

PRIME MINISTER

## RAYNER PROJECTS: WIDER APPLICATION OF LESSONS

In your minute of 14 January you asked me to report by the end of March on the scope for applying lessons from the Rayner projects more widely.

2. Annex 1 lists a number of ways for improving efficiency which I am already pursuing. You will see that I am developing action on the basis of five or six main themes. I believe that if these can be successfully applied, widespread improvements and savings will result.

3. Annex 2 gives the state of play on individual Rayner projects and the scope I see for applying detailed lessons from them.

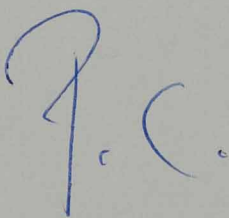
✓ 4. I will report from time to time on progress, or problems on all of this.

5. This is just the beginning. Final decisions have not yet been taken on most of the Rayner recommendations. We will learn more lessons - in particular from the next round of scrutinies. It should be our aim to structure the comparatively small number of scrutinies so that we can get information on the widest possible basis across the Service.

6. When we see what comes out of the statistics review, we will want to decide whether to do another service-wide review in a different field. We must also somehow get down to line managers in Departments the lessons from all this work - and to get them to adopt this sort of approach. As a modest step, the Civil Service College is going to introduce into some of its courses material from the Rayner projects.

7. I shall of course remain in close touch with Sir Derek Rayner about all this. If you wished, I could prepare a paper for our colleagues about the lessons learned, and possible applications of them. Perhaps this would be a good extra topic for the Chequers Cabinet meeting on Civil Service numbers and costs?

8. I am sending a copy of this report to the Chancellor of the Exchequer and to Sir Derek Rayner.



PAUL CHANNON

24 March 1980



25 JUL 1950  
BULL  
1 2 3 4 5 6 7 8 9

## GENERAL THEMES FOR IMPROVING EFFICIENCY

Stream-lining

The projects on the London Collections of Customs and Excise, on the MSC's Skillcentres, on Rate Offices in Northern Ireland and on the Department of Employment's Unemployment Benefit Local Offices all illustrate the scope for stream-lining networks of Government offices and establishments. The most obvious application is from the London Collections, to the Collections in the rest of the country. If the same improvements could be made, at least £4 million in savings might be achieved.

The projected look at the Valuation Offices of Inland Revenue (employing 8,000) and my proposal to the Minister of Transport for rationalising the Traffic Area Offices (employing about 4,500) fall under this heading. So too does the DOE/Transport scrutiny of their Regional Offices and the inquiry in the current MAFF Management Review into their Regional Offices. I hope for useful improvements and savings from all of these.

There is also likely to be continuing scope for rationalisation of the different services' systems in MOD, building on the excellent project on food procurement there.

One other most important difficult area is the administration of the Courts (total employment of 18,000 including the Magistrates Courts and Courts in Scotland). There should be scope for rationalisation and the wider application of efficient procedures. The Lord Chancellor has now agreed to undertake a scrutiny of the administration of the jury system. A study by CSD and the Lord Chancellor's Department to tighten the staffing formula covering the County Courts should be completed by the summer. Later this year I will be in a better position to suggest how to improve efficiency in this area.

Too much nannying

A number of projects, especially those of the Welsh Office, show the scope for cutting down the amount of central Government supervision of and advice to other authorities, especially local authorities.

Also, there is the question of the "sponsorship" by Departments of particular industries. John Nott raised this question in his minute to you of 12 March.

On the first, I have asked Ministers responsible for local authority functions to prepare a programme of action to cut down work on supervision of, and advice to, local authorities. I hope that where this has not already been achieved, proportionately large reductions can be made in the staff involved (who total about 6,000).

On the second, I propose to ask all colleagues concerned to let me know what scope they see for reduction of "sponsorship" in all its various forms in their Departments. In the Department of Industry alone there are certainly well over 1,000 staff involved.

Charging for Government services

different ways, three projects - Home Office on the Radio Regulatory Department, Department of Trade on export services and MAFF on agricultural grants - point to areas where we could extend charging for services. All areas of Government involved in providing services of this kind should be re-examined from this point of view. I believe we should use the price mechanism to regulate the scale of Government activity and to determine its real value to the consumer. But I am well aware of political pitfalls here. Museum charges must be a warning to us.

I have written to the Minister of Agriculture about a radical extension of charging for the services of ADAS. As the Department of Trade's export project has shown, advisory services in the industrial and commercial field are also candidates for charging - if we need to retain such services at all. I think that ADAS will probably be very tricky, but it employs 5,500 and we must look at it.

Too much administration

We must ensure that when we cut down operations, we cut down the administration at the same time. I have discovered that in the Road Construction Units project the ratio of staff to the size of the programme has increased. We are dropping or reducing in number many local authority activities - eg council housing, numbers of teachers and new schools. Another area is industrial grants where the level of grants is now much less than a year or two ago.

Modern methods

A number of the projects, eg Northern Ireland rates project, have shown that despite the extent to which computers and other mechanised procedures have been introduced in Government, there is plenty of scope for more. CSD is taking a lead in promoting the use of standard computer systems for processing the payroll and superannuation calculations in Departments (which should produce up to £7 million savings on systems and programming staff over the next 10 years). It is also helping the Treasury to see if it is feasible to use standard computer programmes for financial information systems. Each Department should ensure that they update their methods. The CCTA are looking to see whether within their existing resources, they can help Departments to identify further areas suitable for the application of computers. There will be financial constraints here especially since the PSA's recent expenditure cuts. As you know, we are negotiating with the Staff Side an agreement on the use of modern technology.

Other points

There are two other particular points in the Table. The first is the lessons from the report from the PSA on the Government Estate in Bath for the handling of the Defence Estate generally. You have already commissioned work on the possibility of PSA moving to a repayment basis, and on Departments realising how valuable are the assets they are sitting on. I believe that we should improve the use of properties on the Defence Estate; and dispose of property not required far more

MANAGEMENT IN CONFIDENCE

quickly. 20,000 out of 90,000 married quarters are unoccupied. If  
en a quarter of these unoccupied properties were sold off  
£50 million could be raised. There would be considerable continuing  
savings in the reduction of maintenance. I am pressing this with  
Euan Strathcona and Barry Hayhoe.

The second point is the proposed joint CSD/Customs and Excise look  
at improvements of productivity in local VAT offices. This is  
potentially valuable not only for an improvement in performance of  
VAT operations, but also since it may provide wider lessons for  
measuring and improving performance at local level and for increasing  
delegation of authority down the line.

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
1. FCO/ODA - merger of FCO and former ODM	Scope for rationalising aid functions and supporting services	ODA Management Review and Staff Inspection (involving CSD Inspectors) to make recommendations for most efficient and economical administration of aid functions and supporting services. There is to be a separate scrutiny of the Directorate of Overseas Surveys	This was the subject of Sir Derek Rayner's minute to the Prime Minister of 6 March. Savings in manpower should be possible
2. Customs and Excise - Rationalising of London Collections	Principles established for amalgamating Collections, widening span of management responsibility and rationalising supporting services	Study of the application of these principles to rationalising of Collections in rest of country will begin this autumn Implementation to begin towards the end of 1981 (CSD to participate)	Programme of action agreed by Lord Cockfield and Mr Channon in consultation with Sir Derek Rayner. Potential savings about £4m
	Evidence of lack of morale, direction and delegated authority in local VAT offices. Combined with other evidence to suggest need to look at improvement of ways management measures and seeks to improve performance of VAT field force	Joint CSD/Customs and Excise study of ways to measure and improve performance of local VAT offices and individual VAT officers	Aim is to achieve greater revenue "take" per VAT officer - allowing either increased revenue or reductions in staff
3. Department of Industry (Joint project with Department of Trade) - review of statistical services	Case for continuing each block of statistical activity at its present level assessed in light of a checklist of basic questions about the real value which they add to the public interest	Broadly the same approach is being adopted in a service-wide review of Government statistics, initiated by Minister of State, CSD. Review under direction of Sir D Rayner supported by an official from CSD and CSO	Report expected late summer. Significant improvements in efficiency expected with reductions in statistical inquiries and staff savings

MANAGEMENT-in-CONFIDENCE

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
4. Department for National Savings - handling of correspondence with the public	A number of methods for improving efficiency of handling large flows of correspondence are identified - some are already applied in DNS : others are recommended for introduction	Other large correspondence handling Departments - eg Inland Revenue, DHSS, Dept of Employment - have been asked to consider application of these methods where this has not already been done. Departments to report to CSD, which will monitor progress and will serve as an "exchange mart" for good ideas for achieving economies in this field	Very difficult to estimate savings but could amount to over £1m in reductions of staff and postage costs
5. Ministry of Defence - Food Procurement for the Armed Forces	Scope for rationalising separate army and navy systems : and Services and NAAFI systems. Also reduction in excessive stock holding	Possibility of similar rationalisation of procurement distribution and storage of non-food items being looked at in wider Supply Management Review. Minister of State, CSD, asking Mr Hayhoe for a progress report	The scope for a wider review of stock-holding by Government Departments being considered by CSD
6. Civil Service Dept - charging for courses	Need for greater cost-consciousness in training in Departments and in particular the costing of individual courses	The Minister of State, CSD, arranging for the preparation of a framework for costing training in Depts and for bringing these costs to the attention of Ministers. CSD also to undertake experimental comparative study of training costs in departments this summer	

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
<p>7. PSA -</p> <p>a. maintenance of the Government estate in Bath</p> <p>b. Estate management in Kingston</p>	<p>Under-utilisation of property, especially in the Defence Estate. Inefficiencies in maintenance and estate management</p>	<p>a. Minister of State, CSD, is pursuing with MOD Ministers the handling of under-utilised property on the Defence estate nationwide; and pressing for a quicker rate of disposals. Procedures for disposal of surplus Government property may need to be re-examined</p> <p>b. The Prime Minister has commissioned a study on moving PSA onto a repayment basis</p> <p>c. A large and continuing programme of Maintenance Economy Reviews (on the lines of the Bath Review) is being introduced</p>	<p>Scope for big savings Figure for total under-utilisation of defence property not known but 20,000 out of 90,000 married quarters are unoccupied. If even a quarter of these can be disposed of £50m would be realised with significant continuing savings in PSA's maintenance costs</p> <p>With 20 or 30 MERs per annum, the scope for direct savings should be considerable. The Minister of State, CSD, will take close interest in MERs to see that lessons for improved efficiency can be more widely spread</p>



MANAGEMENT-in-CONFIDENCE

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
<p>8. Department of Employment - peaking of work and use of part time staff in unemployment benefit offices. Part time local benefit and small full-time UBOs</p>	<p>Scope for closure of, or conversion from full to part-time working in, small satellite offices. More accurate complementing of small offices by the employment of part time staff Re-arranging work to smooth out peaks and troughs is cheaper than employing part-time staff to cope with peaks</p>	<p>a. Minister of State, CSD, is writing to the Secretary of State for Social Services drawing attention to the possible lessons for the Social Security local office network</p> <p>b. Minister of State, CSD, has agreed with the Secretary of State for Employment that there will be a further review of staffing formula in early 1981 which will, inter alia, take account of points arising from project</p>	
<p>9. Welsh Office control over highway authorities and control over local education authority building</p>	<p>Scope for reducing control over and supervision of local authority activities in these fields with commensurate reduction in staff</p>	<p>Minister of State, CSD, has drawn attention of Secretaries of State for Education and Scotland and Minister of Transport to the Welsh Office project and suggested that similar reductions in activities and staff in analogous areas in their Departments be made. He has written to all Ministers with responsibilities for local authority functions to ask for reports on reduction of activity and staff engaged on supervision and advice to local authorities</p>	<p>Total staff involved about 6,000. Scope for savings should be considerable. In many of the functional areas concerned, local authority activity is declining; circulars to local authorities have been sharply reduced : many controls over local authorities have been relaxed</p>

MANAGEMENT-in-CONFIDENCE

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
<p>10. Customs and Excise London Collections, Department of Employment Skillcentres, Northern Ireland Office rate collection, Department of Transport Road Construction Units</p>	<p>) All of these projects in different ways offer possibilities of rationalisation of networks of local offices</p>	<p>Minister of State, CSD, has asked Minister of Transport to review scope for rationalisation of Traffic Area Offices</p> <p>Valuation Offices of Inland Revenue are to be reviewed : CSD will participate</p>	<p>The possibility of rationalising other networks of local offices will be explored by CSD</p>
<p>11. Lord Chancellor's Department - attachment of earnings procedure in the County Courts</p>	<p>Scope for introducing model procedures based on best practice in the courts</p>	<p>a. Minister of State, CSD, will be asking Home Secretary to consider introduction of these model procedures for attachment of earnings in the Magistrates Courts</p> <p>b. How best to mount a general exercise to secure the wider application of efficient procedures in the courts</p>	<p>b. Will be taken forward in the light of the current review of the Staffing Formula in the courts and of the scrutiny of administration of the jury system</p>
<p>12. MAFF - Administration of Farm Capital Grants Department of Trade - Services to exporters Home Office - Work of the Radio Regulatory Department</p>	<p>) All of these involve greater degree of charging for "services" provided for business or recreational purposes</p>	<p>This principle can be applied more widely. The Minister of State, CSD, has written to the Minister of Agriculture raising the possibility of a large extension of charging for ADAS. The scope for charging in the field of promotion work in Departments of Industry and Trade on behalf of industry will also be explored</p>	<p>The scope for extending the field for charging, the consequential reduction of demand and drop in staff engaged in these activities could be considerable. The cost of ADAS alone is over £85m a year and receipts from charges only £4.8m</p>

PROJECTS FROM WHICH LESSONS LEARNED	NATURE OF LESSON	WHERE AND HOW LESSONS MIGHT BE APPLIED	COMMENT
<p>13. DHSS - payments of social security benefits Home Office - work of the Radio Regulatory Department</p>	<p>Both projects illustrate need to review periodically whether activities done by agents continue to be efficient</p>	<p>Minister of State, CSD, will be asking Departmental Ministers to review particular agency arrangements For example, the Minister of State is writing to the Chancellor of Exchequer suggesting a review of the administrative work which the Bank of England undertakes as agent of the Treasury</p>	