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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

22 January 1981

The Prime Minister
10 Downing Street
LONDON
SW1

My dear Prime Minister,

EFFICIENCY IN CENTRAL GOVERNMENT - SCRUTINY PROGRAMME 1981

I have been asked to provide a subject for scrutiny for the Paymaster General's Office (PGO) as part of the 1981 programme.

My Department at Crawley is probably the smallest that has so far taken part in a "Rayner" scrutiny. The scrutiny carried out in 1980 was successful, and led to the closure of the Department's small office in central London with consequent financial savings. However, the exercise highlighted a particular difficulty for a small Department such as the PGO in that the allocation of one Principal to carry out a scrutiny results in the diversion of a high proportion of its senior management resources (25% of the generalist Principal strength). The few Principals are all fully engaged in management posts and release for a scrutiny poses resource problems. Although the result of the 1980 study justified the investment in resources, the narrow range of functions carried out by this Department makes it unlikely that a worthwhile return could be expected each year.

If you would nevertheless like my Department to participate in the 1981 round I submit a proposal, details of which are enclosed, concerned with declarations of entitlement which are issued periodically for completion by public service pensioners. However, could I suggest that consideration be given to the special problems of small Departments in relation to the scrutiny programme with a view to their being required to participate occasionally rather than on an annual basis?

I am copying this letter to members of the Cabinet and to Sir Ian Bancroft, Sir Douglas Wass, Sir Robert Armstrong, Mr Ibbs and Sir Derek Rayner.

Francis Pym
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FRANCIS PYM

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PAYMASTER GENERAL'S OFFICE

RAYNER SCRUTINY 1981

- (a) Subject The issue and examination of "declaration of entitlement" forms sent to every public service pensioner paid from the PGO.

Background

Declaration forms, which provide evidence of life and continuing entitlement to pension, are issued to different classes of pensioners at varying intervals, but the average periodicity is once every 5 years. The number of pensioners involved is about 1 million.

The forms must be signed by the pensioner, attested by a third party and returned to the PGO where they are "marked off" and examined. Reminders are issued where appropriate and failure to complete a declaration will result in suspension of pension payment until the PGO is satisfied that the pensioner is alive and still entitled to pension.

- (b) Cost of Function Approximately £70,000 a year, of which about £50,000 is for postage. All of this is borne on the PGO Vote.
- (c) Reasons for selecting the subject. The function has never been fully evaluated in terms of cost effectiveness. Declarations were required by law annually until about 10 years ago and the reduction to the present level of issue has occurred as a result of various cost saving exercises. The time would now seem ripe to consider whether there are grounds for discontinuing them altogether or further restricting issue. More than 600 staff of the Office

complement of 924 are involved in the function at some time during the year.

(d) Terms of reference "To examine the need for and effectiveness of periodic declarations of entitlement issued by the PGO for public service pensions and to make recommendations".

(e) Proposed starting and finishing dates

It is proposed to start the scrutiny on 1 September and to complete by 30 November.

(f) Mr O J Breeden will be the examining officer. He will report through the Assistant Paymaster General to the Paymaster General.