall
LONDON SW1A 2HB

1. Mr Whitlam *MM*
2. PRIME MINISTER
Mr Channon in firm pursuit of
another interesting Rayner
project *MAP*

Dear Francis

REVIEW OF PSA BATH DISTRICT WORKS OFFICE

The Prime Minister has asked me to follow through individual Rayner projects and associated studies to see that lessons from them are as widely applied as possible. I have to report to her at the end of March.

I expect that DOE Ministers and you and your colleagues, in consultation with Sir Derek Rayner, will be considering the action to be taken on the specific recommendations of the Report of the maintenance economy review of the PSA's Bath District Works Office which has been associated with the Rayner programme.

It seems to me that the most significant feature of this report is the attention which it draws to the large number of unoccupied or under-utilised Defence facilities in the Bath area which the PSA are maintaining at considerable cost both of money and manpower. Examples are unoccupied married quarters, under-used or unused airfields, an under-occupied Officers Mess (at Hullavington) and so on. The authors of the report estimate that the disposal value of these facilities is over £5m. I do of course recognise that there has been some uncertainty, in the context of dispersal policy, about Hullavington. I doubt if that has had any bearing, however, on the occupancy rate of the Mess.

I know that there is existing machinery for identifying Defence land and property which can be disposed of and that there has been greater emphasis on this in recent months. It may even be that action to dispose of some of the under-used facilities referred to in the Bath report is already in hand. If the findings in the Bath report are accurate, however, the scale and nature of unused or under-used Defence facilities there, which are at the present time being wastefully maintained, is disturbing. Unless there are very good reasons for believing the Bath area to be exceptional, we must presume that the findings there could be reproduced throughout a good many, if not all, of the PSA's other district offices. If so, the scope for disposals and consequent reduction of workload on maintenance must be very substantial indeed.

The evidence of the Bath study suggests that in many cases local management, both of Defence and the PSA, are well aware of facilities which are greatly under-used and could well be disposed of, but that a positive and determined lead from Headquarters is needed if the log jam is to be broken. I wonder whether in the light of this and previous reviews which have come up with much the same kind of evidence, we need to dispense with the normal machinery and undertake a special drive at the highest level to take decisions to dispose of under-used assets with a clear timetable for action.

I do of course recognise that the reason for retention of facilities is often against possible contingencies. I hope these can be judged by very strict criteria, however, and that the presumption can be made that where facilities have been unoccupied or greatly under-used for a considerable period of time, they should be disposed of without further delay. In this, I am sure you will agree we need to bear in mind not only the loss of not realising the value of these properties, but also the very considerable burden - especially in terms of manpower - which their maintenance places on the PSA.

I would be grateful to know your reaction to this wider point which arises from the Bath review. I am sending a copy of this letter to the Prime Minister in view of her interest in the follow-through of "Rayner" projects and associated studies, to Michael Heseltine, John Biffen and also to Sir Derek Rayner.

V.
Paul

PAUL CHANNON

14 FEB 1960





Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

G E T Green Esq
Private Secretary to the Minister of State
Civil Service Department
Whitehall
London SW1A 2AZ

14 February 1980

Dear Geoff,

HOUSEKEEPING ECONOMIES

I refer to your letter of 5 February replying to Ian Ellison's letter of 30 January. It is not the practice in this Ministry to undertake extensive copying of press cuttings. As our use of a commercial agency may be of interest to other Departments I enclose a fairly detailed note on our current arrangements.

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

*Yours sincerely
Garth Waters*

Garth Waters
Principal Private Secretary

PRESS CUTTING SERVICE

1. A commercial press cutting agency is employed, at a current cost of about £12,000 per year, to supply 5 comprehensive sets of cuttings (2 of original cutting, and 3 of photocopies) covering all subjects of possible interest to the Ministry. These are made available at about 8.30 am each working day.
2. Four of these sets are immediately prepared for circulation; one original to the Minister, and the three photocopies to Junior Ministers and subsequently to Deputy Secretaries and Under Secretaries.
3. The cuttings on the fifth set (the other original set) are carefully scrutinised and selected, both on the basis of importance and of content, for further circulation as appropriate.
4. Certain of the most important and sensitive subjects are treated as "special exercises" and are circulated so as to draw the attention of Ministers, and of officials in relevant policy divisions to the subjects covered. These special exercises call for some additional photocopies, but it would be exceptional if more than 20 were required. There is never any question of taking either large numbers of copies of the whole range of the daily cuttings supplied by the agency, or of making more copies of any specific cuttings than is absolutely essential to meet the minimum needs of the Ministry.
5. Finally, the remainder of the fifth set of cuttings which are found to be of specific interest to selected parts of the Ministry (generally to not more than 3 people within a division) are circulated to those concerned.
6. In addition, a daily Press Index is prepared by Press Office and circulated very widely within the Ministry as early as possible each day, detailing the majority of topics covered by the press that day. This is, of course, the same service as that which has now been started by the Department of Industry. It affords the opportunity to other officials to identify a need and to request copies of cuttings.

Ministry of Agriculture, Fisheries and Food
February 1980

A commercial press cutting agency is employed, at a current cost of about £12,000 per year, to supply 5 comprehensive sets of cuttings (2 of original cutting, and 3 of photocopies) covering all subjects of possible interest to the Ministry. These are made available at about 9.30 am each working day.

Four of these sets are immediately prepared for circulation: one original to the Minister, and the three photocopies to Junior Ministers and subsequently to Deputy Secretaries and Under Secretaries.

The cuttings on the fifth set (the other original set) are carefully scrutinised and selected, both on the basis of importance and of content, for further circulation as appropriate.

Certain of the most important and sensitive subjects are treated as "special exercises" and are circulated so as to draw the attention of Ministers, and of officials in relevant policy divisions to the subjects covered. These special exercises call for more additional photocopies, but it would be exceptional if more than 20 were required. There is never any question of taking either large numbers of copies of the whole range of the daily cuttings supplied by the agency, or of making more copies of any specific cuttings than is absolutely essential to meet the minimum needs of the Ministry.

Finally, the remainder of the Ministry's cuttings are found to be of specific interest to one or more of the Ministry (generally to not more than 10 or 15 officials in a division) are circulated to those concerned.

In addition, a daily Press Index is prepared by Press Office and circulated very widely within the Ministry as early as possible each day, detailing the majority of topics covered by the press that day. This is, of course, the same service as that which has now been started by the Department of Industry. It affords the opportunity to other officials to identify a need and to request copies of cuttings.

17 FEB 1980

SECRET

SECRET

SECRET

Ministry of Agriculture, Fisheries and Food
February 1980



PART 7 ends:-

RM to N. Taylor 13/2

PART 5 begins:-

MARFF to CSD 14/2

