
HOUSE OF LORDS,
SW1A 0PW

11 February 1983

My dear Margaret:

Centrally Co-Ordinated Efficiency Exercises 1983:
The Scrutiny Programme

Your Principal Private Secretary's letter of 26 January invited proposals for the scrutiny programme. I propose two scrutinies this year, one on investment activity and the other on legal aid means assessment.

Investment Activity

This scrutiny, about which I have been in correspondence with Geoffrey Howe, is already underway as part of the contracting-out exercise.

My Department handles large numbers of private trusts and funds. Investment activity engages 28 staff full-time in the Court of Protection and the Public Trustee Office. In addition, 86 staff in the Court of Protection and 11 in the Official Solicitor's Department deal with investment as part of their other work on estate management. An unquantifiable number of staff in the Supreme Court Fees Office, the County Courts and District Registries are also involved in investment activities from time to time. Given the irregular nature of investment activity and the fact that much of it is self-financing, it is not possible to give a realistic figure for the cost of the present arrangements.

Nevertheless there is a wide disparity of practice in dealing with investments. It would clearly be advantageous to have a single, unified system. The purpose of the present scrutiny is to build on the work which has already been done by way of departmental reviews,

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The Right Honourable
The Prime Minister

to propose a more efficient and economical investment service. The possibility of contracting-out all or some of these functions is an important consideration. The terms of reference are:

> 'To review the organisational arrangements governing the investment of privately-owned funds by the various courts and offices under the Lord Chancellor's control; to review the continuing need for Common Investment Fund Units; and to consider the financial and other implications of transferring to a private sector agency the management of some or all of the investment portfolios currently managed by the Department.'

The scrutiny is being undertaken by Mr I F S Trumper, a chartered accountant from Deloittes, a firm of City accountants and management consultants. His services were secured by the Rayner unit. The scrutiny has just begun and should be completed within 3 months.

Legal Aid

This is a joint scrutiny with DHSS and has also just begun. It was carried over from last year's programme. Although I determine legal aid policy, all means test assessment work is carried out by DHSS on my Department's behalf. The scrutiny is being led by Mr P G Harris, a Senior Legal Assistant in my Department.

Legal aid means test assessment work involves 650 staff at an annual cost of £5 million. The object of the scrutiny is to reduce costs and improve efficiency by overhauling the administrative procedures. Its terms of reference are as follows:

> 'To examine the current arrangements relevant to the assessment of financial eligibility for civil legal aid and to make recommendations.'

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The scrutiny should take about 3 months.

I am copying this letter, as requested, to Norman Fowler, Janet Young, Sir Robert Armstrong, John Sparrow and John Cassels.

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J. H.

# 10 DOWNING STREET

*From the Principal Private Secretary*

26 January 1983

D/F

Dear Private Secretary

Centrally Co-ordinated Efficiency Exercises 1983:
The Scrutiny Programme

The programme of Centrally Co-ordinated Efficiency Exercises proposed in the Lord Privy Seal's minute of 26 November has been agreed by Ministers. It envisages up to 30 further departmental scrutinies and 3 multi-department reviews.

I am writing to invite proposals for the scrutiny programme. Ministers are asked to send these to the Prime Minister by 11 February and to copy them to the Lord Privy Seal and Mr.Cassels.

The target size of the scrutiny programme has again been kept small, having regard to other work in hand or in prospect. So topics should be substantial and significant in terms of the activities or policies of the department. Wherever possible they should also promote the Government's longer-term aims for improving Civil Service management. The Prime Minister will have these factors in mind when considering their suitability for inclusion in the programme.

Specific areas likely to provide strong candidates for scrutinies are:

(1) Whether the policy processes in use provide Ministers with the right material at the right time on which to take decisions and with adequate information and methods by which to assess the cost-effectiveness of the action taken.

(2) Large executive questions which are relatively self-contained.

(3) Areas of work involving specialist groups (e.g. lawyers and accountants).

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(4) The arrangement by which advice, information and help are provided to the public and outside bodies (e.g. the preparation and publication of advice - leaflets, articles, films, advice and information provided by visits).

(5) Administrative tribunals (e.g. appeals boards).

(6) The efficiency and value for money of selected Non-Departmental Public Bodies.

Ministers are invited to put forward at least one scrutiny. Those in charge of larger departments are invited to propose more than one. Each proposal should, as in previous years, contain brief information on:

(1) Subject: the policy, function or activity to be examined.

(2) Cost of the policy, function or activity, and the number of staff involved.

(3) Reasons for selecting the subject.

(4) Terms of Reference.

(5) Proposed starting and finishing dates.

(6) Names of examining officers, if known, and Ministerial reporting arrangements. (In selecting staff to conduct scrutinies Ministers are asked to bear in mind the importance of putting examining officers in charge who have the questioning mind and good judgement fundamental to the scrutiny technique).

Work on scrutinies should not start before proposals have been agreed by the Prime Minister. The programme should begin as early as possible in the year but there is no need for all scrutinies to start on a common date. Notes of Guidance for examining officers will be re-issued shortly and briefing for examining officers will be arranged subsequently.

I am copying this letter to the Private Secretaries of all Ministers in charge of Departments and to Sir Robert Armstrong, Sir Douglas Wass, John Sparrow and John Cassels. Ian Beesley (273 5226) in the Rayner Unit can provide further advice if it is required.

Yours sincerely,

Robin Butler

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