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Prime Minister

EFFICIENCY IN CENTRAL GOVERNMENT: THE SCRUTINY PROGRAMME 1981

1. Your Private Secretary's letter of 1 December asked for proposals for further Rayner scrutinies in 1981. I have also read with very great interest Sir Derek's report on the 1979 and 1980 scrutiny programmes, which you have just had circulated. You are of course well aware of the large contribution DHSS has made to these programmes - and to the study of Government statistics: we are fully committed to this work, whose value has been well demonstrated in this Department.
2. We have a full programme of other studies going on, outside the Rayner programme; and we are heavily engaged on the follow-up work to our previous scrutinies. We have in addition one of our 1980 scrutiny programmes still in the pipe-line. I have been concerned to ensure that we apply the special impetus which Rayner studies can bring to topics where it is particularly likely to yield significant results in areas which, in the terms of your Private Secretary's letter of 1 December, are characteristic of the Department's activities and manpower-intensive. I attach notes setting out the required information on the two proposals I wish to put forward for the 1981 programme. I think these are self-explanatory, and that they offer a further substantial contribution to the scrutiny programme.
3. The proposed scrutiny of the basis for calculating pension entitlement will tackle a complicated area of social security administration and could open the way to some simplification and a reduction in work falling both on our own staff and on outside employers. It will also clarify issues for the wider review of our operational methods which the Department is engaged on. The proposed scrutiny of the handling of casework at Headquarters - which is now vast in volume - will be of particular important to our efforts to reduce the size of DHSS Headquarters. Both scrutinies,

I believe, entirely match the prescriptions in Sir Derek Rayner's report to you on the 1979 and 1980 programmes. They both cross the border between the Department and its clients outside; and they both fit into wider management plans for the Department and its activities.

4. If these proposals are approved, the Department will press ahead with setting up study teams and fixing a timetable. As indicated in the enclosed note about the casework study, however, we shall probably want to delay the start of that study until April when another (non-Rayner) directly relevant study already in progress should have been completed.

5. More generally, on Sir Derek's recent report, I am impressed both by the scale of what has already been achieved, and by the point he makes about "reading across" the lessons of studies in one Department that may concern others. If CSD could help us from the centre over this, I am sure it would be valuable. I have also noted his point about applying the scrutiny method outside the formal scrutiny programme: we are in fact already doing this with the study I have referred to in the previous paragraph.

6. I am sending copies of this minute to the Lord President and to Sir Derek Rayner.

PJ.