

PRIME MINISTER

Sir Robin Ibbs' minute attached seeks your agreement to publish the report on the implementation of scrutinies, copy attached, which with your agreement has already been distributed to Departments.

They are very good
He also attaches new notes on scrutinies for guidance, both to examining officers and to Ministers.

Yes mb
Content that the report should be published? I shall ask Sir Robin to ensure that he clears the amended text of the report (necessary because some of the scrutinies concern sensitive areas) with the Departments concerned.

Mark Addison

(MARK ADDISON)

5 September 1985



SR8:PM4/9

PRIME MINISTER

IMPLEMENTATION OF SCRUTINIES

pk 18 att.
You approved the Efficiency Unit's report on the implementation of scrutinies on 17 May. As a result of that report we have tightened up the monitoring of the implementation of scrutiny reports and produced new guidance notes for departments setting out new procedures and presenting them in a form which makes them easier to follow. We have also made the responsibility of Permanent Secretaries to deliver the improvements identified in scrutinies more explicit.

With your agreement, I should like to publish the report and the new notes for guidance in the autumn. This will signal clearly, both to departments and to the outside world, that the scrutiny process is developing and being used in a constructive and valuable way. In publishing the report we will cut out the annex which sets out in detail the Unit's findings on the way departments have implemented particular scrutinies. Some of these scrutinies were of sensitive areas and we had access to the papers on the understanding that it was on a confidential basis.

You may care to glance at the new notes for guidance which I am attaching in draft. They will be in colour in their published form.

May I please have your agreement to go ahead with publication of the edited report?

I am sending a copy of this to Robert Armstrong.

ROBIN IBBS

4 September 1985

CONFIDENTIAL

EFFICIENCY UNIT

IMPLEMENTATION OF SCRUTINIES

Report to the Prime Minister

May 1985

CONFIDENTIAL

THE IMPLEMENTATION OF SCRUTINIES

1. Since 1979 scrutinies within Central Government departments have identified opportunities to save £600 million a year. But in most cases it takes at least two years (and often as long as five) to implement the savings. The Prime Minister asked us to find out why - and to suggest how implementation can be improved.

2. We have based our report on an analysis of the data departments give the Efficiency Unit about the implementation of all scrutinies, case studies of how the recommendations in 8 scrutinies from 1980-1982 were handled, and discussions with Permanent Secretaries, Chief Executives in the private sector and other managers who are responsible for change. This report has been deliberately kept short; the evidence on which it is based is in Annexes 1-4.

The scrutiny technique

3. The scrutiny technique which was first used in 1979, is a method of identifying potential savings and improvements in effectiveness. The key elements of the technique are radical questioning, direct observation, proposals based firmly on factual evidence and a sense of urgency. Since 1979 there have been 266 scrutinies and actual cumulative savings already amount to around £750m. The scrutiny technique is now used in policy and programme areas and has been extended into, for example, the National Health Service and in the recent study by the Jarratt Committee, the Universities.

4. Scrutinies have not just identified specific savings. They have also shown how wider improvements and better performance can be obtained - for example in the multi-department reviews of Running Costs, Personnel Work, Procurement and Accommodation.

5. In October 1983 the Prime Minister asked Sir Robin Ibbs to help Ministers to use the MINIS-type systems to set targets for improvement in value for money in specific areas and to commission scrutinies and other work to bring about the improvements.

Terminology

6. By top management we mean the Permanent Secretary and his Deputy Secretaries acting as the top board of the department; by Headquarters management we mean the middle tier of Under and

Assistant Secretaries and Principals who organise the implementation of policy and by operational management we mean the managers responsible directly for delivery of the service.

What happens to Scrutiny Reports

7. Scrutinies have found £600 million a year of possible savings within Central Government departments. Of these about £300m a year have been achieved already. £145m have been rejected - because they were impractical or unacceptable. The remainder are either awaiting decisions or have yet to be implemented. This report concentrates on how long it has taken to achieve the £300m a year that has been saved and other related changes, and what can be done to speed up the process. This report does not cover the question of why recommendations are rejected.

8. Effective implementation means both getting savings quickly and also ensuring that change is real and lasting. The analysis in Annex 1 shows that less than half the savings from scrutiny recommendations are implemented within two financial years; and even by the end of the fourth financial year after the scrutiny only 80% of the accepted savings have been achieved. It is harder to show the extent to which important recommendations which do not produce direct savings have been implemented, but our case studies have shown instances where it took over two years to clarify levels of responsibility, to implement revised levels of delegation, or to start collecting information on service to customers.

9. We used the case studies to find out the most important factors which influence the speed and effectiveness of implementation.

Top Management

10. The attitude of the Permanent Secretary is crucial: in particular the extent to which they are seen to be committed to action - and how they check that results are really delivered. In three out of the eight case studies the direct involvement of the Permanent Secretary at critical stages - acting as captain not referee - signalled the importance he attached to change. In one of the eight the commitment of a Permanent Secretary to one significant recommendation in the scrutiny ensured that it was implemented quickly despite considerable opposition; other recommendations from the same scrutiny are still unresolved four years later.

11. Ministers have a specific role in the scrutiny process and we saw that when their interest is both clear and clearly expressed, scrutiny teams feel they have the support to enable them to be tougher and more radical. If that support is not continued into implementation the results suffer.

Responsibility

12. Really effective implementation must have one person responsible and committed to achieving the results agreed once the scrutiny report is finished. In two case studies one such person turned round substantial opposition to the change and ensured that implementation took place.

13. In most cases the appropriate senior headquarters manager should be responsible for implementation. But headquarters managers often do not like scrutinies; in some cases they are actively hostile to the process. In part this is because, where a scrutiny recommends changes or savings, it is felt to point to failure of the existing managers. But it is also because those managers are faced with implementing recommendations which, in most cases, they have played little part in formulating. Implementation can then become damage limitation ie. reducing to a minimum the changes made. In one case study the headquarters manager wrote to his operational manager "I have cleared the action plan. I think it is the minimum we are likely to be able to get away with, and I hope you will feel it is something you can live with."

Speed

14. In contrast to the 90 days allowed for doing a scrutiny there is little continuing sense of urgency, once a scrutiny report arrives. In some of the large departments implementing even an agreed change can take a long time (although we have been struck by just how quickly even large network departments can respond once they are clear what needs to be done). But the evidence suggests that at least half the time is taken in reaching decisions rather than implementing them. For instance although departments should get an 'Action Document' to their Minister in three months from the report, less than 10% are ready by this time. And although action documents are supposed to summarise decisions already taken, too often they just give a forward timetable for taking those decisions.

15. Delay costs money. Sometimes delay is inevitable but if decisions on scrutinies had been taken within six months twice the time allowed for action documents the total cumulative saving to the taxpayer to date would probably have been a further £300 million.

What needs to be done

16. We have discussed these findings with a number of Permanent Secretaries including those of the departments covered by the case studies. They have broadly confirmed our analysis from their own experience as top managers. They have repeatedly told us of the importance they attach to scrutinies and their wish to find ways of making implementation more effective.

17. We have also talked to some Chief Executives and other senior managers in the private sector and the nationalised industries. They confirmed the crucial importance of the chief executive managing change directly and the need to ensure that their own personal commitment was clearly recognised.

18. Our conclusion is that it is not the scrutiny technique which needs attention but the wider process of achieving change into which it fits. Five improvements are needed:

(1) Top Management

Permanent Secretaries are the key to successful scrutinies. They are well placed to identify areas for scrutiny and to monitor the achievement of results, particularly through their regular reviews of departmental activities. It is through them - as the top manager - that the headquarters manager and the examining officer should account.

(2) A sense of urgency

The sense of urgency which characterised the scrutiny technique needs to characterise the decision taking process which follows it as well. The attitude of the Secretary of State and the Permanent Secretary is crucial to this.

(3) A two year process

The scrutiny process is aimed at getting results. We recommend that as a general rule scrutinies should be started with the clear understanding that the results of the change achieved will be reported to top management and the Efficiency Unit within two years from the start. This will mean that the scrutiny must be realistic as well as radical and that decisions must follow rapidly to deliver results within the timescale. The process should start with a commission which sets out:

- the people involved,
- the targets for improvement,
- the terms of reference,
- the timetable for the scrutiny report,
- the target date for an implementation report by the designated manager within two years.

(4) Management involvement

Headquarters managers will achieve change faster and more effectively if they are involved in identifying the changes as well as delivering them. The manager responsible must:

- be identified from the start
- have the commission reflected in his operational objectives
- work with the scrutiny team during the scrutiny
- account at the end of the two year period for the improvements achieved.

(5) Ministers

The political priority lies with results not with process. The continuing interest of Ministers in charge of Departments in improving value for money by using scrutinies is important. But once the Secretary of State has

indicated the main targets for improving value for money it is a matter for the Permanent Secretary to ensure they are delivered, and that the necessary scrutinies are successfully carried out on his behalf and implemented.

19. We recommend that departments should arrange for implementation checks on all scrutinies started from 1983 onwards. We recommend that the appropriate manager should prepare a brief statement of the results of the scrutiny for the Permanent Secretary and the Secretary of State, which should be copied to the Efficiency Unit. The Efficiency Unit will work closely with management in departments to monitor the effectiveness of implementation. The notes of guidance for scrutinies will be reissued to take account of these points.

The Review of Implementation 1979-84

The Efficiency Unit maintains a computer record of all scrutinies and multi-department reviews. Information on the savings identified by scrutinies and the results of decisions taken on the recommendations is supplied and updated regularly by the departments responsible. During the course of the scrutiny we asked departments through Minister's offices to verify the entries for scrutinies where action had not been completed before March 1984 or where there was any doubt about the figures.

2. During the years 1979 to 1984 there were 176 departmental scrutinies and 90 scrutinies carried out as part of multidepartment reviews in central government departments. These scrutinies, and the associated follow-up work, have identified savings and extra income worth £600 million a year plus once for all savings (mainly from the disposal of surplus assets and stocks) worth £67 million. Of the recurrent savings and extra income:

£295 million a year (49%) will be fully implemented by the financial year 1985-86;

£75 million a year (13%) has been accepted by departments and will be implemented in 1985-86 or later;

£85 million a year (14%) is still being considered by departments;

£80 million a year (13%) was assessed by departments as unobtainable, usually because the estimate of savings in the report was over-optimistic.

£65 million a year (11%) was rejected by departments, sometimes for political reasons.

3. The amount of savings assessed by departments as awaiting decisions ('pending') is 14% of the total identified recurrent savings so far. But naturally decision-taking is more complete on 'older' scrutinies:

Programme	Proportion of identified savings classed by departments as pending in February 1985
1979 scrutinies	0%
1980 scrutinies	4%
1981 scrutinies	2%
1982 scrutinies	13%
1983 scrutinies	53%
1984 scrutinies	100%

4. A proportion of undecided savings can be explained by recommendations which require the achievement of other changes first. But for 1983 scrutinies less than half the identified savings have been decided - one way or the other - over a year from the completion of the scrutiny report. This is despite "action documents" having been approved for 18 out of these 20 scrutinies.

5. We also looked at the extent to which accepted savings are implemented. The pattern for all departmental scrutinies is as follows:

Year of implementation	Average proportion of accepted savings implemented or scheduled for implementation	Cumulative
Financial year of scrutiny	negligible	-
Next financial year	16%	16%
Second subsequent financial year	28%	44%
Third subsequent financial year	27%	71%
Fourth subsequent financial year	9%	80%
Later or no date set	20%	100%

6. This suggests that less than half of the financial benefits of scrutinies are available before the third financial year after the scrutiny itself, and that the bulk of the savings are not available until the fifth financial year after the scrutiny. The cumulative cost of this delay is considerable: the cost to the Exchequer, to April 1985, of taking longer than 2 years to implement acceptable scrutiny recommendations has amounted to £280 million.

7. Scrutinies vary widely in scope and particular departments can face special problems in implementing certain changes rapidly. Yet each year's programme of scrutinies shows the same pattern of implementation. This suggests that the failure to secure quickly savings from changes which are acceptable to departments is due more to a systematic lack of urgency rather than adverse circumstances on individual cases.

8. Time for implementation has two components: time to reach decisions and time to implement those decisions. It has been put to us that many recommendations take a long time to put into practice; but the statistical evidence suggests that at least half the time is taken in reaching decisions. If decisions on scrutiny recommendations had been taken within six months of the report the total cumulative saving to the taxpayer to date from scrutinies would probably have been increased by £300 million.

Departmental Implementation Machinery

Background

1. In order to develop an up to date picture of the handling of scrutiny implementation in departments all departmental scrutiny liaison officers (SLOs) were invited to inform the scrutiny team of their present arrangements with particular emphasis on:

- the production of action plans;
- the implementation process;
- monitoring of progress.

2. Of the 34 SLOs approached 5 failed to reply and a further 4 produced replies which were too general for detailed classification. The content of the remaining 25 returns varied considerably. The approach to the production of action plans was well covered, as was the allocation of responsibility in the implementation process. Departmental replies were much more variable in the area of monitoring and particularly weak in clearly indicating how they determined the success or otherwise of a scrutiny implementation.

Action Plans

3. The approach to Action Planning was the strongest area in the departmental responses. It is noteworthy that the Action Plan stage is both documented in the scrutiny notes of guidance and regarded as a formal part of the scrutiny process.

4. The favoured approach to Action Plan preparation is to use the headquarters manager who will have prime responsibility for implementation. Two thirds of departments follow this pattern. In some cases the headquarters manager is advised or assisted by the SLO. The examining officer, however, is rarely involved in the Action Plan process either as an adviser (2 depts) or a compiler (3 depts). Of the 3 departments where the examining officer(s) have produced the Action Plan, 2 have only used this approach once (MAFF) or on occasion (Employment). The third department is small (COI) and has only carried out one scrutiny.

5. SLOs get involved in the production of the Action Plan in 6 departments. In two of the departments (MAFF and MOD) SLO responsibility for the Action Plan is the rule. In the four remaining departments the SLO becomes involved as a co-ordinator where the scrutiny recommendations cut across functional boundaries.

6. Four departments use a steering group for the production of the Action Plan. In two departments (DTI and GCHQ) this is the standard departmental approach whilst in the DOE and the Welsh Office it is used where scrutiny recommendations cut across functional boundaries.

7. Eleven departments stated that they formally cleared their Action Plans through their Senior Management Group or Board before submission to ministers. In other departments the approach is to consult relevant responsible managers (including top managers where appropriate). In all cases Action Plans are cleared with Ministers.

Implementation Process

8. Responsibility for the implementation of scrutiny recommendations is placed firmly and squarely with departmental headquarters managers.

9. There are few exceptions to this approach although three departments (MOD, NIO and WO) also use steering groups in the implementation process.

Implementation Monitoring

10. Half of the departments rely on progress reports from the responsible managers as their main method of monitoring. The style, content and the frequency of the reports, however, appears to vary considerably between departments. The smaller departments such as the Land Registry and the Paymaster General's office monitor progress at top management level on a frequent basis. HMSO operate in a similar manner although the monitoring of progress on scrutiny implementation is wrapped up in a general monthly review of the achievements of the individual "businesses". Ministry of Defence adopts a more flexible approach with progress reports being targeted at different levels in the hierarchy according to the importance of the subject in question. Progress reports are commissioned at short intervals in the period immediately after submission of the Action Plan but the frequency of these reports and the level to which they are made tends to drop when the majority of the recommendations have been implemented. The Forestry Commission and the Scottish Office commission progress reports on a six monthly basis leading up to a full implementation report around the 2 year stage. GCHQ commission an implementation report 12 months after the recommendations have been promulgated.

11. The majority of the other departments use the SLO to produce progress reports. In most cases departments synchronise this process with the requests from the central Efficiency Unit for progress data although 3 other departmental SLOs, most notably DHSS, produce more frequent monitoring reports.

12. Only two departments said that they produced a final implementation report at around the two year stage: the Forestry Commission and the Scottish Office. The remaining departments, other than GCHQ, gave no indication that they signed off the implementation process in any way although DHSS had found that if recommendations were not implemented relatively quickly then it became increasingly difficult to secure implementation.

13. The returns revealed little evidence of widespread and regular top management involvement in the monitoring process on a formal basis. It occurs most frequently in the smaller departments with compressed lines of command although DHSS produce quarterly reports on progress to the PEO management team and on staff savings to the permanent secretary, whilst MOD provide summary reports to ministers or service boards "at appropriate intervals". Other departments, such as MAFF, Employment and the Scottish Office, only involve top management where serious difficulties arise.

14. We found little evidence of departments, as yet, using their top management systems as an opportunity to review progress in scrutiny areas on an annual basis although both the Home Office and MOD indicated that they were currently modifying their top management returns for this purpose whilst DOE/DTP and DE indicated that scrutiny implementation was an area that might be looked at as part of their top management reviews.

Criteria for measuring success

15. Departmental returns revealed little of how they judge the success or otherwise of the implementation of scrutiny recommendations. Most departments focus on ensuring that manpower and financial savings are achieved within the agreed timetable although case study evidence indicated that departments often experience difficulties in reconciling scrutiny savings with the mainstream PES and estimates data.

16. Where proposals carry no concrete savings the general procedure is to check that the recommendations have been implemented on time. We found little evidence of departments carrying out formal reviews to ensure that improvements in performance were achieved or that the implemented recommendations had solved the underlying problem. The Forestry Commission was the only organisation that provided evidence of having carried out a formal performance review of the implemented solution.

The Case Studies : Outline and Results

Department: MAFF
Subject: Fisheries Research and Development
Examining Officers: R.N. Crossett and P. Elliott
Key Dates Scrutiny started Sept 1981
 Scrutiny reported April 1982
 Action document approved August 1983
 Implementation not yet complete

Main Findings of the Scrutiny:

1. Increases, reductions and redirection of effort, as appropriate, in some of the major fisheries research programmes: others to be further reviewed in 1984.
2. Closure of the Humber Laboratory and review of the funding and control of the Torry Research Station. Review of the Conwy laboratory in 1985.
3. Reduction in the fleet of the fisheries research vessels.
4. Charging marine polluters the full economic cost of the work involved in monitoring dumping grounds.

Action Taken:

1. Pace of implementation delayed as a result of lengthy consultation procedures and further reviews of fisheries research programmes which identified additional savings. Accepted savings due to be implemented by 1985/86, except for the new funding arrangements at the Torry Research Station.
2. Changes in marine pollution charging policy are dependent on legislation which is nearing completion in Parliament.
3. Humber laboratory closed 1984; Conwy laboratory presently under review.
4. Torry Research Station to build up industry funding to 20% pa by 1987/88.
5. Fishery research fleet reduced by 2 vessels.

Savings	Identified	Accepted	Implemented by 1984/85
Annual Savings	£2.5m *	£2.5m	£1.3m
One off savings	£1.1m	£1.1m	£1.1m
Staff Savings	98	96	67

*includes additional savings of £1.2m pa identified during the implementation process.

Department: HM Customs and Excise

Subject: VAT Registration and Deregistration

Examining Officer: Douglas Tweddle (team leader)

Key Dates: Scrutiny started March 1981
 Scrutiny reported July 1981
 Action document approved June 1982
 Implementation to be completed in October 1985

Main findings of the scrutiny:

1. Traders with turnovers significantly below the threshold for mandatory registration lead to disproportionate administration and revenue costs. Therefore registration of such traders should be curtailed and those already on the register compulsorily de-registered.
2. Registration and deregistration procedures should be simplified and streamlined.
3. Registration visiting should be more selective.

Action taken:

1. Compulsory deregistration was rejected by Ministers.
2. Simplifications in registration procedures have been implemented (the new "VAT 1" form was introduced in December 1982). Some of the deregistration simplifications depend on computer changes which were delayed while the new VAT computer was being installed.
3. Registration visits have fallen from 88,187 in 1979-80 to 9433 in 1983-84.

Savings	Identified	Accepted	Implemented by 1984-85
Annual savings/ Extra Income	£5.63m *	£1.16m	£0.67m
Once-for-all	-	-	-
Staff savings	653 *	146	76

* - including extra savings identified by the department

Department: Ministry of Defence

Subject: Dissemination of Information

Examining Officers: John Griffin and Lt Col Rodney Ellis

Key Dates: Scrutiny started October 1981
Scrutiny reported March 1982
Action document approved January 1983
Implementation not yet completed

Main findings of the scrutiny:

1. Streamline production of Office Directory and issue on microfiche.
2. Abolish Service Lists and RN Officers Appointments lists.
3. Improve the scrutiny of the need and circulation of Defence Council instructions and other documents.
4. Bring the four distribution agencies under a single management, cost their work, and consider contracting out.

Action taken:

1. Further studies cast doubt on the cost of distribution estimated in the report and recommended replacing the looseleaf directory with a bound version issued 3 times a year. The first edition of this new directory was issued in March 1985. This will provide most of the realisable savings identified without incurring the capital cost (and customer resistance) of microfiche.
2. All 3 Service Lists and the RN Officers Appointments List were retained. The Navy made quantified economies in the scale and frequency of distribution.
3. After a further study by Navy Management Services a "scrutineer" was appointed to vet DCIs(RN), Naval Books of Reference and Queen's Regulations for the Royal Navy.
4. The operation of the Air Forms and Publications Store has been contracted out. A further study of the management arrangements was in progress in February 1985.

Savings	Identified	Accepted	Implemented by 1984-85
Annual savings/ Extra Income	£3.18m	£0.28m	£0.28m
Once for all	-	-	-
Staff savings	82	69	69

ANNEX 3

Department: Employment/Health and Social Security

Subject: Payment of Benefits to Unemployed People

Examining Officers: Gerald Johnson, Ian Johnston and Leigh Lewis

Key Dates

Scrutiny started	April 1980
Scrutiny reported	August 1980
Action Document approved	November 1980
Implementation complete	January 1985

**Main Findings of the
Scrutiny:**

1. The procedures relating to unemployment registration and the payment of unemployment and supplementary benefits were administratively expensive and confusing to the unemployed. The scrutiny proposed a more simplified system, the principal components of which were that:
 - registration for work should be voluntary and not tied to entitlement to benefit;
 - administration of unemployment and supplementary benefit should be concentrated in the unemployment benefit offices;
 - unemployment and supplementary benefit pay periods should be aligned.
2. The incidence of fraud should be measured and special investigations staffing and procedures should be changed.

Action Taken:

1. Implementation was co-ordinated by a joint departmental group headed by two Deputy Secretaries. Some of the recommendations were overtaken by the rapid increase in the number of unemployed.
2. Voluntary registration was introduced in October 1982. Registrations at Jobcentres have dropped to about 25% of the unemployed population.
3. The proposal to concentrate the administration of all benefits to unemployed people in the unemployment benefit offices was rejected because of the scale of the reorganisation at a time when unemployment was rising rapidly,

the uncertain cost advantages and the substantial capital investment involved. The procedures were simplified principally by the introduction of a postal claim form for supplementary benefit. As a result the proportion of unemployed claimants dealt with as callers at DHSS offices has dropped from 80% in 1981 to 6% in 1985. Further integration is being examined in the context of computerisation of the social security system.

4. The proposals to measure the incidence of fraud were not accepted but staff have been redeployed into small specialist teams with a greater emphasis on detection and deterrence.

Savings	Identified	Accepted	Implemented by 1984/85
Annual Savings	£85m *	£57.9m	£57.9m
One off savings	-	-	-
Staff Savings	6962	5024	5024

* includes savings found in the implementation process

ANNEX 3

Department: Home Office
Subject: Forensic Science Service
Examining Officers: Alan Turney
Key Dates
 Scrutiny started Sept 1981
 Scrutiny reported December 1981
 Action document approved March 1983
 Implementation not yet complete

Main Findings of the Scrutiny:

Adjustment of laboratory staffing levels based on a formula linked to police force establishments and detailed changes to laboratory procedures requiring closer liaison between laboratory directors and Chief Constables.

Action Taken:

1. New staffing formula introduced progressively from 1983/84 although only partially for the Metropolitan Police Laboratory. Some regrading issues still awaiting staff inspection.
2. Detailed procedural changes implemented.

Savings	Identified	Accepted	Implemented by 1984/85
Annual Savings	£1.1m	£0.7m	£0.6m
One off savings	-	-	-
Staff Savings	60	37	37

Department: Inland Revenue

Subject: PAYE Files

Examining Officer: Alan Bray

Key Dates: Scrutiny started September 1981
Scrutiny reported February 1982
Action document approved June 1982
Implementation completed November 1983

Main findings of the scrutiny:

Individual files for most PAYE taxpayers were not necessary to handle their tax affairs effectively. A more selective and economical system of record-keeping was proposed.

Action taken:

The selective record system outlined in the report was developed by PAYE Operations Division and pilot trials of it took place in 10 tax districts from November 1982. These trials demonstrated the viability of the new system and that it could save more than the report had estimated. With some fine-tuning and a more comprehensive user guide the new system was introduced nationally in November 1983.

Savings	Identified	Accepted	Implemented by 1984-85
Annual savings/ Extra Income	£5.13m *	£5.13m	£5.13m
Once-for-all	-	-	-
Staff savings	1000 *	1000	800 **

* - including extra savings identified by the department

** - remaining 200 staff savings taken in 1985-86

ANNEX 3

Department: Property Services Agency
 Subject: District Works Offices
 Examining Officer: Peter Draper (Team Leader)

Key Dates: Scrutiny started January 1982
 Scrutiny reported November 1982
 Action document approved May 1983
 Implementation not yet completed

Main findings of the scrutiny:

The team recommended a large number of specific changes in the areas of simplification of contract procedures, more local discretion in planned maintenance and inspection, greater financial delegation, improved planning of maintenance expenditure, clarification of objectives and performance criteria, and improvements in personnel management and training.

Action taken:

Most of the detailed recommendations have been implemented, including all those requiring only local action. However the PSA have not found it possible to achieve most of the savings the scrutiny postulated as a result of reducing Mechanical and Electrical planned maintenance.

Headquarters action on 19 recommendations (in whole or in part) was still in progress in December 1984.

Savings	Identified	Accepted	Implemented by 1984-85
Annual savings/ Extra Income	£26.51m	£6.54m	£5.84m
Once-for-all	-	-	-
Staff savings	100	0	0

Department: Trade and Industry
Subject: Financial Arrangements for Research, Development and Technology
Examining Officer: Callum McCarthy
Key Dates: Scrutiny started March 1981
 Scrutiny reported July 1981
 Action document approved May 1982
 Implementation completed April 1983

Main findings of the scrutiny:

1. Responsibilities for R&D assistance and for industrial support should be brought together on an sector by sector basis.
2. The monitoring of the effectiveness of R&D assistance should be improved.

Action taken:

1. The Permanent Secretary held a seminar to explain the report's recommendations to those affected. A working group chaired by the Chief Scientist and Engineer and the Principal Establishment Officer then developed the proposals into specific staffing, accommodation and financial changes. Implementation of these took place mainly between April 1982 and April 1983.
2. The Assessments Unit in the Chief Scientist and Engineer's command was considerably strengthened, particularly with economic expertise and now produces regular reports on the overall effectiveness of the support given.

Savings	Identified	Accepted	Implemented by 1984-85
Annual savings/ Extra Income	£0.3m	£0.3m	£0.3m
Once-for-all	-	-	-
Staff savings	35	35	35

People consulted and visits made during the scrutiny

Case Studies

1. Fisheries research policy (MAFF).

MAFF headquarters staff
Directorate of Fisheries Research, Lowestoft
Torry Research Station, Aberdeen

2. VAT registration and deregistration (C&E)

C&E headquarters staff
C&E VAT Control Directorate, Southend
C&E VAT Central Unit
Orpington local VAT office
Birmingham North local VAT office

3. Dissemination of information (MOD)

MOD headquarters staff
Stationery and Publications Store, Woolwich

4. Payment of benefits to the unemployed (DE/DHSS)

DE headquarters staff
DHSS headquarters staff
MSC staff (Sheffield)
Cambridge UBO
Cambridge DHSS ILO
Birmingham Northfield DHSS ILO
Birmingham Selly Oak UBO
Cambridge Jobcentre

5. Forensic Science Service (Home Office)

Controller, Forensic Science Service
Birmingham Forensic Science Laboratory
Chepstow Forensic Science Laboratory
Huntingdon Forensic Science Laboratory

6. PAYE files (Inland Revenue)

Inland Revenue headquarters staff
Sutton Tax Office
Warrington Tax Office

7. District Works Offices (PSA)

PSA South West Regional Office
PSA Bristol District Works Office
PSA Bath District Works Office
PSA Cheltenham Area Office
PSA North West Regional Office
PSA Manchester District Works Office
PSA Warrington Area Office

8. Finance for Research and Development (DTI)

DTI headquarters staff

Managing change in organisations

Sir Lawrence Airey	Inland Revenue
Sir Brian Cubbon	Home Office
Sir Michael Franklin	MAFF
Angus Fraser	Customs and Excise
David Hancock	Dept of Education and Science
Sir Brian Hayes	DTI
Terry Heiser	DOE
Gordon Manzie	PSA
Ann Mueller	MPO
Sir Michael Quinlan	Dept of Employment
Sir Kenneth Stowe	DHSS
Sir Clive Whitmore	MOD
Eric Caines	Home Office
Paul Freeman	CCTA
Alice Perkins	DHSS
Sandy Russell	Customs and Excise
Bill Sharp	HMSO
Bill Taylor	DHSS
Colin Marshall	British Airways
Lord Rayner	Marks and Spencer
Bob Reid	British Rail
Nigel Watson	Halifax Building Society

HM Treasury

John Anson
Colin Allan
Joe Donovan
Brian Gilmore
Peter Kitcatt
Dick Meadows
Bill StClair
Gerald Watson
Mike Williams
Robin Willis

The Implementation of Scrutinies: January-April 1985

Team:

Kate Jenkins
Andrew Stott
Graham Oates

Terms of Reference:

The scrutiny will examine the implementation of a sample of scrutinies carried out between 1980 and 1982. The team will look at the timing and effectiveness of action which followed the presentation of the scrutiny reports. They will consider whether the evidence suggests that there is a more effective means of following up scrutiny reports to ensure that the objectives of departmental management in setting up a scrutiny are met. The team will also look at the systems both within the Efficiency Unit and within Departments for securing implementation and will report on any changes which are necessary.

SCRUTINY OF IMPLEMENTATION: STUDY PLAN

1. INTRODUCTION

The Prime Minister has asked Sir Robin Ibbs to supervise a scrutiny to look at the progress made on implementation of scrutiny reports. The Efficiency Unit will carry out a study of the implementation of a sample of scrutinies undertaken between 1980 and 1982 to establish whether any general lessons can be drawn to enable the Unit and departments to improve the action on scrutiny recommendations.

2. TERMS OF REFERENCE

The terms of reference of the scrutiny will be:

"The scrutiny will examine the implementation of a sample of scrutinies carried out between 1980 and 1982. The team will look at the timing and effectiveness of action which followed the presentation of the scrutiny reports. They will consider whether the evidence suggests that there is a more effective means of following up scrutiny reports to ensure that the objectives of departmental management in setting up a scrutiny are met. The team will also look at the systems both within the Efficiency Unit and within Departments for securing implementation and will report on any changes which are necessary."

3. The team will use normal scrutiny methods and will visit the organisations responsible for implementing scrutiny recommendations to see how the scrutiny reports have been handled. The scrutiny will concentrate on three aspects of implementation:

- Whether the consequence within departments are those which were sought in setting up the scrutiny. In particular, how far the scrutiny has proved a sensible and useful tool for management and what practical changes and improvements have resulted from implementation of the scrutiny recommendations.
- The lessons for the Efficiency Unit on their handling of the scrutiny process; in particular, whether the system of recording and checking on implementation is effective and accurate.

- The lessons for management: how the scrutiny process has helped the process of managing change within departments, in particular, whether there are ways in which the process can be adapted to make it more effective.

5. WORK PLAN

The scrutiny will be carried out by Kate Jenkins and Andrew Stott under the direction of Sir Robin Ibbs. It will begin work on 3rd January and report to the Prime Minister by April 1985.

The scrutiny will be undertaken in three phases:

- (1) A review of existing evidence and preliminary discussions with departments - January 1985
- (2) Examination of the evidence of implementation within departments: visits and discussions with departments - January-February 1985
- (3) Final discussion and report writing - March-April 1985.

The Efficiency Unit
December 1984

