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MP

2 MARSHAM STREET
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My ref: H/PSO/19245/80

Your ref:

9 January 1981

Dear Clive

EFFICIENCY IN CENTRAL GOVERNMENT: THE SCRUTINY PROGRAMME 1981

Your letter of 1 December invited Ministers to submit their proposals for the 1981 Rayner Scrutiny programme. My Secretary of State wishes to put forward two proposals.

The first concerns DOE (Central) and is a study of the control of administrative costs, including the scope for local budgeting; we are already in discussion of the details with CSD, the Treasury and Sir Derek Rayner's office. The second, concerning the PSA, is a scrutiny of the Custody Service, operated for those Departments who do not have their own police or security services. Fuller details of both projects are annexed.

My Secretary of State has also considered whether he could put forward any studies in secondary departments. A major study of the future operation of the Ordnance Survey is already in hand and a change in status of the Countryside Commission to be a grant-aided body has already been announced. With these changes in train, my Secretary of State has concluded that it would be premature to embark on a Rayner scrutiny in either case.

Copies of this letter go to the recipients of your letter of 1 December.

Yours ever
D A Edmonds

D A EDMONDS
Private Secretary

DEPARTMENT OF THE ENVIRONMENT (CENTRAL): RAYNER SCRUTINY 1981

a. Subject.

The estimating, monitoring and control of running costs in DOE(Central) and the possibility of establishing local cost centres.

b. Cost.

Excluding staff costs (which are already controlled through the manpower budgeting and MINIS systems) the annual running costs of DOE(C) are some £44M (1980/81 outturn prices) borne on the Department's own Votes, plus services to the approximate value of £38M provided by other Departments (accommodation, etc.)

c. Reasons for selecting the subject.

The first annual scrutiny of departmental costs revealed the need for a tighter grip on overheads in DOE(C) other than staff costs. The possibility of establishing local cost centres needs to be investigated. This will include consideration of the linking of such a system to the present controls of staff costs, and the relationship of local cost centres to the central Establishments and Finance divisions.

d. Terms of reference.

To examine the methods now used to estimate, monitor and control expenditure on running costs in the Department of the Environment and, with a view to securing:

- i. effective managerial control over such expenditure,
- ii. the maximum economy and value for money in such expenditure,
- iii. the delegation, where this is reasonable and practicable, of properly accountable responsibility for such expenditure to managers of departmental units in respect of which it is incurred, and
- iv. that the respective responsibilities and functions of the relevant Establishments and Finance divisions are such as to achieve these objectives,

to report and to make recommendations.

e. Proposed time-scale.

About 3 months from January 1981.

f. Examining Officer and reporting arrangements.

The team would consist of Mr C J P Joubert (Economic Adviser) and

Mr H C S Derwent (HEO(A)), attached to the Public Expenditure Co-ordination Division in the Central Policy and Resources Directorate. They will have regular access to senior officials dealing with Finance, Manpower and Policy Planning and will report to the Secretary of State.

2F.

PROPERTY SERVICES AGENCY: RAYNER SCRUTINY 1981

a. Subject.

The Custody Service provided by PSA London Region to Departments who do not have their own police or security services.

b. Cost.

The total cost of the service (830 personnel) is £6.15M per annum. This figure represents salaries, wages and uniform costs.

c. Reasons for selecting the subject.

The service is provided by PSA in response to Departmental requirements and on the advice of the Security authorities. PSA therefore have very little control over the numbers employed but they all count as part of PSA's manpower. A current study on grouping of buildings for security purposes promises to show a small saving. A reduction in the present level of surveillance would be required in order to achieve any large-scale savings. Recent approaches to CSD and MOD Security Service have met with suggestions that a working party be set up to explore alternative measures with the Departments concerned. The subject seems apt for a Rayner scrutiny which is likely to produce results more quickly than an inter-departmental committee.

d. Terms of reference.

To review the criteria which are used to establish the requirement for a custody service, the manner in which the requirement is met and the way in which the staff numbers are accounted for, and to make recommendations.

e. Proposed time-scale.

About 3 months from January 1981.

f. Examining Officer and reporting arrangements.

The Examining Officer (still to be selected) will work closely with Mr Delafons (Deputy Chief Executive, PSA) and will report to the Secretary of State via Mr Finsberg (Parliamentary Under Secretary of State).