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From the Private Secretary

MR. PRIESTLEY
Sir Derek Rayner's Office

Projects, Scrutinies and Service-wide Reviews,
1979-81

The Prime Minister was grateful for Sir Derek Rayner's minute of 26 February, enclosing a progress report on these exercises. She is content for Sir Derek to circulate his report to colleagues and to Permanent Secretaries, and to use it as a basis for dealing with enquiries about progress from the Treasury and Civil Service Select Committee and elsewhere. She also notes that Sir Derek will be considering with the Joint Heads of the Civil Service and other Permanent Secretaries how to establish the scrutiny technique as the foundation of management audit in the Civil Service.

I am copying this to Mr. Colman (Sir Douglas Wass' Office), Mr. Wright (Cabinet Office) and to Miss Goodison (Mr. Cassels' office).

W. F. S. RICKETT

1 March, 1982

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Prime Minister 1

MAJ

I suggest you concentrate on this note and Sir Derek's main report.

Content for Sir Derek to circulate the main report to colleagues?

Yes
mt

WSR
26/2

PRIME MINISTER

PROJECTS, SCRUTINIES AND SERVICE-WIDE REVIEWS, 1979-81

I attach a progress report on these exercises. The purpose of this covering note is to point up the main facts and to comment on them. The annexes serve as a record for this unit, the centre and departments. I do not recommend that you commit your time to study of the details.

The facts

2. The exercises contribute to the Government's policies for slimmer, less costly and more effective administration. They are only part of a large number of Government-wide and departmental exercises: indeed, the attention given by this Government to the cost-effectiveness of administration and the period over which it has been sustained are without any parallel known to me in the history of central government. So I do not claim the centre of the stage for "Rayner" exercises. However, the "Rayner" exercises continue to show that in return for a comparatively inexpensive investment of high quality staff, Ministers can reap substantial benefits for the taxpayer.

3. The input to and output from Rayner exercises may be summarised thus:

	No	No and cost of examining officers	Value of* potential savings	Value of decisions taken
Rayner projects 1979	29	31 £0.3m	£67m pa £28m once- for-all	£66.75m pa £28m once- for-all
Scrutiny programme 1980	39	71 £0.7m	£128m pa	£43m pa
Scrutiny programme 1981	41 (29 com- pleted)	80 £0.9m (so far)	£50m pa (from 29 scru- tinies)	£13.1m pa
Review of GSS 1980	19	24 £0.3m	£18m pa	£16.3m pa
Review of Administrative Forms	9	24 £0.25m	Quantified savings of £0.3m pa already agreed but further savings in processing of many times this will also be achieved	
Review of Support Services for R & D 1981	7	16 £0.5m (estima- ted)	Likely savings of £13m pa, 1400 posts and scope for dis- posing of 300 acres and 250,000 square feet of office space	-

4. The potential return on investment of staff time is therefore nearly 100 : 1. The actual rate of return from decisions so far taken is nearly 50 : 1.

* (excluding savings from recommendations which have been rejected or which were found to be otherwise unattainable).

Commentary

5. Some scrutinies continue to show that efficiency and cost-effectiveness are not seen by Ministers as black and white issues. The political view makes a trade-off between the value of increased efficiency and the probable disturbance of other interests or of "other fish to fry". Examples of this are to be found in the Rating of Government Property Department (report para. 8), aspects of Schedule D (para. 13) and VAT de-registration of small traders (para. 13). It would be fair to the civil service to have this in mind: the price of some political decisions will be an added cost for the taxpayer.

6. Equally, some Departments have made good and courageous use of scrutinies to get after some potentially controversial issues as well as using the scrutiny technique sequentially to help in their longer term effort to improve their administration. The main examples of this are the Revenue Departments, DHSS and the MSC, all "big systems" departments.

7. Perhaps the crucial consideration here is the attention paid by scrutinies to detail. Examining what actually happens on the ground, at what cost and with what added value provides factual evidence of an incontrovertible kind which assists Ministers and higher management in getting reforms they may have long contemplated but lacked data hard enough to stand on. Important examples of this are to be found in the Ministry of Defence studies of expenditure control and financial accountability last year.

8. Good use of the detailed scrutiny technique tends to show up some of the earlier management audit work in a poor light. Perhaps the best example of this is in last year's Government-wide review of supporting services for R & D in the Ministry of Defence. The Ministry's conventional audit had shown that the services were satisfactory. The scrutiny has in fact shown that there are potential savings of £8.7m current expenditure and nearly 1100 posts. Overall the scrutiny technique continues to produce potential savings which

are a substantial proportion of the total examined. For example, the scrutiny of Schedule D tax recommended savings of £16.2m a year, 17% of the total examined, and the scrutiny of the validation of National Insurance contributions recommended savings of £14.55m, about 35% of the total examined.

9. By contrast, when departments or their examining officers fail to use the scrutiny techniques and rely instead on counting heads and on describing rather than analysing what they see, the lack of hard data leaves the field wide open for the established order and vested interests to hold their own.

10. Additionally, there have been some signs of Departments breaking the rules of the scrutiny programme, notably not collecting good evidence and taking a long time about it. I propose to be cautious in future about agreeing to variations which might encourage bad habits.

Conclusions

11. I conclude from the foregoing that the scrutiny technique is now well established in many parts of central Government; that it has proved its worth; that it brings into question the utility of many existing methods of management audit, and that, not least because the scrutiny programme cannot for ever continue to have its present high profile, one of the questions for consideration this year is how we should establish the technique as the foundation of management audit. I propose to consider this question with the Joint Heads of the Civil Service and other Permanent Secretaries and to make proposals to you in due course.

12. I propose, if you agree, to arrange for the circulation of the attached report to your colleagues and their Permanent Secretaries and to use it as the basis for dealing with enquiries about progress from the Treasury and Civil Service Select Committee and elsewhere.

13. I am copying these papers to the Joint Heads of
the Civil Service and Mr Cassels.



DEREK RAYNER

26 February 1982

ENC: Report, plus Annexes A - D

CONQUEROR

PRIME MINISTER

PROJECTS, SCRUTINIES AND SERVICE-WIDE REVIEWS, 1979-81

This minute:

- (1) reports on progress with implementing the 1979 "Rayner Projects" and the 1980 scrutiny programme;
- (2) provides an interim report on the 1981 scrutiny programme; and
- (3) reports on the implementation of the Service-wide review of Government Statistical Services (1980) and on the state of play on last year's review of R & D Supporting Services. (Administrative forms were the subject of my submission of 12 January and of a White Paper published on 17 February and are not further dealt with here.)

RAYNER PROJECTS, 1979

2. Annex A summarises progress towards implementing the 29 projects undertaken in 1979.
3. Decisions have been taken to implement recommendations from 25 projects. Sixteen projects have either been implemented already or will be implemented by the end of the year. Another 7 will be implemented by the end of next year, and the remaining 2 (Department of Industry's scrutiny of statistical services and Department of Trade's services to exporters) by 1984/85 and 1985/86 respectively.

4. Decisions on recommendations have still to be taken on aspects of three of the projects:

- (1) Ministry of Defence: Food supply to the Armed Forces. The main recommendations have been accepted, but no decision has yet been taken on the proposal that operational responsibility food supply should be transferred to NAAFI. It is now expected before the middle of the year.
- (2) Department of Energy: Organisation of R & D in New Energy Technologies. Further reviews have been conducted but no decisions have been taken on the main issue of whether to transfer two units within UKAEA back to the department.
- (3) Department of Education and Science: Administration of Teachers' Pension Schemes. The recommendations have been accepted in part, but decisions on whether to transfer part of the work of pension payments from the Paymaster General's Office to DES and whether to charge private sector employers have not yet been taken. I expect them within 3 months.

5. The scope for savings* from the 29 projects is £67 million per annum (and about 1500 posts) and £28 million once-for-all. So far decisions have been taken in principle which will secure all but £0.25 million per annum of these savings. More than £26 million per annum will be saved by the end of this financial year and more than £20 million of the once-for-all savings. The remainder build up over the period to 1987/88.

*(excluding savings from recommendations which have been rejected or which were found subsequently to have been estimated inaccurately).

SCRUTINY PROGRAMME 1980

6. Annex B shows progress with implementing the 39 scrutinies mounted in 1980. The scope for savings from these scrutinies is about £128m per annum and 9300 posts. Decisions have been taken in principle which will save nearly £43 million per annum and about 4500 posts. By the end of this financial year, about £11½ million of this will have been achieved so there is still a wide gap between the potential identified and achievement.

7. The main recommendations of 31 scrutinies have been accepted. Decisions are outstanding in the following 6 scrutinies:

- (1) Department of Employment/Department of Health and Social Security: Delivery of Benefits to the Unemployed. The report identified annual potential savings of £77.5 million and 5000 posts (but also the need for a once-for-all expenditure of £45 - 90 million). Decisions have been taken which will save £12.4 million. Conclusions have not yet been reached on the proposals for the unemployed sick, responsibility for benefit computers, milk tokens and other procedural changes. Ministers have decided that the costs of going for "one office" (ie a single DE/DHSS local office) are too high, but work is in hand on a simplified short-term supplementary benefit scheme. So far the Treasury has not accepted that the recommendations for improving the public areas of Unemployment Benefit Offices should be financed out of savings which have already been made from other recommendations in the report. The appropriate Ministerial committee will be recommended to approve expenditure on public areas out of savings yet to be made.
- (2) Inland Revenue: Review of Rating Procedures. Decisions on this scrutiny (potential savings £1.9 million per annum) await Ministers' conclusions

following consultations on the Green Paper on Rating.

- (3) HM Customs and Excise: Insolvent Taxpayers.
Decisions so far taken will save £0.14 million a year: others on proposals which could save a further £0.24 million a year are still outstanding.
- (4) Department of Health and Social Security:
Validation of National Insurance Contribution Records.
Decisions so far made will save £6.55 million per annum by 1983. Decisions on the "comparability check" package which could save another £8 million per annum are expected by the Spring.
- (5) Department of Education and Science: Administration of Student Awards. The report identified scope for saving £1.9 million a year. Decisions have been delayed pending decisions on the wider policy issue of loans v grants.
- (6) Department of Transport: Certification of Roads and Bridges. Potential savings are about £1 million per annum. Decisions are expected by the Spring.

8. Two scrutinies will not be implemented. The recommendations of the Department of the Environment's scrutiny of financial control of the water industry were overtaken by the decision that the water industry should have the same financial framework as a nationalised industry. And Ministers have rejected the recommendations of the Treasury's scrutiny into the work of the Rating of Government Property Department, that payments to local authorities in lieu of rates should be absorbed in block grants (saving £0.43 million and 32 posts).

SERVICE-WIDE REVIEW OF GOVERNMENT STATISTICAL SERVICES (1980)

9. The review identified savings of £19.4 million per annum. It is now expected that £9.8 million will be achieved by April 1982 and another £6.6 million by April 1984. For the rest, savings of £1.5 million are now thought not achievable and decisions have not yet been taken on recommendations amounting to £1.7 million: they are expected in the next six months.

SCRUTINY PROGRAMME 1981

10. 41 scrutinies were started during 1981 of which 25 were designated as being of particular interest. The state of play is summarised in Annex C. Thirty have been completed and work is well advanced on all but one of the remainder. This is the scrutiny of the Treasury's role in promoting efficient systems of financial control in departments.

11. The scrutinies so far completed identify potential savings of about £50 million per annum and about 6500 posts (see table at Annex D).

12. Decisions have so far been taken on only 7 scrutinies. The Ministry of Defence has accepted the general thrust of the scrutiny of MOD(PE) expenditure control and has also agreed all the main recommendations of the scrutiny of Service personnel movement. The recommendations on non-staff running costs in DOE (Central) have, as you know, been accepted in full and is being implemented. All the recommendations on Post Office errors (Department for National Savings) have been accepted in principle (with potential savings of £0.6m per annum in staff costs and reduced agency charges). Decisions taken on the Inland Revenue scrutiny of Schedule D tax which will save £12.35 million and 1775 posts. The main recommendations of the Health and Safety Executive's scrutiny of approvals and certifications have been accepted subject to consultations. The main recommendations of the Treasury scrutiny of typing and secretarial services have also been accepted; these are expected to save about £125,000 per annum.

13. Ministers have rejected:

- (1) Proposals made as part of the Schedule D scrutiny for changing the way in which tax is levied and repaid on maintenance payments and for the selective issue of returns. Potential saving of £3.6 million per annum and 320 posts will be foregone in consequence.
- (2) Compulsory de-registration of small traders, recommended by the scrutiny report on VAT registration and de-registration (Customs and Excise), has also been rejected (on political grounds). Savings of £3 million per annum and 370 posts (out of a total of £4.1 million per annum and 539 posts identified in the report) will be foregone in consequence.

14. Action documents become due on scrutiny reports three months after reports are submitted. On the 1981 programme, 11 action documents are now outstanding. I place great importance on reports being implemented as quickly as possible and departments are being asked to keep up the pressure for prompt action.

15. The average saving in money and posts from scrutinies so far completed in 1981 is less than for the 1980 scrutinies. This is partly because the 1981 programme did not contain a scrutiny comparable in size to that of the delivery of benefits to the unemployed. Also, some very large and important scrutinies (for example, two in the Manpower Services Commission on employment services and the field organisation of the new Training and Special Programmes Division) are not yet finished.

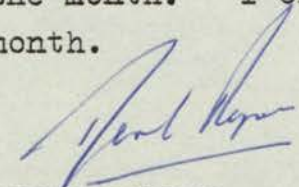
16. There has again been excellent work by examining officers and some Ministers have continued to make good progress towards simplifying administration (notably in the Revenue departments, DHSS, the Manpower Services Commission, DNS and the FCO).

17. Scrutinies are not just about finding savings, however. In many cases departments are using scrutinies to get after the systems for controlling and managing men and money. Examples from the 1981 programme include the Treasury scrutiny of its role in promoting efficient financial control systems in departments (still to be completed); the control of administrative costs in DOE (Central); the two Ministry of Defence scrutinies on financial control and accountability and, in part, the Ministry of Defence scrutiny on Service personnel movement. These scrutinies do not lead to immediate savings; their main concern is with putting right the underlying causes of ineffective financial management. This is essential if we are to get lasting improvements and I very much welcome this development, provided the programme continues to include a majority of scrutinies which are about the improvement of particular functions, operations and activities which identify and implement practical measures to hold down costs and increase efficiency.

SERVICE-WIDE REVIEW OF SUPPORTING SERVICES IN R & D AND ALLIED SCIENTIFIC ESTABLISHMENTS 1981

18. The review is nearing completion. It is expected to make recommendations that will save about 1,400 posts (£13 million) and enable about 250,000 square feet of office and other buildings and 300 acres of land to be released.

19. Seven Departments have taken part. The report on the Central Veterinary Laboratory (Ministry of Agriculture, Fisheries and Food) and that on the Forensic Science Service (Home Office) were presented in December. Reports on the Ministry of Defence, Department of the Environment, Foreign and Commonwealth Office (Overseas Development Administration), and Department of Transport have been submitted recently and that for the Department of Industry is expected by the end of the month. I expect to submit my report to you early next month.


DEREK RAYNER

26 February 1982

1979 RAYNER PROJECTS

DEPARTMENT	SCRUTINY	SAVINGS		IMPLEMENTATION	COMMENTS
		£p.a.	POSTS		
Home Office	Radio Regulatory Department	£2.45m	8	1983	All main recommendations accepted. Most of the savings (£2.3m) from increased charges for licences. Over half already achieved.
Lord Chancellor's Department	Attachment of earnings procedure.	-	-	Completed	All main recommendations accepted. Report concerned with streamlined procedures. Better service, rather than savings.
Foreign and Commonwealth Office	Merger of FCO and ODA	£0.59m	30	Completed	The project report was followed up by a Management Review of the ODA, which reported in July 1980. Implementation of that review's findings complete.
HM Treasury	Paper Handling and The Registry System	£0.15m	18	Completed	All of report's main recommendations accepted and implemented.
Inland Revenue	PAYE Movements Procedure	£2.15m	350	Completed	All of report's main recommendations accepted and implemented.
Customs and Excise	Review of London and South East Collections	£0.96m	68	Completed	All of report's main recommendations accepted and implemented.
Department for National Savings	Handling of Correspondence with members of the public	£0.28m	20	Completed	All of report's main recommendations accepted and implemented.

1979 RAYNER PROJECTS

DEPARTMENT	SCRUTINY	SAVINGS £p.a.	POSTS	IMPLEMENTATION	COMMENTS
Department of Industry	Review of Statistical Services	£0.81m	70	1984/85	Most of recommendations accepted. Over half of savings already achieved.
Civil Service Department	Charging for courses at Civil Service College	-	-	April 1983	A dry run of a scheme for repayment for courses will start this year leading to full repayment from April 1983.
Department of Employment	Peaking of work in unemployment benefit offices	£0.6m	100	1981/82	Main recommendations accepted and implementation begun with around half savings already achieved. Some recommendations cannot be implemented for the time being due to increase in unemployment and limited computer capacity, but not affecting savings.
Department of Employment	Part-time and small full-time benefit offices	£0.5m	6	1982/83	Main recommendations accepted and most of savings already achieved. Proposal for closure of offices put on ice due to increase in unemployment (potential additional savings of £0.35 m).
Manpower Services Commission	Review of Skill Centre Network	£5.1m plus £20.8m once-and-for-all	400	1983/84	MSC carried report's analysis further forward in its rationalisation proposals. Most of recommendations already implemented. Closure of two centres subject to review.

1979 RAYNER PROJECTS

DEPARTMENT	SCRUTINY	SAVINGS		IMPLEMENTATION	COMMENTS
		£p. a.	POSTS		
Manpower Services Commission	Review of TOPS Allowances	£4.0m	23	Completed	Report taken forward in follow-up study. There will be some additional but unqualifiable expenditure in DHSS.
Ministry of Defence	Review of arrangements for supply of food to armed forces.	£0.33m <u>plus</u> £3.5m once-and-for-all	7	1982	Main recommendations accepted except for closure of testing laboratories overseas. Also still await decisions on whether food supply should be transferred to NAAFI. Most of annual savings and two thirds of once-and-for-all savings already achieved.
Ministry of Agriculture	Administration of capital grants to farmers.	£2.0m	380	See comments	Report's recommendations accepted in the main. Those rejected have no effect on savings. Savings are achieved fully in 1982/83 but 85 per cent achieved in 1981/82.
Department of the Environment	Provision of Management information for Ministers	-	-	Completed	Report's recommendations accepted and developed to form MINIS. Report not about direct savings but providing the information base for good and effective management.
Property Services Agency	Management of the Kingston estate	-	-	Completed	Main recommendations accepted. Recommendations aimed at improved management rather than immediate savings. Scope for savings through more intensive development of Kingston estate frustrated by lack of funds. Some recommendations taken up in wider reviews.

1979 RAYNER PROJECTS

DEPARTMENT	SCRUTINY	SAVINGS £p.a.	POSTS	IMPLEMENTATION	COMMENTS
Property Services Agency	Energy Conservation on the Government estate	-	-	Completed	Main recommendations accepted. 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 the end of 1981/82.
Property Services Agency	Maintenance Economy Review (Bath)	£0.28m plus £4.0m once-and-for-all	17	1982/83	Most main recommendations accepted. Those rejected (with savings foregone of £2.1m once-and-for-all and £0.1m annually) will be offset by other property disposals. Savings of £0.17m p.a. and £1.3m once-and-for-all already achieved.
Scottish Office	Review of Consultative Committee on the Curriculum.	£0.12m	5	May 1982	Main recommendations accepted subject to some modification. Longer term picture still subject to evaluation in the light of a new streamlined CCC structure being evolved.
Welsh Office	Controls over local authorities in respect of highways.	£0.11m plus £0.01m once-and-for-all	10	Completed	Recommendations accepted and implemented.
Welsh Office	Controls over LEA buildings.	£0.07m	9	Completed	Recommendations accepted and implemented.

1979 RAYNER PROJECTS

DEPARTMENT	SCRUTINY	SAVINGS £p.a.	POSTS	IMPLEMENTATION	COMMENTS
Northern Ireland Office	Rate collection system in Northern Ireland	£1.2m <u>plus</u> £0.05m once-and-for-all	162	April 1983	Recommendations accepted in the main. Number of offices to be reduced from 26 to 13 rather than 9 as recommended. Savings of 28 posts foregone. Long implementation period because of computerisation (capital cost £1.4m).
Northern Ireland Office	Methods of recovering public debt.	-	-	end 1981- beginning 1982	Report about improving methods rather than about savings. Most recommendations accepted and implemented. One proposal on attachment of benefits and another on tracing debtors have been rejected.
Department of Health and Social Security	Frequency and methods of benefit payments	£35m	+300	End 1983	Recommendations accepted in part only. Savings of £35-40m foregone as a result of recommendations rejected. Savings build up over period to 1987/88 with half achieved by 1984/85.
Department of Trade	Services to exporters.	£9.8m	103	1985/86	Main recommendations accepted except that there will not be 100 per cent recovery of full costs of trade fairs (£4m foregone). Ministers have taken decisions on reorganising the work. £5m of savings achieved by April 1982.
Department of Energy	Organisation of non-nuclear research and development on new energy technologies.	£0.18m	+28	See comments.	The project was followed up by further reviews. No decisions yet taken.

1979 RAYNER PROJECTS

DEPARTMENT	SCRUTINY	SAVINGS £p.a.	POSTS	IMPLEMENTATION	COMMENTS
Department of Education and Science	Administration of teachers' pensions schemes.	-	-	See Comments	Main recommendations accepted. Decisions yet to be taken on two follow-up studies on transferring some PGO work and charging private sector employers.
Department of Transport	Review of Road Construction Units.	-	-	See comments	Main recommendations accepted. Most have been implemented. Report aimed at privatisation of most trunk road and motorway building. 1400 LA staff will be transferred at a once-for-all cost of £6m.

Department	Scrutiny	Savings		Implementation	Comments
		£ pa	posts		
Home Office	Applications for naturalisation and registration as a UK citizen.	-	+ 10	(see comments)	Recommendations already implemented in the main. Remainder (about 5%) will be implemented following commencement of British Nationality Act on 1.1.83
Lord Chancellor's Department	Administrative arrangements for jury service	£ 0.16m	-	Complete	All the report's main recommendations accepted. Those rejected do not affect savings. Revised instructions to Crown courts issued December 1981.
Foreign and Commonwealth Office	Official transport abroad	£ 0.3m	26	Summer/Autumn 1982	All the report's main recommendations accepted and implemented. Only one item outstanding.
ODA	Directorate of overseas surveys (DOS)	£ 2.3m (but see comments)	170-180	Already begun. Complete by 1984/85	All main recommendations accepted. Transfer of DOS to Ordnance Survey subject to consent of DOE Ministers. Savings of £2.3m likely to be offset in part by cost of work contracted out and reduction in demand.
HM Treasury	Monitoring of central government expenditure	-	-	Early 1982	Main recommendations accepted. Most already implemented. Scrutiny concerned with more effective control of expenditure rather than immediate savings.
HM Treasury	Procurement and movement functions of UKTSD	£ 0.25m	27	April 1981	Main recommendations accepted. UKTSD staff transferred to MOD absorbed in manpower ceilings.
HM Treasury	Rating of Government Property Department	-	-	-	Report recommended that payments to local authorities in lieu of rates should be absorbed in block grants. (Identified savings of £0.43m and 32 posts). Proposals rejected by Ministers.

1980 SCRUTINY PROGRAMME

Department	Scrutiny	Savings		Implementation	Comments
		£ pa	posts		
Inland Revenue	PAYE deduction cards	£3.8m	700	April 1981	Scrutiny report followed up by a further study. Savings reflect this. All recommendations accepted except one (£0.3m pa foregone)
Inland Revenue	Use of accounts registers in tax districts	£1.0m	190	Complete	All recommendations accepted and implemented
Inland Revenue	Review of rating procedures	£1.9m	300	See comments	No decisions yet taken. Awaiting consultations on Green Paper on rating.
HM Customs and Excise	Arrangements for dealing with insolvent taxpayers	£0.38m	53	See comments	Decisions so far taken will save £0.14m by 1984/85. No timetable as yet for decisions on other main recommendations. Subject to further study.
HM Customs and Excise	Control of distilleries and associated warehouses	£1.2m	123	1984/85	All recommendations accepted subject to slight modification. Timetable reflects need for sensitive handling of personnel issues and time for trade to adapt to new procedures
Department of National Savings	Computerisation of Premium Savings Bond	-	-	October 1983	Recommendation accepted and implementation begun. Scrutiny about earlier realisation of already planned savings
Department of Industry	Administration of Regional Development Grant Scheme	£0.55m	75	1983/84	Most of main recommendations accepted (£0.35m foregone from those rejected). Majority already implemented.

1980 SCRUTINY PROGRAMME

Department	Scrutiny	Savings		Implementation	Comments
		£ pa	posts		
Paymaster General's Office	Working Relationship between PGO and the Banks	£ 0.04m	3½	Complete	Recommendation accepted and implemented.
CSD (now HM Treasury)	Technical Services of CCTA	£ 0.44m	(see comments)	1984/85	The report proposed staff savings of £ 0.33m. This was notional since staff in post was below complement. The main recommendations have been accepted. That for transferring some services to PSA was rejected.
DE/DHSS	Payment of benefits to the unemployed	£ 77.5m Once for all cost of £ 45 - £ 90m See comments	5000		Decisions have so far been taken which will save £ 12.4m by 1984/85. The "one office" proposal has been rejected for the time being, but consideration is being given to a simplified short-term supplementary benefit scheme which would achieve the objectives of "one office" more cheaply.
Manpower Services Commission	Review of TSD Organisation	0.53m But see comments	40	Complete	The report's main recommendations for an interim merger of SPD and TSD leading to full merger in 1983 have been accepted. The interim merger has been effected. Further savings are likely from full merger.
Health and Safety Executive	Problems of assessing the costs and benefits of health and safety requirements	-	-	Complete	Report's recommendations accepted. Scrutiny concerned about getting a framework for decision-making and therefore long-term savings rather than immediate savings.
Ministry of Defence	The Claims Commission	£ 1.98m See comments	79		Main recommendations accepted. Savings to MOD and Treasury Solicitor. Implementation begun. Net cost in years 1 and 2. Break even year 3. Saving of £ 1m in year 4 leading to savings of £ 1.98m in year 9 and subsequent years.

1980 SCRUTINY PROGRAMME

Department	Scrutiny	Savings £ pa	posts	Implementation	Comments
Ministry of Defence	Provision of Secondary Education overseas	£ 2.73m (once and for all cost £ 0.23m)	228	July 1983	Main recommendations accepted. Implementation has begun.
Ministry of Defence	Economy in major new building works	-	-	See comments	The majority of the report's recommendations have been accepted and implemented. Others will be implemented as new works requirements arise. The report was not concerned with immediate savings but with standardisation and better use of resources.
Ministry of Defence	Inspection and audit	£ 1.35m	200 but see	1981/82 comments	Report proposed a reduction in staff of 200 (£ 2.7m). - 30% of overall staffing levels. Ministers decided on an initial target of 10% and to examine further scope for more savings.
Ministry of Defence	Assisted travel schemes	£ 1.2m	-	1982/83	Most of report's recommendations accepted and implemented already.
Ministry of Agriculture, Fisheries and Food	Enforcement of quality standards for horticultural produce and Egg Marketing Inspectorate.	£ 0.17m	11	April 1982	All but seven of the report's recommendations were accepted. As a result £80,000 of the report's indentified savings will be foregone.
Department of the Environment	Financial control of the water industry	-	-	See comments	Report overtaken by Ministerial decision that the water industry should have the same financial framework as nationalised industries.

1980 SCRUTINY PROGRAMME

Department	Scrutiny	Savings		Implementation	Comments
		£ pa	posts		
Departments of Environment and Transport	Joint DOE/DTP regional offices	£ 1.52m	92	See comments	Main recommendations accepted. Procedural changes (saving about £ 0.52m) to be implemented by 1982/83. Remainder (from merging RO/RCU) by about 1984/85.
Property Services Agency	Works Transport	£ 0.33m	5	January 1982	All main recommendations accepted and implemented
Scottish Office	Advisory and monitoring functions of Scottish Development Dept.	£ 0.06m	3½	1981/82	All main recommendations accepted and implemented
Forestry Commission	Administration of Private Woodland Grants and control of felling	£ 0.36m	47	New scheme implemented July 1981 (see comments)	Decisions on a new scheme have been taken which will save £ 0.36m (30 staff). Recommendations which could have saved another £ 0.23m (+17 staff) have been rejected.
Welsh Office	Procedures for processing major NHS building projects	£ 0.11m	5½	See comments	All main recommendations accepted and savings achieved. One remaining recommendation will be implemented by April 1983
Northern Ireland Office	Financial administration in Northern Ireland	-	-	April 1982	Report concerned with providing a framework for effective management control. All main recommendations have been agreed.

1980 SCRUTINY PROGRAMME

Department	Scrutiny	Savings		Implementation	Comments
		£ pa	posts		
Department of Health and Social Security	Activities in support of health care exports	£ 0.45m	24	1 April 1982	All main recommendations accepted. Half savings already achieved.
Department of Health and Social Security	Validation of National Insurance contribution records.	£ 14.55m	1605 See Comments	1984/85	Ministers have decided to accept recommendations which will save £ 6.55m and 655 posts by 1983. Decisions on the comparability check package (which could save another £ 8m by 1984/85) are expected soon.
Department of Trade	Review of the Patent Office	£ 3.5m	268	See comments	The main recommendations have been accepted and will be implemented by end 1982. The need for extensive computerisation means that implementation will not be completed until 1985/86.
Department of Energy	Economic and Statistical Services	£ 0.17m	9	1 April 1983	All main recommendations accepted and majority of savings already achieved.
Department of Education and Science	Administration of Student Awards	£ 1.9m	-	See comments	Decisions delayed pending consideration of student loans. No estimate available of when they are expected.
Department of Transport	Enforcement of Vehicle Excise Duty.	£ 5.3m	-	1982/83	Recommendations accepted except for proposal for a tax on possession. Implementation has begun.
Department of Transport	Certification of Roads and Bridges	£ 1m	About 50	See comments	Decisions are expected early this year.

SCRUTINY PROGRAMME 1981

HOME OFFICE

Scrutiny

The Forensic Science Service.

Main findings and recommendations

Identified relatively open-ended demand which the laboratories are struggling to handle.

Proposes improvements in liaison between laboratories and their main customers (the police) involving, amongst other things, consultation about the use of available resources. Suggests ways of streamlining some items of recurrent work load. Puts forward a revised method for determining the size of laboratories. Suggests clearer management responsibilities for Directors of laboratories.

Savings identified

£1¼ million 73 posts (about 12 per cent).

State of play

Reported on 22 December. Sir D Rayner to comment.

FOREIGN OFFICE

Scrutiny

Generation and Transmission of Information by the FCO.

Main findings and recommendations

Identified scope for reducing volume of paper and for more economical and effective use of messenger and other distribution services, and secretarial and paper-keeping staff. Made recommendations for ending unnecessary drafting and copying and for substantial savings in support staff.

Savings identified

£2.63m pa 80 + posts.

State of Play

Report received by Sir D Rayner December 1981. Commented to Mr Hurd recommending far greater selectivity in what is to be treated as urgent.

HM TREASURY

Scrutiny

Typing and secretarial services.

Main findings and recommendations

Identified scope for grouping secretarial services within Under Secretary commands and introducing electronic typewriters and other modern equipment on a trial basis.

Savings identified

£113,300 pa 18 posts (about 10 per cent).

State of play

Reported at the end of August.

Action Document received. All main recommendations accepted, but proposal that part of savings produced by scrutiny should be used to support programme of office redecoration rejected.

HM TREASURY

Scrutiny

The role of the Treasury in promoting efficient systems of financial control in Departments.

State of Play

Terms of reference were received on 10 July 1981. There is no study plan. The Chief Secretary indicated when he wrote to Sir Derek Rayner on 27 April 1981 that the subject was a large one which might "not fit precisely into the normal pattern of scrutinies". Mr Russell Barratt made a first report to the Chief Secretary on 15 October 1981, outlining a programme of work on which Sir DR commented on 25 October. Nothing heard since. No date set for conclusion.

HM CUSTOMS AND EXCISE

Scrutiny

VAT Registration and De-registration.

Main findings and recommendations

Unnecessary complicated procedures; excessive checking; insufficient delegation and excessive nannying of clients. Made recommendations for simplifying the maintenance of the VAT register and reducing its size by introducing a minimum turnover limit for new registrations and compulsory deregistration where turnover falls below a minimum limit.

Savings identified

£4.1 m pa 539 posts (About 30 per cent)

State of play

Report received 30 July. Ministers decided not to pursue recommendations for reducing the size of the register because of political difficulties (savings of 370 posts and about £3 m foregone). Action document outstanding.

HM CUSTOMS AND EXCISE

Scrutiny

Customs attendance.

Main findings and conclusions

Recommended withdrawing residential customs facilities where the level of trade/passengers falls below specified criteria and a substantial increase in charges to traders and ferry operators for services provided outside 'core' hours at designated ports/airports and for all services provided at other points of entry.

Savings identified

Unquantified in detail but extra costs to traders could be £6½ million pa.

State of play

Report presented 6 October. Sir D Rayner commented 6 November. Mr Bruce Gardyne has written to colleagues involved and there have been objections to the proposals on grounds of national interest and political implication, notably from Mr Biffen, Mr Howell and Mr Younger. Action document just overdue.

DEPARTMENT FOR NATIONAL SAVINGS

Scrutiny

Post Office errors.

Main findings and recommendations

Identified that the Post Office Service Agreement did not contain adequate incentives and requirements for greater efficiency in the Post Office handling of DNS business. Recommended transferring repayment work on Premium Bonds and National Savings Certificates from the Post Office to DNS and much greater emphasis on promoting cheque and other non-cash repayment methods to DNS savers.

Savings identified

Extra civil service staff of about 90. More than offset by reductions in payments to the Post Office. Net savings from all recommendations of £2.44 million pa.

State of play

Reported 5 August. Sir D Rayner commented on 8 September. Revised Post Office Service Agreement to start 1 April 1982. Action document received. All main recommendations accepted.

DEPARTMENT FOR NATIONAL SAVINGS

Scrutiny

Terms and conditions of DNS savings instruments.

Main findings and recommendations

Operating procedures being performed manually despite introduction of computer systems. Too much checking. Post Office services expensive and standards unimpressive. Recommendations for a wider range of competitive accounts; higher limit for cash withdrawals; more computerisation; improvements in procedures.

Savings identified

£4.2 m pa 612½ posts (about 5%)

State of play

Report received December. Being considered by Ministers and Sir Derek Rayner.

INLAND REVENUE

Scrutiny

Schedule D Procedures.

Main findings and recommendations

Scope for better concentration of resources in areas most likely to yield a return and cutting out duplication. Points up cost to Revenue of trying to collect small amounts of tax. Main recommendations were for selective issue of returns, changes in the way tax assessments and amendments are issued and appeals conducted. Further proposals for removing maintenance from the tax system.

Savings identified

£16.2 m 2295 posts (about 17%)

State of play

Action document just received. Decisions taken in principle which will save £12.35 m and 1775 posts. Recommendations on maintenance and selective issue of returns rejected.

INLAND REVENUE

Scrutiny

PAYE files.

Main findings and recommendations

The majority of taxpayers have straightforward tax affairs and do not complete annual returns. Often a record card is sufficient guide for dealing with post, which can be thrown away after it has been dealt with. The report recommends much more selective record-keeping.

Savings identified

Initial cost in first year of 220 extra staff to review files and 1 m for cabinets spread over two years. Substantial savings in second year building up to annual savings in fourth year of £5 m from nearly 1000 posts and £0.64 m in other costs.

State of play

Report just received. Now being considered by Ministers and by Sir D Rayner.

INLAND REVENUE

Scrutiny

Repayment Procedures

Main findings and recommendations

Present procedures involve too much checking, but do not always result in the most accurate or secure methods of making repayments. Recommendations include increasing the limit for arithmetical checking and reducing and re-siting other checks, particularly those against fraud.

Savings identified

£2.8 m 330 units (about 28%)

State of play

Report completed end of June. Well received by Ministers and senior management.

DEPARTMENT OF INDUSTRY

Scrutiny

The administration of DOI finance for R & D in industry.

Main findings and recommendations

Recommended integration of requirements boards staff and staff in sponsor divisions plus more attention to the value for money from the support given to industry.

Savings identified

Uncertain pending working up integration of staff but 35 posts (10%) recommended for rapid run down in the Technical Reports Centre.

State of play

Reported 31 July. Sir D Rayner commented on 4 September. Action document overdue since end October and expected in January.

HM TREASURY (ex - CSD)

Scrutiny

CSD's delegation of authority to other Government Departments.

Main findings and recommendations

Affirmed that delegation should result in a real reduction in day-to-day involvement by CSD in the work of the departments, which should have and take responsibility for their own affairs. Departments therefore needed the experience and expertise to take sound decisions and CSD to distill central experience into rules and guidelines for departments to follow. Since delegation is not abdication, CSD should check on the way delegated authority is used; as a general rule it should not approve individual cases. These principles were applied to the control of GAE; travel and transport; and computers.

Found little cause to recommend sweeping changes in levels of delegation, but recommended that - generally - the levels, structure and practical operation of delegation must be kept under review to keep pace with changes in prices, departmental expertise and other factors.

Savings identified

£0.012 m 1 post.

State of play

Sir Derek Rayner commented on the report on 4 December 1981, endorsing the team's principles and suggesting a review of the overall role of the CCTA within Government. Mr Hayhoe replied on 7 January 1982, saying that a start on following-up the scrutiny would begin in February and suggesting that the CCTA issue should be handled separately. Sir DR replied on 13 January, asking for an action document by end-March and suggesting that the CCTA might be dealt with in the context of the PM's request [to the Information Technology Unit, CO] for a report [on the CCTA's procedures as they affect industry].

CENTRAL OFFICE OF INFORMATION

Scrutiny

Information and publicity services in support of Government Economic, industrial and employment policies.

State of play

The scrutiny is just over half way through the allotted 90 days, but Sir Derek Rayner has indicated that he is willing to see the time extended if necessary. Two minor subjects are being addressed - official publications and the management of advertising campaigns - and one major one, overseas publicity and information. Sir DR saw the examining officer on 4 January; encouraged him to visit overseas posts if necessary, for which he (Sir D R) obtained Sir Michael Palliser's endorsement. The examining officer is submitting a synopsis of findings to the Minister of State (C), HM Treasury, about now. The main elements of the final report are likely to be:

Overseas publicity: An analysis of various options including no change, greater selectivity in the production and circulation of material combined with partial charging to exporters, simplification and discontinuation.

Official publications: The offering of guidance to Departments in respect of their own publications on, for example, reducing circulation lists and frequency of issue. (Immediate savings on the sample of 12 publications scrutinised likely to be c. £100,000 pa).

Management of advertising campaigns: Probably a clean bill of health.

DEPARTMENT OF EMPLOYMENT

Scrutiny

The work permit system.

Main findings and recommendations

Identified important uncertainties about the objectives of the system and substantial gaps between them and practice. Recommended clearer working rules with more effort to keep rules updated to suit changing circumstances. The report also proposes action to explain requirements more clearly to employers and possible applicants. Charging employers to cover the cost of handling applications is advocated.

Savings identified

£910,000 pa 112 posts (over 60%) - spread over 4 departments but mainly in DE and MSC. Estimated extra revenue from charges of £693,500 pa.

State of play

Reported on 16 October. The Minister has agreed that a number of recommendations can be moved forward quickly and that consultation with other Ministers on policy objectives will be set in hand. Action document due mid-January.

MANPOWER SERVICES COMMISSION

Scrutiny

Special Programmes Division Operating Procedures.

Main findings and recommendations

Rapid growth in Special Programmes over last 3 years had put SPD procedures under strain. A wide variety of approaches and systems in SPD Area Offices, some more efficient than others. Main recommendations for shifting financial control away from a paper-based system; simplifying procedures and treating major sponsors more flexibly; improving the monitoring of schemes.

Saving identified

Year 1: £2.4 m 377 posts (about 11%)
Year 2: £3.5 m
Once for all cost of £1.9 m

State of play

Report received October. Action document due.

MANPOWER SERVICES COMMISSION

Scrutiny

Field organisation for the Training and Special Programmes Division.

State of play

Synopsis of findings received December 1981. Report expected end January.

MANPOWER SERVICES COMMISSION

Scrutiny

General Employment Service.

State of play

The Scrutiny began on 1 December 1981 and is due for completion in April 1982. The team is led by an MSC AS and includes an MSC P and two staff, on secondment by Barclays Bank and Boots. The subject excludes Professional and Executive Recruitment (PER) and services for the disabled, which are being reviewed separately; it is one of acute interest to DE Ministers and the central departments. Sir Derek Rayner approved the study plan on 23 December; saw the examining team on 11 January; intends to see the Secretary of State; and to visit a Jobcentre with members of the team.

HEALTH AND SAFETY EXECUTIVE

Scrutiny

Approval, Certification and Testing functions with HSE.

Main findings and conclusions

Identified an urgent need to develop a coherent strategy for these activities and to establish criteria for which testing should be carried out in-house.

Savings identified

Roughly estimated at staff savings of £200,000 pa and extra revenue from higher charges of £100,000 pa. In total this is about 16% of costs.

State of play

Reported 21 September. Sir Derek Rayner commented on 27 October. Action document received. The Chairman has said that although substantial consultation is required he is keen to move ahead.

MINISTRY OF DEFENCE

Scrutiny

Financial accountability

Main findings and recommendations

The main findings are as follows:

- MOD's financial system is not well designed to reconcile the objectives of control against cash limits and civilian manpower targets and (more widely) of economy and efficiency.
- This is partly a defect of the financial framework and partly a product of the attitude of mind (now less widespread than it was, fortunately) that once policy has been defined the money to implement it will always be found.
- The remedy lies in a form of financial control which requires line managers to manage within a cash allotment for the year set by higher management; measures their performance against a formal target; and gives them as much flexibility as possible to vary the composition of their spending to achieve the most efficient results.

Savings identified

None: this is a review of how responsibility is distributed and discharged.

State of play

Sir Frank Cooper wrote to Sir Derek Rayner on 2 February and Sir Derek Rayner will reply as soon as possible. There will need to be extensive consultation within the Ministry of Defence.

MINISTRY OF DEFENCE

Scrutiny

Defence sales organisation.

State of play

Report expected to be made to the Prime Minister in February or March, probably in association with a presentation by Mr Blyth, Head of Defence Sales.

MINISTRY OF DEFENCE

Scrutiny

Dissemination of Information.

Main findings and recommendations

Information production and distribution is complex and fragmented. No cost data exists. Responsibility is diffuse. Recommendations are made for introducing new technology (including microfiche), contracting out distribution task and improving document security.

Savings identified

£1.5-~~4m~~ pa, 16 posts for OFA cost of £2.9-£4.9m. Scope for saving additional 150 posts from contracting out distribution task.

State of play

Report received 10 February. Now being considered by Ministers and Sir D Rayner.

MINISTRY OF DEFENCE

Scrutiny

The control of expenditure (MOD(PE)).

Main findings and recommendations

The team's findings covered issues of principle (avoiding over-spending consistent with maximising the defence capability and VFM and with minimising underspending; annuality) and of procedures (failure to fix control responsibility on individuals, defects in information systems, inflexible response to changing circumstances etc). Their recommendations included making the Systems Controllers responsible for observing the cash limit and controlling expenditure for that purpose; monitoring and control against cash rather than survey prices; limitation of block adjustments to no more than 2.5% in the Estimates year; and tighter scheduling of contracts.

Savings identified

None: this was chiefly a systems review.

State of play

MOD issued an "Open Government Document" in November 1981 after consultation with the PM. This accepted the general thrust of the conclusions and recommendations:

- (1) Managers told of their responsibility to monitor and control cash against their allocations "without assuming relief from elsewhere". But it is not proposed at this stage "to place on Systems Controllers a more formal responsibility for observing the cash limit on the Defence Procurement Vote".
- (2) - An upper limit of 2.5% on the central element of block adjustments has been set as an aim for 1982-83.
- (3) The report's more detailed recommendations (4 - 8) related to the achievement of the broad objectives above and are being evaluated. Some decisions already taken, with a view to further decisions in January 1982.
- (4) A study is being made of computer support for systems controllerates (6) and of the profiling of expenditure (5).
- (5) Recommendations 7 (monitoring and analysis of outstanding contractual liability) and 8 (new unit to be set up in the DE to give a common financial information service to all controllerates) accepted: unit being established.
- (6) Contractual conditions (9) are under study.

MINISTRY OF DEFENCE

Scrutiny

Defence Fixed Telecommunications.

State of play

Synopsis of findings received early November. Draft report received December. Final report expected end January.

MINISTRY OF DEFENCE

Scrutiny

Movement of Service Personnel.

Main findings and recommendations

British Rail agreement serves MOD well, but should be renegotiated robustly. A study on alternatives to rail travel put in hand. Recommended that leave travel be reassessed when findings available. Line managers should select most economical means on basis of harmonised costing methods, and consider hiring rather than buying vehicles. Vehicles to be run more flexibly and more tri-service co-operation.

Savings identified

No immediate savings. Potential for substantial savings in the long term.

State of play

Report received in November. Action document received. All main recommendations accepted.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

Scrutiny

Fisheries Research Department.

State of play

Synopsis of findings expected in first half of January. Report due by end of January but running late.

DEPARTMENT OF THE ENVIRONMENT

Scrutiny

Non-staff running costs in DoE(Central)

Main findings and recommendations

Control of running costs found to be seriously deficient in a number of ways. Systems inadequate and a lack of cost consciousness. Recommended a system of budgets prepared by managers of cost centres; a computerised management information system and a strong central finance division.

Identified savings

Report concerned with reforming the system of financial estimating and control in the long term, rather than with immediate savings

State of play

Report completed in June. Ministers have decided to accept its recommendations.

DEPARTMENT OF THE ENVIRONMENT

Scrutiny

PSA custody service.

Main findings and recommendations

Identifies a general lack of knowledge of costs and lack of sensitivity to the economy and efficiency of what is demanded. Recommends that Departments should be responsible for meeting the cost of their security cover. Suggests that Departments should investigate less manpower intensive security systems.

Savings identified

Unquantified.

State of play

Report presented in April. Recommendation for repayment accepted. Others still under consideration. Action document overdue since late July.

SCOTTISH OFFICE(SCOTTISH EDUCATION DEPARTMENT)

Scrutiny

Her Majesty's Inspectorate of Schools in Scotland.

Main findings and recommendations

Abolition is rejected but a smaller Inspectorate could carry out the essential tasks of monitoring, advice to Ministers and contributing to developing and improving educational performance. The inspection programme should be reduced in time with what is recommended as the "Upper tier" function of the Inspectorate, which should be mainly complementary to LEAs' own arrangements; conventional inspection is costly and generally produces far more information than can be used adequately. A more selective approach, with the emphasis on "high geared" work (ie identifying broader problems and influencing those who can in turn influence large numbers). Some rationalisation of organisation and procedure is recommended, together with a reduction in the size of the Inspectorate from 118 to 100 by April 1984.

Savings identified

18 posts by April 1984; £135,000 pa until 1984-85, when £0.33m would be saved compared with the cost of 112 HMI now in post. Potential for further reductions thereafter.

State of play

Report passed to Sir Derek Rayner on 30 July 1981. Sir Derek Rayner commented on 28 August. The Minister for Industry and Education (Mr Alex Fletcher) replied on 14 September saying that the main issue raised by Sir Derek Rayner

on the report on the English and Welsh Inspectorate needed to be considered by the Education Ministers jointly for Great Britain as a whole. We know that Sir K Joseph consulted his colleagues on the reply which he sent to Sir D Rayner on 25 January.

NB: The FDA has complained to Mr Cassels about the delay in releasing the Scottish report to the HMI association.

SCOTTISH OFFICE

Scrutiny

Fisheries Research.

State of play

Synopsis commented upon in mid-November. The examining officer is currently drafting his final report, which should be available in January.

FORESTRY COMMISSION

Scrutiny

Light vehicles in the Forestry Commission

State of play

A summary of findings was circulated on 5 November. There is clear evidence of over-provision but further work is necessary to substantiate the facts. The final draft is expected in the second half of January.

WELSH OFFICE

Scrutiny

Procedures for processing compulsory purchase orders etc.

Main findings and recommendations

Too much emphasis on resolving queries on orders which are unopposed. Too much departmental involvement in some opposed orders. Overlap of responsibility between Welsh Office and Department of the Environment on planning appeals causes delay. Recommended less involvement by department and Secretary of State in confirming orders and settling appeals and that Welsh Office take on all procedural responsibility for appeals in Wales.

Identified savings

£57,400 pa net.

State of play

Report completed in October. Action document due end of January.

NORTHERN IRELAND OFFICE

Scrutiny

The Northern Ireland Employment Service.

Main findings and recommendations

The Service competes more directly with outside agencies than is justifiable. Many marketing development visits are not cost-effective. Compulsory registration ineffective. Too much checking of claims. Overlap in responsibility between management tiers. Recommended that registration should be made voluntary; interviews and visits to be made more selective and more self-selection for jobs; careers guidance in schools modified; more delegation and fewer area manager posts.

Savings identified

£1.41m pa 107 posts (about 18%)

State of play

Report received in June. Action document received in November. Ministers have accepted most of the main recommendations but rejected those for more self service and for discontinuing review interviews. (Savings of 15 posts foregone in consequence). Report to the Prime Minister on the scrutiny has been made.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Scrutiny

"Final Relevant Year" provision.

Main findings and recommendations

Final Relevant Year procedures work easily and efficiently for both the department and employers, save for one limited respect in the Newcastle Central Office. Recommendations for simplifying instructions to staff, improving forms and further study aimed at streamlining provisional awards.

Savings identified

None qualified.

State of play

Report received 4 January. Sir Derek Rayner has commented. Report now being considered by Ministers.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Scrutiny

Family Practitioner Committees.

State of play

Terms of reference and study plan agreed. Temporarily delayed by change of scrutiny official.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Scrutiny

Handling of correspondence in Department of Health and Social Security and Office of Population Censuses and Surveys.

Main findings and recommendations

Duplication of handling of correspondence between management tiers and across the department. Letters frequently addressed to an inappropriate tier within the department. Recommendations for more involvement by local offices in drafting replies and more delegation within Head Quarters. In addition, proposals for changing the way certain categories of correspondence are dealt with and for discontinuing some forms.

Savings identified

About £7m and 864 posts.

State of play

Report received 11 September. Recommendations on forms to be carried forward in follow-up to forms review. Procedural recommendations may need some further work. Action document outstanding.

DEPARTMENT OF TRADE

Scrutiny

Handling of Routine Prosecution Work.

Main findings and recommendations

Too much time is spent by lawyers, all of whom are based in London, travelling to conduct relatively simple cases throughout the country. Executive staff spend too much time doing clerical work and not enough providing help to the lawyers. Recommended either -

(a) local firms of solicitors should handle more cases outside the London area.

or (b) provincial offices of government solicitors (covering several departments) should be set up.

Savings identified

(a) £0.2m pa and 12 posts . (20%).

(b) £0.17m pa and 5 posts (about 19%)plus potential savings to other departments.

State of play

Reported on 7 September.

DEPARTMENT OF ENERGY

Scrutiny

International Work.

Main findings and recommendations

Identifies limited scope for reducing the contribution to international work (notably R & D work and energy conservation). Upward drift in representation at meetings should be reversed and there should be greater selectivity in visits (including associated briefing). Recommends continuation of Travel and Subsistence budgets.

Savings identified

Modest savings estimated at £14,000 pa ($4\frac{1}{2}\%$) additional to a reduction of quarter of a million pounds in the budget secured during the last year.

State of play

Report delivered 22 December. Sir D Rayner commented that an important need will be to follow up the implications in the Wardale review.

DEPARTMENT OF EDUCATION AND SCIENCE (AND WELSH OFFICE)

Scrutiny

Her Majesty's Inspectorate in England and Wales.

Main findings and recommendations

Generally, the "study" - no-one regards it as having been a scrutiny - endorsed the status quo, but recommended greater definition of roles and procedures. The main additions to existing thought are that there should be a "planned rolling programme of LEA-based reports covering schools and FHE" and that more time should be devoted to following up Her Majesty's Inspectorate initiatives, "in particular to fuel and prime local education authorities and their advisory services as well as the colleges and other training agencies". A number of minor recommendations are made on the relationship between Her Majesty's Inspectorates and the rest of Department of Education and Science, organisation and management and staffing and resources, including support services.

Savings identified

None. Report thinks that a complement of 420 would be feasible, but not desirable, as compared with a complement of 430 (England): there were only 407 in post at the time of the study.

State of play

Report passed to Sir Derek Rayner on 9 July 1981. Sir Derek Rayner commented to Lady Young (Department of Education and Science) on 27 August and Mr Roberts (Welsh Office) on 28 August. He asked Sir Keith Joseph on 3 December when he might expect a reply; Sir Keith Joseph answered on 16 December that he hoped to write shortly and wrote to Sir Derek Rayner on 25 January after consulting the other Education Ministers. Sir Derek Rayner has arranged to see him on 24 February.

DEPARTMENT OF EDUCATION AND SCIENCE (OFFICE OF ARTS AND LIBRARIES)

Scrutiny

The activities of the Victoria and Science Museums.

State of play

The scrutiny started on 12 October. Fieldwork is still in progress. Synopsis of findings is due in January.

DEPARTMENT OF TRANSPORT

Scrutiny

Winter road maintenance.

Main findings and recommendations

Identified lack of clarity about what is expected of the local authorities acting on behalf of the Secretary of State and a widespread unawareness of cost. Spending and standards of practice were shown to vary markedly between authorities. Recommended laying down clear standards and expected practice from headquarters. Attention to the achievement of the associated financial priorities.

Savings identified

Extra one-off costs of £370,000. Estimates recurrent savings of £1½-2 million a year if authorities are persuaded to adopt more economical manning levels. (This is about 10% of average central government spending.)

State of play

Report presented 16 July. Sir D Rayner commented on 28 August. Mr Clarke has accepted the recommendations to introduce a Statement of Service and a code of practice. Decisions on other recommendations have been held over pending a report by outside consultants on the future of recurrent maintenance of trunk roads throughout the year by agent authorities. Their report is due in February.

1981 SCRUTINIES: COMPLETED AS AT FEBRUARY

Department	Scrutiny	Savings	
		£p.a.	Posts
Home Office	Forensic Science Service	£1.25m.	73
Foreign Office	Generation and Transmission of Information	£2.63m.	80+
Treasury	Typing and Secretarial Services	£0.11m.	18
HM Customs	VAT registration and de-registration	£4.1m. (1.1m.)	539 (169)
HM Customs	Customs Attendance	-	-
Department for National Savings	Post Office Errors	£2.44m.	+90
Department for National Savings	Terms and conditions of savings instruments	£4.2m.	612½
Inland Revenue	Schedule D	£16.2m. (£12.35m.)	2295 (1775)
Inland Revenue	PAYE Files	£5m. (building up over 4 years)	984
Inland Revenue	Repayment procedures	£2.8m.	330
Department of Industry	R and D Finance	Not quantified	35
Treasury (ex-CSD)	Delegation of Authority	£0.012m.	1
Department of Employment	Work Permits	£0.91m.	112
Manpower Services Commission	Special Programmes Operating Procedures	£2.4 - £3.5m. OFA cost £1.9m.	337
Health and Safety Executive	Approval certification and testing	+£0.3m.	Not quantified

Department	Scrutiny	Savings	
		£p.a.	Posts
Ministry of Defence	Financial Accountability	-	-
Ministry of Defence	Control of Expenditure MOD(PE)	-	-
Ministry of Defence	Dissemination of Information	£1.5m-4m pa (OFA cost of £2.9m-£4.9m)	16 (offset by 5 temporary posts)
Ministry of Defence	Movement of Service Personnel	-	-
Department of the Environment	Control of non-staff running costs	-	-
Department of the Environment	PSA Custody Service	Not quantified	Not quantified
Scottish Office	HM Inspectorate of Schools	£0.135 - 0.33m	18 (by April 1984)
Welsh Office	Compulsory purchase orders	£57,400	Not quantified
Northern Ireland Office	Employment Service	£1.4m	107 (92)
Department of Health and Social Security	Final Relevant Year	-	-
Department of Health and Social Security	Handling of correspondence	£7m	864
Department of Trade	Routine Prosecutions	£0.17m-0.2m	5-12

Department	Scrutiny	Savings	
		£p.a.	Posts
Department of Energy	International Work	£14,000	-
Department of Education and Science	HM Inspectorate of Schools	-	-
Department of Transport	Winter Road Maintenance	1½-2m	-