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The Rt Hon Leon Brittan QC MP
Chief Secretary
Treasury
Great George Street
LONDON SW1

29 March 1983

D Leon.

... Enclosed are the commentaries requested in your letter of 17 November. In the case of the MSC and ACAS they take the form of letters from the chairmen to me. The matters on which you required comment are generally well covered although the response on key ratios and performance indicators is uneven. Work on these is planned as part of the responses to the Financial Management Initiative (FMI) and in the meantime I have asked, where necessary, that particular attention be given to support/operational ratios.

I realise why we were asked to make returns for identifiable businesses as conducting this exercise at the departmental level of aggregation has been in our experience of very limited value. The Employment Group divides naturally into four main businesses, DE itself, MSC, HSE and ACAS and the first of these has been further divided into the Unemployment Benefit Service and the Rest, and there are no less than four returns covering the MSC.

I am bound to say however even this refinement has its limitations. Perhaps this Department is more volatile than most but major changes such as rising unemployment, the ebb and flow of special employment measures and internal restructuring, for example transferring the Community Programme to the Employment Service Division and merging the Special Programmes and Training Service Divisions serve to invalidate comparisons both year on year and between one business and another. Moreover some of the businesses embrace numerous and disparate activities.

Tying the scrutiny exercise to the Estimates has not been helpful. In DE's case there are technical timetabling difficulties associated with the unemployment forecasts and with the changes which the draft Estimates undergo during the course of protracted discussions with the Treasury about the implications of the forecasts for both manpower and various items of general administrative expenditure. The position is exacerbated by the fact that the same staff are engaged on scrutiny and Estimates work. The break down into businesses in the format required for the scrutiny does not always flow readily from the accounts as presently structured, a point made in several of the commentaries. Inevitably priority is given to getting the Estimates right.



This leads me to two conclusions: firstly if the scrutiny exercise does continue, and I am inclined to think it should be subsumed within the FMI, it should be restored to its former position in the timetable, concluding with Ministerial commentaries in September, so that the results of the exercise and any enquiries and changes which it might stimulate, can be fed into the preparation of the Estimates; and secondly that Treasury should refrain from detailed interrogation and investigation of administrative expenditure at the Estimates stage provided that the Estimates sought is in total within the previously agreed PES ceiling.

This view is reinforced by other developments on the financial management front. Departmental control systems are being strengthened and are themselves the subject of critical examinations by the centre. Further there is a basic incompatibility between placing responsibility for running costs firmly on to accountable departmental management and detailed control over particular elements of costs by the Treasury. This latter is particularly difficult to contain within systems, promoted from the centre, a feature of which is to be the ability of cost centre managers to vary the mix of costs within an overall ceiling.

I am copying this letter to recipients of yours.

J. N. [Signature]

29 MAR 1955

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DEPARTMENT OF EMPLOYMENT

1982 SCRUTINY OF DEPARTMENTAL RUNNING COSTSIntroduction

1. For the purposes of this exercise the Department has been divided into two 'businesses', the Unemployment Benefit Service (UBS) and the rest. The former covers the delivery of unemployment benefits and supplementary allowances, the latter a miscellany of activities including amongst others some of the special employment measures, the industrial tribunals, the careers service, the office of manpower economics and the wages inspectorate.

Deviations from previous expenditure patterns

2. Our accounts are not structured in such a way that the split between the two businesses in the required cost format flows readily from them. It is important to remember that whilst the total costs of the two businesses can be reconciled with the vote account the apportionment of common service costs and of some general administrative expenditure depends in part on judgments, which may vary over time, about the staff time devoted to supporting the different operations. For this reason and because some of the explanations are common to both businesses the comments in Appendix 1 apply generally to the department save where it is possible to attribute a significant change to a particular operation. Appendix 1 also contains schedules summarising the statements of running costs for the department as a whole and for the two businesses.

Overall comparisons of Estimates for 1983/84 with outturn for 1981/82 and Estimates and forecast outturn for 1982/83

3. There are some general points which need to be made. The outturn for 1981/82 was influenced by the effects of the industrial disputes in the Civil Service and the subsequent recovery programmes. Forecast out-turn for 1982/83 is below the Estimate mainly because of overestimation of manpower requirements for the taxation of unemployment benefit and staff training, and higher than forecast proportions of computer claims and quarterly attenders in the UBS; and lower than forecast volumes for the Young Workers Scheme and the Job Release Scheme. Comparisons between the years

are distorted by the rising level of unemployment and by the introduction, expansion and contraction of various special employment measures.

Key Ratios and Performance Indicators

4. Appendix 2 explains work we have done on key ratios, gives some examples of the use of performance indicators in the department and draws some conclusions from the figures. The use of these management tools is likely to be developed and extended during the course of the Senior Management Group's annual reviews which form an important part of our response to the Financial Management Initiative.

Action taken or intended to reduce running costs, to improve control systems and to improve value for money

5. Staff inspections and management services exercises have made and will continue to make a significant contribution. Survey officers undertake both types of work and apply their experience and techniques to both activities. Some of the savings from staff inspections for example are achieved by utilising O and M experience to reorganised workflows. Staff inspections in 1982/83 have produced or have indicated basic staff costs savings in excess of £1m in a full year (plus another £.5m in ACAS for which a service is provided). In addition staffing in demand led areas is monitored to ensure cadres are reduced when volumes fall.

6. A feasibility study of the mechanisation of payments and accounting work in the RFOs has pointed to savings of £.13m per annum after the first year and has been accepted in principle. An extensive study of expenditure (£5.8m in 1981/82) on HMSO goods and services was also undertaken to see if savings could be made by moving to alternative sources of supply. In the event it was decided that the advantage lay with HMSO, but this decision will be kept under review as major contracts fall due for renewal.

7. Savings have also been identified in existing computer based operations and from new computerisation. In 1982 a new

system for counting the unemployed was introduced based on computer records of claimants of unemployment benefit saving approximately 200 posts in MSC's Employment Service Division. A new system of producing employment statistics is being developed using database techniques. It is likely to be used for the 1984 census of employment with savings of about £1m on the exercise. The adoption of Chessington's standard payroll from April 1984 will produce savings on programme maintenance. 10 posts will be saved, mainly on Work Permit operations, by installing mini computer systems and 10 more when a new computer system to produce the RPI is introduced from early 1985.

8. Savings on publications have resulted from revising mailing lists, introducing royalty charges and pruning production costs, including going in-house where it is more economical to do so. Local budgets continue to play their part in the control of travel and subsistence expenditure.

9. Internal audit now includes effectiveness and efficiency within its remit and inter alia has suggested greater use of inter office comparisons on office cleaning contracts and pointed to differences in unit costs between redundancy payments offices.

10. Surveys are planned for 1983/84 of computer branch (400 posts), statistics division (300 posts), wages inspectorate (250 posts), careers service (70 posts) and three regional offices (535 posts). A major work measurement exercise will be the review of the staffing basis scheme which covers 25,000 UBS staff. Internal audit work in 1983/84 may also lead to the identification of further economies in running costs.

11. As will be obvious the control of running costs is being tackled in a variety of ways. The arrangements arising from the Financial Management Initiative will add an important new dimension to our efforts as costs of particular activities are more accurately identified and line managers are held accountable for them. Regular annual reviews by the Senior Management Group of which these costs will form a part, will, we are confident, lead to a wider use of management accounting techniques and tighter control over running costs.

DETAILED COMMENTS ON SIGNIFICANT VARIATIONS BETWEEN THE YEARS1. Staff Pay Costs

Unemployment forecasts are .335m higher in 1982/83 than in 1981/82 and .265m higher in 1983/84 than in 1982/83. When the relevant increase in staff is taken into consideration the remaining percentage difference in costs is about 4% and includes provision for a 3½% increase in salary rates between 82/83 and 83/84. ERNIC figures have fluctuated considerably following changes in contribution earnings limits and the NI surcharge. Treasury has raised the notional superannuation charge in each of the years.

2. Personnel Overheads

Expenditure on travel and subsistence in 1981/82 was depressed because of industrial action in the first half of the year. In 1982/83 considerably more staff were employed notably in the benefit service where extra provision was made for travel and subsistence in connection with staff training, mainly for taxation of benefit. Misc 1983/84 includes provision for change to repayment for some CSD courses.

3. Accommodation Costs

The costs are based on figures supplied by PSA, apparently on different accounting assumptions one year from another. In 1983/84 they reflect some increase in space occupied as part of the programme to relieve overcrowding in unemployment benefit offices (UBOs) and include provision for some improvements in furnishing.

4. Office Services

Expenditure on postage in 1981/82 was abnormally low as stocks of official paid stationery were run down in preparation for the change to public postal methods. The 1982/83 figures reflect the introduction of the Young Workers Scheme (YWS), the extension of the Job Release Scheme (JRS) and an increase of over 10% in postal rates. The telecommunications increase in 1982/83 arises from a 15% increase in rates, increased activity due to rising unemployment and slippage from 1981/82 in installing new equipment. The reduction in stationery and printing costs in 1982/83 is mainly attributable to an accounting adjustment

with HMSO. JRS, YWS, taxation of unemployment benefit and the continuing rise in unemployment are all contributing to volume increases and there is provision for higher prices in 1983/84. The increased computer expenditure in 1982/83 is mainly attributable to the installation of a more powerful mainframe computer. Other administrative expenses rose in 1982/83 mainly because of the higher fees payable to members and part time chairmen of the Industrial and Employment Appeals tribunals and the settlement of the closed shop Court of Human Rights cases.

5. Other Services

The maximum face value of girocheques has been increased during 1982/83 with a consequent reduction in girocheque usage and therefore giro charges. The increased contract cleaning charge reflects the continued shift from direct to contract cleaning and a larger area to be cleaned.

6. Capital Expenditure

Over 50% of the 1981/82 expenditure for office machinery was on a bulk purchase of franking machines prior to the change to public postal methods. The 1983/84 estimate reflects provision for a bulk purchase of programmable calculators for use in UBOs. In 1982/83 £2m is being spent on replacement of the mainframe computer at Runcorn. There will be some residual associated purchases of equipment in 1983/84.

7. Receipts

Comparisons are affected by adjustments in respect of final outturns for previous years, the increase in the number of those claiming supplementary allowances and the change to repayment for accommodation.

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DEPARTMENT OF EMPLOYMENT - SUMMARY

DESCRIPTION	1981-82 OUTTURN A	1982-83 FORECAST OUTTURN B	DIFFERENCE B - A %	1983-84 AGREED ESTIMATE C	DIFFERENCE C - B %
Total Staff Pay Costs (includes salaries, ERNIC, overtime, etc)	177,260	194,133	+ 9.5	210,574	+ 8.5
Notional Pensions	29,917	36,435	+ 21.8	44,430	+ 21.9
<u>Personnel Overheads</u>					
Travel and Subsistence	5,177	6,838	+ 32.1	7,142	+ 4.4
Removals	1,037	1,140	+ 9.9	1,190	+ 4.4
Miscellaneous (Entertainment, Catering Support, Protective Clothing, Training - Payments to Outside Bodies)	141	101	- 28.4	217	+ 114.9
<u>Accommodation Costs</u>					
Accommodation Costs excluding rent	16,600	18,006	+ 8.5	-	-
Equivalent Market Rental	16,056	17,886	+ 11.4	-	-
Accommodation Charge (including costs borne on own vote)	-	-	-	42,330	-
Minor Works and Small Maintenance	-	-	-	4,857	-
Fuel and Utilities	-	-	-	3,682	-
Furniture and Fittings	-	-	-	4,738	-
<u>Office Services</u>					
Postage	3,080	6,261	+ 103.3	6,242	- 0.3
Telecommunications	4,277	6,228	+ 45.6	6,612	+ 6.2
Stationery, Printing and Binding	5,334	4,807	- 9.9	6,932	+ 44.2
Computers and Office Machinery	945	1,871	+ 98.0	1,617	- 13.6
Publicity, Advertising, Publications and Library Services	322	305	- 5.3	329	+ 7.9
Vehicles (maintenance etc)	49	57	+ 16.3	60	+ 5.3
Miscellaneous (Inter-Departmental Despatch Service, Government Car Service and Custody Guards)	-	-	-	283	-
Other Admin Expenses	3,490	3,804	+ 9.0	4,695	+ 23.4
<u>Other Services</u>					
Post Office Giro and Bank Charges	1,209	1,040	- 14.0	760	- 26.9
Contract Cleaning	1,323	1,743	+ 31.7	2,236	+ 28.3
Other Agency Services and Payments to other Departments	2,255	2,199	- 2.5	1,510	- 31.3
<u>Capital Expenditure</u>	911	2,719	+ 198.5	1,459	- 46.3
Total Expenditure	269,383	305,573	+ 13.4	351,895	+ 15.2
<u>Receipts</u>	103,137	129,866	+ 25.9	120,452	- 7.2
Net Expenditure	166,246	175,707	+ 5.7	231,443	+ 31.7
<u>Non-Voted Money included above</u>					
& Notional Pensions	29,917	36,435		44,430	
& PSA Accommodation Costs	16,600	18,006		-	
	16,056	17,886		-	
	62,573	72,327		44,430	
<u>Appropriation A/C</u>				<u>Estimate</u>	
Voted to DE	103,673	103,380		187,013	

DEPARTMENT OF EMPLOYMENT - UNEMPLOYMENT BENEFIT SERVICE

DESCRIPTION	1981-82 OUT-TURN A	1982-83 FORECAST OUT-TURN B	DIFFERENCE B - A %	1983-84 AGREED ESTIMATE C	DIFFERENCE C - B %
Total Staff Pay Costs (includes salaries, ERNIC, overtime, etc)	142,844	161,421	+ 13.0	175,135	+ 8.5
Notional Pensions	23,946 ^a	30,067 ^a	+ 25.6	36,660 ^a	+ 21.9
<u>Personnel Overheads</u>					
Travel and Subsistence	3,802	5,178	+ 36.2	5,485	+ 5.9
Removals	757	870	+ 14.9	920	+ 5.7
Miscellaneous (Entertainment, Catering Support, Protective Clothing, Training - Payments to Outside Bodies)	108	76	- 29.6	169	+122.4
<u>Accommodation Costs</u>					
Accommodation Costs excluding Rent	14,243 ^a	15,449 ^a	+ 8.5	-	-
Equivalent Market Rental	13,776 ^a	15,346 ^a	+ 11.4	-	-
Accommodation Charge (including costs borne on own Vote)	-	-	-	36,284	-
Minor Works and Small Maintenance	-	-	-	4,162	-
Fuel and Utilities	-	-	-	3,155	-
Furniture and Fittings	-	-	-	4,060	-
<u>Office Services</u>					
Postage	2,543	5,318	+109.1	5,349	+ 0.6
Telecommunications	3,532	5,290	+ 49.8	5,666	+ 7.1
Stationery, Printing and Binding	4,405	4,084	- 7.3	5,941	+ 45.5
Computers and Office Machinery	536	858	+ 60.1	788	- 8.2
Publicity, Advertising, Publications and Library Services	268	261	- 2.6	281	+ 7.7
Vehicles (Maintenance, etc)	25	29	+ 16.0	30	+ 3.4
Miscellaneous (Inter-Departmental Despatch Service, Government Car Service and Custody Guards)	-	-	-	243	-
Other Admin Expenses	320	350	+ 9.4	370	+ 5.7
<u>Other Services</u>					
Post Office, Giro and Bank Charges	80	80	-	60	- 25.0
Contract Cleaning	1,105	1,496	+ 35.4	1,916	+ 28.1
Other Agency Services and Payments to other Departments	-	-	-	-	-
<u>Capital Expenditure</u>	651	822	+ 26.3	641	- 22.0
Total Expenditure	212,941	246,995	+ 16.0	287,315	+ 16.3
<u>Receipts</u>	90,949	117,642	+ 29.3	107,096	- 9.0
Net Expenditure	121,992	129,353	+ 6.0	180,219	+ 39.3
<u>Non-Voted Money included above</u>					
Notional Pensions	23,946	30,067		36,660	
PSA Accommodation Costs	14,243 13,776	15,449 15,346		- -	
	51,965	60,862		36,660	

DEPARTMENT OF EMPLOYMENT - OTHER ADMINISTRATIVE COSTS

DESCRIPTION	1981-82 OUTTURN A	1982-83 FORECAST OUTTURN B	DIFFERENCE B - A %	1983-84 AGREED ESTIMATE C	DIFFERENCE C - B %
Total Staff Pay Costs (includes salaries, ERNIC, overtime, etc)	34,416	32,712	- 5.0	35,439	+ 8.3
Notional Pensions	5,971	6,368	+ 6.6	7,770	+ 22.0
<u>Personnel Overheads</u>					
Travel and Subsistence	1,375	1,660	+ 20.7	1,657	- 0.2
Removals	280	270	- 3.6	270	-
Miscellaneous (Entertainment, Catering Support, Protective Clothing, Training - Payments to Outside Bodies	33	25	- 24.2	48	+ 92.0
<u>Accommodation Costs</u>					
Accommodation Costs excluding Rent	2,357	2,557	+ 8.5	-	-
Equivalent Market Rental	2,280	2,540	+ 11.4	-	-
Accommodation Charge (including costs borne on own Vote)	-	-		6,046	-
Minor Works and Small Maintenance	-	-		695	-
Fuel and Utilities	-	-		537	-
Furniture and Fittings	-	-		678	-
<u>Office Services</u>					
Postage	537	943	+ 75.6	893	- 5.3
Telecommunications	745	938	+ 25.9	946	+ 0.9
Stationery, Printing and Binding	929	723	- 22.2	991	+ 37.1
Computers and Office Machinery	409	1,013	+ 147.7	829	- 18.2
Publicity, Advertising, Publications and Library Services	54	44	- 18.5	48	+ 9.1
Vehicles (Maintenance, etc)	24	28	+ 16.7	30	+ 7.1
Miscellaneous (Inter-Departmental Despatch Service, Government Car Service and Custody Guards)	-	-		40	-
Other Admin Expenses	3,170	3,454	+ 9.0	4,325	+ 25.2
<u>Other Services</u>					
Post Office Giro and Bank Charges	1,129	960	- 15.0	700	- 27.1
Contract Cleaning	218	247	+ 13.3	320	+ 29.6
Other Agency Services and Payments to other Departments	2,255	2,199	- 2.5	1,510	- 31.3
<u>Capital Expenditure</u>	260	1,897	+ 629.6	818	- 56.9
Total Expenditure	56,442	58,578	+ 3.8	64,580	+ 10.2
<u>Receipts</u>	12,188	12,224	+ 0.3	13,356	+ 9.3
Net Expenditure	44,254	46,354	+ 4.7	51,224	+ 10.5
<u>Non-Voted Money included above</u>					
Notional Pensions	5,971	6,368		7,770	
PSA Accommodation Costs	2,357	2,557		-	
	2,280	2,540		-	
	10,608	11,465		7,770	

KEY RATIOS AND PERFORMANCE INDICATORS

Key Ratios

1. The relationship of operational to support staff is an obvious key ratio and is of particular importance where operational staff are being reduced. About 85% of the staff are employed in the Benefit Service and numbers have risen steadily in recent years. However it is important to establish the necessary monitoring information now and Table 1 is an assessment of the numbers engaged on operational and support work. The UBS has been included in the operational figures but it does include an unquantified small measure of support. The ratio of support to operational staff has remained broadly constant in total throughout the three years.
2. Table 2 shows the ratio of operational staff based in Regions to support staff in the Regional Offices in 1981-82. This information was originally produced as part of a pilot cost centre exercise. Year on year comparisons will be available next time. The variances have raised some questions which might not otherwise have been asked.
3. In other pilot cost centre work covering the Information Directorate and the Wages Inspectorate amongst other things the relationship of staff numbers to accommodation is being monitored. It may be of particular importance in the latter case as the number of field staff is reduced.
4. Comparisons of staff unit costs have been made in the course of the Regional Office pilot. We are also experimenting with comparisons of telephone service costs between UBOs in the same locality.

Performance Indicators

5. Staffing basis schemes are widely used in the Department, notably in the UBS which relies on work measurement and levels of work both actual and predicted to arrive at the optimum level of staffing. This scheme is monitored in a hierarchical way with local offices submitting returns to area offices and they to regional offices, who prepare regional returns for HQ. The

● scheme is reviewed from time to time using work diary sheets, activity sampling and interviewing, so as to take account of significant changes in procedures. A management information system is being developed to include indicators of speed and accuracy in dealing with claims and a similar hierarchical approach will be followed with information aggregated according to need at local, area, regional and national levels.

6. Staffing is also directly related to work loads in for example the Central Pay Office and in regional office sections dealing with special measures and redundancy payments and in the finance section processing applications and making payments under the Job Release Scheme.

7. Review of output to staff in post and in some instances costs are used by HQ staff to monitor most operations, the output measures, generally intermediate, being those most appropriate to the activity concerned. Inter office comparisons are also made but variable local characteristics may make comparisons over time more useful as for example in the Wages Inspectorate. Table 3 shows the relationship of staff in the UBS to the unemployment register over the period 1973/74 to 1981/82 and reflects steady improvements in productivity.

8. A variety of performance indicators is also in use for monitoring work in common service areas such as the typing pool and reprographics.

TABLE 1

KEY RATIOS: DE

	TOTAL SUPPORT	SUPPORT EXCLUDING WORK CONNECTED WITH REST OF DE GROUP	RATIO OF SUPP TO OP	OPERATIONAL
<u>1981/82 Outturn</u>				
Personnel, complementing, welfare, inspection	944	850	1:34	
Common Services	726	676	1:43	
Finance	370	240	1:122	
Others	90	90	1:325	
TOTAL	2,130	1,856	1:16	29,265
<u>1982/83 Estimates</u>				
Personnel, complementing, welfare, inspection	1,020	950	1:34	
Common Services	716	684	1:48	
Finance	393	267	1:122	
Others	89	89	1:367	
TOTAL	2,218	1,990	1:16	32,723
<u>1983/84 Estimates</u>				
Personnel, complementing, welfare, inspection	977	909	1:35	
Common Services	747	720	1:44	
Finance	385	264	1:119	
Others	83	83	1:379	
TOTAL	2,192	1,976	1:16	31,479

Note All figures are man-years, permanent and casual

REGIONAL STAFFING 1981-82

(1)	(2)	(3)	(4)	(5)	(6)
REGION	OPERATIONAL & OUTSTATIONED STAFF	RO SUPPORT STAFF	AVERAGE STAFF SUPPORTED PER UNIT	AVERAGE STAFF SUPPORTED EXCL. ETU's	AVERAGE STAFF SUPPORTED EXCL. ETU's & TTC's
N	2,127	62.5	34.0	34.0	37.0
Y & H	2,701.9	74.6	36.2	36.2	38.8
SE	3,880.6	49.3	32.9	33.8	33.8
Lon	3,425.4	172.8			
SW	1,843.4	67.0	27.5	27.5	27.5
W	1,712.2	54.1	31.6	31.6	31.6
Mids	4,725	112.0	42.2	42.2	43.8
NW	3,983.9	111.5	35.7	38.1	39.6
Sc	3,360.9	81.3	41.3	41.3	44.0
TOTAL	27,760.3	785.1	35.4	35.9	37.1

Col 3: Includes staff engaged on staff work, training and welfare, and on premises, inspection and statistics, and includes the following units which provide services for more than one region:

<u>Region</u>	<u>Staff Nos</u>	
N	5	Typing Training Centre (TTC)
Y & H	5	" " " " " "
Lon	6	Executive Training Unit(ETU)
Mids	4	TTC
NW	11	7 ETU, 4TTC
Scot	5	TTC

UNEMPLOYMENT BENEFIT SERVICE
(LOCAL OFFICE WORK ONLY)

YEAR	AVERAGE L.R. (000's)	AVERAGE STAFF IN POST	RATIO L.R. TO STAFF
1973-74	602	10,050	59 : 1
1974-75	689	11,503	60 : 1
1975-76	1,131	16,326	69 : 1
1976-77	1,402	19,106	73 : 1
1977-78	1,498	19,273	78 : 1
1978-79	1,445	19,139	76 : 1*
1979-80	1,396	16,456	85 : 1
1980-81	2,012	18,640	108 : 1
1981-82	2,825	25,012	113 : 1

NOTES

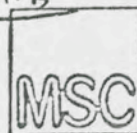
L.R. = Live Register of unemployed.

* 1978-79: a temporary misalignment and unemployment levels due to unexpected movements in the live register.

Our Ref
Your Ref
Date

3 March, 1983

ANNEX B



Manpower
Services Commission

The Rt. Hon. Norman Tebbit M.P.,
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Chairman: David Young



For Norman

DEPARTMENTAL RUNNING COSTS

This letter provides my commentary on the review of MSC running costs which you wrote about on 7th December, 1982. The general shape of this letter follows the pattern of reply mentioned in Leon Brittan's letter of 17th November, 1982.

Departmental 'businesses'

In the context of this scrutiny, the four businesses relevant to MSC are the four sections that make up our grant in aid estimates, namely Employment Service, Professional and Executive Recruitment, Training Division and Commission and Central Services. Next year the Skillcentre Training Agency will be a fifth and we shall have to consider how we handle the Technical and Vocational Training Initiative.

Deviations from Previous Expenditure Patterns

The main commentaries on items showing marked deviations are gathered together under the four business headings to form Appendix A. As a definition of a marked deviation from past patterns, we have taken, for salary costs, any movement from the cash limit increases approved for 1982/83 and 1983/84. For General Administrative Expenditure, a difference of 20% and a further 10% in these two years compared with 1981/82 has been taken as a guide to items requiring comment.

The field for comparisons mentioned in Leon Brittan's minute included 1982/83 estimates. In the light of the high level of predicted MSC underspending in 1982/83, details of the estimate figures are not a useful standard for comparisons in the current exercise. Accordingly references to, and comparisons with, 1982/83 figures relate to forecast outturn levels.

Key Ratios and Performance Indicators

Appendix B lists a series of key ratios for running costs expressed as a per capita staff cost for each MSC business. Other key measures of performance which we are considering or are establishing experimentally include the relationship between office accommodation space and staff units in different offices; the costs of centralised MSC training and the costs

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of more localised training within the organisation; the cost of internal staff training and, separately, the cost of equivalent training externally; the ratio of telecommunications lines/extensions to staff units; and the costs of different sorts of staff transfers. In addition, the MSC annual report shows the unit costs of major operational activities in the MSC businesses.

Our experience of the use of key ratios in isolation is limited. We shall continue to develop them to complement existing appraisals and review techniques in our approach to the scrutiny of expenditure.

Value for Money

Leon Brittan's letter asks what action we are taking to reduce running costs, improve control systems and get better value for money in the MSC.. Since the 1981 scrutiny of running costs, the following changes in policy, procedures and organisation have either contributed to planned reductions already, or will do so, in the use of manpower and expenditure resources:

- (a) closure of five out of 14 area offices and 29 out of 98 district offices in ESD.
- (b) merger of 44 SPD areas with 51 TSD districts into a TD 55 area office organisation.
- (c) reorganisation of the Skillcentre management structure as a lead up to a self-financing agency arrangement from 1st April, 1984,
- (d) integration of former ESD and TSD accounting offices into a unified MSC regional service.
- (e) computerisation of the payment of training allowances.
- (f) simplification in the structure of training and rehabilitation allowances.
- (g) introduction of voluntary registration for employment.
- (h) reduced activity and greater efficiency in PER working practices as a move to a financial break-even position.
- (i) Treasury/MSC joint study of estimating telecommunications and postage expenditure.
- (j) a project to ensure that the MSC is paying the most economical utilities tariff rates on all its premises.
- (k) a study of MSC motor transport arrangements to ensure that there is a correct balance between use of private and official cars.

...../Cont.

Other resource control measures

In 1982 staff inspections led to a gross saving in salary costs of the order of £800,000. In addition, and excluding Rayner scrutinies, potential savings were identified during major organisation studies and reviews of staffing amounting to about £3 million. In 1983 there are further staff inspection and management services assignments concerned particularly with efficiency reviews. Included in this programme are the personnel branch and the head office sections responsible for major common services such as typing, secretarial staff, messengers and reprographic services. These are all labour intensive areas of work in the head office organisation.

A review of the grading of work in Jobcentres will be undertaken early in 1983 and followed by a work measurement exercise in the summer. Both of these are major reviews and will be undertaken jointly by Treasury and MSC staff. A review of the systems and procedures in MSC regional accounts offices is also included in the 1983 programme.

I hope that it will be clear from this reply that we are tackling the control of running costs in a variety of ways. Many of these coincide with the approach recommended in the report of the central review of running costs which we expect to receive shortly and which we shall implement as widely as possible in the MSC.

*Yours
David*

SCRUTINY OF DEPARTMENTAL RUNNING COSTS 1983

The contents of this appendix are arranged under the headings of MSC businesses. There are 4 sections. Each section consists of a table of items where there is a marked deviation in the pattern of expenditure over the period 1981-82 to 1983-84. In each case the table is followed by a commentary.

The order of sections is:

- 1 - Employment Service
- 2 - Professional and Executive Recruitment
- 3 - Training Services
- 4 - Commission and Central Services

MINISTRY OF DEPARTMENTAL RUNNING COSTS 1983

the Employment Service Business

1983-84 Estimate	ITEM	1983-84 Estimate Variation from:			
		1981-82 Outturn		1982-83 Forecast Outturn	
£000s		£000s	%	£000s	%
	<u>Salary costs</u>				
101988	Total pay	+ 4056	4	- 974	1
	<u>Current costs</u>				
2361	Travel and subsistence	+ 597	34	+ 559	31
1122	Furniture and fittings	+ 434	63	+ 448	67
2071	Postage	+ 306	17	- 482	19
8224	Telecommunications	+ 2042	33	+ 924	13
2001	Stationery	+ 800	67	+ 77	4
1151	Printing and reproduction	+ 314	38	- 120	9
349	Computers	- 283	45	+ 149	75
	<u>Capital costs</u>				
648	Accommodation	- 451	41	- 16	2
1043	Telecommunications	+ 316	44	- 561	35
6077	Other capital expenses	+ 990	20	- 410	6
	<u>Receipts</u>				
11253	Payments by other departments	+ 10029	816	+ 7425	194

Salary costs

1. 1983-84 Estimates provide for an increase over previous years of 124 casuals for the flexible deployment of staff while permanent numbers are being reduced as a consequence of the Rayner scrutiny of ESD. Extra staff to administer the Community Programme are included in the staff figures. The net effect in cost terms will be 4% higher than the 1981-82 outturn total.

Current costs

2. Staff travel and subsistence savings arising from the reducing staff numbers will be more than cancelled by the increased incidence of travel and subsistence costs of the staff recruited for the Community Programme.

Furniture and fittings is the highest cost element increase over the 1981-82 level within the premises and accommodation resource provisions. New premises within the programme for employment rehabilitation facilities and the furnishing of 13 more Jobcentres in 1983-84 than in 1982-83 are major items in the increased costs.

4. Comparative postage costs in 1981-82 and 1983-84 are at about the same levels in real terms. The decrease compared with 1982-83 is because a postal procedure to check the currency of registrations when voluntary registration was introduced was a one-off exercise.

5. Telecommunications current costs in 1983-84 reflect the steady increase in the number of VACS installations (computerised on-line vacancy clearing systems in Jobcentre networks). Some of the increase is due to a slippage in the installation programme in 1982-83 which projects some costs into 1983-84. More telephone contacts by Jobcentres with employers are planned as recommended in the ESD Rayner scrutiny.

6. A major extra cost factor for stationery expenditure since 1981-82 is the implementation and expansion of Community Programme. There are also extra costs in connection with new procedures following the introduction in 1982-83 of voluntary registration.

7. The increase in printing and reproduction costs over 1981-82 levels stems mainly from printing requirements for the Community Programme.

8. Computer costs dropped 45% below the 1981-82 level in 1983-84 estimates. This is largely due to a reappraisal of the Job Bank project early in 1982-83 and the termination of the CAPITAL scheme earlier.

Capital costs

9. A slowing down of the Jobcentre Programme accounts for the reduction in overall costs on purchase of land and buildings and other accommodation capital costs by 1983-84.

10. The slippage in the VACS installation programme (see para 5) accounts for the 44% comparative increase over 1981-82 levels of telecommunications costs.

pts

1. The increase in receipts in 1983-84 arises from payments by DE for the administration of the Community Programme. The extra costs to which this increase is an offsetting factor are referred to in paras 1, 2, 6 and 7.

FINANCIAL STATEMENT OF DEPARTMENTAL RUNNING COSTS 1983
The Professional and Executive Recruitment Business

1983-84 Estimate	ITEM	1983-84 Estimate Variation from:			
		1981-82 Outturn		1982-83 Forecast Outturn	
£000s		£000s	%	£000s	%
	<u>Salary costs</u>				
3441	Total pay	- 838	20	- 332	9
	<u>Current costs</u>				
285	Accommodation (PSA)	- 150	35	- 152	35
334	Accommodation (non PSA)	- 176	35	- 179	35
1025	Postage	- 446	30	- 425	29
470	Printing and reproduction	- 490	51	- 249	35
1051	Publicity + advertising	+ 359	52	+ 263	33
	<u>Receipts</u>				
7732	Payments by outside bodies	+ 3187	70	+ 2312	43

Salary

1. The drop of 20% in salary costs matches the reduction of staff numbers (169) between April 1981 and April 1984. This slimming is part of the reorganisation of services as PER moves to a self-financing basis from 1 April 1983.

Current costs

2. The lower levels of expenditure in 1983-84 for accommodation, postage and printing all reflect the economy and efficiency measures introduced as a step to a nil cost trading position. The use of cheaper production methods for "Executive Post" and a more selective distribution of that publication should result in further savings.

3. A more aggressive marketing policy is planned in 1983-84 to attract a guaranteed level of business which will ensure a sound commercial operation and a financially balanced trading account. This will mean some increased publicity and advertising costs over the levels in preceding years. It is the only operational activity that does involve higher expenditure.

Receipts

4. The increase in 1983-84 receipts anticipates income from PER placings to fill staff vacancies in the Community Programme.

RUTINY OF DEPARTMENTAL RUNNING COSTS 1983

The Training Division Business

1983-84 Estimate	ITEM	1983-84 Estimate Variation from:			
		1981-82 Outturn		1982-83 Forecast Outturn	
£000s		£000s	%	£000s	%
	<u>Salary costs</u>				
96043	Total pay	+ 15136	19	+ 6373	7
	<u>Current costs</u>				
5783	Travel and subsistence	+ 2750	91	+ 877	18
19539	Accommodation	+ 8152	72	+ 3926	25
4882	Telecommunications	+ 2743	128	+ 2659	120
561	Computers	+ 513	1069	- 482	46
1838	PO, giro + banking services	+ 518	39	+ 421	30
	<u>Capital costs</u>				
161	Computers	- 196	55	- 3247	95
10469	Accommodation	+ 506	5	+ 3718	55
	<u>Receipts</u>				
3287	Direct training services	- 1867	36	- 2433	43
13739	Other receipts	+ 11128	426	+ 5367	64

Salary costs

1. Skillcentre staff numbers will decrease from 5020 on 1.4.81 to 3913 on 1.4.84. The consequential savings in salary costs will be partly offset by the increase in staff allocated for the administration of the Youth Training Scheme and the allocation of RMIU staff to Training Division in 1983-84. In total a 19% increase over the 1981-82 base year is expected.

Current costs

2. The increase in travel and subsistence expenditure over 1981-82 arises from an intensive programme to establish the Youth Training Scheme through personal contacts with potential scheme sponsors and the training of staff who will administer it. A rigorous standard is to be observed for setting up schemes and for monitoring the quality as well as the financial results. Courses to train staff to operate the new programme effectively will be organised at central points.

The reason for the increase in 1983-84 accommodation expenditure is the cost combining the former TSD and SPD organisations into the new TD area office network. Continuing costs of former separate offices, until their disposal can be arranged, will have to be met.

4. The factors which contribute to the increase over 1981-82 telecommunications expenditure include the installation of lines, telephones and associated modern equipment in the new TD area offices; the installation of automatic exchanges in Skillcentres; and price increases that have exceeded inflation factor additions.

5. The variations in current expenditure on computers since the 1981-82 outturn can be attributed to slippage in the installation programme of the TOPS minicomputer network. Compared with 1982-83 the reduction of 46% is due to the transfer of that installation project to the CCS business from 1983-84.

6. The increase in 1983-84 over 1981-82 for Post Office and banking services represents the additional costs arising from payments by girocheque to young people entering YIS Mode B2 schemes.

Capital costs

7. As mentioned in para 5 the TOPS minicomputer project has been subject to slippage and a transfer of resource allocation within MSC businesses. The reduced capital cost variations for computers reflects these two aspects.

8. The increase in accommodation capital expenditure over the 1982-83 forecast outturn level is the direct result of the cost of setting up the TD area office network.

Receipts

9. The reduced level of receipts from employers for direct training services reflects a reduced level of economic activity.

10. The general increase in other receipts 1981-82 to 1983-84 is largely due to the higher number of young persons being trained on YOP, and subsequently YTS, courses in Skillcentres. Agreements from the Department of Employment for Regional Manpower Intelligence work are being set aside to this business from 1983-84.

SCRUTINY OF DEPARTMENTAL RUNNING COSTS 1983

The Commission and Central Services Business

1983-84 Estimate	ITEM	1983-84 Estimate Variation from:			
		1981-82 Outturn		1982-83 Forecast Outturn	
£000s		£000s	%	£000s	%
	<u>Salary costs</u>				
11683	Total pay	- 508	4	- 401	3
	<u>Current costs</u>				
531	Travel and subsistence	+ 127	31	+ 31	6
424	Permanent transfer expenses	- 818	66	- 1026	71
155	Staff training: external	+ 89	135	+ 75	94
224	Furniture and fittings	- 552	71	- 7	3
348	Postage	+ 43	14	- 160	32
845	Telecommunications	+ 281	50	- 325	28
839	Computers	+ 722	617	+ 693	475
2638	Publicity and advertising	+ 59	2	- 1052	29
2482	Payments to other departments	+ 418	20	- 407	14
	<u>Capital costs</u>				
1878	Accommodation	- 1737	48	+ 639	52
2966	Computers	+ 2884	3517	+ 2867	2896
	<u>Receipts</u>				
1981	Payments by other departments	- 1912	100	- 1981	100

Salary costs

1. The overall reduction in total pay costs from 1981-82 through to 1983-84 is due to the transfer of the resource allocation for 175 RD and RMIU staff to Training Division.

Current costs

2. Travel and subsistence costs have risen since 1981-82 because of the higher number of staff on duties involving regular travelling (mainly auditors) and the costs of commuting by staff between Sheffield and London throughout the dispersal period.

3. MSC dispersal to Sheffield was completed in December 1982. Consequential permanent transfer expenses were £100,000 in 1983-84 but at a much lower level than previously.

The increased provision for external staff training has been necessary mainly in respect of specialist courses for new audit staff and a considerable amount of finance training for staff who will be concerned with the commissioning, monitoring and general control of expenditure on the new operational programmes.

5. The below 1981-82 expenditure level on furniture and fittings relate to a period when the Sheffield Head Office and Ranmoor Hall staff training centre was being established and estimates of expenditure were particularly uncertain.

6. The variation in 1983-84 postage costs is at about the approved inflation level since 1981-82 and is significantly below the 1982-83 levels. Some economies are attributed to the concentration of Head Office staff into a single MSC building and some of the difference reflects a reallocation of resources to TD.

7. The increase in telecommunications costs over 1981-82 is due to the number and standard of telecommunications facilities installed in the new Head Office building. These facilities contribute to cheaper and faster communications overall. Compared with 1982-83, costs in 1983-84 decrease because equivalent facilities are not required both in London and Sheffield.

8. The lower expenditure in 1983-84 reflects a general reduction of over 20% in planned MSC publicity expenditure and especially in respect of advertising the Employment Service.

9. Increased payments of 20% over the 1981-82 level relate to CoI costs for MSC commissioned expenditure on YTS publicity. Excluding this item a generally reduced level of MSC publicity expenditure is proposed and this shows up in the comparison with 1982-83.

Capital costs

10. The reduction in expenditure over 1981-82 follows from completion of the Head Office building in Sheffield. The increase over 1982-83 on the other hand is to meet expenditure committed to implementation of a "single roof" policy for ESD area and TD regional offices.

11. The 1983-84 increase, compared with previous years, is for computer capital costs related to the transfer from the TD business to CCS of the resources for the TOPS minicomputer and SPECTRUM systems. The increase is also reflected in the context of a total MSC expenditure on computer systems of £1.2 million in 1983-84.

ceipts

12. From 1983-84 the receipts from the Department of Employment for the costs of RMIU services are included in the TD business. Accordingly no comparison is valid for previous years.

SCRUTINY OF DEPARTMENTAL RUNNING COSTS 1983

Cash Prices

KEY RATIOS - Expressed as business per capita costs

EXPENDITURE ITEM	ESD	PER	TD	CCS
	£	£	£	£
<u>Salaries</u>				
1981-82	7732	8715	8216	9182
1982-83	8320	9552	8813	9958
1983-84	8703	10364	9132	9753
<u>Travel and subsistence</u>				
1981-82	144	410	323	308
1982-83	163	590	509	395
1983-84	210	498	574	450
<u>Permanent Transfers</u>				
1981-82	75	123	101	947
1982-83	72	180	111	1137
1983-84	90	97	116	359
<u>External Training</u>				
1981-82	8	2	18	50
1982-83	11	5	14	63
1983-84	12	3	27	131
<u>Postage</u>				
1981-82	140	3014	112	232
1982-83	205	3766	114	337
1983-84	177	3116	125	295
<u>Telecommunications</u>				
1981-82	489	602	218	430
1982-83	590	875	219	918
1983-84	704	729	466	716
<u>Stationery</u>				
1981-82	95	219	50	204
1982-83	157	286	56	263
1983-84	171	319	56	249
<u>Printing etc</u>				
1981-82	66	1967	99	223
1982-83	104	1568	96	293
1983-84	99	1429	107	273

ANNEX C

HEALTH AND SAFETY COMMISSION

1982 SCRUTINY OF RUNNING COSTS - COMMENTARY

Introduction

1 For some years HSE has run on behalf of the Commission an internal financial control system which includes annual reviews of the kind suggested by Sir Derek Rayner. We find that the cost grouping adopted in the E30 format required to be used for the estimates and Rayner exercise is not entirely suitable for our internal purposes, chiefly because of our position as a grant-aided body and because the major part of our costs are staff related. However the following notes of explanation refer to the information accompanying this commentary, which has been provided in the required format (Appendix A) and is based on outturn information for 1981-82, estimates and latest forecast outturn for 1982-83, and our Estimates submission for 1983-84.

Commentary on items of expenditure showing significant change

A STAFF PAY COSTS

2 This item accounts for the largest element in our budget. The total available in 1983-84 is constrained by the cash limit, based on PES + 3 $\frac{1}{2}$ %. Although total costs are estimated to rise by 4.7% compared with the forecast outturn for 82/83, the main reason for this is the large increase in our Superannuation liability. This, coupled with the increase in National Insurance but taking account of the reduction in the National Insurance Surcharge, means that the salaries provision can only rise by 2.7% over forecast outturn. A higher outturn is forecast for 1982/83 than originally estimated because of planned increases to cover the costs of increased superannuation and special awards to Nuclear and Mines Inspectors.

B PERSONNEL OVERHEADS

3 Cuts in our 1982-83 budget estimate for travel and subsistence have resulted in greater awareness being paid to this item during the year. This has resulted in turn in a small estimated underspend. The greater control is reflected in the estimate for 1983-84, though this is affected by the increased activity arising from dispersal of part of our headquarters to Bootle during the year. Similarly the

estimates for removals are affected because of the slippage of part of the dispersal programme from 1982-83 to 1983-84. Training costs, which had been deliberately held back in previous years due to the cessation of recruitment, have been allowed to rise to complement the changes in staff due to the Dispersal programme.

C ACCOMMODATION COSTS

4 HSE is a Crown Body, and as such makes full repayment for the costs of accommodation provided by PSA. Accommodation costs are not easily varied in the short run but our system of local budgets ensures that so far as possible economies are made and costs kept to a minimum. The 1982-83 forecast outturn is inflated because of a large backdated rent increase due for one of our London buildings. We are reviewing our accommodation needs in London.

D OFFICE SERVICES

5 The cost of maintenance etc of computers has increased as expected to its current ongoing level, now that SHIELD is fully operational. The decreases in the Stationery budget are due mainly to a redefinition of this expenditure and, as a result of an internal organisational transfer of responsibility, corresponding additions appear in the Publications budget. We are confident that these items are well controlled, although the move to Bootle will have some distorting effect. The increases in other administrative expenses are entirely due to the hire of barristers, both in 1982-83 and 1983-84, for the public enquiry currently being undertaken into the proposed Pressurised Water Reactor at Sizewell 'B'.

E OTHER SERVICES

6 Contract cleaning has risen by some 14% due to the gradual changeover from direct to contract cleaning and, in 1983-84, the dispersal move to Bootle and to inflation. Other agency charges are estimated to rise substantially in 1983-84 due mainly to the recruitment of a consultant to assess future computing needs within HSE. The item Payments to other Departments is the cost of services provided by the Department of Employment for Payroll, Superannuation, Establishment and Statistical work. Most

the cost is an apportionment outside HSE's control but it is encouraging to note that the estimated cost for 1983-84 has fallen, for the first time since HSE's inception, due to critical reviews undertaken both by HSE and DE.

CAPITAL EXPENDITURE

There was considerable slippage beyond HSE's control in the 1982-83 building programme because of delays within PSA and the slippage of the dispersal programme. The increased provision for 1983-84 allows for this slippage to be recovered. As reported last year, the replacement cost of our vehicle fleet has been reduced. The telecommunications item is a once and for all payment for a new telephone exchange and equipment at Bootle. Office machinery and other capital expenditure is also estimated to rise in 1983-84 mainly due to the effects of the Bootle move.

G OTHER CURRENT EXPENDITURE

8 The increase of 11.3% in 1982-83 forecast outturn over 1981-82 outturn is mainly due to the effects of the Heavy Gas Dispersal project (where receipts in 1981-82 have become payments in 1982-83).

H RECEIPTS

9 The reductions in estimated receipts are due to receipts in 1981-82 and 1982-83 for the Heavy Gas Dispersal project. Other receipts are estimated to rise in line with estimated costs.

Comparison of estimates for 1983-84 with outturn for 1981-82 & Estimates and forecast outturn for 1982-83

10 Our overall view is that within the limits imposed by the PES and Cash Limit systems we are succeeding in controlling our current expenditure and holding it, on most items, close to the levels achieved in 1981-82 and 1982-83. The picture is substantially distorted by the effect that the Dispersal of part of our headquarters staff to Merseyside is having, due mainly to slippage of our programme, but we are confident that the action currently being taken to control our expenditure is successful.

Action taken or intended to reduce running costs,
to improve control systems and to improve value for money

11 In addition to the actions already identified above the following have also been achieved during 1982-83 or are planned for 1983-84:-

- (i) A reorganisation of the Scientific and technical field support staff in the Inspectorates, previously organised separately with the Industrial Pollution Inspectorate and with HSE's Field Consultancy Groups, bringing them into new Field Scientific Support Units under central control serving the whole HSE field force. This should result in more efficient and effective management of this valuable resource.
- (ii) Several staff inspections have been completed, including the headquarters of the Nuclear Installations Inspectorate, the HSE Area Offices (on which our field organisation is largely based), and the headquarters of the Agricultural Inspectorate. In 1983 inspections of the policy divisions are planned, beginning in March with an inspection of Safety Policy Division.
- (iii) For monitoring and control of projects which support the Commission's programme of work a register of projects has been introduced in HSE. This together with the annual preparation and monitoring of divisional plans of work under HSE's planning system enables the Executive and heads of divisions to advise us on appropriate resource allocation and to monitor progress with our planned work more effectively.
- (iv) Consultants have been engaged to advise HSE on our future computer needs, and to devise a strategy which will lead to action to meet those needs.

(v) The Research and Laboratory Services Division has implemented changes in its management and organisation to strengthen planning and control of our research and testing and support programmes.

(vi) During 1983 studies already begun will continue with a view to identifying suitable means of output measurement for health and safety programmes, together with useful performance indicators and key ratios.

(vii) We have carried out a Rayner study of accident information and its uses and will be considering proposals for replacing the existing notification requirements to establish, in the absence of BI 76 information via DHSS, a system of reporting accident and diseases which will satisfy our information requirements in a cost-effective way.

(viii) HSE introduced in 1982 a course directed to senior management in HSE on the management of resources; further courses will be run in 1983. (This is one aspect of our response to the Government's financial management initiative).

Treasury Expenditure Division

Date _____

Treasury use only				
		Department Code	Business Code	
1	4	5	7	8
E30A				

Treasury use only

STAFF NUMBERS	LINE CODE	LINE NO	1981-82 OUTTURN				1982-83 ESTIMATE		1982-83 FORECAST OUTTURN		1983-84 ESTIMATE SOUGHT		1983-84 AGREED ESTIMATE										
			S-In P 1481 A		S-In P 1482 D		1482 C	31383 D	S-In P 1482 E	S-In P 31383 F	1483 G	21384 H	1483 J	21384 K									
			10	12	12	18	10	24	25	30	31	30	37	42	43	48	49	54	55	60	61	66	67
Permanent staff in manpower count		M01	001	3940		3723		3758	3807	3723	3669	3733	3733										
		M02	002	88		91		87	91	91	91	91	89										
TOTAL STAFF IN MANPOWER COUNT		M97	003	4028		3814		3845	3898	3814	3760	3824	3822										
Ministers		M03	004																				
Other public employees e.g. locally engaged staff overseas		M04	005																				
		M05	006																				
TOTAL staff in post M01 to M05		M98	007	4028		3814		3845	3898	3814	3760	3824	3822										

PES 1982 Provision for 1983-84

ATACSO 19.10.62

6.5.11

SEPTEMBER 1982

AFFIDAVIT

MANPOWER AND GAE ESTIMATES SUBMISSION 1982-83

Department : Health and Safety Commission / Executive

Business HSC/E - Summary

Completed by _____ Telephone no. _____ Date _____

Treasury use only				
		Department Code	Business Code	
1	4	5	7	8
E30B				

[illegible]

PES 1982 Provision for 1983-84

C.5.13

SEPTEMBER 1982

MANPOWER AND GAE ESTIMATES SUBMISSION 1982-83

Treasury Expenditure Division

Department Health and Safety Commission / ExecutiveBusiness HSC / E - Summary

Completed by

Telephone no.

Date

Treasury use only									
Department Code		Business Code							
1	2	3	4	5	6	7	8	9	0
E30B									

Treasury use only

STAFF PAY COSTS (included in manpower count)		N.A.C. CODE	LINE CODE	LINE NO.	1981-82	1982-83	1982-83	1983-84	DIFFERENCE		DIFFERENCE		1983-84
					OUTTURN	ESTIMATE	FORECAST	ESTIMATE	31-82 OUTTURN TO		82-83 FORECAST OUTTURN		AGREED
					A	B	C	D	E		F		J
					£ thousands	£ thousands	£ thousands	£ thousands	£ thousands	%	£ thousands	%	£ thousands
Permanent staff	non-industrial	11001	A01	10 12 13 21	35507	36676	37405	38402	+1898	+5.4	+997	+2.7	67 75
	Industrial	11001	A02	015	351	462	460	472	+109	+31.1	+12	+2.6	
Overtime	non-industrial	11001	A03	016	103	145	108	108	+5	+4.9	-	-	
	Industrial	11001	A04	017	55	51	42	42	-13	-23.6	-	-	
Casuals	non-industrial	11001	A05	018									
	Industrial	11001	A06	019									
Other pay costs incl employers superannuation contributions		11001	A07	020	7096	7390	8158	9350	+1062	+15.0	+1192	+14.6	
TOTAL A01 to A07		11001	A94	021	43112	44724	46173	48374	+3061	+7.1	+2201	+4.8	

G.5.15

SEPTEMBER 1982

MANPOWER AND GAE ESTIMATES SUBMISSION 1982-83

Treasury Expenditure Division

Department

Health and Safety Commission / Executive

Business

HSC/E - Summary

Completed by

Telephone no.

Date

Treasury use only				
Department Code		Business Code		
1	2	3	4	5
E308				

Treasury use only

STAFF PAY COSTS (included in manpower count)		N.A.C. CODE	LINE CODE	LINE NO.	1981-82 OUTTURN		1982-83 ESTIMATE		1982-83 FORECAST OUTTURN		1983-84 ESTIMATE SOUGHT		DIFFERENCE 81-82 OUTTURN TO 82-83 FORECAST OUTTURN		DIFFERENCE 82-83 FORECAST OUTTURN TO 83-84 ESTIMATE		1982-84 AGREED ESTIMATE	
					A		B		C		D		E		F		J	
					£ thousands		£ thousands		£ thousands		£ thousands		£ thousands		%		£ thousands	
Employers ERNIC	non-Industrial	11002	A08	022	13	21	22	30	21	30	40	40	40	87	-27.8	+324	+14.7	
					3052		2019		2204		2528		-84.8					
	Industrial	11002	A09	023		35		28		24		28		-11	-31.4	+4	+16.7	
National Insurance Surcharge	non-Industrial	11002	A10	024				824		659		534		+659	*	-125	-19.0	
	Industrial	11002	A11	025				12		7		6		+7	*	-1	+14.3	
Less Statutory Sick Pay	non-Industrial	11002	A12	026								91				+91	*	
	Industrial	11002	A13	027								2				+2	*	
TOTAL NATIONAL INSURANCE A08 to A13		11002	A95	028		3087		2883		2894		3003		-193	-6.3	+109	+3.8	
TOTAL A94 + A95			A96	029		46199		47607		49067		51377		+2868	+6.2	+2310	+4.7	

PES 1982 Provision for pay and ERNIC for counted staff for 1983-84

AFR230C 15.10.82

C.S. 17

SEPTEMBER 1982

MANPOWER AND GAE ESTIMATES SUBMISSION 1982-83

Department Health and Safety Commission/ExecutiveBusiness HSC/E - Summary

Completed by

Telephone no.

Date

Treasury use only								
Department Code			Business Code					
1	4	5	6	7	8	9		
E30D								

Treasury use only

STAFF PAY COSTS (excluded from manpower count)	N.A.C. CODE	LINE CODE	LINE NO.	1981-82	1982-83	1982-83	1983-84	DIFFERENCE		DIFFERENCE		1983-84
				OUTTURN	ESTIMATE	FORECAST	ESTIMATE	81-82 OUTTURN TO		82-83 FORECAST OUTTURN		AGREED
						OUTTURN	SOUGHT	82-83 FORECAST OUTTURN		TO 83-84 ESTIMATE		ESTIMATE
				A	B	C	D	E	F	G	H	J
				£ thousands	£ thousands	£ thousands	£ thousands	£ thousands	%	£ thousands	%	£ thousands
Ministers	12001	A14	10 12 030	13 21	22 30	31 39	40 48	49 57		58 65		67 75
Employers ERNIC	12002	A15	031									
National Insurance Surcharge	12002	A16	032									
Judicial Officers	12001	A17	033									
Employers ERNIC	12002	A18	034									
National Insurance Surcharge	12002	A19	035									
Less Statutory Sick Pay	12002	A20	036									
Locally engaged staff abroad non-industrial	18001	A21	037									
Industrial	18001	A22	038									
Other pay costs		A23	039	45	47	51	53	+6	+13.3	+2	+3.9	
TOTAL A19 to A23		A97	040	45	47	51	53	+6	+13.3	+2	+3.9	
TOTAL VOTED STAFF PAY COSTS A98+A97		A98	041	46244	47654	49118	51430	+2874	+6.2	+2312	+4.7	
Pension and gratuity liability (Notional)		N01	042									
TOTAL STAFF PAY COSTS A98+N01		A99	043	46244	47654	49118	51430	+2874	+6.2	+2312	+4.7	

PES 1982 provision for 1983-84

Treasury Expenditure Division

MANPOWER AND GAE ESTIMATES SUBMISSION 1982-83

Department Health and Safety Commission / Executive

Business HSC/E - Summary

Completed by

Telephone no.

Date _____

Treasury use only			
Department Code		Business Code	
1	E300	5	7 8

Treasury
use only.

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C.5.5.21

SEPTEMBER 1982

MANPOWER AND GAE ESTIMATES SUBMISSION 1982-83

Department Health and Safety Commission/ExecutiveBusiness HSC/E - Summary

Completed by

Telephone no.

Date

Treasury use only					
Department Code		Business Code			
1	4	5	7	8	9
E308					

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GENERAL ADMINISTRATIVE EXPENDITURE (Accommodation Costs)		N.A.C. CODE	LINE CODE	LINE NO.	1981-82	1982-83	1982-83	1983-84	DIFFERENCE		DIFFERENCE		1983-84
					OUTTURN	ESTIMATE	FORECAST	ESTIMATE	81-82 OUTTURN TO		82-83 FORECAST OUTTURN		AGREED
					A	B	C	D	82-83 FORECAST OUTTURN		TO 83-84 ESTIMATE		ESTIMATE
					£ thousands	£ thousands	£ thousands	£ thousands	E	F	G	H	J
									£ thousands	%	£ thousands	%	£ thousands
PSA ESTATE	Accommodation costs excluding rent	13012	C01	10 12 051	13 21	22 30	31 32	40 46	49 57		58 66		67 75
	Equivalent market rental (Notional)		N02	052									
	Accommodation charge	15000	C02	053									
	Minor works for specialised accommodation	15000	C03	054									
	Fuel and utilities	15000	C04	055									
	Furniture and fittings	44004	C05	056									
	Small maintenance and jobs by contractors	18003	C06	057									
NON PSA ESTATE	Costs borne on own vote ie actual payments	13012	C07	058	9253	10968	11546	11506	+2293	+24.8	-40	-0.4	
	Notional costs ie equivalent market rents		N03	059									
TOTAL VOTED C01+C02 to C07			C97	060	9253	10968	11546	11506	+2293	+24.8	-40	-0.4	
TOTAL NOTIONAL N02+N03			C98	061									
TOTAL C97+C98			C99	062	9253	10968	11546	11506	+2293	+24.8	-40	-0.4	

C.5.23

SEPTEMBER 1982

MANPOWER AND GAE ESTIMATES SUBMISSION 1982-83

Department Health and Safety Commission / ExecutiveBusiness HSC/E - Summary

Completed by

Telephone no.

Date

Treasury use only			
	Department Code	Business Code	
1	4	5	7 8 9
E30B			

Treasury use only

GENERAL ADMINISTRATIVE EXPENDITURE (Office Services)	N A C CODE	LINE CODE	LINE NO.	1981-82 OUTTURN		1982-83 ESTIMATE		1982-83 FORECAST OUTTURN		1983-84 ESTIMATE SOUGHT		DIFFERENCE 81-82 OUTTURN TO 82-83 FORECAST OUTTURN		DIFFERENCE 82-83 FORECAST OUTTURN TO 83-84 ESTIMATE		1983-84 AGREED ESTIMATE	
				A	B	C	D	E	F	G	H	J					
				£ thousands	£ thousands	£ thousands	£ thousands	£ thousands	%	£ thousands	%	£ thousand					
Postage	13004	D01	063	248	299	300	326	+52	+21.0	+26	+8.7						
Telecommunications	13005	D02	064	1461	1649	1835	1883	+374	+25.6	+48	+2.6						
Stationery	13008	D03	065	847	478	601	513	-246	-29.0	-88	-14.6						
Printing and binding, Reprographics	13008	D04	066														
Computers Reprints (hire, maintenance, running costs)	13009	D05	067	235	373	365	390	+130	+55.3	+25	+6.9						
Office machinery (current expenditure)	13010	D06	068														
Publicity and advertising - other than COI	13011	D07	069	525	659	616	700	+91	+17.3	+84	+13.6						
Publications and library services	13030	D08	070	626	1137	1167	1198	+541	+86.4	+31	+2.7						
Vehicles (maintenance, running costs)	13020	D09	071														
Inter-departmental despatch service	18003	D10	072														
Government car service	18003	D11	073														
Custody guards	15000	D12	074														
Other admin expenses	13030	D13	075	93	103	138	278	+45	+48.4	+140	+101.5						
TOTAL D01 to D13		D99	076	4035	4698	5022	5288	+987	+24.5	+266	+5.3						

C.5.25

SEPTEMBER 1982

PLANT. TREASURY

Treasury Expenditure Division.

Completed by _____ Telephone no. _____ Date _____

TREASURY
USE ONLY

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SEPTEMBER 1982

Treasury Expenditure Division

Business HSC / E. - Summary

Completed by _____ Telephone no. _____ Date _____

Treasury use only			
Department Code		Business Code	
1	4	5	7 8
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SEPTEMBER 1982

MANPOWER AND GAE ESTIMATES SUBMISSION 1982-83

Department: Health and Safety Commission / Executive

Business : HSC/E - Summary

Completed by _____

Telephone no.

Date _____

Treasury Expenditure Division

Treasury use only					
		Department Code		Business Code	
1	4	5	7	8	
E30B					

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was not

[illegible]

PES 1982 provision for capital expenditure for 1983-84

MANPOWER AND GAE ESTIMATES SUBMISSION 1982-83

Treasury Expenditure Division

Department Health and Safety Commission / Executive

Business HSC/E - Summary

Completed by

Telephone no.

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Treasury use only					
Department Code			Business Code		
1	4	5	7	8	
E30B					

Treasury
use only

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SEPTEMBER 1982

Advisory, Conciliation and Arbitration Service

11-12 St. James's Square, London SW1Y 4LA

Telephone Direct Line 01-214 8016

Switchboard 01-214 6000

3 March 1983

Rt Hon Norman Tebbit MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON SW1

Dear Secretary of State,

DEPARTMENTAL RUNNING COSTS

You asked in your letter of 7 December for a commentary on the lines outlined in Leon Brittan's letter of 17 November, on the 1983-84 estimates as against the 1982-83 estimates and forecast out-turn and the 1981-82 expenditure. I am sorry that this has been slightly delayed.

Staffing levels in the ACAS Group (which includes Central Arbitration Committee and Certification Office) will be reduced to 649 permanent and period appointee staff by 1 April 1984. In the past year the ACAS regional organisation (which accounts for over 80% of the ACAS Group staff) and the CAC have been the subject of Planned Reviews by DE teams with the possibility of a further review of ACAS Head Office scheduled later this year. The Certification Office was looked at in 1981. I feel that on the staff costs aspect I need only comment that the Service is on target to achieve the 1.4.84 figure.

As to General Administrative expenditure, you asked for comments on marked deviations from past patterns in the 1983-84 estimates. I take that to mean matters showing more than a 6% increase over the forecast out-turn for 1982-83 in which case, and using the forms E30 as a base, we have:-

Household removals (+11%)
(NAC Code 13002)

- This is due to the need to transferred trained and experienced staff to other ACAS regions.

Accommodation costs etc (+19%)
(NAC Codes 13012 etc)

- This is due to increased rentals and other charges, including the move of the ACAS Head Office to 11/12 St James's Square.

3 March 1983

Rt Hon Norman Tebbit MP
Secretary of State for Employment

Publicity and Advertising (+400%) - Put in perspective this
(NAC Code 13011) is an increase from £1000 to £5000 to allow for the advertisement of a competition for a few Period Appointment Senior Industrial Relations Officers during 1983/84, There was no corresponding exercise during 1982/83.

Other Admin expenses (+149%) - To cover the ACAS contribution
(NAC Code 13030) to the DE Second Workplace Industrial Relations Survey and the, as yet unpaid, costs arising from the legal proceedings in Grunwick versus ACAS

The overall gross 1983-84 estimate figure is 3.5% less than the 1982-83 estimate, 2.1% more than the forecast 1982-83 out-turn and 14.4% more than the 1981-82 out-turn. Increased salary and related costs account for the latter.

Yours sincerely
J P Lowry

J P Lowry