



1979 "RAYNER PROJECTS" AND 1980 SCRUTINY PROGRAMME

1. The purpose of this minute is to offer you
  - a report on progress with implementing last year's "Rayner projects", updating my note of 26 March;
  - an interim report on this year's scrutiny programme; and
  - a commentary on the lessons to be drawn from the projects and scrutinies.

2. I am reporting separately on the review of Government statistical services.


3. I recommend that this minute should be circulated for the information of Ministers in charge of Departments.

1979 Rayner Projects

4. I attach as Annex A a summary of progress towards implementation of last year's 29 projects showing expected savings and the timetable for completion of implementation.

5. Action is generally well advanced. There has been slower progress in 4 of the 29 projects pending substantial follow-up study. These are:

- Civil Service Department (charging for courses at the Civil Service College)
- Manpower Services Commission (Review of TOPS Allowances)
- Department of Energy (Organisation of Research and Development in New Energy Technologies)



- Department of Health and Social Security  
(Arrangements for Paying Social Security  
Benefits).

This necessary follow-up work is now complete and decisions have been taken in principle in the cases of DHSS (resulting in just over half the savings identified in the project report)\* and the MSC. A decision is imminent in the case of the Department of Energy. The decision on whether to put the Civil Service College onto repayment has been deferred until June 1981, though some changes in College procedures have already been implemented.

6. In the other 25 projects some implementation has already occurred. It will be completed by next year in most cases. In only a very few cases does it extend into 1982 and beyond. It is heartening that the main direction of change recommended by examining officers has found acceptance with Ministers, though some final decisions still depend upon the outcome of consultations.

7. The savings associated with the 27 projects on which decisions have been taken in principle amount to £67 million per annum and £23 million once-for-all. (The DHSS project on benefit payments accounts for £38 million of the annual savings.) The number of posts saved amount to 1382, net of the extra 300 staff needed to implement the DHSS project.

8. The absolute size of savings has been small in many projects. But it conceals some quite significant percentage savings eg 40 per cent savings in staff employed in the administration of capital grants to farmers, 50 per cent savings in the cost of the Northern Ireland rate collection system, 11.5 per cent savings in staff effort

\* Decisions announced on 9 December in White Paper:  
Reply to the First Report from the Social Services  
Committee on Arrangements for Paying Social Security  
Benefits (Cmd 8106)

on the Inland Revenue PAYE Movements Procedure and 7 per cent savings in the cost of the Department of Industry's statistical services.

9. Not all the projects were aimed at achieving immediate savings (eg Department of the Environment project on Management Information for Ministers). Others have benefits over and above financial ones (eg a more efficient paper-handling system and better use of clerical staff in Treasury). In some cases also the savings are not immediately quantifiable (eg switch to using more part-timers in unemployment benefit offices).

10. Many Departments have made public their findings either by releasing the full report or issuing a consultation document or announcing the decisions to Parliament.

11. In conclusion, I believe that there has been generally good progress towards implementation. Some projects have involved difficult political decisions, especially where the recommendations have fallen upon policy or particular interest groups who have in effect, a preference for inefficiency or for levels of service to which they have grown accustomed, the cost of which is borne by the anonymous "State". It is encouraging that Ministers have been firm in their resolve to achieve so many of the improvements in efficiency identified by the project officials.

#### 1980 Scrutiny Programme

12. 39 scrutinies were mounted this year, involving 72 examining officers and assistants. So far 35 have been completed and the reports submitted to Ministers, at a cost of just over £0.6 million. Of the remainder 3 will extend beyond the end of the year (DHSS: Validation of National Insurance Contribution Records;


MSC: Review of the Training Services Division; DTp: Standards and Certification of Roads and Bridges).

13. You asked me to take a particular interest on your behalf in 16 scrutinies and, together with the Secretaries of State for Employment and Social Services, you yourself received a presentation in November by the excellent team they appointed to examine the delivery of unemployment and supplementary benefits to the unemployed. Treasury Ministers asked me to associate myself closely in a further two and the Secretary of State for Defence in a further one.

14. In those 19 cases my involvement has been in agreeing the terms of reference and study plans; seeing the examining officers individually; commenting to Ministers on the completed reports and agreeing Action Documents. In addition I have accompanied the examining officers of 5 scrutinies on visits (DOE/DTp Regional Office in Manchester; Department of Transport's London Enforcement Office in Sidcup; Northern Ireland Office in Belfast; a Jobcentre in Reading; and a tax office in Bermondsey).

15. In the other 20 scrutinies my involvement has necessarily been more limited: agreeing the terms of reference and study plans; meeting the examining officers collectively; seeing the reports and commenting where the Minister invited me to do so or I felt it necessary. My office has been available to advise where required. I saw all examining officers together at a briefing meeting at the start of the programme and again half way through and arranged three de-briefing discussions with smaller groups in the autumn.

16. As with last year's projects, I have been impressed by the very high quality of most examining officers; by the amount of work they have been able to accomplish working



to a very tight timetable on their own or in very small teams; by their independence of thought; and by the ability, dedication and co-operation of the staff working in the areas under scrutiny.

17. Most Ministers and senior officials have involved themselves either in the course of the scrutiny or, more usually, in the follow-up. I am grateful for this. Not only does it encourage and assist the examining officers but it is also indispensable in ensuring that action follows upon study. I am also grateful for the direct support given to some examining officers at critical points in their exercises.

18. The involvement of Departmental Staff Sides has varied from an active and helpful interest through a distinct lack of interest to fitful hostility. Examining officers have been punctilious in their efforts to inform and involve Staff Sides. In only 2 cases have there been serious problems of non-co-operation: the joint DE/DHSS scrutiny of the Delivery of Benefits to the Unemployed and the DHSS scrutiny of the Validation of National Insurance Records. This caused the projects to be delayed.

19. The 35 scrutiny reports received so far have identified potential savings of £107 million per annum and some 7600 posts. In percentage terms some of the savings are even more substantial than last year, eg 80 per cent savings in staff employed by the Inland Revenue in the issue of PAYE Deduction Cards, 95 per cent savings on the cost to the Inland Revenue of holding Accounts Registers, 40 per cent savings on the net cost of the Forestry Commission's administration of grants and licences and 13 per cent savings on the cost to the Department of Industry of administering Regional Development Grants.

20. I attach as Annex B a summary of the scrutiny programme's findings and recommendations, identified savings and action to date.

21. The joint DE/DHSS scrutiny of the delivery of benefits to the unemployed accounts for some £77 million of the identified annual savings and 5000 posts. The recommendations involve decisions which could and probably will mean difficulties, if only of presentation, with Parliament, the press and the Staff Side. They will also involve once-for-all expenditure, over the next 5 - 10 years, of £50 - 90 million, an important example of the principle that it may be necessary to invest in the short term so as to secure long term savings.

22. The other scrutinies involve much smaller, though no less important, savings - in some instances measured in hundreds of thousands rather than millions of pounds. But these smaller ones can raise important issues involving significant policy decisions. For example, the DHSS scrutiny of support for health care exports identified savings of £500,000 - tiny in DHSS terms - but raised the important question whether DHSS should be doing this work at all; it concluded that it would be more effective for industry to spearhead the exports effort and for the Department to concentrate on using its purchasing policies to strengthen the home base.

23. It is in any case important that small pockets of activity are subjected to periodic scrutiny. Their smallness can sometimes cause them to be overlooked. For example, the Ministry of Defence scrutiny of the Claims Commission found that costings of the Commission's operations were not available (except on an over simple "Ready Reckoner" basis) and that no costings had been done of claims payout/costs versus outside premiums. And when the examining officer looked at the Hong Kong office he found that it cost more to administer than the amount paid out in claims.

24. Again, not all scrutinies were aimed at direct savings (eg Health and Safety Executive scrutiny of methods and practices of assessing the costs and benefits of health and safety requirements); others were unable to quantify savings which improvements might secure later (eg Ministry of Defence scrutiny of standards, quality and cost of new building works). Moreover, in many cases there were recommendations over and above those relating to money savings which would ensure a better quality service, improved staff morale etc.

25. The completed reports are now being considered by Ministers. It is too early to comment substantially on progress towards implementation. But on the basis of the few Action Documents that I have seen so far, Ministers are again accepting the main thrust of the recommendations and wanting to move to implement quickly, taking into account the need to consult affected interests and, in some instances, finding time in the Parliamentary timetable.


26. I am asking all Ministers to provide me with copies of their Action Documents (I only have to agree them in those cases where I am taking a particular interest on your behalf) to enable me to report to you in Spring 1981 on progress towards implementation.

#### Lessons drawn from projects and scrutinies

27. The projects and scrutinies have shown that, given the right motivation and determination, there are substantial opportunities for reform and that, through harnessing the talent and enthusiasm that exist in departments, reform is achievable from within.

28. To my mind the factors that have contributed to the programme's success are these:

- a. A firm lead from the top (from Ministers and senior officials); firm delegation down (to



good quality examining officers); a short reporting line back (from examining officers to Ministers, unfettered by Committees and hierarchy); access to technical support when needed; and the freedom of examining officers to be independent and free-thinking.

b. All aspects of the activity under scrutiny were open to question, to the point of challenging its very existence.

c. Examining officers went to the point where the work is done. They tapped the experience and knowledge that reside there by asking such common sense questions as "What does this task cost? Why do we do it this way? What value is added by it? Why do we do it at all?"


d. Examining officers were refreshed in their freedom and in their sense that there was a Ministerial interest in their work, at the top of their own department and - importantly - at the centre of government, which would cause action to follow their studies.

29. A short, sharp 90-day review may not ask all the right questions or bring all problems to a solution but the scrutiny programme has shown that it provides a firm basis for action. And it does so economically at an average cost per scrutiny of around £17,000.

30. I believe that it is now unlikely that one would approach most subjects except with the expectation that scope will be found for:

- significant reduction of work;
- simplification and improvement of procedures and methods;



- 
- clarification of authority and of responsibility;
  - and the better use of staff

Moreover few scrutinies are unique in the problems which they identify. There are common threads to learn from.

31. It is not possible in a summary note to do justice to the total findings of and the lessons to be drawn from the 68 projects and scrutinies undertaken over the past 18 months. Being necessarily selective, I would make the following points:

a. Remembering that, in almost all cases, the scrutiny programme reveals how people work and behave, I am glad to draw attention to the loyalty, devotion, enthusiasm and imagination referred to in several project and scrutiny reports. The point is best made by reference to examples, of which a few are:

The work of the Procurement Section of the UK Treasury and Supply Delegation in Washington

The work of B4 Division of the Home Office's Immigration and Nationality Department in Croydon

The fact that staff of DHSS keep the Social Security system going.

b. It is obviously important to give the talent available responsibility commensurate with its quality and capacity. The Chain of Command Review is relevant to this. It is qually essential to take care over specifying the authority delegated. I was much struck by the comment of an experienced Permanent Secretary that all the scrutinies with

which he was familiar revealed fuzziness and obscurity about responsibility, not least in relation to the use and management of resources. A clear example of excessive supervision of staff and insufficient discretion occurred in the Department of Industry scrutiny of the administration of Regional Development Grants.

c. There is scope for simplifying grant/payment schemes operated by Government and of the procedures, rules, regulations and methods of working that surround them. This has been indicated in all scrutinies of such activities carried out so far: MAFF (capital grants to farmers); Department of Industry (regional development grants); the Forestry Commission (grants to woodlanders); DHSS (benefits to pensioners and others); and the DES (awards to students). They variously uncovered outmoded systems, excessive complexity, cumbersome procedures, rules and regulations designed to cater for every circumstance, excessive checking, poor delegation within offices and nannying of clients.

d. There is greater scope for charging client groups for administrative costs of services provided. This was shown to be the case in Home Office radio regulation, Forestry Commission licensing of felling, Department of Trade services to exporters and DHSS support for health care exports. The effect of the charging proposed in these 4 scrutinies will be to reduce the net cost of government by £6.5 million per annum.

e. It is important to check regularly that administrative systems do not get left behind by developments in management practice or technology, especially computerisation, and to

accept that managing the state in a way appropriate to modern times must mean capital and other investment in the short term to secure longer term benefits. The Inland Revenue scrutiny of PAYE Deduction Cards found that such cards had outlived their original purpose and were largely ignored by employers in the wake of changes in payroll technology. (The system is now to be radically changed at a saving of £4 million a year, 700-750 posts which represent around 80 per cent of the present staff effort.) The Northern Ireland project on the rate collection system found that following the computer preparation of rate demands all subsequent work was done manually. This is slow and expensive and the tasks involved (recording payments, preparing reminders, statistical records etc) are ideally suited to computerisation. The cost of the proposed computer system will be covered by 3 months staff savings. Drawing on this experience, the Lord President has now invited all Departments to appraise their opportunities for small scale computerisation with an early pay-off.

f. It must be asked whether the effort put into an activity yields commensurate results. One of the Department of Transport scrutinies showed that it cost the Department £4.7 million per annum to recover £5.6 million per annum of unpaid Vehicle Excise Duty (which totals more than £100 million per annum); if allowance is made for police and court time there is almost certainly a net loss in public expenditure. The Forestry Commission scrutiny revealed that the Small Woods Grant Scheme costs £91 to administer for every £100 of grant paid. The DHSS scrutiny

found that DHSS efforts in support of health care exports were fragmented, not all directed to the main problems and possibly inimical to meeting the true needs of industry by competing with and confusing industry's own activities.

g. It is important to ensure that staff effort does not get out of balance. In one of the local offices which I visited, for example, there were too many staff making enquiries, too few processing the results and too many available for follow-up work. The result was bottlenecks in some parts of the office and under-employment in others.

### General

32. The scrutiny approach is used most easily in respect of a particular function, activity or issue lying wholly within the Government's control. It is also well adapted to matters crossing the border between Government and such outside interests as those of client groups (eg social security beneficiaries) or other agencies, provided the point of departure is clear and well defined. It is wasted if used to supplement the management of a particular function or activity or to examine areas known to be subject to imminent policy changes or which are comparatively trivial. It is a useful means of investigating systems (eg financial control); I would not want to rule this out for the future, although it should be kept within limits.

33. Because of the impetus which you and your colleagues have given it, the scrutiny programme is regarded as special and examining officers as having something of a cachet. I am encouraged by the fact that several of the Ministers and officials I have met recently have had good ideas for the programme. Naturally, I welcome this. The

programme will flourish as long it is seen as addressed to things that matter, as useful and not as a bureaucratic chore.

34. It is clear, then, that Ministers and their officials for the most part take the scrutiny programme seriously and that it will continue to provide opportunities for reforming particular things. But I should apply to it the test of "added value" which I enjoin on others. Should we be content with the scale on which the programme is operating and its apparent effectiveness?

35. The answer must be, "No". The cost of having central Government has gone up by 25% to £8.3 bn this year. So the potential for administrative savings is huge. As far as the scrutiny programme is concerned, the potential should be tapped in three ways:

a. The greatest scope for improving the efficiency of Government will come as particular lessons are read across to other activities both between Departments and within Departments (see below) and the scrutiny method is applied outside the formal scrutiny programme. CSD Ministers have been applying a central stimulus to this read across (eg activities in support of local authorities, industrial sponsorship) and they may well wish to do more of this in future.

b. It would defeat the intention if the selection of subjects for scrutiny was dealt with on the footing that something must be found for the next 12 months. Each scrutiny should contribute something to the management plan for each department; each should leave the Minister in charge and his officials with questions that should be asked about other areas of activity.

There are encouraging signs that this is so in some departments, one of which has devised its own internal scrutiny programme. To assist in this I propose to circulate to Permanent Secretaries précis of this year's scrutinies.

c. It is now manifest that the programme has a key role to play in securing greater efficiency in the use of staff and things. The choice made by the Secretaries of State for Employment and Social Services of the "big system" administration in which they are jointly involved, together with the MSC, has proved this beyond a shadow of doubt. The biggest returns will obviously come from the selection of expensive administrative and other activities and I hope that any department which has so far hesitated about getting into its deeper waters will be encouraged by the example of those who have.

#### Acknowledgements

35. I acknowledge with gratitude the help that I have had from officials of the Civil Service Department, HM Treasury and the CPRS in the "Rayner project" and the scrutiny programme.

#### Recommendation

36. I invite you to
- a. take note of this minute and its Annexes;  
and
  - b. agree that they should be circulated to your colleagues.

37. I am copying this to the Chancellor of the Exchequer, the Lord President of the Council, Sir Ian Bancroft, Sir Douglas Wass and Sir Robert Armstrong.



Derek Rayner  
19 December 1980

Encs: Annexes A and B

## 1979 RAYNER PROJECTS

Annex A

DEPARTMENT	PROJECT	EXPECTED SAVINGS		IMPLEMENTATION	COMMENTS
		£ pa	Numbers		
Home Office	The Radio Regulatory Department	£2.6m	6	1981/82 FY	Main part of savings derive from increased <u>charges</u> for licences.
Lord Chancellor's Department	Attachment of Earnings Procedure	-	-	early 1981	Main benefit is better speedier service to creditors. Realisation of this dependent upon meeting of Rule Committee in early 1981.
Foreign and Commonwealth Office	Merger of FCO and ODA	£0.43	30	end-1980	The project report was followed up by a Management Review of the ODA, which reported in July 1980. Implementation of the review's findings virtually complete. Further savings possible following review of Common Services and Information Department.
HM Treasury	Paper Handling and The Registry System	£0.04m	5	(See comments)	Implementation originally planned for October 1980; all preparatory work completed on time; implementation suspended pending decision on CSD/Try merger.
Inland Revenue	PAYE Movements Procedure	£2.0m	350	April 1981	
Customs and Excise	Review of London and South East Collections	£0.87m	67	October 1980	The new office structure will be subject to a staff inspection in 1981



DEPARTMENT	PROJECT	EXPECTED SAVINGS		IMPLEMENTATION	COMMENTS
		£ pa	Numbers		
Department for National Savings	Handling of correspondence with members of the public	£0.26m	20	Part by November 1980	60% of savings dependent on legislation, timing of which is uncertain
Department of Industry	Review of Statistical Services	£1.0m	80	end-1982	Most of savings will be achieved in period 1980-81
Ministry of Defence	Review of arrangements for supply of food to armed forces	£0.25m plus £3.05m once-for-all	-	1981/82 FY	Over half savings achieved in 1980/81 FY. Additional savings to those identified expected following completing of NAAFI Review (finalised in 1981/82)
Civil Service Department	Charging for courses at Civil Service College	-	-	(See comments)	Some changes in college procedure already implemented; decision on charging for courses to be taken in June 1981.
Department of Employment	a. Peaking of work in unemployment benefit offices	-	-	Most by June 1980	4 out of 5 recommendations implemented. Decision on outstanding recommendation deferred due to increase in unemployment and limited computer capacity. Savings unquantifiable in advance of switch to part-timers
	b. Part-time and small full-time benefit offices	£0.1m	19	end-1981	Savings less than the £1.0m pa identified in the project report due to increase in unemployment

DEPARTMENT	PROJECT	EXPECTED SAVINGS		IMPLEMENTATION	COMMENTS
		£ pa	Numbers		
Manpower Services Commission	a. Review of Skillcentre network	£7m plus £14m once-for-all	400	early 1983	Closures have begun. Over half will have been achieved by end-1981. Detailed Action Document outstanding.
	b. Review of TOPS Allowances	£3.25m	-	April 1981	Some savings in staff expected but yet to be quantified. The £3.25m p.a. are savings on MSC Budget. There will be some additional expenditure in DHSS But because of complex inter-relation between benefits and allowances, impossible to say how much.
Ministry of Agriculture	Administration of capital grants to farmers	£2.9m	400	October 1980	Savings not fully achieved until 1984/85 as claims under old scheme run-down and new scheme build up. Over half savings will be achieved by April 1982/83
Department of Environment	Provision of Management information for Ministers	-	-	April 1980	Not about <u>direct savings</u> but providing the <u>information base</u> for good and effective management.
Property Services Agency	a. Management of the Kingston estate	-	-	November 1980	Recommendations aimed at improved management. Modest <u>direct savings</u> not yet quantified. Scope for savings through more intensive development of Kingston estate frustrated by lack of funds. Some recommendations taken up in wider reviews.

DEPARTMENT	PROJECT	EXPECTED SAVINGS		IMPLEMENTATION	COMMENTS
		£ pa	Numbers		
Property Services Agency (cont.)	b. Energy Conservation on the Government Estate	-	-	end-1981	Savings attributable to report's recommendations not quantifiable. They will contribute to achievement of energy conservation target of 12 per cent of 1978/79 levels by 1982/83.
	c. Maintenance Economy Review (Bath)	£0.4m plus £6.0m once-for-all	-	1981-82	£0.095m of annual savings already achieved. Capital savings will be realised continuously over next 1-2 years.
Scottish Office	Review of Consultative Committee on the Curriculum	£0.09m	6	Part by end-1981	Longer term picture still subject to evaluation in the light of a new streamlined CCC structure being evolved.
Welsh Office	a. Controls over local authorities in respect of highways	£0.12m plus £0.01m once-for-all	10	August 1980	
	b. Controls over LEA building	£0.08m	9	January 1981	Most recommendations implemented by summer 1980.

DEPARTMENT	PROJECT	EXPECTED SAVINGS		IMPLEMENTATION	COMMENTS
		£ pa	Numbers		
Northern Ireland Office	a. Rate Collection system in N. Ireland	£1.4m	180	April 1983	Some implementation by April 1981 (saving £0.2m) Main cause of long period of implementation is need for computerisation.
	b. Methods of recovering public debt	-	-	Most by November 1980	Some of more "sensitive" recommendations still under active consideration. Project not about savings. Rather aimed at returning to "normal" methods of debt recovery without a deterioration in debt collection.
Department of Health and Social Security	Frequency and method of benefit payments	£38m	+300	end-1985	Still subject to consultations. Savings build-up over period to full amount in 1987/88. Additional staff could be <u>less</u> than 300.
Department of Trade	Services to Exporters	£6.5m	100	1983/84	Savings derive from the project and related recommendations by the BOTB. Over half the savings arise from increased charges. They will be achieved progressively over the period to 1983/84. Recommendations relating to reorganisation still being worked up with a view to completion by mid-1981.
Department of Energy	Organisation of non-nuclear research and development on new energy technologies	(see comments)	(see comments)	(see comments)	Await decisions consequent upon follow-up studies. These are imminent.

DEPARTMENT	PROJECT	EXPECTED SAVINGS		IMPLEMENTATION	COMMENTS
		£ pa	Numbers		
Department of Education and Science	Administration of the teachers pension scheme	-	-	(see comments)	No immediate savings identified. Eventual savings dependent upon making fundamental changes which are now under consideration. Various studies should be completed in the course of 1980-81.
Department of Transport	Review of Road Construction Units	-	-	end-1981	Recommendations aimed mainly at "privatisation" of most trunk road and motorway building, leading to most of the 1,600 LA employed staff being shed.

1980 SCRUTINY PROGRAMME

HOME OFFICE

Scrutiny

Applications for naturalisation and registration as a UK citizen

Main Findings

Work generally demand-led. Operation of procedures economical, but scope for streamlining. Serious arrears of work.

Main Recommendations

Procedural changes. Changes to level and methods of collection of fees. Applications work to be co-located with rest of department.

Cash Savings per annum

-

Staff Savings

-

Comments

Action document agreed. Most recommendations accepted. Many will need legislation. Timing uncertain. Sir Derek Rayner has put forward two suggestions for reducing delays: (a) recruit retired police officers to reduce burden on Metropolitan Police and speed up handling in London; (b) variation to "first come, first served" principle.

LORD CHANCELLORS'S DEPARTMENT

Scrutiny

Administrative arrangements for summoning and service of jurors.

Main Findings

Inevitable uncertainties in number of jurors required limit possible savings, but scope for improvement.

Main Recommendations

Courts should review the number of jurors summoned. Changes in procedures and layout of forms.

Cash Savings per annum

£0.1 - £0.2 million  
1-2 per cent of total.

Staff Savings

Not quantifiable.

Comments

Report received in November. Consultations in progress.

FOREIGN AND COMMONWEALTH OFFICE

Scrutiny

Official transport for Diplomatic Service posts overseas

Main Findings

Diplomatic Service has too little control over vehicle purchasing policy and programme.

Main Recommendations

FCO to deal direct with manufacturers and allowed to sell surplus vehicles and retain proceeds. Should not be tied so rigidly to "Buy British" policy.

Cost Savings per annum

£0.6 million.

Once-and-for-all saving of £0.25 million plus.

Staff Savings

25-30.

Comments

Extensive consultations with interested departments. Implementation of internal recommendations begun.

OVERSEAS DEVELOPMENT ADMINISTRATION

Scrutiny

Directorate of Overseas Surveys

Comments

Report expected by end of the year.

TREASURY

Scrutiny

Monitoring of Government Expenditure

Main Findings

Financial Information System (FIS) does not meet all needs of Centre or departments.

Main Recommendations

Changes to FIS; more use to be made of data; procedural changes in expenditure divisions; improve compatability of central and departmental systems.

Cash savings per annum

Not quantifiable

Staff savings

-

Comments

Action document agreed. Wider implications also being pursued.

TREASURY

Scrutiny

Procurement in UK Treasury and Supply Delegation

Main Findings

Function necessary, but should rest with MOD not Treasury.

Main Recommendations

Transfer supply function to MOD. Repayment customers should pay more for service.

Cash Savings per annum

£4,000 (extra revenue)

Staff Savings

-

Comments

Transfer of function and other recommendations agreed. Increase in revenue will be offset by higher costs to centrally-financed non-Exchequer bodies.

TREASURY

Scrutiny

Rating of Government Property Department



### Main Findings

Crown valuation function performed well, but may not be necessary.

### Main Recommendations

Either -

- (i) Improve procedures
- (ii) Amalgamate with Valuation Office
- (iii) Compensate local authorities through block grant mechanism.

### Cash Savings per annum

Up to £0.42 million  
82 per cent of total expenditure

### Staff Savings

32

### Comments

Report still under consideration.  
Maximum savings only obtainable under Option (iii).

## INLAND REVENUE

### Scrutiny

PAYE Deduction Cards

### Main Findings

Procedures labour-intensive. Outlived original purpose. Largely ignored by employers.

### Main Recommendations

Radical changes in system. Deduction cards not to be issued where code unchanged. Simplified forms.

### Cash Savings per annum

£4 million.

### Staff Savings

700-750  
80 per cent of posts.

### Comments

Action document agreed. Operative date for new system 6 April 1981. DHSS may need extra staff to correct additional mistakes which may arise from employers doing more of the task.

INLAND REVENUE

Scrutiny

Use of Accounts Registers in Tax Districts

Main Findings

System cumbersome; data can be obtained elsewhere.

Main Recommendations

Registers to be abolished. More performance evaluation.

Cash Savings per annum

£0.97 million  
95 per cent of total expenditure

Staff Savings

190

Comments

Recommendations accepted and implemented from November 1980.

INLAND REVENUE

Scrutiny

Statistics and Analyses of Rateable Value

Main Findings

Procedures for objecting to and changing lists too complicated.

Main Recommendations

Proposals for reducing paperwork and delays by changing procedures.

Cash Savings per annum

£1.5 million  
20 per cent of total expenditure

Staff Savings

300

Comments

Only 10 per cent of savings achievable without legislation. Non-legislative recommendations being pursued. Others awaiting DOE decision on rating system.

INLAND REVENUE AND HM CUSTOMS AND EXCISE

Scrutiny

Arrangements for dealing with insolvent tax payers.

Main Findings

Central unit to deal with insolvent taxpayers is not appropriate.

Main Recommendations

New "de minimis" and de-registration procedures. More computerisation.

Cash Savings per annum

£0.3 million  
17 per cent of total expenditure.

Staff Savings

56

Comments

New procedures being discussed in Inland Revenue and HM Customs.

HM CUSTOMS AND EXCISE

Scrutiny

Control of distilleries and associated warehouses.

Main Findings

Legislative changes would permit more economical use of staff.

Recommendations

Distillers to take on some Customs and Excise functions. Customs and Excise to have more discretion. Procedural changes.

Cash Savings per annum

£0.9 million  
25 per cent of total expenditure.

Staff Savings

125

Comments

Action document expected March 1981.

DEPARTMENT OF NATIONAL SAVINGS

Scrutiny

Conversion of Premium Bonds to computer working.

Main Findings

Procedures working well, but additional benefits from completing conversion at an earlier date.

Main Recommendations

Bring forward date for completion of conversion by 6 months to October 1985.

Cash Savings per annum

-

Staff Savings

-

Comments

Action document drawn up. Recommendations accepted.

DEPARTMENT OF INDUSTRY

Scrutiny

Regional Development Grant Scheme

Main Findings

Excessive checking. Rules over-complex. Duplication. Scope for standardisation.

Main Recommendations

Rewrite rules. Simplify forms. Eliminate duplication. More discretion for staff. Tighten inspection. Further study of organisation and methods.

Cash Savings per annum

£0.5 million  
13 per cent of total expenditure.

Staff Savings

75

Comments

Action document agreed. Most recommendations to be implemented by 1981; some extended to 1984.

MINISTRY OF DEFENCE

Scrutiny

Claims Commission

Main Findings

Effort not related to size of claims. Activities not properly costed.

Main Recommendations

Move HQ. Close Area Office. More detailed costings. Procedural changes. Examine possibility of putting insurance out to brokers.

Cash Savings per annum

£0.22 million

Staff Savings

5

Comments

Action document agreed. Recommendations accepted in principle. £0.2 million of savings will come from other departments' Votes.

MINISTRY OF DEFENCE

Scrutiny

Secondary Education Overseas

Main Findings

Scope for changing administration of service whilst retaining element of choice.

Main Recommendations

Reclassify certain schools. Shut two schools. Better collaboration and training. New provision for children travelling long distances.

Cash Savings per annum

£5 million (approx)  
6 per cent of total expenditure

Staff Savings

220 (approx)

Comments

Logistics and costings still to be determined. Action document expected February 1981.

MINISTRY OF DEFENCE

Scrutiny

Economy in major new building works.

Main Findings

Service not lavish, but private sector more decisive. Too inflexible.

Recommendations

More standardisation. Proposals on standards, timescales and control.  
More professional approach.

Cash Savings per annum

Not quantifiable.

Staff Savings

Not quantifiable.

Comments

Action document expected March 1981.

MINISTRY OF DEFENCE

Scrutiny

Inspection and Audit

Main Findings

Necessary functions, but scope for getting better value for money.

Main Recommendations

Bring functions together under one man. Improve co-ordination. Audit to be made more selective.

Cash Savings per annum

£2.8 million

Staff Savings

200  
(30 per cent of posts)

Comments

Report received December. Consultations in progress.

MINISTRY OF DEFENCE

Scrutiny

Assisted Travel Schemes

Main Findings

Provision of transport in remote areas is justified. Where assistance provided as a financial incentive, schemes should be reviewed to determine whether necessary.

Main recommendations

Threshold distance before assistance given to be extended. MOD to determine level of employee contribution centrally.

Cash savings per annum

£1.2 million  
22 per cent of total expenditure.

Staff savings

-

Comments

Consultations with PSA and CSD in progress.

## CIVIL SERVICE DEPARTMENT

### Scrutiny

Technical Services (TS) in Central Computer and Telecommunications Agency.

### Main Findings

In general benefits outweigh costs, but scope for even better value for money.

### Main Recommendations

Cut back where departments should be doing own work. Increase activity where departments need more help. Reorganise TS.

### Cash Savings per annum

£0.7 million

11 per cent of total expenditure

### Staff Savings

36.

### Comments

Savings of £12 million possible from shift of calls onto Government network. Other savings possible by improving productivity in other departments.

## DEPARTMENTS OF EMPLOYMENT AND HEALTH AND SOCIAL SECURITY

### Scrutiny

Benefit Delivery to Unemployed

### Main Findings

Process of claiming benefit too complex. Some procedures faulty or too expensive or both.

### Main Recommendations

Voluntary registration at Job Centres. Supplementary allowance for unemployed to be transferred to Unemployment Benefit Offices. Simplify procedures. Tighten fraud checks.

### Cash Savings per annum

£75-80 million

Once and for all cost of £50-£90 million over 5-10 years.

### Staff Savings

5,000

Approximately 12 per cent of posts.

### Comments

Report on action to go to Prime Minister from Ministers responsible January 1981.



MANPOWER SERVICES COMMISSION

Scrutiny

Training Services Division

Comments

Report expected January 1981.

HEALTH AND SAFETY EXECUTIVE

Scrutiny

Costs and benefits of health and safety requirements

Main Findings

Scope for greater use of cost benefit analysis.

Main Recommendations

HSE to do own cost/benefit analyses avoiding excessive complexity. Changes in regulation-making procedures.

Cash Savings per annum

-

Staff Savings

-

Comments

PESC paper circulated drawing out wider lessons. Recommendations accepted.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

Scrutiny

Horticultural Produce and Egg Marketing Inspectorate.

Main Findings

Egg and horticultural produce inspection necessary. Some procedures too rigid and ineffective.

Main Recommendations

Strengthen both enforcement functions. Cut back aid to egg producers. Improve horticultural marketing standards.

Cash Savings per annum

£0.25 million

10 per cent of total expenditure

Staff Savings

22

Comments

Final decisions to be made after consultations with producers.

DEPARTMENT OF THE ENVIRONMENT

Scrutiny

Financial control of the water industry.

Main Findings

DOE system of financial control is adequate.

Main Recommendations

Controls to be reviewed in 2-3 years. Accountability of authorities to be further reviewed.

Cash Savings per annum

Additional cost of £14,000

Staff Savings

1 extra post

Comments

Action document agreed. (Report largely overtaken by decision to apply nationalised industry disciplines to water industry.)

DEPARTMENTS OF ENVIRONMENT AND TRANSPORT

Scrutiny

Joint DOE/DTP Regional Offices

Main Findings

Presence "on the ground" necessary, but scope for streamlining.

Main Recommendations

Rationalisation of network. Procedural changes. Feasibility study on joint DOE/DTP/DI/DE offices.

Cash Savings per annum

£1.5-2m

Once and for all cost of £0.1m

Staff Savings

230  
15% of posts.

Comments

Ministers have agreed rationalisation of network based on report. Procedural changes being further examined. Savings figure a preliminary "best guess".

DEPARTMENT OF THE ENVIRONMENT/PROPERTY SERVICES AGENCY

Scrutiny

Works transport in PSA

Main Findings

Officially-provided transport is justified, but scope for more cost-consciousness.

Main recommendations

Monitor costs of different methods of transport. More economy incentives and flexibility. Some further reviews.

Cash Savings per annum

£0.25 million  
6 per cent

Staff Savings

10

Comments

Recommendations agreed and being implemented.

SCOTTISH OFFICE

Scrutiny

Advisory and monitoring functions of Scottish Development Department.

Main Findings

Functions necessary, but some scope for modification.

Main Recommendations

Cut back "pastoral" visits to local authorities. Stop some publications and statistics. Procedural changes.

Cash Savings per annum

-

Staff Savings

-

Comments

Action will follow direct from report.

## FORESTRY COMMISSION

### Scrutiny

Private Woodland Grants and Control of Felling

### Main Findings

Expensive, complex and out-moded procedures.

### Main Recommendations

Simpler grant scheme. Charges for licences. Administrative changes.

### Cash Savings per annum

£0.52 million (including extra revenue)

Approximately 40 per cent of total expenditure.

### Staff Savings

49 (man years not posts)

### Comments

Action document agreed. Implementation by 1982. Additional savings likely.

## WELSH OFFICE

### Scrutiny

Procedures for processing major NHS building projects.

### Main Findings

Requirements on AHAs not working properly. Too much Welsh Office involvement in detail.

### Main Recommendations

New planning system. Less Welsh Office involvement in monitoring and control of projects. Raise threshold of delegated financial authority.

### Cash Savings per annum

£0.1 million

14 per cent of total expenditure

### Staff Savings

5

### Comments

Recommendations accepted. Some implemented. Most of rest to be implemented by 1 April 1981.

NORTHERN IRELAND OFFICE

Scrutiny

Financial control in Northern Ireland Civil Service

Main Findings

Present system inhibits planning and control of regional objectives.

Main Recommendations

New central department for finance and efficiency. Departmental finance branches to be part of new department and out-posted. Procedural changes.

Cash Savings per annum

Not quantifiable.

Staff Savings

Not quantifiable.

Comments

Report received in November. Consultations in progress.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Scrutiny

Support for Health Care Exports.

Main Findings

DHSS activities fragmented. May not be in best interests of industry.

Main Recommendations

Industry, not DHSS, should spearhead export efforts. Health Care Exports Team to be set up to draw up and implement a strategy for DHSS withdrawal and future.

Cash Savings per annum

£0.5 million  
83 per cent of total expenditure.

Staff Savings

20

Comments

Savings to be achieved progressively over period up to 1985. Action document agreed.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Scrutiny

Validation of National Insurance Contributions

Comments

Staff Side opposition delayed start of project. Report due February 1981.

DEPARTMENT OF TRADE

Scrutiny

Patent Office

Main Findings

Backlog of work; complex procedures. Unnecessarily labour-intensive.

Main Recommendations

More mechanisation and computerisation. Relocate offices. Procedural and fee structure changes.

Cash Savings per annum

£3.2 million

15 per cent of total expenditure

Staff Savings

268

Comments

Recommendations accepted in principle.

DEPARTMENT OF ENERGY

Scrutiny

Economic and Statistical Service

Main Findings

Duplication and complex working patterns. Unnecessary international returns.

Main Recommendations

Cut-back returns to international agencies. Reorganise work. Develop data handling system. Charge for publications.

Cash Savings per annum

£0.1 million  
12 per cent of total expenditure

Staff saved

12

Comments

Action document agreed. Most recommendations accepted. Two-thirds of savings achieved. Most of rest by 1 April 1981.

DEPARTMENT OF EDUCATION AND SCIENCE

Scrutiny

Administration of student awards

Main Findings

Big savings could only come from a simpler grant system.

Main Recommendations

Review scope for centralisation and simpler grant system. Procedural changes. Invite local education authorities to pool administrative resources.

Cash Savings per annum

Approximately £0.5 million  
Total savings of £1.15 million, mostly to LEAs.

Staff Savings

Not yet quantified.

Comments

Bigger savings possible depending on policy changes. Awaiting decision on student loans.

PAYMASTER GENERAL'S OFFICE

Scrutiny

Working relationships with banks.

Main Findings

Big savings if Bank of England take on some parts of work.

Main Recommendations

Bank of England and PGO to look at computerised clearing service. London Office clearing function to go to Bank.

Cash Savings per annum

£37,000

46 per cent of total expenditure

Staff Savings

3

Comments

Savings from second recommendation not yet quantified. Recommendations accepted. London Office to be closed.

DEPARTMENT OF TRANSPORT

Scrutiny

Vehicle Excise Duty Enforcement

Main Findings

In 1980/81, evasion may cost £110 million (10 per cent). Imbalance between flow of reports of offences and capacity to deal with them.

Main Recommendations

Changes in enforcement organisation and procedures.

Cash Savings per annum

£6.2 million (extra revenue).

Staff Savings

-

Comments

Sir Derek Rayner to report to Prime Minister shortly. Full costs of enforcement exceed sums recovered. Discussions continuing.

DEPARTMENT OF TRANSPORT

Scrutiny

Standards and certification of roads and bridges.

Comments

Report expected early in 1981.