



PRIME MINISTER

CENTRALLY CO-ORDINATED EFFICIENCY EXERCISES 1983: THE SCRUTINY PROGRAMME

Your Private Secretary's letter of 26 January invited me to let you have my proposals for my Department's participation in efficiency exercises in 1983.

2 The main thrust of my Department's management work in 1983 must be taking forward the various important initiatives which were started before the Financial Management Initiative and are very much in line with it. This amounts to a considerable work programme, which includes the implementation of a new management information system and the evaluation of our pilot experiments on responsibility cost centres followed by implementation of conclusions on a broader scale. Together with the implementation of earlier scrutinies and a continuing programme of management studies, this will keep my manpower resources under considerable pressure.

3 I have, however, welcomed, in agreement with Arthur Cockfield, the participation of our common services in the multi-Departmental scrutiny of internal consultancy, inspection and review. A new philosophy of management requiring something of a culture change in line managers as they receive additional



responsibilities, requires just as much of a change in the role of the Departmental and Whitehall centres. The centres must be effective in prescribing general principles and in audit and it should be useful to review traditional management services and audit roles, in particular their inter-relationship, to assess the need for change.

4 I propose in addition, with Arthur Cockfield's agreement, a Departmental scrutiny which would review the accountancy needs of our two Departments and recommend the most effective ways in which they might be met. This would include examining the extent to which it is desirable and cost effective for private sector firms to contribute to the meeting of those needs. Although the needs of both Departments will be reviewed, it is expected that the major part of these will be in areas which are the responsibility of the Department of Industry. Some relevant observations will be made in the Rayner Scrutiny on the cost effectiveness of selective financial assistance and it will be timely to take these forward in the context of a more comprehensive examination.

5 I attach details of the proposed accountancy services scrutiny in the form requested. I am sending copies of this minute to Arthur Cockfield, Janet Young and John Cassels.

PJ

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// February 1983



SCRUTINY OF ACCOUNTANCY SERVICES

Subject: The provision of accountancy services to the Departments of Industry and Trade.

Cost: approx £2,000,000 approx 120 staff

Reasons for selecting the subject

The desirability of a comprehensive review of the role of accountancy services, including the scope for contracting out and the need to make the most appropriate use of in-house expertise, the latter taking up some points raised in the Rayner scrutiny of the cost-effectiveness of selective financial assistance.

Terms of Reference

To consider the accountancy needs of the Departments of Industry and Trade and to recommend in the context of the Departments' objectives how these needs should be met, having, without prejudice to the generality of the foregoing, particular regard to:-

- a. the nature and organisation of the total accountancy services provided in the two Departments including Accountancy Services Division, the Industrial Development Unit and any other Divisions with a significant accountancy involvement;
- b. the extent to which the services are best provided centrally or by postings to Divisions, including the organisational and functional relationships in such postings;
- c. The extent to which it is desirable and cost effective for private sector firms to contribute to the meeting of the Departments' needs;
- d. the Lord Privy Seal's statement to the House of Lords of 25 June 1982 (attached);
- e. the accountancy functional specialism;
- f. the implications for the professional training programmes within the two Departments;

and to make recommendations.

Proposed starting and finishing dates

Subject to the availability of an appropriate scrutiny officer, start in mid-1983. The scrutiny should in principle be done in three months subject to the effects of the summer leave period.



Examining officer and Ministerial reporting arrangements

The scrutiny officer has not yet been selected. The supervising Ministers will be Mr Butcher in the Department of Industry (where the main weight of the scrutiny will be) and Mr Sproat in the Department of Trade.

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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).

/ (4)

(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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