



PRIME MINISTER

THE SCRUTINY PROGRAMME 1981

This is to bring you up to date on how proposals now stand for this year's scrutiny programme. All Ministers have now made firm suggestions. A summary is attached, those 25 proposals already agreed by you are marked.

COVERAGE OF THE PROGRAMME

2. At the end of the first round of nominations, in January, the proposals covered about 8,000 posts. This was well below an acceptable response to Mr Whitmore's request of 1 December that some, if not all, scrutinies should focus on manpower intensive areas. You authorised me to go back to a number of Ministers to seek alternative topics.

3. The tally now stands at firm intentions for scrutinies covering staff in excess of 20,000 and good prospects that the final coverage could be about 30,000 posts. This is approaching the target coverage of 40,000 - 50,000 necessary if - on reasonable assumptions about the average level of savings which will be achieved - a potential result like last year's is to be achieved.

Recommendation 1

4. I think that this provides a sound enough base for the 1981 programme, subject to continuing to look for additional scrutinies later in the year in manpower intensive areas from the Secretaries of State for Defence and for Social Services. You have already agreed this course of action in respect of Mr Nott.

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TOPICS ALREADY AGREED

5. You have so far accepted 26 topics for the 1981 programme:

- The Forensic Science Service (HO) (No 1 in the Annex)
- VAT registration and de-registration (No 6)
- Customs procedures and attendance outside normal hours (No 7)
- PAYE files and contents (No 10)
- Inland Revenue Repayment Procedures (No 11)
- Procedures for financing R & D (DOI) (No 13)
- Declarations of entitlement for public service pensions (PGO) (No 14)
- CSD delegation of authority (No 15)
- HSE certification of products (No 19)
- Defence Sales (No 20)
- Financial control and accountability in MOD (No 21)
- MOD Group travel (No 22)
- Defence telecommunications (No 23)
- Dissemination of information in MOD (No 24)
- Fisheries research (Nos 25 and 29)
- Administrative cost centres in DOE (No 26)
- PSA custody service (No 27)
- HM Inspectorate of Schools (Nos 28 and 37)
- Employment services in Northern Ireland (No 30)
- Final relevant year provision for State Pension (No 31)
- Handling of casework in DHSS headquarters (No 32)
- Handling of routine prosecutions in the provinces (No 34)
- V & A and Science Museums (No 38)
- Winter maintenance of trunk roads and motorways (No 39)

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REVISED PROPOSALS

6. I have discussed further with departments, in some cases with Ministers, proposals which were of doubtful Recommendation 2 acceptability. I recommend that you agree to the following revised or additional subjects:

Foreign Secretary/Minister for Overseas Development

<u>Subject</u>	The generation and transmission of information - (Annex No 2)
<u>Cost</u>	At least £1.4 million
<u>Remarks</u>	The remit has been broadened to consider whether the present volume of paper generated and received in the FCO/ODA is justified.

Chancellor or the Exchequer

<u>Subject</u>	Typing and secretarial services in the Treasury (Annex No 4)
<u>Cost</u>	£1 million, 167 staff
<u>Remarks</u>	The Chancellor has confirmed that he would welcome the help a scrutiny could give in an area which is important to achievement of the Treasury manpower target. He is also looking for a second Treasury subject (see paragraph 7 below).

Customs and Excise

<u>Subject</u>	Customs procedures and attendance outside normal working hours (No 6)
<u>Cost</u>	To be identified but believed large - up to 7500 staff
<u>Remarks</u>	The scrutiny will now range over the work of all the staff engaged in customs procedures and deal with the fundamental question of when and where resources should be deployed throughout the customs area.

Department for National Savings

Subject Post Office errors affecting National Savings (Annex No 8)

Cost £0.7 million

Remarks The Lord President and I are prepared to accept this as a start provided we can be confident that a more wide ranging scrutiny on operating procedures in the Department is firmly in prospect for later in the year (See paragraph 7).

Inland Revenue

Subject The administration of Schedule D tax (Annex No 12)

Cost 9500 staff

Remarks Schedule D is an expensive tax to administer compared to, say, PAYE. The Inland Revenue has been looking at ways of improving matters in an internal review since last summer. The Chancellor agrees that the freshness of the scrutiny approach could contribute to making progress.

Secretary of State for Employment

Subject The administration of work permits (Annex No 17)

Cost £1 million

Remarks The scrutiny will consider the essential procedures involved in the administration of work permits and the scope for charging employers to cover the costs incurred.

Manpower Services Commission

Subject Procedures for dealing with special programmes sponsors (Annex No 18)

Cost At least £14 million

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Remarks

An interesting and important suggestion to replace the earlier proposal about the MSC's help to disabled people. The scrutiny would look at the arrangements to ensure the operation of the programmes gives value for money, to cut out fraud and abuse (eg through substitution for labour which would have been employed anyway), and to minimise the administrative burdens imposed on the employers who participate.

Secretary of State for Scotland

Subject

Fisheries Research (Annex No 29)

Cost

Not known

Remarks

This scrutiny will be mounted in parallel with that to be undertaken by MAFF to complete coverage of fisheries research in government.

Secretary of State for Social Services

Subject

The financial and administrative arrangements of the Family Practitioner Committees (Annex No 33)

Cost

Large

Remarks

An important subject - the first on health. The Committees handle expenditure approaching £2,000 million a year. The structure of the Family Practitioner Services (including terms of service and pay of the professions) would not be covered. For tactical reasons the subject would not be announced until after the general practitioners' annual conference (June/July).

Secretary of State for Energy

Subject

International work of the Department (Annex No 36)

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Cost

At least £875,000

Remarks

This subject links up with the possible FCO scrutiny about the use made of the talent in the Diplomatic Service (paragraph 7 below). The Department of Energy has seen a rapid growth in the costs of its international work in the past decade. The scrutiny will consider how far attendance at international energy conferences could be left to the Diplomatic Service.

OUTSTANDING ISSUES

7. I am still in negotiation with a handful of Ministers about possible further additions to the programme:

Home Secretary - I expect to know by the end of the month whether there is scope for a second scrutiny topic given that the Forensic Science Service is unlikely to produce much in the way of savings.

Foreign Secretary - I am hopeful that a wide-ranging scrutiny can be mounted into the use made of the talent available in the diplomatic service serving overseas (No 3 in the Annex). I do not see this as a re-run of the CPRS exercise, but as a matter of making the best of the very able people now deployed overseas.

Chancellor of the Exchequer - I await proposals for a topic covering an aspect of Treasury financial control which I regard as very important given the need to improve financial management (Annex No 5). It would supplement (a) the 1981 scrutinies on MOD financial control, DOE local cost centres, CSD delegation of powers and DOI procedures for the finance of R & D projects; and (b) the work of the

Financial Management Co-ordinating Committee announced in the White Paper about the future of the CSD.

Department for
National Savings

- The scrutiny technique has barely come to grips with DNS. I see scope for simplification of procedures. The Lord President and I hope that the Chancellor will agree to a wide-ranging study for the autumn. This prospect is shown as No 9 in the Annex.

Lord President of
the Council

- Lord Soames has recently told me that he expects to come forward shortly with a scrutiny proposal about the work of the Government Actuary's Department (No 16 in the Annex).

Secretary of State
for Social
Services

- We still do not have a major scrutiny for 1981 in the social services area. I do not wish to harrass Mr Jenkin, who thinks he has enough on for this year, and I am aware that there is much work to be done in following up the earlier scrutinies. Even so, the Lord President and I think it right to press for a large exercise later in the year, given the difficulties over ESSP and the pressures tending to push up DHSS numbers.

Secretary of State
for Wales

I await revised proposals.

EXEMPTIONS

8. I have eased off on the Lord Chancellor's departments, having, at your request, applied no more than a gentle pressure which Lord Hailsham has resisted.

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The Paymaster General also asked (his letter to you of 22 January) whether consideration could be given to the special problems of small departments with a view to their being required to participate occasionally rather than on an annual basis. I have consulted the Lord President about this.

Recommendation 3

9. We accept that a requirement to participate each year would be hard on departments of narrow function or restricted size. But it was agreed at the outset that it would not be right to exclude any department from the programme automatically. It would be reasonable to expect those departments employing, say, 1,000 staff or more to make serious efforts to conduct at least one scrutiny a year and in the case of large departments, as now, to conduct several. Departments employing less than 1,000 staff might reasonably be expected to conduct scrutinies every two or three years. If you are content, I propose to deal with this point when I circulate the agreed programme for this year to Ministers.

MY ASSOCIATION WITH THE PROGRAMME

Recommendation 4

10. The topics this year fall under four main headings. If you agree, I propose to take a particular interest on your behalf in the scrutinies listed below (numbers refer to the Annex):

a. Aspects of control

- 5 Treasury control (when agreed).
- 13 Procedures for DOI financing of R & D.
- 15 The delegation of CSD authority to departments.
- 21 Financial control in MOD.
- 26 Control of administrative costs in DOE central.

b. Large systems

- 6 VAT registration and de-registration.
- 7 Customs procedures and attendance outside normal hours.
- 9 DNS operating procedures (when agreed).

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- 10 PAYE files and contents
- 11 Inland Revenue repayment procedures.
- 12 Administration of Schedule D.
- 18 MSC procedures for special programmes sponsors.
- 22 MOD Group travel.
- 30 Employment services, Northern Ireland.
- 33 Administrative and financial procedures of Family Practitioner Committees.

c. Subjects of unusual interest

- 3 Use of diplomatic service personnel overseas (when agreed).
- 20 Defence sales (as you have already requested).
- 28)
- 37) HM Inspectorate of Schools (as you have already requested).
- 32 DHSS Casework.

d. Subjects related to service-wide scrutinies

- 1 The Forensic Science Service, HO.
- 25)
- 29) Fisheries Research, MAFF and Scottish Office.

SUMMARY

11. I should be grateful for your agreement to:

Recommendation 1 (para. 4) - the broad size envisaged for the 1981 programme subject to continuing to look for additional scrutinies in manpower intensive areas in Defence and Social Security.

Recommendation 2 (para. 6) - the revised or additional 10 acceptable scrutinies.

Recommendation 3 (para. 9) - my proposals for the participation of smaller Departments in the scrutiny programme.

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Recommendation 4 (para. 10) - my particular association with
the scrutinies listed.

12. I am copying this to the Lord President, Sir Ian
Bancroft and Sir Robert Armstrong.



DEREK RAYNER

18 March 1981

Enc: Summary details of 1981 scrutiny programme.

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MINISTER	PROJECT	STATUS ENVISAGED (P = particular interest (G = general interest)	MINISTER IN CHARGE OF PROJECT	REASONS FOR SELECTING SUBJECT	COST OF ACTIVITY UNDER SCRUTINY	STARTING AND FINISHING DATES	NAMES OF PROJECT OFFICERS	LIATSON OFFICER
Home Secretary	1. The Forensic * Science Service	P	Lord Belstead	Increasing workload and manpower constraints have put heavy pressure on the service	£15m 600 staff	1 April (or later) Up to six months	Allan Turney (AS)	Mr Beesley
Lord Chancellor	a. No proposal owing to current management review. b. And has now turned down the idea of a scrutiny in a secondary department.							
Foreign Secretary	2. The generation and transmission of information	G	Mr Douglas Hurd MP	Large volumes of paper are generated and moved using labour intensive procedures	At least £1.4m in wages and salaries N/K	3 - 4 months start not specified N/K	N/K N/K	Mr Beesley Mr Allen
Chancellor of the Exchequer HM Treasury	4. Typing and Secretarial Services 5. Aspect of Treasury control still to be agreed	G P		Complements registry and clerical services study. Present service not satisfactory	£1m 167 staff	April-August 1981 N/K	N/K N/K	Mr Beesley Mr Priestley
HM Customs & Excise	6. Procedures for * dealing with and amending VAT registrations and de-registrations	P	Lord Cockfield	VAT is a major function potential for big savings	£5m 500 staff	2 March - middle/end July 1981	Douglas Tweddle (P)	Mr Allen
Department for National Savings	7. Customs procedures * and attendance outside normal working hours 8. Investigation of Post Office errors in recording deposits and withdrawals 9. Operating procedures	P G P	Lord Cockfield Lord Cockfield	Costly in manpower and shift payments Cost of correction may be disproportionate to size of errors	To be identified £0.7m	2 March - mid/end July 1981 16 March - July 1981 N/K	Peter St Quinton (P) Scott Speedie (P) N/K	Mr Beesley Mr Beesley Mr Beesley

*Proposals already accepted by Prime Minister

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Inland Revenue	10. PAYE files * and contents	P	Lord Cockfield	May be nothing of permanent value on many files. Big savings if eliminated	200 - 300 man years	Sept. - Nov. 1981	John Yard	Mrs Thoms
	11. Repayment * procedures in claims and PAYE sections of tax divisions	P	Lord Cockfield	Scope for relaxing scrutiny procedures and making methods less formal	1300 staff units	April - June 1981	Gerald Scull	Mrs Thoms
	12. Administration of Schedule D tax	P			9500 staff	Summer 1980 - June/July 1981	John Yard	Mr Allen
Secretary of State for Industry	13. Administration of DOI * Finance for R & D in industry	P	Mr Norman Tebbit MP	Large sums and numbers of staff involved	Programme costs £200m a year, the administration £10m (850 staff)	April - July 1981	Callum McCarthy (AS)	Mr Beesley
Paymaster-General	14. Declarations of * entitlement for public sector pensions	G	Mr Francis Pym MP	Not fully evaluated after the law ceased to require them	£70,000	Sept. - Nov. 1981	John Breenen	Mr Beesley
Minister for the Civil Service	15. The delegation * of authority to other depts.	P	Mr Barney Hayhoe MP	The need to consider costs as well as effectiveness. Possible wider lessons	Not known but thought substantial	3 months starting not later than April 1981	Rob Hull (P)	Mr Priestley
	16. The work of the Government Actuary's Department	G				N/K	N/K	Mr Beesley

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Secretary of State for Employment	17. Work Permits Division	G	Mr David Waddington MP	Expensive Possible "read across"	£1m	March-July 1981	N/K	Mr Beesley
Manpower Services Commission	18. Procedures for dealing with special programmes sponsors	P	Sir Richard O'Brien (Chairman MSC)	To cut costs and ease the burden on sponsors	£14m+	April-July 1981	N/K	Mrs Thoms
Health and Safety Executive	19. Approval testing and certification of products under the 1974 Health and Safety at Work Act	G	Mr Simpson (Chairman HSC)	New schemes coming from EEC, need to see how work should be organised	£2m	Jan. 1981 for 3-4 months	Adrian Cohen (SFSO)	Mr Beesley
Secretary of State for Defence	20. Defence Sales Organisation	P				N/K	N/K	Mr Beesley
	21. a. Financial control and b. Financial accountability	P				a. Feb-31 March b. April -	Bill Reeves (AS)	Mr Priestley
	22. Group travel on duty by service personnel in the UK	P	Mr Philip Goodhart MP	Standing arrangement with British Rail to be re-negotiated in '81	£33m+	May-Aug.	David Pollock (P)	Mrs Thoms
	23. Defence Tele-communications	G	Mr Philip Goodhart MP	Scope for rationalisation using new technology	£56.5m (300 staff)	Sept-Dec.	Miss Alexa Walker (P)	Mr Beesley
	24. Dissemination of information	G	Mr Philip Goodhart MP	Scope for rationalisation using new technology	£0.5m+	N/K	N/K	Mr Beesley
Minister of Agriculture Fisheries & Forestry	25. Fisheries Research and the work of the Torry Research Station	P	Mr Peter Walker MP	Effort high in relation to the contribution of fishing to GDP	Staff £5.4m (650 man-years) Other £6.1m	Sept. 1981 Jan. 1982	SFSO + PRIN.	Mr Beesley
Secretary of State for the Environment	26. Control of administrative costs in DOE central and scope for local cost centres	P	Mr Michael Heseltime MP	Survey of running costs revealed need for tighter grip on central staff costs	£44m plus £38m from other departments	Jan. - April 1981	Chris Joubert (Econ. Adviser)	Mr Allen

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FSA	27. Custody * service provided to depts. having no capability of their own	G	Mr Geoffrey Finsberg MP	Demand-led. FSA do not control numbers	£6.1m 830 posts	16 Feb. for 3 months	Eric Turtle (P)	Mr Beesley
Scottish Office	28. Role organ- [*] isation, staffing, and effective-ness of HM Inspectorate of SCHOOLS in Scotland	P	Mr Alex Fletcher MP		£3.25m (150 staff)	Jan. - May 1981	Peter Rendle (retired US)	Mr Priestley
	29. <u>Fisheries Research</u>	P				N/K	N/K	Mr Beesley
Forestry Commission	<u>In correspondence with SO and MAF</u>							
Secretary of State for Wales	New proposal awaited							
Secretary of State for Northern Ireland	30. Organisation * systems and deployment of resources in the NI <u>Employment Service</u>	P	Mr Michael Alison MP	To ensure NIES is providing value for money	£5.65m 630 staff	Jan. - May 1981	Derek Alexander (P)	Mr Allen
Secretary of State for Social Services	31. Administra- [*] tive implica-tions of 'final relevant year' provision for pensions	G	Mrs Lynda Chalker MP	Need to make enquiries and awards is frustrating to DHSS and employer	150 man years and cost to employers	N/K	Brian Bridges (AS)	Mr Beesley
	32. Handling of Case- [*] work in DHSS Head- <u>quarters</u>	P	Sir George Young MP	Despite recent initiatives the heavy load might be handled better. Possible wider implications	375 staff and £7m Approx.	likely May start	N/K	Mr Priestley
	33. <u>Administrative and financial procedures of Family Practitioner Committees</u>	P		Large monies involved	? ?	Aug/Sep. - Dec.	N/K	Mrs Thoms

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Secretary of State for Trade	34. Handling of * routine prosecutions by the Solicitor's Dept.	G	Mr Reginald Eyre MP	May be more efficient to use private sector solicitors in the provinces. Possible wider relevance.	£370,000 pa	April-July 1981	Michael O'Shea	Mr Beesley
Secretary of State for Energy	35. Association with internal scrutiny of common services in Establishments and Finance	P			2100 staff	April-July 1981	Stuart Hampson (AS)	Mr Priestley
Secretary of State for Education and Science	36. International work of the Department	G	Mr Norman Lamont MP	Effort grown rapidly. Timely to take stock	Unknown - £875,000 pa at a minimum	April-July 1981	N/K	Mr Beesley
Secretary of State for Education and Science	37. Role, organisation, staffing and effectiveness of HM Inspectorate of Schools in England and Wales	P	Baroness Young	The Inspectorate accounts for a large proportion of DES's manpower and expenditure	£13.5m (400 staff)	Jan-end June 1981 (May take rather more than 90 days)	Nick Stuart (US)	Mr Priestley
Secretary of State for Transport	38. Review of * activities of V & A and Science Museums	G	Mr Paul Channon MP	Staffed by civil servants. Activities curtailed by manpower cuts. Need to review staffing, methods and effectiveness	£15m + expenditure on buildings	Start early 1981 6 months	Clifford Bamfield (retired US)	Mr Beesley
Secretary of State for Transport	39. Winter * maintenance of trunk roads and motorways	G	Mr Norman Fowler MP	Increased spending does not appear to be matched by better results	£4-9m a year, depending upon weather	3 months from March 1981	David Rowe (P) Vladis Servas (Prin. Engineer)	Mr Beesley

*Proposals already accepted by Prime Minister

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(13 March 1981)