PRIME MINISTER

IMPLEMENTATION OF SCRUTINIES: 1983 SCRUTINY PROGRAMME

Robin Ibbs reported to you a year ago on the progress made with the implementation of scrutinies since 1979. Since 1979 there had been 266 scrutinies and cumulative savings amounting to around £750 million. But if implementation had been achieved more quickly, total savings might have been higher by £300 million.

The attached report from Sir Robin Ibbs updates you on the 1983 scrutiny programme. So far, only about 30 per cent of the accepted savings have been achieved. But Sir Robin notes that the action taken last year (which included a publication with a foreword from you) has not yet had a chance to take effect.

It is clearly important that the Efficiency Unit keep up the pressure on Departments, though as Sir Robin says, there is little point in publishing this most recent report.

Agree:

(i) to thank Sir Robin for the report and agree that it should not be published;

(ii) to note that delays in implementation are still reducing savings which can be achieved;

(iii) urge him to keep up pressure on Departments.

MCA

I really think we must do better on implementation.

Can I have a word about it with Sir Robin.

MT

MARK ADDISON
20 June 1986
EL3BFU

cc: PP's please - & Rayner
File with general report (1985)
please.
MCS 19/6

SR12:PM9/6

PRIME MINISTER

IMPLEMENTATION OF SCRUTINIES: 1983 SCRUTINY PROGRAMME

Following the Unit's 1985 report on the implementation of scrutinies, you asked for a progress report in 1986. The attached note sets out the current state of play on the 1983/84 scrutiny programme. The action we took last year to improve implementation came too late to have a major effect on the follow-up of these scrutinies. The note therefore tells us little new and I see no benefit in circulating it to Departments. The main need is for the Unit to keep the pressure on Departments to implement scrutiny recommendations as fully and as speedily as possible.

The 1983 scrutiny programme was not a good one; in size and subject matter it was the weakest there has been. Because 1983 was an election year, Departments were disinclined to consider major issues radically; and the Unit itself went through a period of uncertainty between Derek Rayner's departure and my arrival.

Nevertheless the 20 scrutinies identified £22.8 million worth of potential savings; of these, 59% (£13.5m) have so far been accepted. But two years on, only about 30% of these accepted savings have been achieved. This emphasises the need to generate a greater sense of urgency in deciding and acting on scrutiny recommendations.

The 1984 scrutiny programme was a good deal more substantial. So far only a third of the recommendations for that year have been accepted; two-thirds are pending. This is not good enough. The Unit will keep putting pressure on Departments to maintain the momentum of the scrutiny approach through the period of decision-taking and implementation. I want actual results as fast as they can be achieved. Delay costs money. I will report to you next April when I hope to have a better story to tell. In the meantime I suggest that you reinforce the need for a sense of urgency in your Value for Money seminars which we have already agreed should continue.

Incidentally, the National Audit Office reported in April on "Raynerism: The Scrutiny Programme from 1979-1983". Their findings generally were positive and encouraging. They share our view that success depends crucially on the commitment of senior management and they support our drive on implementation.

I am copying this note to Robert Armstrong.

JR

ROBIN IBBS
17 June 1986

SR12:Imp9/6

IMPLEMENTATION OF THE 1983 SCRUTINY PROGRAMME

Progress on Implementation

The 20 scrutinies in the 1983 programme identified potential savings of £23 million.

There were good scrutinies in the programme which produced worthwhile changes in addition to the direct savings. For example, as a result of the CCTA scrutiny, Departments now have real responsibility for initiating and implementing information technology projects, with CCTA acting in a strategic/advisory role. The DHSS scrutiny on Recovery of Overpayments found weaknessess in the legislation and recommended real improvements in the scope and speed of recoveries. The re-organisation of Civil Legal Aid assessment in DHSS and the centralisation at Preston have been so effective that higher savings than those in the scrutiny report are now going to be achieved. It is encouraging that all these recommendations have been pursued without undue delay.

However, of the £23 million identified savings:

- £13.5 million (59%) have been accepted
- £ 3.7 million (16%) are still awaiting decisions
- £ 5.6 million (25%) have been rejected or considered unobtainable.

By the end of 1985/86, some 30% of accepted savings had been made. 70% are likely to be achieved by the end of the current financial year and 90% by the end of 1987/88. Details for each scrutiny are in Annex 1 and the major recommendations set out in Annex 2.

Acceptance of Scrutiny Recommendations

Overall, the proportion of recommendations accepted is much the same as earlier years. This should increase in future years as the recommendations in the implementation report "Making Things Happen" take effect.

The recommendations which are still pending have generally been superseded by other decisions. For example,

- the major recommendations from the scrutiny of Occupational Pension Schemes have largely been overtaken by the Review of Social Security;
- recommendations from the Agricultural Science and Food Sciences Laboratories scrutiny on charging central users for services have been overtaken by a separate and wider decision to charge for a certain proportion of costs across the whole range of the Agricultural Development and Advisory Service's activities.

Implementation of Accepted Recommendations

Reasonable, but not outstanding, progress has been made in implementing accepted recommendations. Some small scrutinies (eg. of the Scottish

Office Publicity Section) have been fully implemented and all the recommended savings achieved.

Some delays have occurred for legitimate reasons. For example:

- the need for legislation (scheduled for 1986) has delayed implementation of changed arrangements for recovering social security overpayments; and
- the relocation of laboratories, such as the National Weights and Measures Laboratories and Food Sciences Laboratories, has to wait for purpose built buildings to be ready.

In other cases, delays have resulted from difficulties with new computer systems which have delayed revised work patterns and the subsequent staff savings (eg. Supervision of Insurance Companies, DOE(NI) Stores System). Subsequent reviews (including staff inspections) have also held up implementation (eg. the Scrutiny of Accountancy Needs in DTI).

Overall there is still scope for decisions to be taken sooner and for implementation to be tackled more eagerly.

Lessons

I am confident that the Unit's relationship with and influence on Departments is steadily improving.

In its dealings with Departments, the Unit will ensure that everyone concerned acts upon the 3 main lessons to be drawn from the 1983 scrutiny programme:

First, Departments must take decisions on recommendations and implement accepted recommendations promptly. A keener sense of urgency needs to be fostered.

Second, Departments should take greater care in selecting scrutiny topics. Areas which are likely to be fundamentally changed by other policy reviews during the two year implementation period should be avoided as scrutiny topics. This will avoid wasted effort.

Third, Departments should avoid re-examining the work done by the scrutiny team. Evaluation of the scrutiny report is clearly an essential part of decision-taking but improved co-operation between scrutiny teams and action managers should mean that the scrutiny evidence provides a generally accepted basis for decisions.

Efficiency Unit
17 June 1986

ANNEX 1

1983 SCRUTINY PROGRAMME

SUMMARY

Scrutiny		Accepted (£m)	Pending (£m)	Rejected/Unobt (£m)	Implemented by 1985/86	%
HO:	Training of Staff	0.165	-	0.066	0.165	100
LCD:	Investment Activities	0.264	-	0.168	-	NIL
HMT:	Central Computer and Telecommunications Agency	1.400	-	-	0.6	43
DNS:	Withdrawing National Savings Certificates	-	-	-	-	-
C&E:	VAT Central Unit	1.500	-	-	0.75	50
DTI:	Accountancy Needs	0.029	0.114	0.120	0.029	100
MPO:	Recruitment	-	-	-	-	-
HSE:	Field Activities of Inspectorates	-	-	-	-	-
MAFF:	Agriculture Science Laboratories	0.384	2.100	0.186	0.230	60
DOE:	Communications with Public	-0.062	-	-	-0.010	16
SO:	Information Office	0.030	-	-	0.030	100
WO:	Use of Paper	-	0.237	-	-	-
NIO:	DOE(NI) Stores	1.733	-	0.205	0.850	4.9
DHSS/LCD:	Civil Legal Aid	3.100	-	3.000	-	NIL
DHSS/IR:	Supervision of Occupational Pension Schemes	0.074	1.018	-	0.074	100
DHSS:	Recovery of Overpayments	2.950	-	1.816	0.543	18
DTI:	Supervision of Insurance Companies	0.059	0.151	-	0.059	100
DTI:	Weights and Measures Laboratories	0.446	0.076	0.058	0.056	13

DES:	Grants to Higher Education Institutions	0.084	-	-	0.084	100
DTP:	Driving Test Organisations	1.320	-	0.121	0.626	47
TOTAL		13.476	3.696	5.632	4.086	30
		59%	16%	25%		(of accptd)

ANNEX 2

JB7:83RECOM

1983 SCRUTINY PROGRAMME: MAJOR RECOMMENDATIONS

Dept	Scrutiny	Recommendations
HO	Training of Staff	- decentralisation of responsibility for training
LCD	Investment Activities	- contract out management of Common Investment Fund unit trusts - adopt 'last resort' policy for acceptance of new trusts by Public Trustee
HMT	Central Computer and Telecommunications Agency	- recovery from Departments of cost of CCTA's advice - greater Departmental responsibility for initiating and implementing projects, with CCTA in strategic role
DNS	Withdrawing National Savings Certificates	- revised administrative arrangements
C&E	VAT Central Unit	- revised staff arrangements to reduce errors and speed-up processing to minimise interest foregone
DTI	Accountancy Needs	- upgrade training of accountants - greater use of 'outbedding' and using accountants in line management posts.
MPO	Recruitment	- improve cost-effectiveness of recruitment through 'business plan' for Civil Service Commission and examination of appropriate relationship between Commission and Depts (including charging Depts for services provided).
HSE	Field Activities of Inspectorates	- develop improved cost and performance indicators as means of assessing efficiency of activities.
MAFF	Agricultural Science Laboratories	- co-location of laboratories - closure of certain outstations - charges for services provided to central users.
DOE	Communications with the Public	- establish Communications Services Unit to promote corporate strategy for communications and focal point. - individual managers to have information production budgets. - detailed study of ad hoc enquiries handling.

SO	Information Office	- greater co-ordination of publicity campaigns.
WO	Use of Paper	- internal campaign for efficient use of paper.
NIO	DOE(NI) Stores	- reduce locations at which stocks held and reduce value of stocks held. - computerise stores accounting. - staff reductions.
DHSS/ LCD	Civil Legal Aid Assessment	- transfer assessment of eligibility from DHSS to LCD. - centralise assessment in one office. - replace interviews with financial statement forms. - reduce eligibility limits.
DHSS/ IR	Government Supervision of Occupational Pension Schemes	- relax requirements and reduce supervision of pension schemes. - greater selectivity in monitoring compliance. - examine alternative controls on lump sums (eg tax or prohibition). - relaxation of requirements for issue of 'contracting-out' certificates.
DHSS	Recovery of Overpayments	- introduce common overpayments test. - re-organise overpayments work. - greater recovery powers of overpayments.
DTI	Supervision of Insurance Companies	- computerisation of data contained in returns. - examine scope for less frequent examination of cases.
DTI	National Weights and Measures Laboratory	- relocation out of Central London. - new fee charging structure.
DES	Grants to Non-Maintained Higher Education Institutions	- no new cases of grant-aided status. - resolve anomalous cases of grant-aiding. - integrate remaining grant-aided institutions into existing higher education sectors.
DTp	Driving Test Organisation	- introduce better management information systems and performance measures - shortening tests and reducing staff 'downtime'. - develop computer strategy.

GOUT MACH

RAYNER

PT-21