

FILE NUMBER

PO-CH/NK/0661 PART A

FOR DISPOSAL ADVICE SEE INSIDE COVER

DISPOSAL DIRECTIONS	SIGNATURE	DATE
DESTROY AFTER YEARS		
PRESERVE		

FILE BEGINS

04/09/1985

ENDS

26/09/1985

FILE TITLE

PLANNING BOARD 1985

PART 1/2

CEP

DM

CUP

B. Allocation of Manpower/Resources between different areas of work

Responsibility Office of CEP
Date September 1985

(1) 1985-86

Area of work	% age	Man yrs
1. Public Expenditure Survey and White Paper and associated work (including long-term and co-ordination of policy reviews).	17.5	8½
2. Capital expenditure/infrastructure.	5.0	2½
3. Estimates policy, Contingencies Fund.	9.0	4½
4. In-year control of public expenditure. Monitoring and management of cash limits, supply, planning total, running costs and the Reserve. Policy on pay and prices in public expenditure.	21.0	10
5. Classifications and definitions.	6.5	3½
6. Data Unit - maintenance and development of FIS; processing Estimates and PES data from departments ready for publication; analyses of public expenditure.	39.0	18½
7. Local authority statistics.	2.0	1
Total	100.0	47

(ii) Changes since 1984-85

Some increase in work on capital expenditure/infrastructure.

(iii) Changes expected in 1986-87 compared with 1985-86

(a) Responsibility for Civil Service manpower; grading standards and job evaluation; staff inspection policy, training and guidance; contracting out to be transferred to new Group. Much of work on running costs will move to new Group, but significant involvement will remain especially for monitoring and in-year control. This may require some shift of resources into area 4.

(b) Work on long-term public expenditure may be less than in 1985-86, but likely to be at least matched by increased work on capital spending and co-ordination of policy reviews.

<p>Manager</p>	<p>A TURNBULL (3) + PS-1</p>		
<p>Heads of Division (with grade)</p>	<p>P R C GRAY (5)</p>	<p>M L WILLIAMS (5)</p>	<p>MRS R BUTLER (5)</p>
<p>Branch Heads with main areas of responsibility in 1985-86</p>	<p><u>R M PERFECT</u> Public Expenditure Survey and White Paper; general expenditure policy and co-ordination.</p> <p><u>P W McDONALD</u> Long-term public expenditure; policy reviews; capital/ infrastructure spending.¹</p>	<p><u>M PARKINSON</u> In-year control of public expenditure including general policy and casework on the Reserve, cash limits and end-year flexibility. Pay prices in public expenditure.</p> <p><u>R FELLGETT</u> Policy on Parliamentary Supply; form of Estimates and other expenditure publications; Contingencies Fund.</p>	<p><u>K M MACAFEE</u> Supply and other central govt expenditure monitoring and forecasting; cash limits and running cost monitoring. Advice on pay and prices.</p> <p><u>M S STOCK</u> Classification issues and advice (policy and casework). Monitoring and forecasting the planning total. Economic assumptions.</p> <p><u>G C WHITE</u> Data Unit. Statistical analyses and presentation. Local authorities. PES definitions.</p>
<p>Public expenditure totals to which responsibilities directed (where appropriate)</p>	<p>The Planning Total.</p>	<p>The Planning Total including the Reserve.</p>	<p>Planning Total; general Govt expenditure; public sector capital spending.</p>
<p>Staff-in-post including heads of Division (1 July 1985)</p>	<p>AS-1, HEO(D)-1, CA-1 P-2, EO-1, PS-1, CO-1 TY-1 = 9</p>	<p>AS-1, EA-1, PSO-1, PS-1, HEO-1, CA-1½, TY-1, SAS-1 = 8½</p>	<p>CS-1, S-3, PSO-1, HEO-3 EO-7, Astat-1, CO-5. CA-4½, PS-1 = 26½</p>
<p>Total Staff-in-post (1 July 1985)</p>			<p>US-1, PS-1 46</p>

¹ Reports to Mr Williams on this item.

Generally: to assist Ministers in planning, for the medium and longer-term and in support of their wider economic objectives, the total and distribution of public expenditure in the UK; in monitoring and controlling expenditure as it occurs.

- (1) To co-ordinate, and advise Ministers on the planning of public expenditure, by means of the annual Public Expenditure Survey.
- (2) To assist in the control of public expenditure in accordance with agreed plans, by co-ordinating the production of accurate Estimates and cash limits; by ensuring that cash limits and running costs limits are observed; and by helping to keep any additions to expenditure during the year to a minimum within the provision in the public expenditure planning total; and by improving the systems used for these tasks.
- (3) To ensure that the statistical base for planning, control and monitoring of public expenditure is up to date, consistent and properly understood; and to provide a statistical service to public services sector.
- (4) To provide an input on public expenditure for Treasury's macro-economic forecasts.
- (5) To monitor supply expenditure, running costs and demands on the public expenditure Reserve against forecasts and cash limits, and to advise on the need and scope for action.
- (6) To prepare for publication the Public Expenditure White Paper and the Supply Estimates, and the expenditure sections of the Autumn Statement and PSBR in a form which meets needs of Parliament and the public; and to develop and improve the presentation of public expenditure policies and figures.
- (7) To ensure the smooth operation of Parliamentary arrangements for the voting of Supply, including the operation of the Contingencies Fund.
- (8) To improve the control, developing the relevant systems, of departments' running costs, both in PES and Estimates.

Footnote:- The major changes in aims since 1984 return are the transfer to new Group of responsibility for Civil Service numbers, staff inspection, grading, and contracting out.

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
1. To conduct and complete, by mid-November 1985, the 1985 PE Survey covering the years 1986-87 to 1988-89.	Satisfactory administrative progress in completion of first phase of exercise, leading to preparation of Survey Report and 11 July Cabinet. Timetables were met, targets for achieving greater use of micro-computer facilities were achieved and assessments of Survey prospects were prepared faster than in 1984. Major policy problems expected in run-up to autumn decisions, with consequent heavy workload.
2. To improve control of planning total by operating new Reserve arrangements and continued effective operation of cash limits system.	Monthly reporting system to Ministers well established. New Reserve arrangements understood more widely. RDLP follow-up work substantially completed. Further developments expected in these areas (see also 6 and 7 below).
3. Improve our ability to monitor both Supply expenditure and the planning total.	Slow but steady progress. Improvements in quality of <u>APEX</u> data still necessary. No real prospects of improvement in local authority data. Need to cater for interest in running cost monitoring (see objective 6). Further co-ordination with PSF in prospect (ie early estimates for current year +1; reconciliation with funds and accounts approach to monitoring and forecasting).
4. Presentation of Main and Supplementary 1985-86 Estimates in accordance with the normal timetable; and preparations for 1986-87 Estimates.	Reasonably satisfactory progress with post-REPEC work. Heartening reception for new Estimates Summary and Guide. Target number of booklets produced by camera-ready copy achieved, but further expansion plans for 1986-87 Estimates shelved because of worries over computer capacity.
5. Further to improve the PEWP and expenditure sections of the FSBR; and to develop public presentation of Government's expenditure policies.	Planning for switch to departmental basis in 1986 PEWP completed. This and proposals for improvement broadly welcomed by TCSC. PESC paper circulated commissioning preparation of detailed departmental material. Decision to be taken shortly on choice of consultant to advise on presentational improvements in Part 1. A major continuing task for the autumn/early winter. Work on FSBR still at early stage. Favourable response to new Summary and Guide. Substantial developmental briefing on capital expenditure and infrastructure.
6. To improve new planning and control mechanisms for departmental running costs.	In-year control system for 1986-87 being developed, including handling of pay in Estimates.

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>7. Full review of end-year flexibility scheme.</p> <p>8. Carry out resurrected work on historical analyses of public expenditure.</p> <p><u>NOTES</u></p> <p>(a) Report on implementation of Govt's Civil Service manpower policy (last year item 6); contracting out (item 10); staff inspection (item 11); and grading (item 12); to come from new Group.</p>	<p>(Second cycle near completion. Report to senior officials/Ministers and TCSC being prepared.</p> <p>Report for 1983-84 compared with plan prepared and circulated. Report for 1984-85 being prepared. Historical series of outturn delivered to TCSC and included in Economic Trends article.</p>

Priority objectives	Comment/detail/progress expected in 1986-87
1. To conduct and complete by mid-November 1986 the 1986 PES covering the Survey years 1987-88 to 1989-90.	Regular task, where the administrative objective is further to improve planning, timetabling and turnaround times against the background of difficult policy issues. Consideration to be given to mechanisation of producing Survey Report via in-house computer facilities.
2. To improve co-ordination of policy reviews and their integration with regular Survey procedures.	Considerable streamlining of work on co-ordinating policy reviews has been carried out in 1985-86, but fuller integration with regular Survey assessments is planned for 1986-87.
3. To continue improvements in the presentation of the public expenditure documents.	Detailed objectives and plans for 1987 PEWP will be reviewed in light of reception to the major changes planned for 1986. Continue improvements in read-across between PEWP and Estimates.
4. To improve our ability to monitor and control Planning Total through operation of Reserve and cash limits systems.	Main constraint will continue to be political difficulty of decisions needed to prevent Planning Total being exceeded. Improvements to statistics also required - see 9 below.
5. Presentation of Main and Supplementary 1986-87 Estimates in accordance with normal timetable; and preparations for 1987-88 Estimates [see last year's 4].	Make changes to improve PEWP/Estimates read-across (possibly over 2 years). Further enhancement of Summary and Guide. Explore scope for further efficiency improvements (eg possible further development of computer typesetting). Seek to ensure minimum of Parliamentary problems.
6. Development of public expenditure control mechanisms.	Including end-year flexibility scheme, <u>public corporations'</u> EFLs, EC receipts, disposal of surplus land, receipts/incentive issues more generally and implications of budgeting developments and associated restructuring of Estimates.
7. To develop new planning and control mechanisms for departmental running costs.	To operate and develop system of in-year control (1986-87 being its first year).
8. To develop and present Govt's case on capital expenditure and infrastructure	Fuller integration into Survey process being sought for issue and data relating to capital expenditure. Further refinement and development of briefing.

D. (ii) Priority objectives in 1986-87 (continued)

Priority objectives	Comment/detail/progress expected in 1986-87
9. To improve public expenditure statistics and classifications.	Quality improvements in Apex data still required as monthly publication is imminent. Incorporation of REPEC recommendations into PES; improved translation between Estimates/PES/National Accounts and Exchequer funds and accounts.
10. Assist EA and MP in the construction of public sector accounts within the macro-economic forecast.	A continuing commitment but work needs constant development to improve its effectiveness.
11. Local authority statistics: translation of RSG and LA capital control definitions into those used for macro-economic forecasting.	Expertise needs to be properly written up and more widespread among GEP3 staff. Professional vacancy during 1985-86 hindered progress.
12. To continue work on historical analyses of public expenditure.	As mentioned in the Anson Report, this should improve public expenditure control by identifying areas of persistent underspending/overspending. It should also assist in forecasting.

(i) Effect of 5 per cent reduction in resources available

- (i) Further pressure on existing staff.
- (ii) Poorer quality advice; less depth to casework.
- (iii) Less development work and less reflective analyses.

(ii) Effect of 5 per cent in resources available

Mirror image of above.

Performance measures. /

- (i) Success in timetabling PES.
- (ii) Variance between Survey arithmetic and Autumn Statement figures.
- (iii) Time taken to produce PEWP after publication of Autumn Statement.
- (iv) Number of errors in PEWP and Estimate publications.
- (v) Forecasting track record (eg proportion of errors in CGBR forecast due to supply expenditure).
- (vi) Pace and extent of Estimate restructuring and incorporation of REPEC changes in Estimates.
- (vii) Timely and accurate monthly reports on the Reserve.

More generally, one way of judging GEP's performance is on whether the forthcoming PEWPs show public expenditure and Civil Service manpower plans consistent with, or better than, earlier plans; whether the PEPT outturn is contained within these plans or not; and so on. But these would, clearly, equally be measures of the performance of other groups, departments, and indeed of the Cabinet itself.

An alternative measure might be whether GEP's output - in briefing, draft PEWPs, PES Reports, Parliamentary Answers etc, is considered acceptable - in quality, quantity, timeliness and so on - by our 'customers' - Ministers, senior management, other Treasury groups, Parliament, and the public. But these would be highly subjective measures, little open to quantification. This idea seems not worth further pursuit.

(iii) Constraints on past and future performance, changes in organisation of work etc

Current constraints include:

- (i) poor performance of mainframe (eg in relation to development of computer typesetting) and "user-hostile" nature of some of computer systems;
- (ii) inadequate processing/understanding in divisions, requiring extra 'support' effort from GEP.

Problems immediately ahead include:

- (i) need to develop sensible division of responsibilities and effective working arrangements with RCM (who have moved physically as well as to a new group), particularly over control of running costs;
- (ii) loss of very experienced HEO in Estimate Clerk's branch. Likely loss in early 1986 of both Principals in GEP 1.

Problems slightly further ahead include:

- (i) loss of expertise/GEP experience available in unit implementing REPEC recommendations (team under Mr I Taylor provides substantial assistance to GEP).

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Staff Complement		731 300	174 017	627 825
Basic staff costs				4 848
Casuals/Students				
Specialists		79 600	19 900	88 750
Total	674 045	810 900	193 917	721 402
Overtime	1815	4100	796	3100
Travel & Subsistence				
Overseas			16	1500
Home	2740		258	1000
IT Equipment etc	2317	1500		6200
Economic Research				
Consultancies/Fees		10400		10000
Other (specify)				
Total	680 917	826 900	194 987	743 223
2. Non-bid items				
Entertainment	47		24	
External training	4825			6000
Government Car Service	33			
3. Receipts				
EC Travel				
Other	135			

Notes

2. Staffing Profile and Bid

Responsibility Centre: GEP

a. Staff in Post

Date: 1/1/

Complemented Grade	Grade 3	Grade 5	Grade 6	Prin	Econ Adv	Stat	PSO	SEO	SSO	HEO	HGO	HEO (D)	Sen Econ Asst	Sen Asst Stat	EO	SO	AT	Econ Asst	Asst Stat	CO	CA	SPS	PS	Typ	Other	Total	Casuals/Students	Use of Spcists
1 April 1985	1	4		4	1	3	1	3		5		1		1	10				1	8	7		5	2		57	NK	N/A.
1 July 1985	1	4		3	1	3	1	2		5		1		1	9				1	7	8		5	2		54		
30 August 1985 excl. GEP4	1	3		2	1	3	1	1		4					8		1		2	6	7		4	2		46	-	-

b. Staff Complement 1985-86

1 April 1985	1	4		3	1	3	2	3		4		1		3	9				2	8	8		5	2		59			
31 March 1986	1	4		3	1	3	2	3		4				3	9		1		2	8	8		5	2		59			
Avg. Complement 1985-86	1	4		3	1	3	2	3		4		0.2		3	9		0.8		2	8	8		5	2		59			
30 August 1985 excl. GEP4	1	3		2	1	3	1	1		3				3	7		1		2	6	7		4	2		47			

c. Bid for 1986-87 by quarter

1 April 1986	1	3		3	1	3		1		4					9		1		2	6	7		4	2		47			
1 July 1986	1	3		3	1	3		1		4					9		1		2	6	7		4	2		47	1 Asst Stat		1 HEO + 60% Financial Computer Branch Output
1 Oct 1986	1	3		3	1	3		1		4					9		1		2	6	7		4	2		47	1 Asst Stat		
1 Jan 1987	1	3		3	1	3		1		4					9		1		2	6	7		4	2		47			
31 Mar 1987	1	3		3	1	3		1		4					9		1		2	6	7		4	2		47			
Avg Complement 1986-87	1	3		3	1	3		1		4½					9		1		2	6	7		4	2		47	½ Asst Stat		½ HEO + 60% of Financial Computer Branch Output

- Please specify grade.

Notes: GEP4 will no longer form part of GEP in 1986-87. The above figures show the staff in post and staff complement figures excluding GEP4 for comparison with the 1986-87 bid. The bid differs from the existing complement as follows:

- we are bidding for a Prin in place of the existing PSO
- we are bidding for an extra HEO and 2 EOs, to fill three existing SASs posts.

Note:
of which: ¼ HEO - £3637
60% PS - £88729

J. Breakdown of Staff Complement by Division

Responsibility Centre *GEO*
Date

Date	Division																	Total
		Grade 3	Grade 4	Grade 5	Grade 6	Prin	SEO	HEO	HEO(D)	EO	MT	OO	CA	SPS	PS	Typist	OTHER	
1st	GEP 1	1		1		2			1	1		1	1		2	1		11
April 1985	GEP 2			1				1					1½		1	1	3 ^(a)	8½
	GEP 3			1			1	2		6		5	4½		1		7 ^(b)	27½
	GEP 4			1		1	2	1		2		2	1		1		1 ^(c)	12
31st	GEP 1	1		1		2				1	1	1	1		2	1		11
March 1986	GEP 2			1				1					1½		1	1	3 ^(a)	8½
	GEP 3			1			1	2		6		5	4½		1		7 ^(b)	27½
	GEP 4			1		1	2	1		2		2	1		1		1 ^(c)	12

(a) 1 x Economic Adviser, 1 x PSO, 1 x Senior Assistant Statistician

(b) 3 x Statistician, 2 x Senior Assistant Statistician, 2 x Assistant Statistician

(c) 1 x PSO

The GEP4 profile figures include the 4 posts in Grading and Evaluation Branch

- (1) Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86
(refer to work programme where appropriate)

No major changes in resources being sought in 1986-87 but:

- a) GEP1 propose to continue in 1986-87 with an AT in Branch 1 rather than the HEO(D) posting with which it started 1985-86.
- b) GEP2 will have to spend more time on control of running costs which is a function previously exercised by the old GEP4.
- c) There is a need for numerate EO work which is at present partly supplied by Mr I Taylor's team. It is unclear how the gap will or should be filled when the team is disbanded.
- d) Within GEP3 there may need to be further juggling between HEO/EO/Assistant Statistician/Senior Assistant Statistician posts.
- e) One EO vacancy in GEP3 to be filled.
- f) GEP3 have bid for a casual for 6 months to assist with alignment of public expenditure outturns and National Accounts.

(ii) **Developments for which there may be longer term resource requirements (ie beyond 1986-87)**

Depends on impact of additional responsibilities for running costs control (see previous section). If that work proves time-consuming, then additional resources will be needed if existing work on Reserve and cash limits is not to suffer. Even without this problem, prospect must be for further squeeze on reflective/analytical work which may call for more resources.

(iii) **General comments on patterns/history of resource use**

Implementation of REPEC has meant more work than envisaged, particularly in Estimates Clerk Branch, at expense of FMI-related work.

Manager	P J KITCAITT Under Secretary - Personal Secretary		
Heads of Division (with grade)	MS D J SEAMMEN Assistant Secretary		N M HANSFORD Assistant Secretary
Branch Heads with main areas of responsibility in 1985-86	<p>1. F MARTIN Defence policy and budget. Defence estimates and cash limits co-ordination. NATO. Defence Sales.</p> <p>2. R J SPINK Sea and air systems and nuclear procurement, and review board. Royal Dockyards.</p> <p>3. M G RICHARDSON Land systems procurement. Royal Ordnance Plc. Other overseas and defence policy issues.</p>		<p>1. C E I JONES Defence manpower and management efficiency. Vote 1 Co-ord. Misc defence support services.</p> <p>2. T P FRANKLIN Armed Forces pay, allowances and conditions.</p> <p>3. A.A. BURTON Defence works services and lands questions.</p> <p>4. C J Richards Defence fees and charges. Management accounting advice to DM Group.</p>
Public expenditure totals to which responsibilities directed (where appropriate)	<p><u>1985-86 1986-87 1987-88</u> 1 PES provision and co-ordination:- £18,060m £18,660m £18,860m 2) 1985-86 estimates 3) (mainly Class 1 Votes 2 & 5) £8,320m</p>		<p><u>1985-86</u> 1) £7,100m (Class I, 1 and parts of 2,5) 2) £1,380m (Class I,4) 3) N/A</p>
Staff-in-post including heads of Division (1 July 1985)	Total: 13 (including Hd of Group and PS)		Total : 15

Total Staff-in-post (1 July 1985)

(1) 1985-86

Area of work	% age
1. Defence budget/PES	6
2. Defence procurement and sales	13
3. Defence Estimates and monitoring	9
4. Defence manpower and miscellaneous services	8
5. MOD financial management and efficiency	9
6. Privatisation/commercial management	6
7. Armed Forces Pay	6
8. Armed Forces allowances and conditions	11
9. Defence works services and lands	7
10. Fees and charges and miscellaneous supply services	3
11. Other defence, and overseas issues	10
12. Staff management, training etc	5
13. Secretarial services	8
Total	101

(ii) Changes since 1984-85

(a) 1984-85 percentage totalled 102. The current figure of 101% reflects pressing demands in some areas including the privatisation and commercialisation of MOD functions, and may prove too low. Conditioned hours are regularly exceeded at all senior levels, and by some 20% for Mr Richardson's post. These figures reflect the higher cost of senior staff time.

(b) More effort is being directed this year to defence procurement (following the appointment of Mr Levene as Chief of Defence Procurement) and to MOD's financial management and efficiency programme, where significant action is in hand. There has been some reduction in the manpower field (following the implementation of the Crew report) and in defence works (with the Falklands airfield open).

(iii) Changes expected in 1986-87 compared with 1985-86

(a) The pressure of work on privatisation/contract management issues is expected to be maintained in 1986-87.

(b) Following improved information flows from MOD on their efficiency programme and closer co-ordination with other central divisions, some effort may be saved in this area.

(c) The current joint review on the structure of AF allowances is expected to lead to a number of further studies in 1986-87. The increased workload will be eased by reduced commitments for LOA Inspections, which follow a 3-year cycle.

Footnote

(a) Item 8 includes participation in overseas LOA inspections, and accounts for some 50% of the DM travel/subsistence budget.

(b) Use of specialists: We expect to use about 75 per cent of the time of an Economic Adviser on general economic and investment appraisal issues (partly for DM directly, partly where other Groups are in the lead but the subject is relevant for DM). We expect to use about 40 per cent of the time of a Principal Scientific Officer, and about 20 per cent of the time of support staff, or OR/output measurement. Support for these posts is provided by EI and OR. The use of other specialists is relatively small and cannot be quantified, but the use of commercial accountancy advice may increase.

1. To advise Treasury Ministers on how best to restrain expenditure on the defence programme, consistently with the Government's general economic and social priorities, through:

(a) a continuous, searching and knowledgeable scrutiny of the programme in terms of Government policy; of the evidence of its effectiveness in achieving its stated objectives; and of the efficiency and economy with which it is being implemented by the MOD;

(b) a critical assessment of expenditure proposals, ensuring that they have been properly appraised and costed before decisions are taken, and that decisions are generally accompanied by clear statements of what is to be achieved and how this will be evaluated.

2. To control expenditure on these programmes within approved plans by regular and adequate monitoring of expenditure, and investigating significant deviations from the expected profile, and by requiring timely corrective action by MOD.

3. To encourage efforts by MOD to improve the management of resources allocated to it in order to obtain better value for money, particular in the context of equipment procurement, and to promote good management in other bodies with which it has a direct financial relationship.

4. To control MOD running costs (including manpower) within approved limits, and to advise Treasury Ministers on the scope for further economy, including the wider use of contracting out where this is cost-effective.

5. To stimulate the adoption and use by MOD of efficient systems for:

(i) defining and keeping up-to-date its aims, priorities and performance targets;

and, consistently with them, for:

(ii) the allocation, forecasting, monitoring and control of its expenditure and manpower;

(iii) its relations with other public bodies with which it is concerned.

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
1. Public Expenditure Survey	<p>We are on target for annual defence provision to decline progressively in real terms, and (with the exception of Falklands expenditure and perhaps the EFL for RO Plc) expect to resist 1985 bids successfully. Reductions in the baseline are being sought, but are unlikely to be achieved.</p>
2. MOD Procurement Policy	<p>MOD recognition of the need to increase competition in defence procurement and to secure better value for money has been demonstrated by the appointment of Mr Peter Levene as Chief of Defence Procurement in April 1985 and his publicly declared target of 10% savings. Revised delegated authorities have been issued and arrangements made to monitor their operation. Some changes in MOD internal guidelines agreed, but discussion continues.</p>
3. Civilian manpower	<p>(a) Treasury Ministers have approved new running cost controls for departments generally. These will give greater flexibility to MOD in administering its civilian manpower ceilings more cost-effectively and implementing the recommendations of the Crew Report on Manpower Control Systems Study.</p> <p>(b) MOD's creation of a new RP(Manpower) division in January 1985, with the task of planning appropriate Service and civilian manpower savings and cost-effective allocations, indicated their Ministers' acceptance of this part of the Crew Report and has obviated the need for an initiative by the CST. The Defence Secretary has accelerated his programme for the run-down in civilian manpower, and has achieved his 1.4.86 target a year early. Targets for the years to 1988 are being further reduced.</p>

D. (i) Progress on Priorities in current year
(continued)

Priority objectives	Comment/detail/progress expected in 1986-87
4. Armed Forces manpower	<p>(c) MOD's programme and procedures for privatising and contracting-out services have been examined and forecasts obtained. Investment appraisal procedures are being checked on a sample basis.</p> <p>(d) Implementation of the Crew Report is being monitored with the new RP(Manpower) division (see (b) above).</p> <p>(a) Items (b), (c) and (d) above also apply here.</p> <p>(b) The new Treasury controls on forward running costs ceilings offer scope for greater Treasury involvement in determining the size and structure of the Armed Forces, and the necessary information has been requested from the new RP(Manpower) division. If this is provided on a satisfactory basis, it should not prove necessary to involve the CST in a Ministerial approach.</p>
5. Improved Financial Management	<p>Procedures for cash monitoring, forecasting and control have been reviewed with MOD in the light of the 1984-85 outturn and end-year flexibility arrangements. MOD policy papers on their implementation of the FMI and the introduction of Responsibility Budgets have been commented upon; a regular series of 6-monthly meetings continues with the PFO and senior colleagues to review developments. Proposals are under discussion for improved information to be supplied on the annual MINIS and Long Term Costings exercises, and for the progressive restructuring of MOD's Votes.</p>

D. (i) Progress on Priorities in current year
(continued)

Priority objectives	Comment/detail/progress expected in 1986-87
6. Improved Project Control	Quality of MOD's investment appraisal remains mixed. The internal training course which has recently been introduced is of a good standard, but the impact on staff will take time to show results.
7. Armed Forces Pay Review Body	Tougher Government evidence on recruitment, retention and affordability (not just comparability) was eventually negotiated with MOD in January, consistent with that offered to the other Review Bodies. The intervention of the Chancellor with the Defence Secretary was necessary over the evidence drafted for both AFPRB and TSRB. In certain specific areas (eg additional pay) the AFPRB explicitly accepted the views of the Treasury rather than those of the MOD.
8. Commercialisation	RO Plc was vested as a Companies Act company in January 1985. Plans for the sale of its shares next year are progressing. The Defence Secretary has issued a consultative document on the future of the Royal Dockyards, and announced in July plans for introducing contract management as soon as practicable.

Priority objectives	Comment/detail/progress expected in 1986-87
1. Public Expenditure Survey	In the light of the outcome of the 1985 Survey, to assist Treasury Ministers achieve their objective of annual defence provision declining progressively in real terms. Targets under other priority objectives will contribute to this.
2. Defence Procurement	<p>(a) General: To maintain pressure on MOD for increased competition in procurement and to review progress in increasing the proportion of contracts let by competitive tender. A particular target, in the light of Ministers' discussions on R&D spending, will be to try to ensure that value for money is taken into account in the early research and development stages.</p> <p>(b) Project control: To secure improvements in control by MOD over major procurement projects and, in particular, to seek to ensure that clear and effective control arrangements are established at the start of a project.</p> <p>(c) Investment appraisal: To monitor the quality of appraisal in such cases and also progress on training.</p>
3. Privatisation and Commercial Management	To keep up the pressure for privatisation of RO Plc at the earliest practicable date and to work with MOD towards the introduction of commercial management into the Dockyards in April 1987.
4. Financial Management	To review with the PFO at least twice a year the developments in financial management within MOD, in particular the introduction of Responsibility Budgets, the interlinking with MINIS and LTC's vote structures and in-year cash management. Regular monitoring of cash flows against profile will continue as before, and we shall be seeking to encourage more accurate forecasting of outturn and future needs (including that for which PSA is responsible).

D. (ii) Priority objectives in 1986-87 (continued)

Priority objectives	Comment/detail/progress expected in 1986-87
5. Running Cost and Manpower Control	<p>The new system of running cost control totals involves particular problems for MOD because of the inclusion of all Armed Forces pay and related costs. We shall be monitoring their performance with particular care with a view to refining the figures for PES 1986 and to ensuring that civilian manpower numbers continue to diminish as rapidly as possible.</p>
6. Efficiency Programme	<p>To continue to monitor MOD progress with their efficiency programme and in their response to multi-departmental studies (eg non-warlike purchasing, storekeeping, training, CIR etc), and to ensure adequate co-ordination in this area with other central divisions. To encourage the wider application of appropriate investment appraisal techniques in MOD, (even when specific Treasury approval is not needed) and to monitor progress on a sampling basis.</p>
7. Armed Forces Pay	<p>In co-ordination with Pay Group, to ensure that the evidence submitted to AFPRB and TSRB by MOD on economic, recruitment/retention, and affordability issues affecting the Armed Forces is consistent with Government policy and with evidence submitted to the other Review Bodies. We shall also offer comments on other aspects of MOD evidence as necessary.</p>
8. Armed Forces Allowances and Conditions of Service	<p>To press for continued rationalisation in the system of allowances, benefits and conditions of service for the Armed Forces, with valid improvements being funded by genuine savings through the surrender of outdated benefits as far as practicable. The 1985 joint Treasury/MOD review of AF allowances <u>will have led</u> to other follow-up studies on specific aspects but towards the same goal.</p>

D. (11) Priority objectives in 1986-87 (continued)

Priority objectives	Comment/detail/progress expected in 1986-87
9. Defence Works, Land and Housing	<p>To encourage MOD to develop <u>an ambitious but realistic programme</u> for the rationalisation of the defence estate and the disposal of surplus property as soon as practicable. The new Defence Estate Steering Group, chaired by an MOD Minister, should offer greater opportunities than in the past. We shall also review at least once a year the long term works programmes for each of the Services and the PE, and pay close attention to the efficient management of major projects.</p>

For a policy group like DM it is difficult to identify performance measures which provide a clear, unambiguous, objective indication of achievement for the purposes of management accounting. The following tests should however provide a good starting point for assessing output and performance.

(1) Progress in achieving individual priority objectives.

Each objective is expressed as explicitly as possible in terms of what is to be achieved, when, by whom and how.

The measure of performance will be our success in fulfilling our objectives to the extent and in the way and timescale planned. For example, on Armed Forces allowances, the obvious questions will be:

- (a) is the system more rational and relevant than before?
- (b) is the real cost of all AF allowances no greater?
- (c) have savings been found via streamlined administration?
- (d) how much more remains to be examined?

(2) Specific examples illustrating the financial benefits which have (or could have) resulted, or which may (or should) result from DM action (eg preventing uneconomic militarisation or contracting-out simply to reduce civilian manpower).

These will relate to contentious equipment decisions, to the rejection or modification of other important expenditure proposals, to improvements in the MOD's financial control and monitoring system, and to a wide variety of other issues. Sometimes it will be possible to make some assessment of the resources which have, or could have been, released for more cost-effective uses and to relate that assessment to the cost of the DM resources which contributed to the result. More generally the examples may serve to illustrate what can and cannot be achieved and to expose the constraints on the DM role.

These measures will of course be additional to the broad and largely subjective tests of efficiency and productiveness which are continuously in operation as part of the regular oversight of activity by line managers at all levels eg turnaround times for casework; adequate and timely action or consultation in pursuing issues; reaction of senior management and Ministers to advice given; and other indicators of how well individuals, Branches and Divisions are doing their job. Ministers and senior managers above Group level will similarly have their own existing basis for judgement (from personal experience of the problems they see Groups having to solve and how effectively they think they do so), which (1) and (2) above should considerably sharpen and extend.

When the application of (1) and (2) suggests to senior management that additional information in specific areas, including statistical data, would assist in assessing performance, this can be supplied when and in the form required.

(i) Effect of 5 per cent reduction in resources available

A 5% cut means one post for DM. We are proposing to surrender an SEO post in DM2 because we have achieved a better supply of information from MOD on their efficiency programme, but this will be offset by even greater needs in DM1 with the flotation of RO Plc shares and the introduction of contract management in the dockyards. A net reduction in the Group would prejudice our scrutiny of important defence projects.

(ii) Effect of 5 per cent in resources available

A 5% increase would correspondingly provide one additional post. This would permit closer involvement in the privatisation/contractorisation issues mentioned above to strengthen the consideration of financial aspects, with particular reference to the taxpayer's interests.

(iii) Constraints on past and future performance, changes in organisation of work etc

The defence block budget acts as a constraint against securing real savings when individual excesses are stopped, as the money is diverted to another activity. Not only do DM staff (like other expenditure divisions) have to operate at one remove from the resources managed, but the complex federal (and sometimes feuding) nature of MOD's organisation makes this often several removes. Results, therefore, depend not only upon the perception and persuasiveness of the DM officer, but also upon the calibre of MOD officials and the effectiveness of their organisation. The appointment of new senior staff from outside (Mr Levene for defence procurement, and Mr Rule for information technology) should help, as have the reports from other outside consultants (eg Mr Orchard-Lisle on management of the defence estate).

The MOD are entering a period of new financial constraints after 7 years of real growth, and this coincides with rising contractual expenditure on Trident and other major projects. The Defence Secretary has sought to retain some flexibility over future spending, but some hard choices may lie ahead and important operational requirements will be used to support arguments for additional funds.

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Basic staff costs				
Staff Complement		404900	99977	470,673
Casuals/Students				
Specialists		39700	9925	25,922
Total	390972	444600	109902	496,595
Overtime	778	200	263	1,000
Travel & Subsistence				
Overseas	25530	36400	14545	29,800
Home	6931	10400	1269	11,400
IT Equipment etc				6,000
Economic Research				NA
Consultancies/Fees				NA
Other (specify)				NA
Total	424211	491600	125979	544,795
2. Non-bid items				
Entertainment	202			/
External training	3116			/
Government Car Service				NA
3. Receipts				
EC Travel				NA
Other				/

Notes

- Amended complement - see Section 4(i)

- 40% PSO + 20% SEO + 75% Econ. Adv. Percentages agreed with ESG.

- Extra work at Estimates time and at week-ends abroad for LOA Inspector.

- Note attached. (1 microcomputer plus software (Computerisation of Estimates))

2. Staffing Profile and Bid

Responsibility Centre: DM

Date: 2 / 9 / 85

a. Staff in Post

Complemented Date	Grade 3	Grade 5	Grade 6	Prin	Econ Adv	Stat	PSO	S20	SSO	HEO	NSO	HEO (D)	Sen Econ Asst	Sen Asst Stat	ES	SO	AT	Econ Asst	Asst Stat	CO	CA	SPS	PS	Typ	Other	Total	Casuals/Students	Use of Spclsts
1 April 1985	1	2		6				3		5					3					3	1		3			27	N.K.	N.K.
1 July 1985	1	2		6				3		5					3					3	1		3	1		28		

b. Staff Complement 1985-86

1 April 1985	1	2		6				3		5					3					3	1		3	1		28		
31 March 1986	1	2		6				3		5					3					3	1		3	1		28		
Avg. Complement 1985-86	1	2		6				3		5					3					3	1		3	1		28		

85% PS
50% S1
10% E Adv
40% HEC

c. Bid for 1986-87 by quarter

1 April 1986	1	2		7				2		5					4					3	1		3	1		29		
1 July 1986	1	2		7				2		5					4					3	1		3	1		29		
1 Oct 1986	1	2		7				2		5					4					3	1		3	1		29		
1 Jan 1987	1	2		7				2		5					4					3	1		3	1		29		
31 Mar 1987	1	2		7				2		5					4					3	1		3	1		29		
Avg Complement 1986-87	1	2		7				2		5					4					3	1		3	1		29		

40% PS
20% S1
50% S20
75% E Adv

- Please specify grade.

Notes:

Amended complement - see section 4 (i)

- (i) Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86
(refer to work programme where appropriate)

1 SEO post in DM2 surrendered following improved flow of necessary information from Department as result of past efforts.

New Principal post and EO support to be created to meet the short-term (2½ years approx) needs from the privatisation of Royal Ordnance Plc (sale due in 1986-87) and the introduction of contract management in the Royal Dockyards (legislation due 1986-87) management in the Royal Dockyards (legislation due 1986-87). Both involve close contact with senior management in the respective areas, with legal and banking advisers etc.

(ii) Developments for which there may be longer term resource requirements (ie beyond 1986-87)

None known

(iii) General comments on patterns/history of resource use

The general level and nature of the work remains the same, the main changes being those referred to in section 4(i).

A MICRO-COMPUTER FOR DM

The following requirements have been identified:-

- analysis of Public Expenditure Survey figures, probably using a spread sheet programme to help do all the calculations that we need for briefing etc;
- cash limit monitoring (for example entering the monthly figures to keep track of how the profiles change etc);
- basic record keeping about projects: dates, costs etc; this would at a minimum help to answer questions like those we had recently from the Chancellor on some major projects and it might provide a basis for more systematic questioning of MOD when they come back to us for further approvals; comparison with successive major projects statements could also be instructive;
- LTC analysis (including where the money has gone in the past as well as where the programme is heading and what is driving it;)
- possibly production of charts;
- a b/f system for letters to MOD and for reports due on the progress of projects.

Work continues to refine the requirements and decide the best way of meeting them.

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MANAGEMENT INFORMATION

WORK PROCEDURES

A. Organisation

Responsibility Centre C150
Date October 1985

Manager	Chief Executive (MEDB) - 1½			
Heads of Division (with grade)	Director Operations (Grade 6) (Prof)	Director Personnel & Administration (Prin)	Director Finance and Accounts (Prin)	Director Contractor & Consultancy Services (Prin)(Pr)
Branch heads with main areas of responsibility in 1985-86	1. Direct catering services. 2. Managed service catering. 3. Buying policy for food and other materials for catering. 4. Line-manager of catering staff in field. 5. Management of common tariff. 6. Planning for catering premises and equipment. 7. Generation of new business.	1. Staffing and personnel management. 2. Full grade management of professional catering grades. 3. Negotiation with trade unions. 4. Training 5. Administrative policy and procedures. 6. Publicity and press matters.	1. Vote estimates, trading budgets and results. 2. Preparation of accounts and payment of bills. 3. Preparation and presentation of statistical and management information. 4. Control systems and procedures. 5. Management audit. 6. Management services, including computers.	1. Commissioning and monitoring catering contracts. 2. Co-ordinating hygiene inspections of catering premises on Crown property. 3. Catering consultancy service to departments and NDPB's. 4. Advice and guidance to committee restaurants. 5. Planning for catering premises and equipment. 6. Generation of new business.
Public expenditure totals to which responsibilities directed (where appropriate)	Gross quantified current expenditure about £19 million per annum, met and from Departmental subsidy. Ongoing capital spending programme of £1.65 million per annum.			from customers' plus special 5-year
Staff-in-post including heads of Division (1 July 1985)	1012	14½	29½	5
Total Staff-in-post (1 July 1985)				1062½

B. Allocation of Manpower/Resources between different areas of work

Responsibility Centre C1800

Date October 1985

(1) 1985-86

Area of work	% age
Directly operated units	63.2
Managed service units	11.9
Committee units	6.6
ERCs	0.4
Consultancy	3.7
Letting contracts and monitoring	2.4
Hygiene Inspections	3.0
Assisting Treasury in development of policy	2.5
Planning services	6.3
	100.0
<p>The above percentages show the proportion HQ resources devoted to particular functions. Of CISCO's total manpower figure of 1062½ at 1 July, 972 were employed in directly operated and managed service units. The percentages are based on an activity sampling exercise and weighted according to the cost of the individuals concerned.</p>	
Total	

(ii) Changes since 1984-85

The main changes are increases in the effort devoted to directly-operated and managed service units and to letting and monitoring contracts, cessation of skillcentre work and a reduction in the volume of assistance given to Treasury policy divisions.

(iii) Changes expected in 1986-87 compared with 1985-86

The amount of consultancy and contract work should increase substantially. The split of work between direct, managed service and committee units is likely to change but the extent of this cannot be predicted.

1. Operating staff restaurants as economically and effectively as possible in competition with contractors and committees.
2. Actively marketing CISCO's professional experience and expertise.
3. Providing professional catering advice to HM Treasury, Departments and NDPB.
4. Monitoring changes in systems of catering and the subsidy system arising from the scrutiny of Civil Service catering, the introduction of FMI, and the programme to test the market for catering services.
5. Advising departments and committees about the operation of restaurants run by committees.
6. Actively marketing the managed committee system of catering.
7. Providing management support for committee restaurants.
8. Commissioning and monitoring contracts.
9. Management of 5-year terminating programme for capital expenditure on catering premises and equipment (1984-89).
10. Reviewing direct cost of CISCO HQ support of Civil Service catering, including cost of agency services provided to CISCO by other departments.
11. Reviewing viability of CISCO move to trading fund status.

Footnote: All the policy changes resulting from the scrutiny of Civil Service catering have now been implemented. We need now to monitor the effects of these changes and those brought about by the continuing development of FMI and the programme for tendering out catering services.

In a period of major changes there is a greater requirement for CISCO's professional experience and expertise.

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>1. Extension of managed service system to direct catering units.</p> <p>2. Review of new subsidy system on behalf of Treasury.</p>	<p>a. All senior Departmental and Establishment staff concerned in catering policy matters, CCSU and JCC members are aware that the managed service system will normally be the basis of CISCO's bid when direct units are put out to tender.</p> <p>b. The system has been fully explained to all concerned and a printed, colour brochure distributed.</p> <p>c. CISCO currently have 51 managed service units including 21 in Scotland grouped under a single committee with 3 CISCO managers and a non-civil service accounting cell. 4 direct units have become managed service.</p> <p>a. New basis of provision, new subsidy system and detailed advice on the tendering out process have been distributed to all concerned. Catering is now included amongst 5 mandatory services to be tendered out.</p> <p>b. In the last 18 months, 17 committees have closed down, 32 have become managed services, 35 are now contractor run.</p> <p>c. CISCO has 22 more directly run units (mostly ex-committees and has lost 5 direct units (1 only so far to contractor)</p> <p>d. Forms have been designed and issued to replace previous financial returns submitted monthly by committees. A simple monthly return of trading information by contractors is included in the system for tendering out.</p> <p>e. Few problems have arisen over the introduction of the common tariff.</p> <p>f. Staffing numbers are being reviewed monthly to establish the net effect of the various changes taking place as they affect CISCO staff. Difficulties are being experienced in achieving the manpower target for 1 April 1986.</p>

D. Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>3. Review of CISCO HQ Costs</p> <p>4. Management of the Capital Expenditure Programme</p>	<p>g. CISCO's financial result for 1984-85 was outstanding. The current year's results to date indicate a 10% improvement in turnover in real terms over the previous year. The figures for direct units do not include the extension of professional management to managed services where in all cases significant real increases in usage have been achieved.</p> <p>h. Loss of CISCO direct units will result in redundancy costs under the PCSPS and transfer costs. These will be taken into account in the comparison of competitive tenders. The question of whether the Departments concerned or Treasury will meet the actual costs is still under consideration in the Treasury.</p> <p>a. The Value for Money targets indicate a significant reduction in headquarters cost per £ sales has been achieved. This is due to increased sales rather than reduction of headquarters cost. For this first year of using the target the additional notional headquarters cost has been discounted. The effect of growth in managed services which also absorb headquarters cost has not yet been taken into account.</p> <p>b. The MAISY project team have continued to refine the system and a number of improvements in operating procedures are currently being evaluated.</p> <p>c. Costs of agency services provided by other departments are being discussed in preparation for the 1986-87 budget.</p> <p>a. A report on the first year expenditure in the 5 year programme has been submitted. Agreement has been reached with PSA for the programme to be treated as a 5-year programme and under/over expenditure in any single year to be carried forward.</p> <p>b. Despite the present moratorium on PSA capital expenditure the programme is fully committed up to 1985-86 and the major part for 1986-87.</p> <p>c. Increases in real turnover and improvements in productivity indicated in the Value for Money targets are due to a large extent to this increased investment.</p>

Cont'd

D. (1) Program on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>5. Review viability of CISCO move to trading fund.</p> <p>6. Commissioning and monitoring contracts.</p>	<p>d. Professional management of this programme has ensured that the limited capital available has been targeted to achieve the most cost-effective result.</p> <p>e. The £8.25m approved will meet only a small proportion of the capital expenditure needed to up-date catering premises.</p> <p>Continued uncertainty over the future of CISCO has been reinforced by the introduction of the mandatory programme to test the market for catering services, by development of FMI and by the response of MOD (CISCO's major customer) to these two developments.</p> <p>a. Most departments welcome the support available from CISCO to carry out the process of commissioning. MOD have decided to carry out their programme through their Contracts Branch but it is still not clear where they propose to get the professional catering advice CISCO believes they need. It appears unlikely that contracted out MOD units will provide information on financial performance to CISCO although presumably MOD Contract Branch will be in a position to make comparisons on costs only. Their ability, however, to interpret those comparisons will still be questionable without professional catering advice. MOD contracts will be based on the Common Tariff but CISCO will be unable to assess the compliance of contractors with the standard without access to contracted MOD units.</p> <p>b. The first three contracts to be let under the revised system are due to be monitored shortly. The system CISCO has devised for monitoring will be evaluated when these contracts are reviewed.</p>

D. (ii) Priority objectives in 1986-87

Priority objectives	Comment/detail/progress expected in 1986-87
<p>1. Respond to decisions by Departments to tender out their catering services.</p>	<p>a. In the last 18 months CISCO has taken over the management of catering in 54 units (32 as managed service, 22 directly run). 4 direct units have converted to managed service and 1 to contractor.</p> <p>b. Departments have concentrated so far on reviewing catering in committee units. The programme reported to CISCO for 1986-87 includes a number of direct units and managed service units. Discussions are taking place with the MOD and the management of Devonport and Rosyth Dockyards about the future of catering within their plans for privatising the main work-force.</p>
<p>2. Prepare a marketing programme to develop CISCO's consultancy services.</p>	<p>a. The development of FMI is bringing home to many Departments and NDPBs the need to examine all aspects of their costs, including catering. CISCO is uniquely equipped to advise in this area and can do so competitively.</p> <p>b. Depending on the success of the marketing programme the timing of additional work-load may cause problems if the expected resources do not become available as a result of the tendering out programme.</p> <p>c. The ultimate success of the marketing programme depends on acquiring sufficient "regular customers" to finance a significant proportion of CISCO overheads. "Regular customers" must include sufficient involvement in CISCO management of catering (managed service or direct operation) to sustain CISCO's claim to expertise and experience in the field of public catering.</p>
<p>3. Management of Capital Expenditure</p>	<p>a. Continue to monitor the effect on customer uptake and staff productivity.</p> <p>b. Prepare a case for CISCO to operate as a cost centre for expenditure on catering premises and equipment for Civil Service staff restaurants.</p>
<p>4. Review management information systems.</p>	<p>a. CISCO's role as the source of catering financial information and as the arbiter of catering standards will be affected by Departments' decisions about how they wish to manage their future catering operations.</p>

Cont'd

Priority objectives	Comment/detail/progress expected in 1986-87
	<p>b. CISCO's principal management information system, the MAISY programme, is designed for directly operated units. As these convert to contractor operation or managed services the Malsy programme will not be adequate on its own to reflect the state of staff catering in the Civil Service .</p> <p>c. Systems for monitoring the aggregate performance of both contractor and managed services must be designed and the system for monitoring committee results needs to be reviewed.</p>
5. Commissioning and monitoring contracts.	<p>a. The system for commissioning contracts is established and working.</p> <p>b. The monitoring system is to be tested shortly on three of the earlier contracts.</p>
6. Review viability of CISCO move to trading fund.	Depends on developments during 1986-87.
7. Review CISCO HQ costs.	<p>a. Continued review of MAISY operating systems.</p> <p>b. React to changes in nature and volume of business.</p>

The most general measure of CISCO's performance is whether and how closely it meets its financial objective of breaking even. Early in 1985, CISCO established three specific Value for Money targets. On a year on year basis, the targets are:

- i. a 3% increase in sales per full time staff equivalent in real terms;
- ii. a 3% reduction in Exchequer cost per transaction in real terms and
- iii. a 3% reduction in Headquarters cost per £ of sales on direct and managed service units.

For all three, work has been proceeding to ensure that the methodology is robust and that the results are both easy to assess and timely.

CISCO are bringing in two refinements affecting the HQ targets. First, the notional costs not borne in 1984-85 are being assessed and future assessments will be on an overall cost basis. Second the target will be split between its direct unit and managed service components. HQ costs for direct units will be compared with direct unit sales and HQ costs for managed service units will be compared with managed service sales.

In Headquarters, staff-related and some other costs are now split between Directorates. Directors receive monthly reports on their expenditure and the overall position is regularly discussed at Management Executive meetings.

In Finance and Accounts, records are being maintained of the number of invoices handled per CO and in Personnel and Administration a check is kept on the number of pay accounts handled per CO.

For many years, specific performance indicators have been produced each month in unit operating accounts. These include gross profit percentages for the four sales categories, the "bottom-line" trading results, the numbers of transactions during daily service periods and the amount spent per transaction.

(1) Effect of 5 per cent reduction in resources available

)
)
)
) In a demand-related service in which the customer meets the
) majority of costs, arbitrary cuts in resources are inappropriate.
) Equally an increase in resources without the necessary proportionate
) increase in demand for the service would result in a deficit in
) the trading account which would not be acceptable.

) Senior management will be aware how difficult it has been to set
) manpower targets for CISCO at a time of reductions in general
) Civil Service manpower not directly related to CISCO restaurant
) operations, accompanied by continuing significant improvements in
) labour productivity. Given that departments determine the rate
) of change, the competitive element introduced from 1 April 1985
) has only accentuated this difficulty. It may be reasonable to
) expect a continuing reduction in the resources required by CISCO
) to operate the catering service but it would be wrong to seek to
) impose it arbitrarily.

(11) Effect of 5 per cent in resources available

2 MOD have decided that in the interests of propriety and if CISCO wish to tender for MOD staff catering they must be excluded from any involvement in the commissioning or monitoring process and must be denied access to any information relating to contractors' performance.

CLTA

CCTA Expenditure
1986/87

Responsibility Centre: CCTA
Date: 21 OCTOBER 1985

	Spend in 1984-85 (1)	Estimate Provision 1985-86 (2)	Current year spend to 30 September (3)	Bid for 1986-87 (4)	PES provision (5)	Excess (+) Saving (-)
Staff Complement Casuals/Students	531-526	526-521		524-499	521-496	+3
CCTA EXPENDITURE						
Staff costs	6142	6438	3205	7059	) 6874)	+285
Overtime	104	95	43	100		
Travel & Subsistence	) 782))	122	37	90	) 7050))))))))))	-576
Overseas		547	317	660		
Home						
Consultancies/fees	1073	2016	709	2000		
Accommodation costs	2699	2421	1728	2028		
Training	279	300	176	390		
Security guards	106	382	35	88		
Other g.a.e.s	980	938	319	693		
Domestic telecoms	465	430	114	525		
IT equipment etc	432	930	79	1093			517	+576
Development studies	3770	2819	1327	3495	2800	+695
GROSS TOTAL	16832	17438	8089	18221	17241	+980
CCTA RECEIPTS						
Procurement d.e.s	(4691)	(3259)	(1309)	(3422)	(4549)	(-1127)
Small systems unit	(526)	(415)	(3)	(250)	) (935))	(+640)
Other recoveries	(224)	(493)	(445)	(1325)		
Total	(5441)	(4167)	(1757)	(4997)	(5484)	(-487)
NET TOTAL	11391	13271	6332	13224	11757	+1467
INTERDEPARTMENTAL TELECOMS						
Capital	1666	3225	500	6707	3810	+2897
Current	13253	15393	9545	17240	15459	+1781
GROSS TOTAL	14919	18618	10045	23947	19269	+4678
RECEIPTS						
Telecoms charges	(12339)	(13881)	(4775)	(16237)	(14196)	(+2041)
Input VAT	(1388)	(1951)	(1485)	(2995)	(2513)	(+482)
TOTAL	(13727)	(15832)	(6260)	(19232)	(16709)	(+2523)
NET TOTAL	1192	2786	3785	4715	2560	+2155
CCTA TOTAL NET	12583	16057	10117	17939	14317	+3622

Notes

1. The staff complement bid includes three posts for project support for the Met. Police and the CBU (see Corporate Plan para 8.2).
2. The expenditure figures all exclude provision for the Houses of Parliament from whom bids are not expected until early November. The PES provision is £0.8m and it is assumed that bids will be contained within that figure.
3. Over 70% of the requirement for consultancies (£2m) is contractually committed.
4. The PES provision for accommodation costs allows for a reduction of £475,000 in respect of PRS and a transfer of £47,000 from Treasury in respect of CBX accommodation.
5. Provision for expenditure on security guards takes account of changes in the basis of accounting for the cost of security for CBX accommodation.
6. The domestic telecoms provision includes £123,000 in respect of the CCTA share of a new exchange at Norwich.
7. IT equipment includes part provision for CCTA's domestic IT system (MITSY).
8. Telecoms capital provides for major CBX and GTN enhancements/replacements and for the replacement of the Federal system.
9. Current costs and receipts for telecoms are derived from a forecast Memorandum Trading Account.
10. All figures for receipts are provisional and are likely to be revised once work currently in hand is complete.

**Version: HM Treasury
Planning Board
October 1985**

**CENTRAL COMPUTER AND TELECOMMUNICATIONS
AGENCY
CORPORATE PLAN 1985**

**HM TREASURY
(Central Computer and Telecommunications Agency)**

CCTA CORPORATE PLAN 1985

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INTRODUCTION TO THE 1985 CORPORATE PLAN

CCTA's role was changed by the Freeman Review. It was to disengage from approval and control of IT projects in departments and concentrate on providing services which contributed to departments' strategic thinking and supported departments in their implementation of IT. This was given clearer shape and definition by the first Corporate Plan which charted the direction of the Agency's development in fulfilment of its new role. This year's corporate plan:

- (a) Reviews progress achieved to date (Chapter 1);
- (b) Reassesses the judgements made in 1984 about the environment for introducing IT and the likely developments for the next five years (Chapter 2);
- (c) Identifies the main issues and benefits in moving IT in Government from where it is now to where it might be in five years time (Chapter 3);
- (d) Analyses the main business areas of the Agency and identifies the activities which require emphasis and prominence (Chapter 4);
- (e) Outlines the work programmes for the next 18 months (to March 1987) (Chapters 5 to 12);
- (f) Considers the Agency's organisation, summarises the resources required and available and examines any constraints and difficulties foreseen (Chapters 13 and 14).

CHAPTER 1 - PROGRESS REPORT

1.1 Progress is examined under three heads:

- (a) Organisation and Responsibilities of CCTA, Expenditure Divisions and Departments
- (b) Developments in departments
- (c) CCTA-led developments

Organisation and responsibilities

1.2 The main early task for the Agency following endorsement and publication of the Freeman Review was to make the necessary changes in organisation and responsibilities for Government IT. These were fulfilled as follows:

- (i) Treasury expenditure divisions assumed responsibility for financial approval from 1 July 1984. Before the handover, new delegated limits for departments were set and CCTA briefed expenditure divisions on each department and on CCTA's recommended procedures. The change is working reasonably well in practice. Expenditure divisions look to CCTA for advice on projects submitted for approval. Delegated limits are being kept under review. However there is still progress to be made in developing within Expenditure Divisions an understanding of and commitment to the importance of IT in meeting departmental objectives and improving resource management.
- (ii) Departments are now fully accountable for expenditure on IT. The new arrangements were defined in Mr Bailey's letter to PFOs of 11 May 1984. Departments have found little problem in assuming their responsibilities, though most continue to lean heavily on CCTA for project support and disengagement is slower than hoped.
- (iii) All departments are now principals in IT contracts. The change required negotiation with each of the 70 or so departments and other major units involved to hand over responsibility for over 5000 existing contracts. Despite some delays the programme was completed by 31 March 1985. Most departments are adjusting well to their new role and the new

procurement relationship is working satisfactorily. There are some teething problems, mainly over bill payment. Particular difficulties have been experienced by suppliers in adjusting to the unique MOD bill payment procedures which are quite different from all other departments and have led to serious delays in payment. There is a risk that this will prompt suppliers to try to reduce discounts offered on Standing Arrangements and CCTA and MOD will need to be vigilant to avoid this.

- (iv) The multi-departmental review (MDR) of government purchasing was published. Most of its recommendations are consistent with the Freeman Review and are either being implemented as a follow-up to that review, or were already part of existing CCTA practice. However some advice being given to departments by the centre on the implementation of the MDR is creating confusion as to departments' freedom to act independently on individual procurements. This is a matter which will be taken up with the Central Unit of Purchasing at an early stage.

Developments in departments

- 1.3 This section depicts some of the significant developments in departmental implementation of IT to set CCTA's contributions in their wider framework.
- 1.4 Progress of investment in IT has continued to accelerate. Departments' annual current investment in IT staff is some £250 million and another £45 million is spent on consultancy. For capital investment, complete figures on the IT installed base are not collected centrally but it is clear from the following figures that the last few years have seen a dramatic increase. In the four years 1981-82 to 1984-85 almost 15,000 orders were placed for IT requirements to a value of £449 million. The number and value of orders has been rising rapidly, for example 1984-85 showed an increase in the value of contracts over 1983-84 of 50 per cent. Trends in 1985-86 point to continued growth this financial year. It is possible to perceive changes in purchasing patterns within these figures. Although, for example, the demand for microcomputers remains high (value of contracts placed last year on individual requirements was in excess of £10 million) a growing number of departments are embarking on major thrusts in office automation which are not included in this figure. Typical of these developments are networked systems of 100-150 microcomputers at the lower end and the DHSS LOMP project involving 2700 microcomputers at the top of the range. But DHSS is not unique and there are other major office schemes in train. There are also major schemes which deploy on-line interactive terminals by the thousand in course of implementation.

1.5 The growth of IT in departments is attributable to four main factors:

- (i) The enhancement of existing systems, particularly migration from batch systems to on-line and database to meet more sophisticated operational needs;
- (ii) The spread of IT into the office environment;
- (iii) The introduction of management support systems, often based initially on microcomputers;
- (iv) The development of integrated, networked systems.

1.6 Significant developments in departments during the year were:

- (a) **DHSS/DE** DHSS has worked up consistent and detailed plans in its Operational Strategy in the light of available finance and IT manpower. The first DHSS local offices have been equipped with microcomputers for supplementary benefits assessment, and the first DE offices are being prepared for implementation of the Terminal Replacement and Enquiry System (TRES).
- (b) **Inland Revenue** The West Midlands pilot implementation of the computerisation of PAYE (COP) was extended to full coverage of the District. The first two Remote Processing Centres (for Eastern Counties and Wales) have been installed.
- (c) **Customs & Excise (VAT).** Replacement of the VAT computer system was successfully completed during 1984. Since then direct access to VAT information has been available in local offices, which is showing benefits in the control of VAT payments.
- (d) **Customs & Excise (CEDRIC).** The CEDRIC system had initial performance - testing problems but is now playing a crucial role in investigation work, especially in tackling drug smuggling. Information available at terminals located at ports has resulted in a marked increase in the number of seizures. It is planned to extend the CEDRIC facilities to many more locations.
- (e) **MOD Corporate Headquarters Office Technology System.** MOD has begun a major study into the organisational and technical feasibility of implementing Office Technology throughout its Headquarters organisation. This study will address, inter alia, the difficult areas of security and standards.

- (f) **MOD (Army) UK Land Forces.** A system to assist with the planning and execution of operational unit deployments has been implemented. It exhibits a high degree of integration of system facilities and has been developed using a Fourth Generation programming language.
 - (g) **MOD (Air) RAF Station Computing** The Royal Air Force Station Computing project, which over the next decade will extend the availability of IT management aids to Station Commanders in the UK and Germany was started and is developing satisfactorily.
 - (h) **FCO (FOLIOS)** The Technical Design Study demonstrated the viability of this office technology project. When implemented it will have a dramatic effect on the internal operation of the Foreign Office in London in the short term and could affect the wider Whitehall community in the longer term.
 - (j) **DTp (DVLC)** The IBM-based Replacement System is progressing well. The 12 month Integrated Input Procedures pilot scheme (which pioneers new working practices) has demonstrated the technical and operational feasibility of the system which will be progressively extended during the coming months. A facility has also been provided to make enquiries of the main vehicles database.
 - (k) **Departmental Telecoms developments.** Departments are progressively installing modern digital telephone exchanges, replacing obsolete electromechanical exchanges. The new exchanges provide facilities which make better use of staff time, including automatic re-dial and re-routing of calls. The installation in Elizabeth House for DES provided advanced facilities appropriate to a more automated office environment.
- 1.7 Troublesome projects included DHSS's TRES and C&E's CEDRIC (mentioned above), HMSO's MDS, ODA's Phase 1 MIS and the National Library of Scotland's SCOLCAP. Effort and money have been needed to bring them on course, and some still remain unresolved. The only notable project cancellation was that of the IR Integrated Collection System. IR decided (after two independent audit reviews) that alternative arrangements, and a simplified re-design, better suited the future business needs of the Department. This was an example of the benefits of strategic planning, causing management to rethink its approach.
- 1.8 Some departments have experienced a year of confrontation with Trades Unions. Inland Revenue fought a successful legal action against the IRSF over COP implementation - the project is now progressing with reasonable staff co-operation.

The strike at DHSS Newcastle was both very costly and left a bitter legacy - a detailed analysis of the lessons learnt is being prepared. Nonetheless DHSS is now successfully progressing several major IT projects - in particular its Local Office Microcomputer Project (LOMP) albeit at the price of some concessions as reflected in the LOMP New Technology agreement. DVLC came close to confrontation on its Integrated Input Procedures project involving team work concepts embracing DP and clerical staff. Some transitional concessions have been given, to allow the project to proceed. The outcome of the MPO grading review of clerical/DP staff, which has now been distributed to Establishments Officers, is crucial to the continued progress of this and several other IT projects.

CCTA - led developments

- 1.9 The Agency's contribution to IT in government tends to be at the earlier stages of the development of IT in departments. Significant developments are summarised in the following paragraphs.
- 1.10 Strategies in Departments CCTA issued guidance backed up by a series of presentations and educational and awareness initiatives for Chairmen of IT Steering Committees, and other departmental senior management. CCTA consultants have also contributed to strategic studies. Individual departments have made considerable progress in developing strategies. In March 1984, the Treasury Accounting Officer reported to PAC that, of the 22 departments which were the largest users of IT, eight were well on the way to achieving developed strategies and two departments had not started work. The position now is that 13 departments have fully-developed strategies and all departments with significant IT operations have accepted the need for, and are progressing the development of, their strategic plans. Future work will include further guidance, initiatives with smaller and less experienced departments and monitoring implementation.
- 1.11 Departmental Support Progress in setting up departmental and project support agreements (DPSAs) has been slower than expected. Nevertheless several agreements have been concluded and most of the remainder are awaiting only ratification, eg by departmental IT Steering Committees.
- 1.12 Consultancy Eight consultants have now been engaged and they completed 33 studies of which 17 were directly related to departmental IT strategies. This represents a significant increase in the proportion of strategic work undertaken.

- 1.13 Appraisal Thirty-six major suppliers and their products are being appraised as well as many smaller suppliers. The emphasis of this work has changed from appraisal of specific products towards an examination of the company as a whole, its structure, its view of the Government market, current products and product strategy.
- 1.14 Knowledge Base Appraisal work gives a unique breadth of knowledge of the IT industry with emphasis on future developments. It is a particularly valuable form of support to departments particularly where they are concerned with strategy and where an integrated approach to systems design is adopted. More emphasis however now needs to be given to disseminating information from this knowledge base.
- 1.15 Dissemination CCTA has published 35 major technical papers, many minor papers and arranged various presentations, seminars, etc. A service of information on software to departments has been piloted and a wider scheme is under consideration. CCTA also demonstrates products covering emerging technologies and microcomputers. On average it deals with 20 groups of visitors per month. The scope for widening the facility to office automation and to networked systems is now under consideration.
- 1.16 Information Systems Engineering CCTA's effort over the past 2-3 years has been to establish the methodologies for project management (PROMPT) and systems analysis and design (SSADM). The majority of departments now use PROMPT and SSADM is being actively used on approximately 210 projects. There has been some slippage in the development programme caused by a combination of staff losses and the time taken to recruit specialist consultancy assistance. But advanced computer-based tools, which underpin the methodologies, have been designed and have been prototyped in a number of departments offering the potential for substantial productivity gains.
- 1.17 Telecommunications. Regulatory changes and liberalisation in the telecommunications market, coupled with accelerating technological change over the past year, has led CCTA and departments to recognise both the complexity and the longer-term benefits of harnessing this technology properly. Achievements in the provision of interdepartmental services include a new electronic exchange for the Houses of Parliament and the installation of a triangle of digital tandem exchanges at Birmingham, Bootle and Leeds. A study of non-voice communications confirms that an integrated network for voice, data and other sources is a viable proposition. Orders have been placed for GTN digital tandem exchanges to serve the Cardiff and Newcastle areas.
- 1.18 Security and privacy CCTA's role in the field of security and privacy has been defined in conjunction with national security committees and other authorities. This

is a major new initiative and the build-up of staff and their training has been progressed rapidly over the year. Work was started on threat and risk assessment programmes identifying departmental security requirements, the appraisal of products, systems and methodologies and support to individual projects and committees. CCTA will continue to provide individual project support until security design and development methodologies have been found or constructed.

- 1.19 Standards The main action was the issue of a statement of intent in October 1984 committing central government to the use of Open System Interconnection standards in procurement. This gave notice to industry of the government's serious intention to purchase systems which can interconnect and operate with equipments from different suppliers, thus ensuring better value for money. This step was welcomed in the IT industry and has been emulated by other groupings of IT users. CCTA issued a consultative document on the priorities for work in the field of standards in procurement. CCTA is represented on BSI and international committees across a wide range of subjects. This effort ensures that emerging standards match the needs of IT users in government.
- 1.20 Information delivery services A number of pilot projects are being planned or implemented to determine the cost-effectiveness of and demand for electronic information delivery services in departments. CCTA has established the groundwork for pilot projects in voice-messaging, video-conferencing and inter-departmental electronic mail (IDEM). A project for linking some 29 small systems groups in departments through electronic mail (known as SSG Mail) is well advanced. This will enable departments to order items of IT equipment directly through CCTA's procurement division at Norwich and from HMSO.
- 1.21 Transfers to the supply industry. The Corporate Plan 1984 committed the Agency to negotiations with the IT supply industry to support developed performance tools and other software packages. So far negotiations have been started on the transfer of work for a number of products, in particular System and Computer Evaluation and Review Technique (SCERT), Communications Environment Generator (CEG) and Performance Analysis Test-Harness (PATH). There has been some delay in disengaging from small systems work. The services industry has been slow, sometimes unable, to pick up the work at the rate expected, and the demands from departments have increased. Backlogs have inevitably built up.
- 1.22 Collaborative Development An important development was the launch of a new British microcomputer - the Liberator - designed and produced by Thorn-EMI to an Agency specification. This followed CCTA studies of portable microcomputers for

text preparation. The Liberator is at present being marketed to government departments by HMSO.

- 1.23 Procurement developments. Standing arrangements now exist with 36 suppliers, providing an uncomplicated procurement path for departmental requirements for the smaller computer and telecommunications systems. Sixteen new ones have been negotiated since mid-1984. This sector accounted for more than 20 per cent of the total value of purchase and rental in 1984-85. Direct ordering by departments up to £100,000 value has been introduced for equipment available under Standing Arrangements. These developments have been much appreciated by departments and represent a significant improvement in the efficiency and effectiveness of the Agency's procurement service and the overall cost of buying.

CCTA internal organisation

- 1.24 The Freeman Review and the 1984 Corporate Plan caused a major re-orientation in the Agency's aims and functions. It required a substantial effort to rethink the purposes of work programmes, to chart new directions and to motivate and equip staff in their new roles. This effort in management of change was underestimated at the beginning and there is still some way to go. There have been difficulties as a result of staff shortages and the continuing problems of filling vacancies. The unfavourable comparison with rewards in the private sector which some predatory employers have sought to exploit remains a key issue. Despite all this it is a tribute to all the staff in CCTA that they have responded to the challenge with enthusiasm and initiative in ways which have taken the Agency further forward in its new objectives than might have been expected. In consequence the groundwork has been laid to enable management to plan future developments with confidence.
- 1.25 CCTA has been given greater responsibility for its own financial and personnel management. It is now a self-contained management unit within the Treasury management and resources structure, under delegation from the Accounting Officer and Permanent Secretary to the Treasury. Delegation arrangements from the Director CCTA to Heads of Divisions and their line management have been settled and budgets set up within which the Agency's functional units will work. Good progress has now been made to develop management reports (using the Treasury's MAISY system) which will help budgetary control.
- 1.26 There are some areas however where CCTA has not made as much progress as planned. The main reason is the shortage of specialist staff resources. In the period from January 1984 to June 1985 there were 25 resignations evenly spread among HEO, SEO

and Principal levels. A great majority of these resignations fell in the specialist divisions of CT2 and CT4. In addition, six Graduate Trainees resigned. Added to this has been a need to replace experienced staff on loan returning to their departments, in some cases before expiry of the normal 3-5 year loan period. The loss of staff at these levels is critical and demands almost continual recruitment activity through trawls and direct recruitment. In the period from January 1984 there have been 44 trawls advertising vacancies. From these trawls the Agency filled 40 posts of which 18 were filled by people already in CCTA. In addition the time-lag caused by the trawling process almost inevitably means that other vacancies in the same area often occur in the meantime. In the autumn of 1984 CCTA undertook with the Civil Service Commission the first ever direct recruitment exercise for HEOs and SEOs in ADP posts. The Agency eventually acquired 5 HEOs and 2 SEOs. It will be necessary to repeat this exercise later in 1985 and there is no indication of any reduction in the demand for trawls although CCTA will need to reconsider the approach it takes. The situation is creating difficulties for other Government Departments, already hard pressed for qualified staff. In addition senior management in CCTA are spending a disproportionate amount of time on staff recruitment activities rather than staff management and development.

1.27 The results are that:

- (i) Slow progress is being made to develop systems which make use of IT to improve internal efficiency and effectiveness, and to develop measures of performance to indicate CCTA's success in achieving its aims and objectives.
- (ii) The implementation of the telecoms strategy has been slower than planned, and the profile of planned expenditure suffered. Here staff losses are acute because of vulnerability to poaching by British Telecom.
- (iii) Appraisal assignments have not been completed and the coverage of IT products and suppliers has been less than hoped. Although 36 major suppliers have been reviewed, a number of significant companies have not been dealt with adequately. In addition in some specific areas such as networks, where the loss of expertise has been severe, only ICL, government's major supplier, has been covered.

1.28 The consequences have been a reduction in the Agency's ability to replenish its knowledge base and a shortfall or delays in the provision of services needed by departments. While the Agency has met most of its commitments to departments -

which are not reducing their demands on CCTA - the Agency's ability to force the pace of change has been inhibited.

CHAPTER 2 - THE ENVIRONMENT NOW AND IN 1990

2.1 The purpose of this chapter is to review the assessment of departmental needs and the IT environment to see whether new conclusions should be drawn about the Agency's response.

The current position: key issues

2.2 The 1984 Plan stated that the key issues facing all departments included:

- (i) The need to attract staff of the right quality and to make the best use of them, particularly specialist staff;
- (ii) The need for departments to plan IT developments in the strategic context of their overall objectives and programmes;
- (iii) The management and organisational structure for implementing IT;
- (iv) The use of effective methods for the design and control of IT projects.

2.3 These were identified as problems for all departments in the PAC report on the control of administrative computing (27th Report, Session 1983-84). Departments and CCTA have been cooperating to tackle these problems and, as Chapter 1 shows, there has been good progress, but there is still a long way to go. The effort required of departments is considerable and the benefits not immediate. Nevertheless the issues remain fundamental to the successful implementation of IT and continued vigilance and effort is needed to ensure that they remain at the forefront of departmental thinking and action. None of them - particularly the human resource question - are amenable to simple or short-term solutions.

2.4 Some developments which raise issues of importance to government IT have gained prominence during the year. Some are no more than facets of the four points identified above, but others are new issues in their own right. The major developments and the issues they raise are outlined below.

2.5 **Resource Shortfalls.** The most disappointing effect of strategic planning activities across government this year has been that expectations have been raised, only to be disappointed when the manpower requirements for proposals are not available. This is being compounded because increasingly IT capital budgets are being squeezed in PES; expenditure divisions, when faced with pressures to contain resources, can all too

easily fail to appreciate the strategic importance of IT in enabling departments to contain their running costs in the future. Shortages of IT professionals however are increasing not least because of the widening pay differentials with the private sector and the increasing aggressiveness of companies to recruit civil service specialist staff. Work on the policies and programmes aimed at helping departments to find and retain the right skilled staff must continue.

- 2.6 **Use of Resources and Skills.** Changes in priorities, schedules and buying in commercial resources help departments to get by at increased cost. The resource shortage is now impeding the natural progress of IT, with no sign of short-term improvement. The shortage of skilled IT staff particularly affects database, transaction processing, office systems, networking projects and telecommunications, all prime areas for development across departments. Supply from the IT systems houses shows a fall-off in quality so it has to be better husbanded. There is a need to ensure that consultants associate with the success of the projects to which they are assigned and that their parent bodies' names are coupled with success, or failure. Another potential solution is for departments to use IT tools which economise on the usage of scarce skills. This raises questions for the Agency's guidance to departments on tasking and managing consultants and on the need to give emphasis to work on computer-based productivity aids.
- 2.7 **The increasing use of turnkey contracts for delivery of whole systems.** Departments are attracted to using turnkey projects as a way of meeting their needs when they have a shortage of skills. This is matched by an increase in the number of potential suppliers. Some 19 significant new turnkey projects have come to CCTA's notice in the first 8 months of 1985, compared with 18 in 1984, 14 in 1983 and four only in 1982. Experience has shown however that turnkey projects still exhibit similar problems and risks to those inherent in in-house development. If anything they require more vigilant management by the department and a sound understanding between contractor and end-user. Increased use of turnkey contracts raises questions for improving the specification of user requirements and for a more rigorous style of contract management.
- 2.8 **Incremental development of IT Systems - prototyping.** Large scale computer projects, particularly those with lengthy implementation periods and wide geographical spread, present special problems. Departments sometimes adopt an incremental approach to software development spread over several years. This approach acknowledges that the software and hardware of systems first installed will require modification, enhancement or replacement in the course of implementation. The computerisation of

PAYE is a good example. The early establishment of a properly engineered development environment is needed as a separate proving ground for systems increments before live usage. IT engineering techniques must then assist rapid systems development. Systems must also evolve with user participation, and provide freedom to experiment because the users' need will change over time. The development environment can be used to encourage user involvement - the prototyping approach. The DHSS Local Office Project is a good example of this. The concept is relevant too to systems with a large office automation element, where design has to be fluid because the way users will operate the system is not always predictable. Whilst flexibility and responsiveness of this kind have to be planned in the IT engineering and prototyping approach, they do introduce unknowns. Problems arise in terms of investment appraisal, analysis and timing of realisation of benefits, funding, resourcing, procurement arrangements and forms of contract. Such issues need careful consideration and the development of relevant procedures and guidance.

- 2.9 **The changing relationship between providers and users of IT.** As users become more familiar with IT and as the technology becomes simpler to use, there is a rising trend of demand for systems in support of office functions. Users understand better what IT can do for them and their demands are becoming more sophisticated. This trend is reinforced by developments in FMI. It raises issues for the planning of IT projects, for the organisation and control of IT developments, for standards and security, and for the skills required of IT providers. It also indicates that CCTA should increase the emphasis that it gives to the office environment.
- 2.10 **Cost justification of IT projects, particularly office systems.** Current methods of investment appraisal and financial justification are well-tuned to the appraisal of proposals which automate existing functions and have demonstrable benefits which can be quantified and costed. The penetration of IT into the office environment with an impact on policy-making and the growing use of management support systems raise important questions about the measurement of benefits which either depend upon changes in working practices, or on improvements in quality of service or decision-making, which are less easy to predict or to measure. Departments and Treasury have to be alive to the effects of IT in these unquantifiable areas and investment decisions have to take account of less definable benefits.
- 2.11 **Security and standards issues become more significant.** The development of IT systems in the office and in data communications networks raise the importance of standards for interconnecting systems and the protection of information from unauthorised access. There is an increasing need for central guidance on security which ensures that departments take account of security considerations in their

planning and in the use of methodologies for implementation. Central work to influence the development of international standards in the direction of the requirement of government IT is also necessary.

- 2.12 The use of IT in areas of strategic importance to departments' operations and policy-making.** The wider spread of IT throughout a department's business often raises problems which are nothing to do with technology but are connected with the objectives of the organisation and its working practices. There is an improving awareness at the top levels in government of what IT can do - and a drive to exploit it. Both the Green Paper on Social Security and the Green Paper on Reform of Personal Taxation give emphasis to the IT development plans in DHSS, D Employment and IR, and specifically cite IT development as paving the way for reforms and consideration of policy options that would not have been practicable otherwise. There is a developing need for strategic thinking and business analysis skills which are in short supply both in departments and at the centre.
- 2.13 The need for an IT Systems Replacement Policy.** Government has been a heavy user of IT systems for many years, and in consequence there is a large legacy of systems to maintain. Some systems were designed 20 years ago, implemented in low level languages, poorly documented, and have been much amended over the years. They represent a risk in operational terms and a disproportionate maintenance burden. Departments, as part of their strategic consideration of IT, need to review all existing systems against future business needs, and develop a system replacement policy.
- 2.14 IT and the Trades Unions.** The introduction of new methods and technologies is always a sensitive matter for staff and industrial relations. The Trade Union side is fully aware of the importance of IT and sees it as a matter of concern in their negotiations with management and as a potential lever in bargaining. Issues currently relate to the health and welfare of staff associated with IT, particularly VDUs; the grading and rewards of operational staff; the impact of IT on numbers and the potential for sharing benefits with staff.
- 2.15 Contingency planning.** CCTA recently reviewed and reissued guidance to departments on planning for disaster and other conventional contingency situations. A new concern is that IT systems should be planned to take account of a variety of new risks, ranging from "hacking" to industrial action. Such features add cost, which must be judged in the context of the risks and damage that might be caused. New guidance and a methodological approach to risk assessment and advice on counter measures against such contingencies is needed, and CCTA has already started on contributory work.

- 2.16 This assessment of the main issues, and the actions they call for from departments and CCTA is a major feature in the consideration of priorities and of work programmes in Chapter 4 onwards.

The current position: departmental experience

- 2.17 The assessment in last year's corporate plan was that departments have different requirements in their IT plans, which reflect the history of their IT development as well as their different functional responsibilities and method of working. This calls for a different CCTA response in each case. The 1984 Plan depicted departments as presenting a spectrum in their needs and experience ranging from those which have neither the need for nor the resources to manage and implement a large programme of development to those departments which are well-placed in IT terms and which already have substantial IT systems and programmes for development and which can be expected to look to their own resources to guide them through. The point to recognise is that each department is at a different point in the spectrum, and there are variations within departments.

The picture for 1990

- 2.18 Little has changed since the 1984 Corporate Plan to alter the view then taken of the scene five years hence. The main features, with some revision, are summarised below.
- 2.19 A description of the IT scene in departments in 1990, assuming that the problems outlined in paragraphs 2.2 to 2.15 are addressed and solved might look something like this. It assumes that departments are able to move to a stronger position of self-sufficiency in resource terms and that a positive working relationship between departments and expenditure divisions aimed at implementing beneficial IT is obtained. All departments will have well-established strategies being implemented and more operational services subject to automation. Integrated interactive on-line systems will be established in DHSS, IR and C & E and those departments will be planning major developments in networking techniques which will enable their systems to communicate and interact with other departments. A centrally managed telecommunications infrastructure will be well established allowing the same network to transmit voice and data between departments. Communications between headquarters departments will be predominantly by electronic mail and modern telephony.
- 2.20 The productivity gains in development and implementation of systems will be starting to be realised. Faster implementation of IT projects with fewer people in programmer

and systems analyst posts will be achieved and implementation costs substantially reduced. Greater use of standardisation and packages will enable similar problems to be tackled in common ways. No less important than efficiency, the quality of the systems produced will have been improved; designs will prove efficient, reliable, flexible and responsive from the outset and their maintenance and enhancement will be less resource-demanding and more predictable.

2.21 Penetration of IT into the office environment will be well-established. Savings will have been realised in filing, retrieval and storage and in office support functions. Greater use of graphics will be possible. Services will be quicker and more effective.

2.22 IT will be assisting departmental management and policy decisions at the highest levels. Use of expert systems in decision making will be growing. The impact will be felt in reductions at middle management and professional grades.

2.23 Changes in grading and career structure for operators of IT systems and office support grades within departments will have been implemented.

CCTA role

2.24 This assessment of the environment in 1990 shows what is possible from the effective use of IT in government, given a fair wind to the developments now in train. It is a "best-case" picture, though aimed at the possible rather than the ideal. However it rests on the assumption that the issues and problems for departments assessed in paragraph 2.2 will be resolved. And it will not happen without push from the centre. CCTA's purpose is to provide that push, to assist, and if possible accelerate, the trends towards effective use of IT, co-operating with departments, the rest of Treasury and MPO to resolve the constraints and difficulties. It is an ambitious aim.

CHAPTER 3 - ASSESSMENT OF CCTA'S AIMS AND BENEFITS

3.1 The conclusion from the Progress Report (Chapter 1) and the assessment of the Environment (Chapter 2) is that CCTA's aims and role as identified in the 1984 Corporate Plan remain valid. Thus the central aim remains

- to add value to the development and application of IT in central government by assisting departments towards the effective and efficient use of IT and the subsidiary aims remain as then expressed.

3.2 With a year's experience of working to those aims the Agency can say something more about how it interprets them. It can also throw some light on how effective the Agency might be.

Scope of operation

3.3 Essentially in fulfilling these aims CCTA is concerned with:

- getting IT in the right place - a matter which involves the determination of what a department exists for and what it is trying to achieve, with a consideration of how IT can support that (IT strategies, maximising utility);
- the acquisition of IT - a process which starts with planning projects and the appraisal of options and does not finish with the procurement of equipment (value for money, ie maximising functionality and performance at lowest cost);
- impact on staff providing IT services and on those who use IT - with the former: staffing levels, skills, working methods, effectiveness and efficiency - with the latter: organisation and management of change of form and content of work, the impact on people's working habits, deployment and health (getting benefits out of the system).

Determining Priorities

3.4 Three sets of criteria are important for determining priorities for resource allocation:

- (i) the perceived needs of departments, both current and future
- (ii) the aims and objectives of central departments, particularly the Treasury

- (iii) the expected benefits of the activity

Departmental Needs

3.5 Issues facing departments are examined in Paragraphs 2.2 to 2.17 and are not further commented on here.

Treasury Aims

3.6 The overall aims of the Treasury as applicable in this area, might be summarised as ensuring that departments.

- administer themselves efficiently and economically
- have systems which control resources effectively
- secure value-for-money in investment decisions
- have services provided centrally which are justified by economies of scale, the effective use of scarce resources or are of benefit to Government service as a whole.

Benefits

3.7 Each of the three concerns set out in paragraph 3.3 give different benefits.

3.8 Thus the benefits of getting IT in the right place are:

- clearer focus on departments' own operational priorities and the value of IT to their achievement, hence the importance of strategic questions;
- reductions in cost to departments of learning for themselves lessons learnt elsewhere;
- minimising risk and improving security through disciplined methodologies in analysis, design and project management.

3.9 There is no easily identifiable quantity to be attached to such benefits. Often the main prize is the avoidance of errors and omissions which would otherwise result in nugatory expenditure. But the effects of success impact on the whole field of departmental

administration. Thus the scope of application is the overall expenditure of departmental running costs of £14 billion a year.

3.10 Benefits from the right choice of system would include:

- improved performance and quality of IT systems which meet users' needs effectively;
- improved cost/benefit in project application gained through effective planning, flexibility of design, better specification and standardisation, widening the range of choice in selection and competitive procurement;
- reductions in the cost of acquisition and implementation through standardisation, common software and economies of scale in purchase.

3.11 The essential purpose is to secure better value for money in the acquisition of IT. Again, it is not easy to generalize or to identify simple measures but, putting to one side for the moment the important quality arguments (the value side of the equation) and concentrating on money, the following perspective emerges. The approximate cost of CCTA's procurement effort is about £5million per annum. (This goes wider than just Procurement Division). This cost is directed at acquiring, on behalf of departments, about £180 million per annum of IT capital. This represents a surcharge on purchasing of less than 3 per cent. To justify this premium in money terms, CCTA needs to buy at discount levels at least 3 per cent better through its larger purchasing muscle than departments could individually. Discounts to CCTA from IT suppliers vary significantly (5 - 40 per cent); it is however believed that, in the round, CCTA does better than departments by at least 5 per cent, not including further money savings achieved in post-contractual negotiation.

3.12 The benefits achievable in the staffing area are:

- improved productivity and quality in the implementation and running of IT systems;
- better organisation which enables the staff to be deployed effectively in a way which makes best use of the new technology;
- better personnel management and industrial relations which ensure that IT is not seen as an issue for union/management confrontation but as a means of enhancing the quality of work.

3.13 The main measurable benefits are in relation to the staff costs associated with developing and enhancing of IT systems. The current pay bill in departments for this is approximately £200 million. Early trials suggest a productivity improvement of the order of 20 per cent is achievable. If this can be applied generally potential cost savings are put at £40 million a year.

3.14 The benefits listed above can be achieved by departments under the stimulus of CCTA. They cannot be achieved (or are less easily secured) without CCTA involvement and they provide the rationale for CCTA's work programmes. Other criteria for guiding CCTA's intervention would be:-

- (i) the benefit must be of high value in relation to the CCTA effort and delivered within a reasonable timescale.
- (ii) CCTA is best qualified to provide the services - neither departments on their own nor the supply industry unprompted could provide it cost-effectively,
- (iii) there is an end-date foreseen, thereafter the activity is self-supporting or departments can take over.

Performance Indicators

3.15 The outline of benefits suggests that in measuring CCTA's performance it is not easy to find quantifiable indicators of final output or effectiveness. The final results are to be seen in the economy, efficiency and effectiveness with which departments implement IT and the effect this has on their operations. Nevertheless some intermediate measures of performance are possible and those are listed in the Annex to this Chapter.

The mode of operation

3.16 In pursuing its aims the CCTA has a two-fold mode of operation particularly towards departments.

- (a) Reactive, in response to requests for assistance or information both from departments and the Treasury;

- (b) Proactive, whether as pathfinder or catalyst to encourage departments to move in particular directions or as a provider of a centrally managed service like the interdepartmental telecommunications network.

3.17 Underpinning these two modes is an activity of gathering and maintaining the knowledge and information essential to performing CCTA's functions. It ranges from accumulating information and liaison with suppliers and departments to appraisal of specific equipment and testing and evaluating products.

Reactive Services

3.18 The services are:-

- (i) the provision of information and advice on request
- (ii) assistance to departmental projects or consultancy assignments
- (iii) the development of software products for small systems
- (iv) procurement services

3.19 By their nature the services are demand-driven. The issues raised for CCTA management relate to balancing supply to meet the demand, effective work planning and scheduling, ensuring the relevance and efficiency of the service provided.

3.20 CCTA will expect to recover the cost of most of these services, and this will provide a mechanism for helping to match supply to demand. Experience suggests however that the demand will for the foreseeable future exceed supply, particularly for those services which the Agency has been engaged in for some time. Following the "Criteria for Action" identified in last year's Corporate Plan CCTA will encourage departments to become self-sufficient in those areas of IT where they can be expected to operate for themselves, and it will expect to disengage from those services where the added value of a central department role is limited. An important factor in that judgement is the value to CCTA itself of having sufficient involvement with departments at detailed tactical and technical levels. Involvement enhances the knowledge base of the staff in the Agency, builds up CCTA's credibility with departments for all the services it offers and secures an entry for the Agency in its monitoring role on behalf of the Treasury.

Proactive Services

3.21 The services are:-

- (i) guidance and advice to departments on best practice in IT, at all stages from strategic planning to live running of IT systems.
- (ii) co-ordination and development of central policies on eg human resource, standards, security which are of common concern to all departments.
- (iii) the initiation of forward thinking on IT developments which have potential for the civil service, testing new applications, identifying the needs of key communities of users, and drawing lessons from this work.
- (iv) the development of tools and techniques, aimed at improving productivity and quality of IT implementation.
- (v) planning and implementing services in telecommunications which cover all departments.

3.22 The style of management must be different here. It involves the identification of needs which apply across departments, the development of solutions, and their promotion. The allocation of resources to this work and the setting of work programmes and targets depends on a clear understanding and management of priorities.

3.23 In many areas there is no clear dividing line between reactive and proactive roles. Many officers in CCTA are working in both modes, sometimes at the same time. CCTA staff will need to be conscious at all times of the need to ensure that their involvement with departments must be seen to provide a high-value return for the effort. In general terms that means that a service of benefit to one department will have an increased added value if it can be replicated and made available for use by other departments. Hence the need to consider where broadcast methods of transferring knowledge and experience might be more effective than bilateral contacts. Once new applications, tools and techniques have been developed for use in departments, the Agency resources will be better deployed in other new areas than in reinforcing and supporting services which departments can take over for themselves.

Redefinition of Added Value

3.24 CCTA's "Added value" can therefore be defined further to mean providing those services to departments which:

- (a) Offer greatest benefit in terms of improved efficiency or effectiveness for the service as a whole, in the purpose for which IT is provided;
- (b) Help departments to secure value for money in the acquisition of IT equipment;
- (c) Help departments to increase the productivity and improve the organisation and management of the people involved in IT;
- (d) Are most cost-effectively provided from a central organisation within government rather than by departments themselves or by the private sector direct to departments.

<u>Type of Indicator</u>	<u>Result</u>	<u>Comments</u>
<u>Strategies, tactics, policies and plans</u>		
Development of strategies in departments	<p>Of the main departments all have strategic plans under way:</p> <p>10 are in development; 15 are agreed strategies; of which 5 are in implementation.</p> <p>(CT1 effort 1985-86 is 25 man years)</p>	<p>The scale of investment which CCTA is here attempting to influence is the overall spend by departments, system and people costs over a future rolling 5-year period, a sum of c.£4,000 million.</p> <p>A future task, and measure, will be to monitor departments' progress against plan, lead each into an annual review cycle and to assess a measure of the value of CCTA's influence.</p>
Departments covered	70 departments and other major units	
IT Steering Committees attended by CCTA	125 strategy and steering committees >500 meetings per annum, equivalent to 10 man-years support (inc. in 25 above)	
Consultancy assignments	<p>33 assignments completed in 1984 of which 17 related to strategies, 10 high-level feasibility, 6 management and technical reviews.</p> <p>(1985-86 - 9 man-years)</p> <p>(1986-87 - 10 man-years planned)</p>	<p>Demand for services continues at a high level and client reaction to vast majority of studies is very favourable.</p>

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<u>Type of Indicator</u>	<u>Result</u>	<u>Comments</u>
Seminars	8 major seminars (1 man-year to support) including one for Chairmen of IT Steering Committees (50 attendees inc. 6 Grade 1), two for Heads of IT (60 attendees) and a three-day seminar on management of change.	Supports getting IT in the right place and encourages senior departmental management to think radically. An at least comparable programme planned for 1986-87 with 10 major events.
Guidance issued	12 major publications, total c. 1000 pages of guidance.	eg Revision of IT Guide, the Management Guides and the Guidance for Strategic Planners.
<u>Impact of IT on departments</u>		
OFFICE AUTOMATION Pilot studies established	Interdepartmental Electronic Mail (IDEM) - implementation study completed, detailed planning for introduction underway. Pilot trial (in 6 departments) of voice messaging systems. UK Liberator now in full scale production. Some 200 ordered by departments (together with over 100 printers) and growing quickly. Investigation, design and implementation (in 4 departments) of an electronic office system for government press offices.	Aimed at promoting effective and efficient use of the available and developing technology. [See also Telecommunications]

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<u>Type of Indicator</u>	<u>Result</u>	<u>Comments</u>
Guidance issued	Office Automation system design methodology piloted successfully in two departments.	Results intended to define an approach which would yield significant productivity improvements when developing systems and at the same time reducing the risk.
General user awareness	Annual programme of seminars, user groups and meetings with departments.	Intended to increase users' awareness of the opportunities offered by IT in better meeting their business aims. [See also Knowledge Base]
SECURITY		
Central support tasks	Interdepartmental working groups and committees established in past year and work programmes initiated.	
Control of resources	Procedures established in 1985 for identifying departmental security requirements.	
Standards	Risk analysis methodology study. Programme established with targets in 1985-86.	Objective to identify standard method for determining requirements.
Project support	Security Studies, risk assessments, assistance with security strategies. 30 projects each requiring 2-20 man-days of effort.	Only high priority items can be undertaken due to resource constraints.
Product development	Procedure for identifying common product requirements developed and will be applied during next 12 months with 30 departments.	Information held by central bodies, close liaison with potential commercial suppliers.

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<u>Type of Indicator</u>	<u>Result</u>	<u>Comments</u>
STANDARDS		
Representation and input to high level committees (FOCUS, ITUSA)		
CCTA attendance at standards making bodies	6 man-years effort on 25 committees (1984-85)	This is aimed at identifying those standards which impact on IT in government and to influence and monitor their development.
Liaison with departments	Approx 30 departments given ad hoc advice.	
<u>Getting and Running Better IT Systems</u>		
Methodologies		
PROMPT	PROMPT (established in all major departments)	The methodologies are aimed at developing systems which meet the requirements of users, are well designed, and are delivered to time and budget. Demand for training and support remains very high and CCTA must consider ways of harnessing the private sector more effectively. Many new tools are being introduced on a trial and evaluation basis. Results are varied but many have a potential saving of at least 20 per cent.
SSADM	210 projects using SSADM in most departments.	
SDM	used in all departments	
Productivity gains from computer based tools	Prototypes now used in field trials show potential gains of 20 per cent.	

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<u>Type of Indicator</u>	<u>Results</u>	<u>Comments</u>
<u>Project Support</u>	c.60 DPSAs negotiated with all major departments. Aggregate demand from DPSAs in 1985-86 was 50 man-years against 45 planned. Operates on an in-year investment by departments of c. £400 million.	Because of staff shortages 35 man-years delivered 1985-86. No sign of falling demand. 45 man-years planned for 1986-87 of which 35 likely to be delivered. (In eg MOD (Army) each CCTA man day relates to £150,000 project cost - a 1 per cent saving therefore exceeds SEO daily rate comfortably.)
CT2 projects supported/ resources employed	Direct support to projects in 33 departments. 43 man-years effort.	Accounts for 44 per cent of CT2 effort on all activities except internal management. [See also Knowledge Base for indirect support.]
Microcomputer system implementations	17 Bespoke systems implemented for 16.5 man-years effort (1984-85)	
Performance tools		
Resource involved in departments in CEG, SCERT, PATH	CEG supported in 12 depts. 3-man years effort. SCERT supported in 8 depts. 1 man-year. PATH developed and supported in 6 depts. 5 man-years effort. (1984-85)	True benefits of these tools requires assessment of savings by doing at centre against individual efforts by departments. 3 pre-contractual benchmarks could not have been run without PATH.

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<u>Type of Indicator</u>	<u>Results</u>	<u>Comments</u>
<u>Knowledge Base</u>		
No. of suppliers covered by appraisal activity/resources employed.	36 major suppliers appraised across full product range; many smaller suppliers in less depth. Appraisal and maintenance of knowledge base in CT2 accounts for 26 man-years effort.	The value of the knowledge base is directly proportional to the coverage, and also to the extent to which the information is looking to the future. Accounts for 27 per cent of CT2 effort on all activities except internal management.
Dissemination of knowledge and indirect support depts.	35 major papers distributed to departments (1984-85). Total CT2 effort was 28 man-years.	This activity covers also all advice given ad hoc to departments in addition to technical papers, presentations and seminars. Accounts for 29 per cent of CT2 effort on all activities except internal management.
	Advanced Technology seminars to brief CCTA departmental support staff CT4	Two seminars to be run in 1985-86 to disseminate findings of the advanced technology group.
	Support for departments in expert systems and artificial intelligence projects.	Designed to stimulate departmental initiatives. Schemes to be agreed in 1985-86.

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<u>Type of Indicator</u>	<u>Results</u>	<u>Comments</u>
<u>Procurement</u>		
CT5 Procurement Services	Details of performance measures at Annex.	
SSB assistance to departments in arranging consultancies; no. of cases	221 (174 in 1983-84)	Departments' expenditure on private sector consultancy is estimated at £27 million in 1984-85 (£12 million in 1983-84).
SSB assistance to departments in turnkey contracts; no. of cases	21 (12 in 1983-84)	
<u>Telecommunications</u>		
No. of projects in departments supported/resources employed	45 projects in 30 departments using 8 man-years	(Other possible indicators are: number of links established " " lines serviced)
GTN/CBX replacement. No. of projects completed/contracts let/total expenditure	(1984-85) Tandem switches installed in 3 locations at £0.5 million cost	
Other development projects (network management system, electronic mail, voice programme of activities)	Memorandum Trading Account constructed for management of GTN/CBX Telecommunications Business Plan formulated	MTA will detail costs and enable CCTA to monitor business efficiency and pricing decisions from 1986-87 Detailed programme of activities determined against which performance can be measured.

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<u>Type of Indicator</u>	<u>Results</u>	<u>Comments</u>
Other Initiatives	<p>Installation of Local Area Networks in Riverwalk House underway</p> <p>Digital PABX to be installed in Riverwalk House 1985-86</p>	<p>Telecommunications Infrastructure: comparison of 3 different LAN technologies to develop LAN experience and determine most effective system. Operational evaluation of Digital PABX. Developing expertise in electronic mail systems and evaluating service.</p>
	<p>Interdepartmental Telecoms. Forum for exchanging information and providing advice investigated.</p>	<p>Agreed will be set up in 1985-86</p>
	<p>Advice to DTI and Oftel on telecoms regulatory issues. Clarification of position of government's own network operations.</p>	
	<p>Support to duopoly policy on supply of basic service. Three contracts awarded to Mercury.</p>	<p>Assistance provided to Mercury.</p>
	<p>Comprehensive consultancy project initiated to determine communications practices and needs of all main depts.</p>	<p>Vital for developing network management system to run proposed ISGN. Assistance provided with project management methodology and data collection.</p>

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<u>Type of Indicator</u>	<u>Result</u>	<u>Comments</u>
<u>Administrative Services</u>		
Staff moves	1984-85	
Vacancies arising	25 resignations at P; SEO and HEO 6 GT resignations 39 transfers of staff returning to Parent Departments 6 retirements	
Action to fill vacancies and success	1984-85 44 trawls 40 posts filled (18 already in CCTA)	
	Recruitments	
	12 GTs 7 above basic grade (5 HEO and 2 SEO)	

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CT5 PERFORMANCE ANALYSIS

The majority of the work of CT5 is demand led. It is clearly essential that in the role of a central agency, CT5 must be able to demonstrate that it provides the best possible service to customer departments. The aim of Procurement Division is:

"To undertake the most economical, effective and timely procurement of and contracting for IT goods and services for central government departments."

CT5 ensures this aim is met, by measuring the following aspects of performance.

EFFICIENCY

Performance in this area will be measured by analysing the number of the following items processed by CT5 staff,

- i. Operational Requirements
- ii. Memoranda of Agreement
- iii. Invitations to Tender
- iv. Awards of Contract
- v. Invoices

Efficiency Indicators will be derived by comparing the number of each category processed in consecutive years.

Present records only allow a comparison of the number of contracts let per head of CT5 staff on a division-wide basis, and shows a steady improvement in efficiency:

<u>Year</u>	<u>Nos of contract awarded per head</u>	<u>(Staff in post)</u>	<u>Average contract value (£)</u>
81/82	18	88	40,000
82/83	29	89	44,000
83/84	31	97	42,000
84/85	36	98	52,000

Efficiency Measures will be derived by comparing the performance of equivalent branches and sections within CT5; or by comparing a sections performance in consecutive years, once our record-keeping systems have been fully automated.

EFFECTIVENESS

The aim is to reduce CT5 involvement in any procurement to providing only that service which adds value.

CT5 objectives are:

OR generated procurements

To achieve award of contract within the target timetable agreed with a project team in 95% of all OR generated projects during those phases of the project in which CT5 have prime responsibility (ie MOA to ITT, ITT to award of contract).

Other procurements

The objectives for remaining procurements, are to reduce the length of procurement action. In view of the fact that the length of a procurement is influenced by factors outside the control of CT5, 90% of all remaining procurements are to meet the following:

<u>Contract Value £K</u>	<u>Working Days from receipt of Procurement request (eg demand)</u>
Under 25	5
25-100	30
100+ (non-advertised)	30
100+ (advertised)	85

All invoices are to be authorised and forwarded to the customer department for payment within 2 working days of the invoice becoming payable.

All incoming letters are to be allocated a "reply by" date by the receiving officer. If this date is more than 10 working days from the date of receipt, an acknowledgement must be sent within 4 working days stating the target date for reply.

TSTABZ

Current records show the total length of time taken per contract per head of CT5 staff has steadily diminished, clearly demonstrating improving effectiveness:-

<u>Year</u>	<u>Total average time to process contract (man-days)</u>
81/82	12.2
82/83	7.6
83/84	7.1
84/85	6.1

Standing Arrangements

Great efforts have been made to build up the number of Standing Arrangements to an optimum level eg which provides for competition in the sector of the IT industry covered. A position of dynamic equilibrium should be approached by the end of this financial year:

<u>Year</u>	<u>No of SAs concluded</u>	<u>Number and Value of orders placed by departments</u>
81/82	-	-
82/83	3	1150 @ £9.4M
83/84	5	1295 @ £8.9M
84/85	26	2527 @ £18.3M

Future development will include extending the scope to cover other areas of the market eg maintenance, software, bureaux, mainframe contracts.

The increased use of Standing Arrangements has enabled CT5 to cope with the growth in demand for IT goods and services with only marginal additional staff.

Quality

Formal reporting procedures are to be introduced, which enable departments to comment directly on CT5 performance, by meetings with major departments, or regular written reports on procurements.

Effective training will also be a major contribution to quality. A training program for CT5, is in final course of preparation with implementation commencing in mid-October 1985.

TSTABZ

ECONOMY

Economy will be measured by comparing the cost of a section in administering a procurement with:

- a. other sections handling similar projects;
- b. costs in different periods; or
- c. a planning target.

As CT5 working practice has changed significantly from 1.4.85, the objective for 85/86 is to establish base data so that performance in subsequent years can be measured.

The cost of CT5 staff resources expended in processing procurements has changed as follows (all figures based on 1984 ready reckoner)

<u>Year</u>	<u>Cost of CT5 resource per contract</u>
81/82	£1121
82/83	£ 571
83/84	£ 511
84/85	£ 451

**RESERVED FOR PERFORMANCE INDICATORS -
CURRENTLY SEPARATE DRAFT**

CHAPTER 4 - THE 'BUSINESSES' OF CCTA

- 4.1 From the assessment of the environment in Chapter 2 it will be seen that the Agency's task is helping to steer government IT from where it is now to where it might be in five years' time. This provides the framework for deciding the scope of CCTA's interests and the main areas of activity. The analysis of benefits in Chapter 3 and of the key issues in Chapter 2 provide a sharper focus for those interests and help to identify the main priority areas in the allocation of resources and the management of detailed work programmes.
- 4.2 The best way of summarizing the functions and work programmes is to consider the Agency as comprising a series of business areas. These do not necessarily correspond to the divisional structure of CCTA, but they do correspond to current activities within the Agency. It is the judgement in this year's Corporate Plan that the direction and the focus of work set by the Freeman Review and last year's Corporate Plan were right. However further assessment this year points the need to highlight certain activities within the business areas which require increased management attention and emphasis within the framework of the bedrock functions already approved.
- 4.3 The business areas and the emphases are summarised below. The work programmes for the period to March 1987 are outlined in Chapters 5 to 12.

The framework of the work programme

Strategies, tactics, policies and plans. Directed at helping departments to prepare and develop the framework in which their IT implementations will take place. This is an area requiring continuing emphasis (Chapter 5).

Impact of IT on departments. Help to departments in their planning of IT by providing guidance on key issues and trends in technology which should be considered if their strategies and projects are to be well conceived. The particular emphases here relate to the importance of office automation and security and privacy (Chapter 6).

Getting and running better IT systems. Help to departments to design, develop and manage systems in ways which secure better value for money overall. The emphasis here will be on the development and promotion of the methodologies already in widespread use and the computer-based tools which improve the productivity of systems implementers. (Chapter 7).

Project Support. The assignment of CCTA officers to help departments with the development and implementation of IT projects and the production of software products, on small systems. The Freeman Review and the 1984 Corporate Plan indicated that these would be areas for CCTA withdrawal as departments gained self-sufficiency and the private sector was prepared to take the work on. The emphasis here is to ensure that this process of withdrawal is managed positively (Chapter 8).

Knowledge Base. The activities here underpin the other business functions of the Agency and are aimed at providing departments with information and advice on products, suppliers and developments so that decisions on implementing IT can be made against a wider canvas than by individual departments. This is an area of continuing emphasis (Chapter 9).

Procurement Services. CCTA will continue to provide a procurement service to departments. The emphasis here will be to make further changes in procedures and facilities, particularly at the medium to low value end, so that the momentum towards a quicker, simpler, high-quality procurement path is maintained. (Chapter 10).

Interdepartmental Telecommunications. The service of managing the current interdepartmental telephone systems is a continuing and inescapable commitment. The emphasis here is to continue enhancement and replacement and to manage the implementation of an integrated voice and data network - the Integrated Services Government Network (ISGN) - subject to ministerial decisions (Chapter 11).

Administrative Services. These include the internal support services which are aimed at helping the Agency to provide a good service to departments. The main emphasis will be on developing the Agency's internal management-control systems using IT and on enhancing its external communications services. (Chapter 12).

4.4 The work programmes in the following chapters make reference to the present CCTA divisional structure and branches. In order to make the business objectives clearer and improve the delivery of the emphases some reorganisation will be necessary. This is considered further in Chapter 13. Chapter 14 examines the resources available to CCTA to meet its targets.

CHAPTER 5 - STRATEGIES, TACTICS, POLICIES AND PLANS

Aims

- 5.1 CCTA's aim in the period ahead is to press forward with ensuring that departments develop and start to implement strategic plans for IT of sound quality, scope and vision, that meet their business needs and can be resourced.

Functions and Main Objectives of CT1 Work Programme

- 5.2 Work on strategies involves many interests in CCTA. CT1 is in the lead, and CT2 provides consultancy support. Branches in CT3 are referred to in this chapter. But other parts of the Agency may be concerned with particular issues.
- 5.3 CT1's contribution and participation in departmental IT steering and strategy committees is regarded as a key form of Agency aid to departments in the strategic planning process. But strategic planning aid is much wider than this. It comes first hand, specific to departments, and draws on the whole breadth of knowledge and authority of the Agency. As a contribution to the planning process across government the Agency is developing a Guide for strategic planners (to follow on the top-level guidance promulgated earlier this year), and a background paper on technical trends (to better inform departmental planning considerations).
- 5.4 In the year ahead CT1 will pull together work for departments designed to help them address the problems of implementation: business analysis, cost justification, resourcing, skills shortage, use of the IT services industry, systems engineering, organisation, management of change and other issues. Senior staff in CT1 will manage this work.
- 5.5 Investment Appraisal and Cost Justification: To determine the likely costs, the benefits and the justification for something as wide-ranging, long term and uncertain as an IT strategy is not easy. CT1 will, in conjunction with other Treasury specialists and consulting key departments, lead a programme of work designed to produce improved guidance to departments.
- 5.6 Managing Change and Delivering Benefits: There is a need to build on the work already done with departments and others to understand better the problems and techniques of managing change associated with IT; dealing with human issues, gaining the anticipated benefits to time and without stress, satisfying trade union concerns etc.

- 5.7 People and Skills Shortages: As highlighted at Chapter 2 the major impediment to implementation of departmental strategies, plans and projects is a shortage of IT trained professionals, particularly those skilled and experienced in the latest techniques. Furthermore in developing effective strategies and plans for IT, departments must take full account of the requirements for human resources, the steps they must take to secure them and the appropriate mechanisms for ensuring effective career development. The impact of IT on organisation, management and the working conditions of staff must also be recognised.
- 5.8 Lead responsibility in CCTA rests with Human Resources Branch of CT3 which provides a two-way link between departments and the rest of the Treasury and MPO on the special management and training arrangements required for IT staff as well as on industrial relations matters in the IT field. This work will continue in 1986-87 with an added emphasis on supporting CT1 in its work on strategies, tactics, policies and plans.
- 5.9 Use of the IT Service Industry: Departments faced with the shortages already described will be turning more and more to use of the service industry in order to achieve the strategic plans for IT. A joint working party of departments, the industry and CCTA is reviewing Turnkey Projects and is due to report soon. CCTA will be taking up action to review the processes and procedures, the issues surrounding choice of supplier, and project management of turnkeys.

Systems Consultancy

- 5.10 The CT2.C Systems Consultancy Service aims to provide intensive, high level, mainly short-duration IT consultancy to departments, often at short notice. The emphasis is on broad technical and managerial issues in support of departmental IT strategies, rather than on the provision of detailed advice on products or techniques. Of 33 studies completed in 1984, 17 addressed aspects of departmental IT strategies, 10 others were high-level feasibility studies and the remainder were management and technical reviews.
- 5.11 The reason for maintaining a central department presence in this consultancy service is that it helps to underpin the general messages being given by CCTA in providing practical help to departments. It also provides easy access to CCTA's Knowledge Base and a level of objectivity and understanding of the civil service culture not often experienced in the private sector. Furthermore there is a cost-effective comparison between the cost of the service and that of departments commissioning outside consultancy. The assessed cost in 1984 of the work done for departments was just

under £500,000. An equivalent service direct from the private sector would cost departments around £850,000.

5.12 The programme to March 1987 will rest upon the continuation of consultancy assignments at about the same pace, and in the same general areas as 1984. Because of the short-term rapid response nature of the assignments is not possible to identify the clients. The number of externally-recruited consultants will remain eight and the aim will be to complete 35 assignments a year.

Resources

5.13 Estimated resources required from CT1, CT2 Consultancy, Human Resources Branch of CT3 and the strategies and planning branch of CT3 are as follows:

	1986-87 Man years effort	
CT1 (posts at Principal level and above)	20	(posts below principal level are more concerned with project support and have been counted in Chapter 8)
CT2. Group C Consultancy Branches	6	(plus 8 external consultants)
CT3. Human Resource Br	6	
CT3. Strategies etc	4	

CHAPTER 6: IMPACT OF IT ON DEPARTMENTS

Aims

6.1 CCTA aims to provide departments with information and guidance which help them to frame their plans and requirements in the light of the knowledge of the likely trends in technology. The activities which require special emphasis because of their importance to the future of government IT, are the impact of IT on the office environment, security and standards..

Office Systems, Functions and Work Programme

6.2 The Agency will:

- identify the opportunities and issues: maintain an awareness of IT developments and identify user needs and common applications;
- help to resolve the issues: arrange and assist special studies, help departments to set up and run pilots and trials and evaluate the results;
- promote guidance and information about opportunities: initiate publications, seminars and workshops.

6.3 The staff and other resources principally engaged in the activity are in three branches of CT3. The estimated resources are as follows:

<u>Branch</u>	1986-87 Man years effort
CT3.2	6
CT3.3	6
CT3.4	6

Security

6.4 CCTA's role, in liaison with other central bodies responsible for security matters, is to provide departments with guidance, techniques and tools to identify system vulnerabilities and risks and to protect electronically-held information. Much of the central activity is aimed at providing a correct balance between adequate protection and the cost of security. In order to respond to the needs of departments, the supply industry requires far better advice on potential requirements and departments need to

plan on the basis of availability of products which will meet evolving security and privacy standards. The current schedule of work in support of central functions includes the following.

6.5 Short and medium-term goals are:

- (a) Documented guidance on the security requirements for centralized and distributed systems (including office technology, communications devices and advanced radio systems) handling sensitive but unclassified material.
- (b) Quantification and qualification of departmental security and privacy requirements.
- (c) The establishment of a threat database for sensitive but unclassified systems and information.
- (d) The identification of a risk analysis and management methodology or methodologies for use in departments.
- (e) The development of standards of protection for unclassified but sensitive information.
- (f) The identification of products required by departments, to be developed for use across departments.

6.6 Responsibility for CCTA work on security rests with CT4 Division Group B. The estimated resources for 1986-87 are as follows:

	1986-87
	Man years effort
CT4.B	13

Standards

6.7 Although it is the responsibility of DTI and various national and international bodies to agree specific standards, CCTA has the central role in encouraging and influencing the development of appropriate IT standards for use in central government departments wherever those standards will improve the efficiency and effectiveness of their IT as a whole. The work is led by Standards Branch of CT3 which assesses which standards

should be influenced, monitors and influences their development and promotes their use in each department.

6.8 The main activities are as follows:

- (i) Contributions by CCTA to national (and international) Standards-making bodies which are made by some 25-30 staff from the technical divisions representing approximately 6 man years effort. This effort is co-ordinated by Standards Branch and provides an opportunity to guide and influence the production of IT standards.
- (ii) Promotion and liaison through papers and seminars for departmental staff and, occasionally, contributions to larger conferences.
- (iii) Assistance to and liaison with departments.

6.9 The estimated resources for this activity in 1986-87 are as follows:

	1986-87
	Man years effort
CT3.6	4

CHAPTER 7 - GETTING AND RUNNING BETTER IT SYSTEMS

Aims

7.1 CCTA aims to help departments in the implementation of IT projects so that the eventual results represent good value for money by:

- Widening the choice of solutions through competition
- Helping to ensure that systems meet requirements economically and efficiently, projects are kept under control, and future changes can be met flexibly and efficiently
- Assisting with applications development so that improvements in productivity and quality are secured.

Functions

7.2 CCTA encourages departments to do things in an effective and efficient way in the future. This means devising standards for and encouraging departments to adopt a disciplined approach to project planning, systems design and implementation. The main vehicles for this are the methodologies - SSADM, PROMPT and SDM - and the issue of guidance -characteristically the IT Guide and Management Guides. In the longer term the methodologies lend themselves more easily to automation of the processes and the development of computer-based aids to the support environment, referred to below. The largest single investment in IT in government is that in skilled personnel and the greater part of that resource is currently trapped in running and maintaining existing systems. Unfortunately the opportunities for reducing costs and increasing productivity retrospectively are limited; the potential lies in new techniques and technologies which address new and future systems.

Objectives of work programme

7.3 The majority of departments and projects now adopt the methodologies. There is still some way to go in educating departments to use the techniques effectively but in general they are widely accepted and show substantial benefits. The new activity is to develop computer-based tools for those methodologies to improve productivity of IT implementers. Such tools are not available from the trade and CCTA is developing prototypes. The prototypes constructed so far show that workstation systems should yield improvements in the region of 20 per cent in software design productivity. Given

that the cost of staff involved with the development and enhancement, of IT systems is currently estimated at £200 million per annum, such improvements would offer potential reductions in costs of around £40 million per annum, against an initial investment by CCTA of approximately £4 million.

7.4 The main categories of activity are:

- (a) Support to departments;
- (b) Development of the methodologies;
- (c) Development of the support environment;
- (d) Cultivating the private sector interest in these developments to ensure sufficient support is available to departments and that the techniques become used widely throughout the industry.

7.5 The resources to be deployed on this work in 1986-87 are estimated at:

	Man Years effort
Branch B4, 5 & 6	29

CHAPTER 8 - PROJECT SUPPORT

Aims

- 8.1 The aim is to provide project support for those departments which have insufficient skills and experience to provide for themselves, and to withdraw from other areas. Under this heading fall certain products which can be used to support departmental projects.

General Project Support

- 8.2 Most departments continue to lean heavily on CCTA (largely CT1 and CT2 divisions) for project support. This is not unexpected as departments are still adjusting to their new responsibilities, and they and Treasury divisions naturally look to CCTA for a second opinion to help reassure themselves that what is proposed makes sound technical, management and cost sense. Because of skill shortages a fast run-down of CCTA effort on project support is going to be resisted by departments. This was evident from the recently reversed withdrawal from Universities and the Metropolitan Police which required retention of three posts over planned provision. Nor do the Agency staff involved in project support activities wish to withdraw from work they see as of direct and tangible benefit and highly valued.
- 8.3 Nevertheless the Freeman Review made it clear that continued heavy involvement with project support is inappropriate to CCTA's new role and should be discontinued except for small departments, projects of particular novelty or sensitivity, and cases of pressing need. An additional factor will be the need to maintain some level of project support to reinforce the credibility of the messages the Agency is giving to departments. CCTA staff must be seen to be practitioners and not theorists, must keep contact to update and enhance CCTA's knowledge base, and by demonstrating the value of their help, to secure access to departments for monitoring purposes on behalf of Treasury.

Objectives of work programme

- 8.4 A task force will be set up led by a Grade 6 in CT1 to consider and plan for progressive withdrawal of Agency project support. First consideration will be to determine the bedrock level of continued technical support which CCTA needs for the reasons outlined above, then what central guidance, procedures and services are needed to facilitate withdrawal and make it more palatable to departments. Next any interim opportunities for withdrawal will be considered and finally a programme for withdrawal in terms of resources and timescales will be implemented by mid-1986.

8.5 The resources expected to be deployed by CT1 division for the year ahead are as follows:

		1986-87 Man years effort
Direct support to departments	CT1	44

Supporting Products

8.6 CCTA also aims to help departments make the best use of the resources and systems at their disposal by the development of products for their use:

(a) Systems to help the design, development and maintenance of IT. Examples are the Remote Terminal Emulator (CEG) which helps departments estimate the size of central processors required to support terminal populations of different characteristics, and software to help modelling and capacity management (SCERT). These are important in ensuring that suppliers can meet requirements and to guard against frequent upgrades to systems because they run out of capacity.

(b) The design of bespoke software to support applications on small systems.

8.7 The benefits of such products and services to departments lie in the avoidance of greater individual costs which they would otherwise have to incur to develop the software for themselves, or pay to have work undertaken by the private sector. There are therefore economies of scale both in grouping and standardising on common requirements and in dedicating a software service to departmental needs.

Objectives of work programme

8.8 The programme involves the progressive withdrawal from services where the private sector can take it on cost-effectively. It also involves a run-down of purely bespoke activities (on a one-for-one basis) where the marginal benefit of the Agency's involvement over a department doing its own work (with or without the private sector) is small. Emphasis would be on CCTA involvement where the software can be replicated across departments.

8.9 The resources involved are shown below:

1986-87

Man years
effort

Branch B1 Performance Tools	13
Branch B2 Small Systems Unit	28

CHAPTER 9 - CCTA's KNOWLEDGE BASE

Aims

9.1 A major function of CCTA, which justifies its treatment as a separate business area, is the acquisition of information and knowledge about products, performance characteristics, experience of their use and suitability for particular environments or applications. While this work is often directed at the needs of departments in relation to specific projects, the knowledge base built up is an essential underpinning to the other technical services in the Agency.

Functions and Benefits

9.2 The work, which is the main responsibility of Group A and Branch B.3 within CT2, and, for (d), of Group D in CT4, has four main components:-

- (a) Information gathering through close contact with relevant professional bodies and the trade, and through appraisal of suppliers and their products.
- (b) Indirect support to departments through published literature and central development of methodologies, tools and techniques. These are used for developing integrated systems, sizing, designing configurations, benchmarking and performance analysis. In addition the Group provides demonstration facilities for emerging technologies, microcomputers and networked systems.
- (c) Support to individual projects through direct advice and assistance across the full range of potential IT problems.
- (d) Tracking developments in technology, highlighting those of significance to the service and providing information to departments.

9.3 The benefit in these services to departments is:-

- (a) broader strategic options through knowledge of achievable system architectures;
- (b) configuration designs which exploit products to achieve cohesive, high quality, systems;

- (c) assurance that the IT systems which support the infrastructure of departments are reliable, efficient and adequate for the designated tasks;
- (d) improved cost effectiveness by wider competitive choice;
- (e) reduced risk resulting from prior appraisal of supplier credibility and customer support problems;
- (f) transportability of applications programs and systems through conformance of products and protocols with international standards;
- (g) reduced project-specific costs resulting from central benchmarking and performance evaluation;
- (h) avoidance or simplification of acceptance testing through appraisal of production quality assurance;
- (i) better awareness of facilities and features of systems and future products leading to improved tactical decisions;
- (j) immediately available specialist assistance on IT problems including serviceability, environmental and supplier-provided support;
- (k) assistance with the development of contingency plans for disaster situations;
- (l) advice on improving efficiency by, for example, overnight unattended operations;
- (m) advice to suppliers on Government needs in support of the PPI.
- (n) influencing the development of suppliers' products to meet government requirements.

9.4 The estimated resources required are as follows:

		1986-87
		Man years effort
CT2.	A1	8
	A2	12
	A3	11
	A4	7
	A5	5
	B3	13
CT4.	D1,D2,D3	6

CHAPTER 10 - PROCUREMENT

Aims

10.1 The Agency's activity in the procurement area is principally aimed at providing the most economical, effective and timely service to central government departments (and certain non-departmental public bodies) for the acquisition of IT goods and services.

Functions

10.2 The procurement role of CCTA which CT5 Division discharges comprises three main categories of support:

- (a) direct support to project teams on specific procurements;
- (b) the creation, maintenance and evolution of procurement arrangements for lower value items which enable departments to place their own orders directly;
- (c) the provision of market-related information to departments to assist them in choice.

10.3 Support Services Branch of CT2 Division contributes to the procurement programme also in the advice and assistance provided to departments on their use of the Computer Services Industry (consultancies, software and systems houses and computer bureaux).

Work programmes

Support for Major Procurements

10.4 The Procurement Officer's role is to provide a distillation of the collective experience of government departments in relation to the market, to particular suppliers and their products and to advise departments on the procurement methods and contractual arrangements which best meet the project's needs. It is important to ensure that these services are provided with a high degree of competence. Professional purchasing officers combine both procurement and contracting skills. A full programme of training has been developed to enhance these skills and fill gaps in knowledge. It will be implemented from October 1985 onwards.

- 10.5 The procurement procedures, which underpin this activity and are designed to determine choice in the most objective way possible making full use of competitive forces, are under constant review. For example, a joint Working Party which was set up with the Computing Services Association to review procedures for procurement of turnkey systems is expected to report in the autumn of this year; follow-up action will result.
- 10.6 Similarly a major review is in hand of CCTA's standard conditions of contract for computer systems (Form CON 84). After consultations within government and with industry it is planned to introduce the revision in the first quarter of 1986-87. Undoubtedly this will be followed by intense negotiations with major suppliers over their reservations to the new conditions.
- 10.7 CCTA aims in time to consolidate all documents which currently comprise a purchase contract into one comprehensive document for major contracts. (CCTA is already seeking to do this for the rather more straightforward maintenance contracts). A number of pilot projects have been selected to enable the problem areas to be identified and solutions developed. The target is that by 1 April 1987 all significant contracts will be presented to departments in consolidated form.

Liberalised Procurement Procedures for Small Systems

- 10.8 CCTA's aim on procurement of small systems is to ensure that its involvement adds value and is not overbearing. Enabling agreements (known as Standing Arrangements) have been introduced over the last three years and developed significantly in the last year by allowing all departments to place orders directly on suppliers for requirements up to £100,000, ie just below the thresholds determined by the EC/GATT Rules.
- 10.9 At present there are 36 Standing Arrangements in being and these cover the supply of microcomputers, small minicomputers, small PABXs and other telecommunications needs. The work programme for the next 18 months is aimed at extending the choice of suppliers in these traditional areas.
- 10.10 There remains scope for a further widening of the net. All the present arrangements are targetted on a major portion of a particular supplier's complete range of equipment. The Agency is now looking at ways of giving suppliers standard specifications for equipment so that competitive bids can be obtained for Standing Arrangements.
- 10.11 A significant development in departmental use of Standing Arrangements is the ability to use IT itself in the ordering process. The experimental project which will shortly

link Small Systems Groups in departments to Agency systems using electronic mail will enable them subsequently to order direct from suppliers. This experiment should lead to the creation of a fully automated ordering process for all Standing Arrangement orders.

10.12 It would not, however, be cost-effective to draw up a Standing Arrangement with every supplier and inevitably departments will have need for a host of ad-hoc small items not available through Standing Arrangement. The 'de minimis' thresholds, introduced post-Freeman Review, below which departments need not use the procurement services of CT5 for ordering will be reviewed regularly to ensure that departmental flexibility is preserved.

Market-related Information

10.13 Provision of information to departments in distilled form to meet particular needs at particular times requires the systematic collection and aggregation of data. The process has been significantly aided by the recent introduction of a CT5 Management Information System. At present this provides information about suppliers, monitors progress on projects and records the details of orders placed under Standing Arrangements. The programme of work for the period up to March 1987 envisages extending the information on the system and widening access to it, firstly to other divisions and eventually to departments direct.

10.14 SSB also maintains records of consultancy and software houses and records of departmental projects where outside resources have been employed.

Performance Indicators

10.15 Performance indicators are being developed and introduced this year to demonstrate the level of CT5 efficiency in driving procurements through their various stages, to monitor resources applied to individual procurements set against 'standard times' and to relate departmental needs to available resources in the most effective way. The Agency's procurement costs will be recovered from departments from 1 April 1986 on a basis more nearly related to the costs involved. From 1 April 1987, CCTA's costs will be recovered on a fixed-price basis.

Government purchasing policy

10.16 Although departments now have prime procurement responsibility there are a number of inputs to be made to Treasury activities such as PPC, dealings with European

Commission and GATT authorities and with NEDO Sector Working Parties which require a central focus on government IT procurement and CT5 will provide that focus. Probably the greatest effect on CT5 however, will arise from implementation of the report on Government Purchasing and the monitoring of progress by the Central Unit of Purchasing (CUP). There will be specific CUP initiatives demanding responses from CCTA, eg the implications if departments become 'untied' from CCTA procurement services.

10.17 An important subject in the context of purchasing policy will be the application of standards in procurement. The next 18 months will undoubtedly see a great deal of activity in translating the various initiatives undertaken to date into the formal procurement process. CCTA is keen to see forward progress in the whole field of standards but particularly will want to develop the Open Systems Interconnection statement of intent.

Resources

10.18 The decision to continue work for certain key non-departmental public bodies (in particular Universities and the Metropolitan Police) and the other work items referred to above required a reappraisal. The estimated resource requirement is now as follows:

	1986-87 Man years effort
CT5	96
CT2 Support Services Branch.	4

CHAPTER 11 - TELECOMMUNICATIONS

Aims

11.1 The aims of the telecommunications activities in CCTA are to:

- (i) provide advice and support to departments on telecommunications developments;
- (ii) manage the existing interdepartmental telecommunications network consisting of the two major systems, the Government Telecommunications Network (GTN) and the Whitehall Central Branch Exchange (CBX), plus the smaller networks, the Federal Telephone Network and the Remote Meeting Tables (RMT);
- (iii) develop the interdepartmental networks on the lines endorsed in the Strategic Review of Government Telecommunications.

The Agency's responsibilities are discharged by Group C in CT4 Division.

Management of the Networks: Benefits

11.2 The two main systems represent an extremely large private network consisting in the case of GTN, of circuits linking 700 government offices throughout the UK. It is estimated that using the network gives savings of £2 million per annum compared with equivalent costs when using the Public Switched Telephone Network (PSTN). The CBX links 90 government offices within a radius of 1000 yards of Big Ben and yields savings of approximately £1 million per annum over alternative telephone arrangements.

Development of the Networks

11.3 The Strategic Review of Government Telecommunications recognised the rapid convergence of telecommunications, computing and office technology, the falling real cost of digital technology and the new possibilities that advanced digital equipment would permit. These factors would enable not only the development of the GTN into a comprehensive network fully supporting all forms of information services but also the introduction of improved facilities for management, cost control and accountability. If the GTN, which is predominantly a telephone network, is to continue to satisfy government telecommunications requirements, it will also be required to cater for data transmission. The study recommended that the voice networks should continue to be developed but that the case for an interdepartmental network of non-voice data communications should be reviewed in 1985.

- 11.4 During the past year a programme of modernisation of the voice networks has been determined and a number of the recommendations in the study have already been implemented. These improvements are already leading to a more effective, reliable and resilient voice network. However it is increasingly clear that the modernisation programme needs to be accelerated to keep pace with the increasing demand for voice services and to provide a solid foundation for a future data network.

Work Programmes

- 11.5 The Interdepartmental Electronic Mail service (IDEM) for unclassified mail is planned to be available for use within the Civil Service in early 1986; a service handling mail classified as Restricted will be introduced in late 1986.
- 11.6 IDEM and a number of other services will form the Integrated Services Government Network (ISGN) which will use the existing GTN as the foundation of a fully integrated telecommunications network. The development of ISGN forms the main emphasis of the work of this business area. CCTA will be submitting a case for accelerated modernisation of the existing network and expansion of the digital services based on the evidence gathered during a recent consultancy study. That evidence illustrates large potential savings from a network that will offer all the telecommunications services that will be essential for the rapid transmission and handling of information in government departments in the future. The capital costs of this programme are not included in CCTA's current PES provision.

Resources

- 11.7 The internal resources required to fulfill this programme of work are estimated at:

	1986-87
	Man years effort
CT4.C	36

CHAPTER 12 - CCTA's ADMINISTRATIVE SERVICES

Aims

12.1 With the overall aim of helping the Agency to provide a good service to departments the five branches in CT6 Division provide the Agency's administrative services. Most of the work is of a continuing and operational nature but there are a number of development activities, related to helping to steer the Agency in its new direction, which are referred to below.

Functions and Work Programme

Corporate Planning and Management of Change

12.2 As part of the Corporate Planning process the aim is to ensure that the Agency produces its annual corporate plan according to the set timetable and to a quality that addresses the main issues for the Agency's development. A number of key activities are concerned with performance indicators, management of change and organisational development. Another major activity concerns the development of an effective regime for the recovery of certain of CCTA's cost from departments on an effort related basis commencing April 1986.

Finance Administration and Personnel

12.3 Under the new delegation arrangements for finance and personnel policies agreed during 1984-85, the Agency has assumed greater responsibility and control for its own resources. The main activities for the period to March 1987 are as follows:

- (i) The relative responsibilities between EOG and CCTA have now been set. The next stages are to develop an effective management information system and to review the arrangements for bill payment and other financial functions.
- (ii) To implement the new cost recovery arrangements from April 1986, and create memorandum trading accounts for appropriate CCTA activities.
- (iii) To manage a programme of asbestos removal in Riverwalk House.
- (iv) To provide financial advice, a domestic procurement and contracting service, and to manage support services.
- (v) To provide personnel support functions to CCTA and in particular to intensify efforts to recruit staff. In addition to departmental trawling and direct

recruitment of HEOs and SEOs through the Civil Service Commission, the opportunities for more posts at EO level will be explored to improve the Agency's ability to grow its own staff, as will the employment of sandwich-course students.

Publications and Information

12.4 Most of the information work is of a continuous nature - editing and issuing circulars, guides and publications, providing a library service to CCTA staff and handling press queries. The work of revising the CCTA guidance is a major item. A new major activity is consideration of and action on the report from COI on the external communications needs of CCTA (received June 1985).

Information Systems

12.5 The main activity for the period ahead is to procure, implement and support the Main IT System (MITSY), the first phase of which is to introduce a network of 200 workstations providing word processing, electronic mail, administrative and other office support functions, including local processing capabilities. The interfacing of MITSY with existing management information systems will be done on a priority basis. The system will be capable of enhancement so that applications which support corporate databases meeting the Agency's information needs can be incorporated into the MITSY framework in later stages. The branch concerned also supports the development of the interdepartmental electronic mail system linking small system groups, CT5 and suppliers (SSG Mail). It scrutinises proposals for IT from CCTA divisions and it manages corporate IT systems such as the effort recording system.

12.7 The resources required to maintain these services are estimated as follows:

Branch	1986-87 Man-years effort
Corporate Planning and Secretariat	2
Finance and Admin (excl support services)	20
Office Support and Registry	41

Personnel Branch	8
Publications and Information Branch	8
Information Systems Branch	13

CHAPTER 13 - CCTA ORGANISATION

- 13.1 The organisational structure of CCTA established following the Freeman Review is working reasonably well in practice, though it was recognised during the 1984 Corporate Plan that some changes would need to be made to adapt to the changing nature of the environment and the technology. In this year's Corporate Plan CCTA management has clarified the focus of the business functions of the Agency and identified certain points of emphasis which will guide the Agency's activities in the next 18 months. To give these emphases a better chance of successful implementation they should be reinforced by organisational changes to ensure that, so far as possible, the responsibility for managing these programmes is under unitary command.
- 13.2 There is however inherent in the Agency's work a number of strong links between one activity and another. There must be a general feeling of corporate identity and common purpose if the services to departments are to be as timely, effective and appropriate as they should be. Therefore the organisational changes themselves must be reinforced by a series of mechanisms for ensuring that cross-divisional liaison and team-working are embedded in the methods of work within the Agency. Examples of this are better communication of CTMC discussions and decisions and the continuing work of a number of "task forces" responsible for developing statements of direction and programmes of action on a series of key topics for CCTA work. The initial work of these task forces - led at Senior Principal and Principal level - has been important in developing this year's Corporate Plan. Their work will continue and other task forces established as the need arises. Another development will be the assignment of management responsibility at Senior Principal level to take forward programmes of work identified in earlier chapters and which require inter-divisional involvement and hence a "matrix management" (eg the process of withdrawal from project support, work on investment appraisal and cost-justification). These actions follow from the management of change process initiated with the help of an external consultant at the beginning of 1985.
- 13.3 The organisational changes proposed concern the regrouping of existing branches into different Divisional and Senior Principal commands. With few exceptions there will be no change to the internal composition of branches or their activities. It may be expected that the activities will change and given different priority in accordance with the new emphases to the CCTA's work. But such changes will be taken forward in the development of divisional business plans which will follow the Corporate Plan. The proposed divisional structure is as follows.
- 13.4 New CT1 Strategies and project support. The CT1 division as it now is, with aims as set by the Corporate Plan (Chapter 5) to give added push to the development and

implementation of strategies in departments and with a positive management direction to run down departmental project support. To reinforce the thrust on strategies the division will take responsibility for the Consultancy Group, including the branch responsible for advising departments on the use of the IT services industry and Group responsibility for management of the Graduate Trainees scheme. It will also take in the branch, formerly in CT3, with responsibility for developing guidance on strategies.

- 13.5 New CT2 Supplier liaison, Appraisal and Office Systems. This division will concentrate on the emphases outlined in the Corporate Plan for developing the CCTA's knowledge base (Chapter 9) which will include communication to departments and some project support, and office systems (Chapter 6). These will be the responsibility of two senior principal commands; one of which is already in CT2 (appraisal) though currently split between Groups A and B, the other will be built from branches in CT2 responsible for the technical aspects of office systems, and in CT3 responsible for pilots and evaluation in the office area. This division will also be responsible for coordination of CCTA standards policy.
- 13.6 New CT3 Information Engineering. This will be a new divisional command responsible for the promotion and development of the methodologies and of computer-aided design and support tools (Chapter 7). The division will be developed from these branches currently in CT2 Group B responsible for the methodologies and for developing software products for departments. It will be a management responsibility to ensure that the small systems work is diminished, and the staff encouraged to transfer on to the main activities of the division.
- 13.7 New CT4 Telecommunications, Security and advanced technology. This division is essentially the current branches in CT4 division to take forward the work necessary on the ISGN (Chapter 11) and on security (Chapter 6) less the branch responsible for micrographics. It will take on the tasks related to communications currently discharged by CT3.4 Branch; the staff however will remain with the office systems group.
- 13.9 New CT5 This division, responsible for procurement services, will remain unchanged from the present CT5. It will take forward the work identified in Chapter 10.
- 13.9 New CT6. This is the corporate planning and administrative support division which will be composed of all the branches in CT6 plus the branch responsible for advising departments on IT staffing questions (ex CT3.6) (Chapter 5).

13.10 The following table draws together under the programmes of work outlined in Chapters 5 to 12, the branches involved in the work, with the resource requirements identified in the programmes and the new divisional allocations.

SUMMARY OF ORGANISATION WITH MANPOWER REQUIREMENTS BY ACTIVITY 1986-87

Business Areas	Branches involved (current denomination)	Estimated staff resources 1986-87	New divisional allocation	
1. Strategies, tactics, policies and plans (ch 5)	CT1 (all branches Principal level and above)	20	CT1	
	CT2. Group C	6		
	CT2.C1 + CT2.C2 (consultancy)			
	CT3.1 (policies and plans)	4		
	CT3.5 (human resources)	6		
2. Impact of IT on departments: (ch 6)	CT3.2 (management support office systems)	6	CT2	
	CT3.3 (admin support office systems)	6		
	CT3.4 (information delivery services)	6		
	CT4.D4 (micrographics)	3		
	CT4.Group B (Security)	13		CT4
	CT3.6 (Standards)	4		
3. Getting and running better IT Systems (ch 7)	CT2.B4 (systems devpt aids)	14	CT3	
	CT2.B5 (applications software)	10		

		CT2.B6 (IT management and control) 7))	
4.	Project support (ch 8)	CT1 (all branches below Principal level) 44	)	CT1
		CT2.B1 (performance management) 13	)	CT2
		CT2.B2 (such systems unit) 28	)	CT3
5.	CCTA Knowledge Base (ch 9)	CT2.A1 (mainframes) 8)	
		CT2.A2 (micros appraisal) 12)	
		CT2.A3 (peripherals etc) 11)	
		CT4.A4 (performance) 7	)	CT2
		CT2.A5 (micro systems) 5)	
		CT2.B3 (applications packages) 13)	
		CT4. D1,2,& 3 (future concepts) 6	)	CT4
6.	Procurements services (ch 10)	CT5 (all branches) 97	)	CT5
		CT2.C3 (support services branch) 4	)	CT1
7.	Interdepartmental telecoms (ch 11)	CT4.Gp C (telecoms group) 36	)	CT4
8.	Administrative services (ch 12)	CT6 1. Corp Plan & Secretariat 2)	
		2. Finance and Admin 20	)	CT6
		Office Support and Registry 41)	
		3. Personnel 8)	
		4. Information systems 13)	
		5. Publications etc 8)	

CHAPTER 14 - CCTA RESOURCES 1986-87

Manpower Resources

14.1 Chapters 5 to 12 outlined the programme of work for CCTA for the period to March 1987 with an estimate of the manpower resources required to do the work in 1986-87. Table 1 gives a summary of all the manpower estimated, including heads of divisions and all support staff not included in the programme resources. This is shown against the new divisional designations. It also shows the target allocation for 1.4.87.

TABLE 1: CCTA TOTAL MANPOWER ALLOCATIONS 1.4.86 AND 1.4.87

New Divisions

	Estimated staff allocation 1.4.86	Target staff allocation 1.4.87
CT1		
Strategies etc	30	
Consultancy group + SSB project support	10	
	44	
HOD, management support and support staff	<u>11</u>	
	<u>95</u>	<u>85</u>
CT2		
Office Systems (+1SP)	38	
Appraisal and performance management (+1SP)	53	
Standards Branch	4	
HOD, management support and support staff	<u>15</u>	
	<u>110</u>	<u>104</u>
CT3		
Information systems Engineering	29	
Small Systems Unit	26	
HOD, and divisional support staff	<u>4</u>	
	<u>59</u>	<u>53</u>

CT4

Telecoms	36	
Security	13	
Future Technology	6	
HOD and divisional supporting staff	<u>11</u>	
	<u>66</u>	<u>70</u>

CT5

Procurement services	<u>96</u>	<u>94</u>
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CT6

Internal support	90	
Human Resources Branch	4	
Director, HOD and support	<u>4</u>	
	<u>98</u>	<u>93</u>

TOTALS	524	499
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14.2.8 Information on the Agency's experience in filling vacancies is given in the Annex to this Chapter.

Financial Estimates

14.3 Apart from the pay and associated staff costs which are generated by the manpower resource allocation, the work programmes involve expenditure on other items. These broadly are:-

- payment for consultants on long term contract
- expenditure on studies or trials for the development of methods, tools or techniques
- expenditure on the interdepartmental telecommunications network - capital and current.
- capital expenditure on the CCTA's operation of IT systems.

14.4 The outline estimate for CCTA's total vote provision for 1986-87 is shown in Table 2. This reflects the manpower allocations discussed in paragraph 14.1 above, plus bids for other expenditure which is deemed to be essential in 1986-87

TABLE 2

CCTA requirement 1986-87

	£million
Salaries and Wages	7.2
Other g.a.e.s	6.5
Capital Expenditure	1.1
Development Studies	3.5
Admin Receipts	-5.0*
Telecoms - Capital	6.7
- Current	17.2
- Receipts	-19.2
	<u>£18.0</u>

*Notes. Some allowance has been made for increased receipts from changes in repayment arrangements in 1986-87.

No bid is expected from the Houses of Parliament until early November. It is assumed that any bid will be within the PES provision of £0.8million.

Current Provision

14.5 The requirement outlined in table 2 compares with expenditure in 1984-85 and the current year and with the PES allocations as follows:

TABLE 3

£ million

	1984-85 outturn	1985-86 estimate	1986-87	1987-88	1988-89
Salaries and Wages	6.2	6.5	6.9	7.1	7.2
Other g.a.e (inc consultants fees)	6.6	7.3	7.1	7.3	7.5
Capital expenditure	0.1	0.9	0.5	0.5	0.5
Development studies	3.8	2.8	2.8	3.1	3.1
Receipts Admin	- 5.0	- 4.2	- 5.5	- 5.6	- 5.7
Telecoms					
- Capital	1.7	3.2	3.8	4.3	4.4
- Currents	11.8	15.4	15.4	15.0	14.0
- Receipts	-13.7	-15.8	-16.7	-16.5	-15.5
Parliament	2.6	0.9	0.8	0.8	0.8
Net total cash limit	13.9	17.0	15.4	16.0	16.3

14.6 Comparing this allocation in PES with the total requirements for the Agency in 1986-87 on the basis of the work programmes - the total provision for 1986-87 is inadequate for the following main reasons:

- (i) Requirements for expenditure for development studies have grown. To limit funds to PES provisions would impair high priority work particularly on telecommunications and information systems engineering.
- (ii) Telecoms capital is inadequate to meet the programme of expenditure seen as necessary to meet existing strategic objectives. In addition there is no provision for the development of non-voice communications network.
- (iii) Although provision has been made for receipts for consultancy studies undertaken by CCTA, PES did not take sufficient account of changes in procurement arrangements in 1984-85 which leads to a reduction in procurement receipts from 1985-86 onwards.

Repayment

14.7 One uncertainty in CCTA's forecasting concerns receipts. From April 1986 the Agency is due to change the basis of its cost recovery for those of its services which are of direct benefit to individual departments and which, for the most part, are in response to departmental requests. The new scheme will be more closely related to the efforts involved. Treasury management has agreed that the areas of activity which would move to this basis of recovery would be:

- effort in support of department procurements
- work on departmental and interdepartmental telecommunications
- the small systems unit
- the consultancy group
- specific technical services

14.11 Although work on planning for the detailed implementation is well advanced with the aim of informing departments of the new arrangements in November, it cannot yet be said what the impact on receipts to CCTA in 1986-87 and later years will be (it is hoped to have this information by the end of October). For the time being the working assumption is that receipts will be no higher than the overall provision in PES (or that any significant increase above the PES baseline will be transferred to departmental programmes).

Telecoms capital is inadequate to meet the programme of expenditure seem as necessary to meet existing strategic objectives. In addition there is no provision for the development of non-voice communications network.

Although provision has been made for receipts for consultancy studies undertaken by CCTA, PES did not take sufficient account of changes in procurement arrangements in 1984-85 which leads to a reduction in procurement receipts from 1985-86 onwards.

Equipment

14.7 One uncertainty in CCTA's forecasting concerns receipts. From April 1986 the Agency is due to change the basis of its cost recovery for those of its services which are of direct benefit to individual departments and which, for the most part, are in response to departmental requests. The new scheme will be more closely related to the efforts involved. Treasury management has agreed that the areas of activity which would move to this basis of recovery would be:

effort in support of departmental programmes

work on departmental and interdepartmental telecommunications

the small systems unit

the consultancy group

specific technical services

1. The loss rate has accelerated and the staff in post situation only slightly improved, in spite of an even more vigorous effort to take in new blood. Last year the staff in post at 1 September 1984 was 500 against an average allocation of 528. This year the staff in post at 1 September was 508 against an average allocation of 523.

2. The staff in post profile by grade and by existing division is shown in the following table:

STAFF IN POST AT 1.9.85 BY GRADE AND BY DIVISION

	CT1	CT2	CT3	CT4	CT5	CT6	TOTAL
Senior Management (Grade 5 and above)	1	1	1	1	1	2	7
Grade 6	4	3	-	2	1	-	10
P/PPTO/PSO	13	15	6	11½	5	4	54½
SEO/PTOI/SSO/TTOA	31	44	15	17	14	5	126
HEO/HEO(D)/PTOI/ HSO/TTOI	8	42	5	17	23	10	105
AT/GT		3					3
EO	1	27	3	6	27	10	74
PS	3	3	1	2	1	2	12
Typing						12	12
Clerical/DP	2	20	4	7	27	23	83
Messenger						10	10
Other Office Support Grades						8	8
Staff not allocated to divisions							3
	63	158	35	63½	99	86	508

3. The sources of recruitment to fill these posts are:

- (i) **Interdepartmental trawls.** In the period January 1984 to June 1985 there were 44 trawls advertising some 100 posts. Only 40 of the posts were filled, and of these 18 people were already working in the Agency. CCTA will be considering whether the continued trawling of specific posts is a better alternative to general trawling and will increase efforts to arrange level transfer loans.

ANNEX

CHAPTER 1

(ii) **Recruitment of graduate trainees.** This year the competition identified 17

qualified candidates (for 10 posts). Those posts are therefore expected to be filled. The GT scheme has been under review and the Agency expects to negotiate new arrangements for a scheme to attract IT specialist EOs in 1986-

87.

(iii) **Direct recruitment above the basic grade.** In the autumn of 1984 the special recruitment exercise attracted 5 HEOs and 2 SEOs. A repeat of this exercise is expected in the autumn of 1985.

STAFF IN POST AT 1.9.85 BY GRADE AND BY DIVISION

Grade	CT1	CTS	CTS	CTS	CTS	CTS	CTS	CTS	TOTAL
Senior Management (Grade 5 and above)	1	1	1	1	1	1	1	1	7
Grade 6	4	3	-	2	1	-	-	-	10
P/PPTO/P20	13	15	6	11	5	4	4	4	54
SEO/PPTO/SEO/TTOA	31	44	15	17	14	2	2	2	136
HEO/HEO(D)/PPTO/H	8	45	2	17	23	10	10	10	102
AT/CT		3							3
EO	1	27	2	6	27	10	10	10	74
PS	3	3	1	2	1	2	2	2	15
Typing						12	12	12	12
Clerical/DP	2	50	4	7	27	23	23	23	83
Messenger						10	10	10	10
Other Office Support Grades						3	3	3	3
Staff not allocated to divisions									3
TOTAL	63	158	22	63	99	86	86	86	508

3. The sources of recruitment to fill these posts were:

(i) Interdepartmental transfers. In the period January 1984 to June 1985 there were 44 transfers advertising some 100 posts. Only 40 of the posts were filled, and of these 18 people were already working in the Agency. COTA will be considering whether the continued transfering of specific posts is a better alternative to general transfering and will increase efforts to arrange level transfer loans.

Manager	J ANSON (2)			
Heads of Division (with grade)	R B WILLIS (5)			
Branch Heads with main areas of responsibility in 1985-86	S P Mercer: - budgeting for manpower - non-financial constraints - FMI training			
Public expenditure totals to which responsibilities directed (where appropriate)	say £140 bn			
Staff-in-post including heads of Division (1 July 1985)	1 Grade 5 1 HEO 1 Principal 1 PS			
Total Staff-in-post (1 July 1985)				4

(1) 1985-86

Area of work	% age
1. Contributions to joint efforts (at various levels) to improve value for money.	30
2. Guidance and advice to expenditure divisions and departments (singly and severally).	25
3. Studies of specific topics.	25
4. Monitoring of developments in departments and NDPBs.	10
5. Contributions to training courses, seminars, and overseas visitors.	10
Total	100

(11) Changes since 1984-85

Area 1: increase reflects increasing emphasis on co-ordinated work of the Treasury, MPO and Efficiency Unit in departments and NDPBs.

Area 2: reduced in percentage but an increase in volume as HEO and Principal gain familiarity with the subjects.

Area 3: this change made possible by addition of Principal in April 1985.

(111) Changes expected in 1986-87 compared with 1985-86

1. Increase in work with and for expenditure groups as changes in departments and NDPBs lead to questions about Treasury's information needs and controls.

2. Increase in monitoring for (i) NAO study of the FMI and (ii) possibly a further, general progress report.

3. Decrease in co-ordination as work passes to expenditure divisions (for specific departments) and JMU.

To promote and monitor better financial management in Government departments and NDPBs by:

- (a) advising expenditure divisions on the appraisal of departments' plans and progress in financial management, and where requested working with them on reviews of policies or management;
- (b) advising expenditure divisions (and through them departments) on financial management surveys of NDPBs;
- (c) reporting developments in financial management for briefings, speeches etc;
- (d) joint work with other divisions, JMU and Efficiency Unit as part of the overall programme of work overseen by JMM.

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>1. Improve co-ordination of work to improve value for money in departments.</p>	<p>(i) JMM, FMP and FMCG providing regular senior level decisions.</p> <p>(ii) Contacts with JMU, Efficiency Unit and MPO (Training and MG Divisions) enabled joint efforts eg on NDPB reviews, training.</p> <p>(iii) Expenditure divisions established as co-ordinating point for centre's efficiency work in each department.</p> <p>(iv) Work in remainder of 1985-86 will include support for MDR of budgeting (to Christmas) and new effort to develop contacts with private sector.</p>
<p>2. Guidance on improving management.</p>	<p>(i) New guide to NDPBs published by Cabinet Office (MPO) and HMT on 10 September.</p> <p>(ii) Guidance on delegation will be issued to departments by end 1985.</p>
<p>3. Advice to expenditure divisions.</p>	<p>(i) Guide to Expenditure Work by Miss Brown includes guidance on delegation, progress reports, co-ordinating work with MPO and Efficiency Unit, etc.</p> <p>(ii) Building on expenditure with IAE and HE; main objective now is to work with expenditure groups on further reviews.</p>
<p>4. Monitor changes.</p>	<p>(i) Summary and guidance on progress reports issued August 1985.</p> <p>(ii) Programmes of reviews of NDPBs agreed with most departments: major exception (DES) should be fixed by end-October.</p>
<p>5. Develop strategy.</p>	<p>Planned for second half of 1985-86 to provide a short, sharply focussed analysis of Treasury issues from various initiatives, including CIR report, MDR of budgeting, and VFM targets.</p>

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>6. Serve as central point for enquiries etc.</p>	<p>Increasingly a role shared with the JMU because time spent on overseas visitors and training courses needs to be rationed.</p>

Priority objectives	Comment/detail/progress expected in 1986-87
<p>1. To report on progress in departments.</p>	<p>(i) To contribute to each expenditure group's reviews of progress and comment on its reports.</p> <p>(ii) To deliver in January and August a summary of progress reports and commentary on the issues they raise.</p>
<p>2. To report on reviews of NDPBs.</p>	<p>(i) To comment within five working days on plans for reviews of NDPBs and on reports from reviews.</p> <p>(ii) To deliver by June 1986 a joint Treasury/MPO report to the PM on progress with reviews of NDPBs.</p>
<p>3. To brief Ministers and senior officials on progress and further action.</p>	<p>(i) To assess overall progress for a decision by January 1986 on the need for a further general progress report in Summer 1986.</p> <p>(ii) To provide within two months a response to the NAO's report on the FMI (expected in July 1986).</p>
<p>4. To contribute to joint Treasury/MPO work on management of change.</p>	<p>Tasks to be identified and agreed with other groups following the JMU's report on CIR services and Mr Wilson's MDR of budgeting.</p>
<p>5. To seek better accounts and understanding of changes in financial management.</p>	<p>(i) To offer departments and NDPBs contributions to house journals etc.</p> <p>(ii) To contribute to College and other training.</p>

1. A simple diary system will be introduced, on a trial basis, in November 1985 to monitor requests for advice, time spent on briefing, etc.

2. There are a few indicators of the Performance of tasks:

(a) completion on timetable;

(b) response time;

(c) numbers of requests for advice/comments.

But none of these include the quality of work.

3. The final output, better financial management in departments, will be assessed but not quantified in expenditure divisions progress reports and the NAO's study. However these will give no indication of the relative contributions of FM, AFA, JMU etc.

(i) Constraints on past and future performance, changes in organisation of work etc

(i) Past performance was affected by the learning curve for individuals joining a new division, in newly created posts; and building links with new and reorganised divisions (eg the JMU and AFA). The latter changes also cause difficulty for departments who are unclear about the interests of different parts of the centre.

(ii) With the present staffing and organisation settled future performance should show a marked increase in the quantity of contacts with expenditure divisions and departments, and hence in the quality of advice on known issues and on potential problems.

(iii) Possible constraints on future performance are demands for contributions to training, overseas visitors' programmes, and briefing: the last is not within the division's control.

Date 2 September 1985

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Basic staff costs				
Staff Complement		67500	12003	74 986
Casuals/Students				—
Specialists				—
Total	32293	67500	12003	74 986
Overtime		1600		200
Travel & Subsistence				250
Overseas				
Home			note 2	1 750
IT Equipment etc				—
Economic Research				—
Consultancies/Fees				note 3
Other (specify)				—
Total	32293	69100	12003	77 186
2. Non-bid items				
Entertainment			20	
External training				
Government Car Service				
3. Receipts				
EC Travel				
Other				

Notes

- Overtime provides for c.35 hours by PS (who also acts as divisional typist).
- Travel and subsistence for 1985-86 a non-bid item. Spend to 30 June not available for travel and subsistence and other GAE.
- Consultancies assumed to fall within JMU's budget (as in 1985-86).

2. Staffing Profile and Bid

Responsibility Centre: FM

Date: 2 / 9 / 85

a. Staff in Post

Date	Complemented Grade	Grade 3	Grade 5	Grade 6	Prin	Econ Adv	Stat	PSO	SEO	SSO	HEO	HSO	HEO (D)	Sen Econ Asst	Sen Asst Stat	EO	SO	AT	Econ Asst	Asst Stat	CO	CA	SPS	PS	Typ	Other	Total	Casuals/Students	Use of Spclists
1 April 1985			1								1													1			3	N.K.	N.K.
1 July 1985			1		1						1																3		

b. Staff Complement 1985-86

1 April 1985		1		1							1													1			4	0	0
31 March 1986		1		1							1													1			4	0	0
Avg. Complement 1985-86		1		1							1													1			4	0	0

c. Bid for 1986-87 by quarter

1 April 1986		1		1							1													1			4	0	0
1 July 1986		1		1							1													1			4	0	0
1 Oct 1986		1		1							1													1			4	0	0
1 Jan 1987		1		1							1													1			4	0	0
31 Mar 1987		1		1							1													1			4	0	0
Avg Complement 1986-87		1		1							1													1			4	0	0

* Please specify grade:

Notes:

3. Breakdown of Staff Complement by Division

Responsibility Centre

Date 2/9/85

FM

Date	Division																	Total
		Grade 3	Grade 4	Grade 5	Grade 6	Prin	SEO	HEO	HEO(D)	EO	MT	CO	CA	SPS	PS	Typist		
1st April 1985																		
31st March 1986																		

NOT APPLICABLE - 3 STAFF FORM SINGLE DIVISION

SECTION 4:

Responsibility Centre FM
Date 2 Sept 1985

- (i) Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86
(refer to work programme where appropriate)

BID REPRESENTS NO CHANGE

(ii) Developments for which there may be longer term resource requirements (ie beyond 1986-87)

Future workload and objectives will depend on:

- a) progress of departments in improving financial management;
- b) extent to which expenditure groups take the lead on monitoring and promoting change;
- c) organisational changes (eg in CIR services).

The general objective is to reduce the need for FM resources, with no commitment beyond 1986-87.

(iii) General comments on patterns/history of resource use

Division was set up in April 1984 with 2 staff (Grade 5 and PS); HEO added in October 1984; Principal added in April 1985. No further growth is planned. But the learning curve for each arrival means the quality and quantity of work should increase into 1986, with greater emphasis on active (rather than reactive) help to expenditure groups and departments.

MANAGEMENT IN CONFIDENCE

Work Programme

Responsibility centre ST
Date

A. Organisation of ST

Manager	G W WATSON		
Heads of Division (with grade)	ST1 M J FOLGER (Grade 5)	ST2 P M RAYNER (Grade 5)	ST3 W J E NORTON (Grade 5)
Branch	MISS M KING (Grade 7)	J G PEET (Grade 7)	MISS C EVANS (Grade 7)
Heads with main areas of responsibility in 1985-86	Administrative expenditure in DHSS including manpower controls and computers; co-ordination of DHSS PESC and Estimates MISS G M NOBLE (Grade 7) Benefit expenditure in DHSS, financing of social security	Health and personal social services expenditure (England, Scotland, Wales) S H WOODALL (SEO) Smaller departments, grants to voluntary bodies.	Northern Ireland A J DAVIS (SEO) Scotland/Wales - PES co-ordination, manpower, FMI Channel Islands Isle of Man
Public expenditure totals to which responsibilities directed (where appropriate)	£42 billion	£21 billion	£13.3 billion
Staff in post including Heads of Division (1 July 1985)	8+	11*	8
	Total staff in post (1 July 1985)		27

*Includes one supernumerary CA post.

+Grade 5 post (and secretary) vacant at 1 July

B. Allocation of Manpower/Resources between different areas of work

(i) 1985-86

AREA OF WORK	% age
ST1	
1. Social Security Reviews (Green and White Papers, Social Security Bill and follow-up)	30
2. Public expenditure (PESC and Estimates)	
- benefits	20
- administration/manpower	15
3. Other benefit policy work (including tax interface)	11
4. Policy on NICs	10
5. DHSS operational strategy and computing	14
6. Monitoring and control systems (particularly forecasting in Treasury and DHSS)	10
TOTAL	110

(ii) Changes since 1984-85

ST1

Social security reviews published June 1985. Emphasis has now changed to ensuring that practical proposals for implementation consistent with maintaining the reviews savings are included in White Paper and Social Security Bill and maintained during passage of the Bill.

"Other benefit policy work" shows marked increase, reflecting for example ST involvement in Personal Tax Green Paper.

(iii) Changes expected in 1986-87 compared with 1985-86

ST1

After passage of Social Security Bill emphasis will again change to ensuring effective and economical implementation. This will mean greater emphasis on DHSS operational strategy and computing, complementing and manpower. DHSS Local Office Project for computerisation will reach crucial stage. Local office complement review expected to be completed late 86. Joint DHSS/DEM study of possible merger of their office networks also underway. Need to make progress on better ways of assessing complementing requirements for longer term (use of statistical techniques for this and adapting methodology to deal with emergence of computerised offices).

But resource switch probably limited to reallocation of time of head of division. Numbers too small to allow switch of a post.

B. Allocation of Manpower/Resources between different areas of work

(i) 1985-86

AREA OF WORK	% age
ST2 Public expenditure (PESC and Estimates including monitoring)	
- health and personal social services	30
- small departments (including manpower)	18
Policy initiatives to improve efficiency of:	
- NHS (including reviews)	20
- Small departments	12
Casework on health capital expenditure	10
Casework on grants to voluntary bodies (Scotland)	5
Computing development work	5
TOTAL	100

(ii) Changes since 1984-85

(iii) Changes expected in 1986-87 compared with 1985-86

ST2

Negotiations in hand with IG over rationalisation of responsibility for smaller departments.

B. Allocation of Manpower/Resources between different areas of work

(i) 1985-86

AREA OF WORK	% age
<p>ST3</p> <p>PES work on territorial blocks</p> <p>Codification of territorial blocks</p> <p>Northern Ireland Industry (public and private sector)</p> <p>Northern Ireland police and prisons</p> <p>Scottish and Welsh Office, and NIO, manpower</p> <p>Channel Islands, IOM</p> <p>(ESG Specialists:</p>	<p>35</p> <p>5</p> <p>25</p> <p>14</p> <p>20</p> <p>1</p>
TOTAL	100

(ii) Changes since 1984-85

ST3

Less intensive work on "major study" of provision in territorial blocks, outside the Survey bilateral where still a major issue. Some all round increase in other work maintained the balance.

(iii) Changes expected in 1986-87 compared with 1985-86

ST3

Depends whether our bid for an expanded role for ST3 on Scotland and Wales is accepted - on which see the Budget Return. If not, no significant change likely.

C. Aims for 1986-87

Date

1. To advise Treasury Ministers on how best to restrain expenditure on [the programme(s) concerned], consistently with the Government's general economic and social priorities (including particularly its aims for overall taxation, borrowing and expenditure), through:
 - (a) a continuous, searching and knowledgeable scrutiny of the justification for each programme in terms of Government policies; of the evidence of its effectiveness in achieving its stated objectives; and of the efficiency and economy with which it is being implemented by the Department;
 - (b) a critical assessment of any expenditure proposals, ensuring that they are properly appraised and costed before decisions are taken, and that decisions are accompanied by clear statements of what is to be achieved and how this will be evaluated.
2. To control expenditure on these programmes within approved plans by ensuring prompt, regular and adequate monitoring of expenditure, and by investigating significant deviations from the expected profile and initiating timely corrective action by the Department or the Treasury.
3. To encourage efforts by the Department to improve the management of resources allocated to it in order to obtain better value for money, and to promote good management in other bodies which it supports financially.
4. To control the running costs (including manpower) of the Department within approved limits, and to advise Treasury Ministers on the scope for further economy, including the wider use of contracting out where this is cost-effective.
5. To stimulate the adoption and use by the Department of efficient systems for:
 - (i) defining and keeping up-to-date its aims, priorities and performance targets;and, consistently with them, for:
 - (ii) the allocation, forecasting, monitoring and control of its expenditure and manpower;
 - (iii) its relations with other public bodies with which it is concerned.
6. To be a storehouse of information for the Treasury as a whole on the fields for which the group is responsible.

Priority Objectives

Progress so far, constraints, prospects in rest of 1985-86

(a) ST1

1. Social Security Reviews

Green Paper embodying government proposals published by DHSS June 1985. Major constraint is Secretary of State's working methods, which create long delays, uncertainty, and hamper DHSS officials' consultations with ST. Treasury aims reasonably well met (£1 billion a year savings), but continuing vigilance will be needed to ensure that agreed savings are achieved and that many loose ends are tied before White Paper published (planned for November 1985):

(a) phased abolition of SERPS agreed, with wider implications considered but important loose ends to be tied up;

(b) proposals for occupational pensions are being belatedly developed towards a workable scheme. ST1 (with S) need to be alert to tax relief/public service pension implications of any changes;

(c) Housing benefit) Review proposals meet Treasury objectives to reduce
(d) Supplementary benefit) the number of housing benefit beneficiaries and simplify supplementary benefit reducing costs in both cases. Treatment of one parent families needs clarification vis a vis personal tax Green Paper. Students' access to these benefits also needs to be ended.

(e) Children and Young Persons: Child benefit to be retained but through Family Credit more resources will go to families in most need.

2. Operational Strategy

LOP procurement decision taken; Treasury approval to initial stage of whole project granted, with worthwhile improvements secured in top level management arrangements. Cost effectiveness test for successive stages in "full integration" of LOP with other systems explicitly established. On LOP need to monitor results of further work on scale of staff and overhead savings, review agreed for January 1986, in advance of second stage decisions.

3. Expenditure monitoring/forecasting

Fully computerised social security forecasting system now working in DHSS.

Priority Objectives

Progress so far, constraints, prospects in rest of 1985-86

- Validation and testing now under way. DHSS have agreed to aim at November/December 1985 switch to new system for APEX returns.
- (b) ST2
1. Implementation of Griffiths Inquiry into NHS Management
Chairman of Management Board in post, board appointed in May except for Personnel Director. Nearly all regional and district general managers appointed, unit appointments beginning. Circular issued devolving works function and reducing DHSS role. Increased efficiency savings negotiated in 1984 PES; further pressure will be applied in 1985 PES round. Planning on Korner recommendations on management information proceeding, implementation due to start 1987. New batch of NHS performance indicators issued (July).
 2. Improvements in control and effectiveness of family practitioner services
Considerable progress made in setting up forecasting models of expenditure on The FPS, and investigating reasons for changes in expenditure on drugs. Work on professional contracts subsumed into Primary Care Green Paper. This has been through several drafts, but, despite continuous pressure from Treasury, delayed by Mr Fowler's pre-occupation with social security. Tentative publication date October, but could well slip.
 3. Drugs bill
Selected list introduced in April, expected savings of c£75 million a year. Review of Pharmaceutical Price Regulation Scheme completed: endorses retention of PPRS unless there are radical changes in controls on prescribing. Recommends tightening of cost allowances to produce savings. Ministers considering: negotiations with drug companies likely in Autumn.
 4. NHS Estate
Report recommending introduction of capital asset accounting endorsed by Ministers. First stage involves pilot schemes: proposals being worked out by Working Party.
 5. Initiatives to change balance of NHS financing
For primary care, see 2 above. Tackling exemptions and new charges before next election ruled out by Prime Minister. Progress on competitive tendering continues, but rather slowly.
 6. Future of COI
Scrutiny-type study of relative COI and departmental costs in print area just started: due to finish September/October.

Priority Objectives

Progress so far, constraints, prospects in rest of 1985-86

(c) ST3

- | | |
|---|---|
| 1. To complete work on "major study" of provision in territorial blocks | Progress depends critically on No.10's readiness to allow this politically very sensitive exercise to proceed. Conflicting signals from that quarter so far have given it a "stop-go" character this year. Attention now focussed on 1985 Survey bilateral and aftermath. |
| 2. Codification of territorial blocks | Negotiations with territories now nearing completion, although codification of the complex LA regime remains (as throughout) an obstacle to rapid progress. |
| 3. Promoting value-for-money in NI industrial expenditure | Some progress in actual performance by both Harland and Wolff, and Shorts, developing plans for privatisation of Shorts, and lignite-based electricity investment; collapse of Lear Fan project also represents progress for the Treasury. |
| 4. Promoting value-for-money in NI police expenditure | Slow progress on the ground, but active involvement by ST3 in (a) trying to apply FMI principles to the RUC in a constructive way for their own purposes and (b) encouraging greater use of analysis in counter-terrorist strategy. Work on prisons focussed on an NIO policy review, which got off to a bad start. |
| 5. Improving control of territorial manpower | We shall never get satisfactorily to grips with this without an expansion of our divisional role, as proposed in the budgeting return. |
| 6. Improving our information base on territorial affairs | Progress constrained by present Treasury organisation, as far as Scotland and Wales are concerned. We have identified a new target area: monitoring territorial expenditure trends over time. |

Priority Objectives

Comments/detail/progress anticipated in 1986-87

(a) ST1

1. Control of Benefit Spending
 - (i) In 1986 PESC try to ensure that Review savings stick and that sensible options are costed out and put to Ministers to offset any estimating increases. (Continuation of previous work).
 - (ii) Generally try to improve DHSS performance in taking decisions in good time, based on sound figuring and a proper view of objectives. (Continuation of previous work).
2. Implementation of Fowler Reviews
 - (i) Try to ensure that implementation of the changes following the Social Security Bill is economical and effective, and that proper evaluation criteria are developed.
3. Operational Strategy and Computers
 - (i) Try to ensure that plans made to secure maximum staff savings from LOP project, and that Checkpoint 2 proposals (due May 1986) based on manageable timetable and realistic costings. (Continuation of previous work). Heavy OR input.
 - (ii) Try to ensure DEM/DHSS study of possible integration of local office networks is objective, imaginative and properly costed. (New activity).
4. Manpower and running costs
 - (i) Ensure complementing review, due to be completed late 1986, done objectively (SIED involvement) and conclusions properly implemented.
 - (ii) Encourage DHSS to develop and improve way of assessing complement requirements, for the longer term. This would make best use of statistical and quantitative techniques (cf the FOSSE exercise). Heavy OR input.

(b) ST2

1. Management of NHS

The basic post-Griffiths structure is now in place (see D(i) above). A watching brief will still be necessary on unit appointments and the management consequences, since it is at unit level that the changes should have their greatest effect. Also necessary to ensure that the NHS Management Board within DHSS works effectively, sets priorities, and achieves change - particularly maximum delegation of responsibility

Priority Objectives

Comments/detail/progress anticipated in 1986-87

and accountability from the centre. Key issues will to some extent be determined by circumstances, but major ones are likely to be:

- (i) role of consultants and their contracts. Review of the latter in progress. Aim to get contracts, held at district level, move to fixed term contracts, change distinction award system (at present heavily biased to 'popular' specialities and academic excellence). Also need for wider review of balance between consultants and junior doctors to provide better career structure. This could be expensive - aim to produce net nil cost outcome;
- (ii) competitive tendering. Savings have been produced, but progress far too slow. Press for further progress, and better management of contractors to avoid controversy over poor performance.
- (iii) monitor devolution of NHS estate functions to check this is leading to genuine competitive tendering for projects. Review Treasury and DHSS delegations in light of review of option appraisal;
- (iv) within DHSS, encourage the integration of professional staff (particularly doctors) into single management structure, rather than separate hierarchies;
- (v) nurse management: the recent NAO report has documented weaknesses, long suspected by Treasury. Ensure that this leads to management changes at district/unit level and that potential costs savings are realised;
- (vi) personnel policies. Griffiths envisaged a major review of present arrangements. Ensure that this takes place when personnel director appointed (? Autumn 1985). Particular areas to watch are pay bargaining arrangements (need for local pay variation, incentives) and disciplinary and dismissed procedures. Aim to reduce costs (suspicion that national pay rates are over-generous in some areas).

2. Financial Management in NHS

- (i) Capital asset accounting. Encourage early start on pilot projects through membership of working group. Evaluate results of pilots.

Priority Objectives

Comments/detail/progress anticipated in 1986-87

- (ii) Monitor progress of implementation of Korner recommendations on management information and of clinical budgeting pilot projects.
- (iii) Press for greater progress on improving internal audit. Consider options for achieving better VFM, including new Audit Commission-style approach and use of NHS performance indicators.
- (iv) Review effects of RAWP (resource equalisation between health authorities. Consider options (including cross-charging between authorities) given problems caused by RAWP for London teaching hospitals.
3. Improvements in control and effectiveness of family practitioner services
- (i) Continue to refine models developed during previous year. Monitor past forecasts against outturn.
- (ii) Green Paper on Primary Care (see D(i) above). This is intended to embody radical ideas. Once published, evaluate response and consider resulting policy changes. Unlikely to produce major cost savings, but should allow effective control of costs in a presently uncontrolled and rapidly growing area.
- (iii) Drugs bill. Within present PPRS, ensure tighter controls over costs allowable by drug companies - substantial potential savings.
4. Personal Social Services
- This is a difficult areas, not least because the services are provided by local authorities, and DHSS' role is far from clear. Action is likely on:
- (i) ways of improving provision of services by better management and more contracting out - Green Paper likely. Need to ensure it is realistic, not woolly;
- (ii) interaction between LA provision and voluntary/private provision with costs met by SB. Treasury will be involved in WP to consider longer-term options;

Priority ObjectivesComments/detail/progress anticipated in 1986-87

- (iii) need to review working of joint finance (Audit Commission also planning work of this).
5. Smaller departments
- (i) determine future regime for COI in light of comparative costs study (see D(i) above).
- (ii) Achieve implementation of Rayner scrutiny of OPCS Registration Service.
- (iii) Implement changes in Charity Commission following staff inspection and pilot introduction of new financial management arrangements.
- (iv) Determine future funding arrangements for OPCS ad hoc social surveys.

ST 3

NB The division's objectives would change substantially if our bid for extra staff, and an expanded role, is accepted (see Budget Return). If not, objectives are as follows:

1. Dealing with over-provision in territorial blocks Prospects of progress in this highly political area depend critically on the outcome of the 1985 Survey.
2. Promoting value-for-money in NI industrial expenditure Privatisation plans for Shorts and electricity will be a developing theme of work in this area.
3. Promoting value-for-money in NI police and prisons expenditure Consolidate and extend our bridge-head in what was previously a "no-go" area progress likely to be slow.
4. Improving control of territorial running costs Without an expanded role for ST3, our prospects of getting to grips with this area remain poor. We have too few points of entry to compensate for our physical remoteness.
5. Improving our information base on territorial affairs Again, without an expanded role for ST3, progress will be limited. We shall anyway seek to develop arrangements for monitoring the trend over time of territorial expenditure.

D. (●) Priority Objectives in 1986-87 ●

Responsibility Centre: ST
Date

Priority Objectives**Comments/detail/progress anticipated in 1986-87**

All Divisions

6. Electronic Office

Effective installation and operation of Treasury pilot.

D. (iii) Supporting information including performance measures

Responsibility centre ST
Date

ST1

In most cases, ST1 is not in control of the outcome of its priority objectives. Subject to that, indicators of success in pursuing the 1986-87 Priority Objectives would include:-

1. (i) Chief Secretary's view of effectiveness of ST1 preparation and briefing for 1986 PESC bilaterals etc.
- (ii) Reduction in number of occasions on which DHSS officials upbraided in writing for poor performance.
2. Extent to which satisfactory implementation is achieved.
3. (i) Extent to which planned eventual staff savings from LOP exceed/undershoot present forecast of 8,400.
- (ii) Impossible to measure performance objectively.
4. (i) Impossible to quantify at this stage.

ST2

In most cases, ST2 is not in control of the outcome of its priority objectives. Objectives fall into 5 broad categories:

- (i) Policy objectives, which largely depend upon political will in DHSS. Here the objectives are to inject new ideas where possible, to ensure that issues are properly considered, and to maximise political support from Ministers in pursuit of Treasury policies. Success measured by senior management's perception of achievement.
- (ii) Monitoring objectives, which require continuing work, and taking action at the first sign of things going wrong. Success measured by extent to which DHSS meet targets.
- (iii) Issues where Treasury is directly involved (eg professional staff structure, capital asset accounting) but not in sole control of the results. Not quantifiable. Success measured by extent and timeliness of implementation of recommendations.
- (iv) Smaller departments, where main task is to exert continuing pressure and bring issues to Ministers for decision.

ST3

- (i) Not quantifiable
- (ii)-(v) continuous

All Divisions

Success measured by acceptability of new working methods to staff and use made of new system.

E. Options and Constraints

(i) Effect of 5 per cent reduction in resources available

Savings of this order could be made by rationalising the treatment of small departments between ST, LG and HE. This is under discussion between the respective Heads of Groups. Savings not necessarily in ST.

(ii) Effect of 5 per cent in resources available

See budget bid.

(iii) Constraints on past and future performance, changes in organisation of work etc

ST1: Main constraints are:

- (a) Simultaneous repostings of senior staff in division (sometimes associated with gaps in particular posts). Means knowledge and experience cannot be passed on effectively.
- (b) Secretary of State's working methods (see D(i)(a)(1)).

ST2: As last year, a major constraint remains the lack of management information within the NHS.

ST3: See background paper to Budget bid.

All Divisions: (i) the introduction of the electronic office may lead in the short term to a temporary reduction in efficiency.
(ii) any pressure to release staff on a big scale for attendance at training courses which are not directly relevant to their ST duties.

Date 26.9.85.

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Basic staff costs		430900	102771	521234
Staff Complement				
Casuals/Students				
Specialists		71100	17775	77285
Total	391449	502000	120546	598519
Overtime	1015	1700	32	1500
Travel & Subsistence				500
Overseas	960			
Home	7070		1634	9000
IT Equipment etc				1300
Economic Research				-
Consultancies/Fees				-
Other (specify)				-
Total	400494	503700	122212	610819.
2. Non-bid items				
Entertainment	546		141	
External training	7325		950	
Government Car Service	98			
3. Receipts				
EC Travel				
Other				

Notes

IT Equipment provision covers maintenance of existing equipment
 2 x micro (ST1 & 2)
 1 x terminal (ST3)

2. Staffing Profile and Bid

Responsibility Centre: ST

Date: 26 / 9 / 85

a. Staff in Post

Compl/Uncompl Date	Grade 3	Grade 5	Grade 6	Prin	Econ Adv	Stat	PSO	SEO	SSO	HEO	HSD	HED (U)	Sen Econ Asst	Sen Asst Stat	ED	SO	AT	Econ Asst	Asst Stat	CO	CA	PK	PS	Typ	Other	Total	Consults/ Students	Use of Speclists
1 April 1985	1	3		4				2		3					4		1			4	3		3	1	1	30	N.K.	N.K.
1 July 1985	1	2		4				2		3		1			4		1			4	2	1	3	1	1	30		

(a)

b. Staff Complement 1985-86

1 April 1985	1	3		4				2		3		1			4		1			4	3		4	1	1	32		115% PSO 20% SSO 150% E Adv 105% HSD 40% SE Asst
31 March 1986	1	3		4				2		3		1			4		1			4	3		4	1	1	32		
Av. Complement 1985-86	1	3		4				2		3		1			4		1			4	3		4	1	1	32		

c. Bid for 1986-87 by quarter

1 April 1986	1	3		5				2		4		1			4		1			5	3		4	1	1	35	-	2.05 1.05 EAA 0.4 EAsst 0.8 PSO 1.0 HSD
1 July 1986	1	3		5				2		4		1			4		1			5	3		4	1	1	35	-	
1 Oct 1986	1	3		5				2		4		1			4		1			5	3		4	1	1	35	-	
1 Jan 1987	1	3		5				2		4		1			4		1			5	3		4	1	1	35	-	
31 Mar 1987	1	3		5				2		4		1			4		1			5	3		4	1	1	35	-	

Av. Complement 1986-87	1	3		5				2		4		1			4		1			5	3		4	1	1	35	-	
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(a)

- Please specify grade

Notes:

(a) 1 x Management Accountant

2.05
~~1.05~~ Economic Advisers
 0.4 Economic Assistants
 0.8 Principal Scientific Officers
 1.0 Higher Scientific Officers

Breakdown of Staff Complement by Division

Date

Date	Division																	Total
		Grade 3	Grade 4	Grade 5	Grade 6	Prin	SHO	HBO	HBO(D)	NO	MT	CO	CA	SPS	PS	Typist	MAN. ACCT.	
1st April 1985	ST 1	1		1		2		2		1	1	1	1		2			12
	ST 2			1		1	1		1	2		2	1		1	1	1	12
	ST 3			1		1	1	1		1		1	1		1			8
31st March 1986	ST 1	1		1		2		2		1	1	1	1		2			12
	ST 2			1		1	1		1	2		2	1		1	1	1	12
	ST 3			1		1	1	1		1		1	1		1			8

- (i) Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86
(refer to work programme where appropriate)

A separate paper "Scotland and Wales: an expanded role for ST3" makes a detailed case for major organisational changes in the way Scotland and Wales work is handled in the Treasury. This entails the following additions to ST3's complement as from 1 April 1986 for which no offset is available from other divisions with current Scotland and Wales responsibilities:

1 Principal
1 HEO
1 CO

This paper set out five reasons for change which are intrinsic to the case, but also two more general reasons:

- i Present organisation of the Treasury work on Scotland and Wales is contrary to FMI principles
financial responsibility is split from operational responsibility;
- ii It is also contrary to the new PES principle of departmental, rather than functional, control.

(It is hoped that the rationalisation of work on small departments between ST.LG and perhaps HE may lead to some consequential staff savings. Details to follow.)

40-10
(ii) Developments for which there may be longer term resource requirements (ie beyond 1986-87)

None foreseeable at present

(iii) General comments on patterns/history of resource use

MANAGEMENT IN CONFERENCE

WORK PROGRAMME

A. Organisation

Responsibility Centre LG
Date September 1985

Manager	J R JAMESON (Under Secretary)		
Heads of Division (with grade)	A C PIRIE (A/S)	D R INSTONE (A/S)	
Branch Heads with main areas of responsibility in 1985-86	<u>Ms Spencer (Principal)</u> Local Authority capital expenditure and borrowing; Contracting out of local authority services; LG re-organisation; LA accounts inc. Audit Commission.	<u>P J Stredder (Prin)</u> Housing New Towns Urban Programme Urban Development Corporations <u>K J Pike (SEO)</u> Local environmental services DOE other environmental services DOE central admin and environmental research; The Heritage	
	<u>A C S ALLAN (Princ)</u> Local Authority current expenditure and aggregate Exchequer Grant; Review of LA finance	<u>R J Meadows (Prin)</u> PSA (Civil Accom - UK) Ordnance Survey HMSO Crown Estate Commission Treasury (inc. CISCO & CCTA)	
Public expenditure totals to which responsibilities directed (where appropriate)	££30bn	£2,600m (housing) £1,000m (other DOE) £500m (PSA) £300m (other Depts)	
Staff-in-post including heads	1 A/S, 2 Prin, 1 HEO, 1 HEO(D) 2 COs, 1 CA, 1 P/S	1 A/S, 2 Prin, 1 SEO 3 HEO, 1 HEO(D), 3 EO, 1 CO, 3 CA, 1 Typist	
Total Staff-in-post (1 July 1985)			27

B. Allocation of Manpower/Resources between different areas of work

Responsibility Centre LG
Date September 1985

(1) 1985-86

Area of work	% age
Local authority current expenditure and Rate Support Grant (including rate capping)	12
Review of LG finance	5
LA Capital	12
Other LA work (Abolition of GLC/MCCs etc)	8
Housing	14
Urban Programme, UDCs	4
New Towns	2
Environmental services	7
DOE central administration etc	6
The Heritage	3
PSA	15
Minor Departments	8
Disposal of Surplus property	2
Training (including visits to LAs)	2
Tot	100

(ii) Changes since 1984-85

- (a) Water transferred to PE
- (b) Unforeseen work on review of LG finance
- (c) More intensive work on LA capital, both to deal with overspending and to work towards reform of the control system.
- (d) Additional work on disposal of surplus property

(iii) Changes expected in 1986-87 compared with 1985-86

See note to Section 2c of Budget Return

LG 1

1. To advise Treasury Ministers:-
 - a. on the level of expenditure by local authorities in total consistent with the Government's general economic and social priorities (including particularly its aims for taxation and borrowing) and
 - b. on how to keep spending as close as possible to that level by;
 - (i) ensuring that systems for influencing local authority current expenditure are as effective as possible, and by using such influence appropriately; and
 - (ii) ensuring that the mechanism for controlling local authority capital expenditure is as effective as possible, and setting national cash limits and allocations to individual authorities appropriately.
2. Within the limitations caused by lack of direct Government control, to take all feasible steps to keep the totals of local authority expenditure within approved plans, by prompt and adequate monitoring of expenditure against profile, investigation of significant variations, and bringing about timely corrective action by the Department of the Environment, Scottish Office and Welsh Office.
3. To assist other Treasury divisions dealing with public expenditure totals or with specific local authority services by providing advice on the workings of local authority finance; and to contribute, from experience on local authority finance, to the development of general Treasury policies and procedures in the public expenditure field.
4. To encourage efforts by the Department of the Environment, the Scottish Office and the Welsh Office, to stimulate local authorities to obtain better value for money.
5. To stimulate the adoption and use by the Department of the Environment of efficient systems for defining and keeping up to date aims and priorities for its general policies towards local authorities and for measuring performance in implementing them.

LG 2

1. To advise Treasury Ministers on level of expenditure by the following Government Departments, consistent with the Government's economic and social priorities:-

a. The Department of the Environment

Programme 13 - Housing

Programme 14 - Property Services Agency (including the Crown Suppliers)

Programme 15 - Other expenditure (including the Urban Programme, local environmental services, the Heritage, and DOE central administration.)

b. H M Treasury (including CCTA and CISCO)

c. Cabinet Office (including MPO)

d. Privy Council Office

e. Ordnance Survey

f. Her Majesty's Stationery Office ;

g. Crown Estate Commission

h. RGPD

2. Arising from the work relating to DOE Programme 13 to advise Treasury Ministers of the implications for economic policy of the Government's policies on housing.

3. To ensure that expenditure on these programmes conforms to approved plans (taking account of Trading Fund status where appropriate), by ensuring prompt and adequate monitoring of expenditure against profile investigation of significant deviations and timely corrective action (by Treasury Ministers, or officials or the Department concerned) to keep expenditure within planned totals.

4. To encourage efforts by these Departments to obtain better value for money, and where appropriate, to promote good management in other bodies which they support financially.

5. To control the running costs of these Departments within approved targets; and to advise Treasury Ministers on the scope for further economy in the use of manpower, including the wider use of contracting out where this is cost effective.

6. To stimulate the adoption and use by those Departments of efficient systems for:

a. defining and keeping up-to-date their aims, priorities and performance targets;

b. the allocation, forecasting, monitoring and control of their expenditure;

c. their relations with other public bodies with which they are concerned (taking into account LGI's aims in relation to local authorities)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>1. Achieving Rate Support Grant settlements for England, Scotland and Wales designed to</p> <ul style="list-style-type: none">a) deliver cost terms reductions in local authority current spendingb) with low rate increases with-outc) any significant call on the Exchequer. <p>2. Minimising costs and maximising savings from abolition.</p> <p>3. If agreed, preparing for legislation on contracting out.</p> <p>4. If agreed, prepare for legislation on capital.</p> <p>5. To ensure that decisions taken following the official review of local authority rents and subsidies (RASP) provide scope to:-</p> <ul style="list-style-type: none">a) increase local authority rents to economic levels;b) minimise the economic subsidy to local authority tenants;c) improve control over local authority current expenditure on housing.	<p>1986-87 settlements for England and Wales announced. Targets to be abolished, following strong political pressure; but much tougher block grant mechanisms. £500m added to provision in England, implying cost terms reduction on 1985-86 budgets. Grant held at 1985-86 level (before holdback) because of concern by PM about rates: Treasury had argued for big reduction. Rate and precept limits for 30 LAs/Joint Boards agreed.</p> <p>Some concessions necessary to secure passage of legislation, now on statute book.</p> <p>Green Paper issued, but no legislation in 1985-86 session.</p> <p>Legislation on mortgage refinancing agreed for 1985-86 session and announced. Longer term reform postponed to 1986-87 session because of link with wider reform of local government finance. Options complicated by search for control based on borrowing to fit in better with wider reform. Decisions expected by end 1985.</p> <p>Official committee on housing set up at end of 1984 Survey endorsed Treasury case for increased rents. PM's meeting in June agreed that further work should be done. Submission to Chief Secretary at end of July on how best to carry this forward. Following Ministerial decision against deregulation in private sector before Election may be difficult to make early progress on LA rents.</p>

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>6. To maintain pressure on local authority capital expenditure on housing with the aim of limiting resources to those needed for:</p> <ul style="list-style-type: none"> a) some new building of specialised dwellings b) cost effective repairs and maintenance c) home improvement grants to dwellings falling below the proposed tolerable standard <p>7. To continue monitoring the action being taken by the PSA to improve the management of the department and to ensure that satisfactory progress is maintained.</p>	<p>Decisions in 1984 Survey broadly to this effect. Further pressure needed in 1985 Survey against background of growing concern about state of LA stock. Ministers agreed to loans rather than grants for some home improvements.</p> <p>PSA have produced first edition of maintenance programme; set up IT Directorate which should improve management information; and are developing better control systems in response to Wardale and PAC reports. Official committee on PRS required to report on developments by specified dates. More rapid progress hindered by scepticism of some Departments about role of PSA and poor quality of some PSA management.</p>

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
8. To explore the scope for further reduction and economies in DOE manpower.	The first part of the DOE open structure review has been completed, and the report on the remainder (common services) will be available in the autumn. It will be hard to secure savings without strong pressure at a high level during remainder of 1985-86.
9. To continue to examine the scope with PSA for significant staff reductions.	The rundown of staff has been more rapid than expected, and there is a prospect of further reductions involving some compulsory redundancies.
10. To maintain pressure on Cabinet Office (MPO) and PSA to improve their staff inspection systems.	Some improvement at PSA. Personal interest of Director General: new chief staff inspector appointed. But continued SIED work necessary.
11. To ensure that Treasury interests are pursued in the follow up to the review of the Wildlife and Countryside Act; to liaise with other Treasury Divisions in doing so.	Consultants' report on review of financial guidelines for management agreements received August 1985. Possible Green Paper next year following interdepartmental consideration of consultants' recommendations: contents will depend on Ministerial decisions on balance to be struck between agricultural, environmental and financial issues.
12. To secure a review of housing association finance with the aim of significantly reducing public expenditure by the Housing Corporation.	Progress on rents depends on decisions on LA rents - see item 5 above. Pressure on aggregate level of expenditure in 1984 Survey to be maintained in 1985 Survey.

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>13. To ensure that Treasury interests are safeguarded in implementing the provisions of the 1985 New Towns Act, in particular in relation to:</p> <ul style="list-style-type: none"> a) the amounts of debt to be suspended and written off; b) the supervision of the towns being wound up; c) the establishment of the new capital grant system <p>14. To make further progress untying of department from HMSO and the Crown Suppliers where it is sensible to do so.</p> <p>15. To review the expenditure and income of the Sports Council.</p> <p>16. To examine the scope for alternative arrangements for the Building Research Establishment.</p>	<p>Report from consultants expected in autumn 1985. Aim is to reconstruct N.T finances by March 1986.</p> <p>No progress yet. Now awaiting action by Central Unit on Purchasing.</p> <p>Report by DOE on review (as part of rolling programme of Quango reviews agreed with Treasury) expected in autumn.</p> <p>Report by Research Strategy Committee of NEDC in autumn may provide basis for Treasury pressure for reduced spending. [This is not really a priority objective.]</p>

D. (11) Priority objectives in 1986-87 (continued)

Priority objectives	Comment/detail/progress expected in 1986-87
<p>1. To achieve further real terms reductions in LA current expenditure in 1987-88 RSG settlements</p> <p>2. To continue to press Treasury interests in giving effect to Ministerial decisions on reform of LG finance.</p> <p>3. To press Treasury interests in detailed work on reform of procedures for controlling LA capital expenditure and press for legislation in 1986-87 session if possible.</p> <p>4. To press for policy decision on rate of return rents in public sector (if not settled in 1985-86)</p> <p>5. To minimise public sector capital expenditure on housing by securing redeployment from new provision for renovation.</p>	<p>As for 1985-86, achievement requires effective use of <u>indirect</u> pressures to restrain spending - block grant mechanisms, continued rate-capping of highest spenders and downward pressure on grant - in the face of counter-pressures from pay settlements and pressures to maintain or increase services <u>and</u> to keep rate increases low; and, to begin to influence the climate on pay and to affect spending in subsequent years, LGL should press for contracting out legislation in the 1986-87 Session.</p> <p>Ministerial decisions likely by end of 1985. Strong Treasury interest in framing of subsequent legislation to secure</p> <ul style="list-style-type: none"> (a) better control of LA current spending; (b) improvements in local taxation (fairer; ensuring more effective accountability; but not too complex or costly to administer); and (c) compatibility with other tax/social security changes. <p>Timing and content uncertain.</p> <p>Interim arrangements for 1986-87 likely to be settled in autumn 1985. For longer-term, link with 2 above, which makes timing of legislation uncertain.</p> <p>Ministers are committed to deregulation of private sector rents (though no legislation before General Election). Similar commitment required, on LA and Housing Association rents, even though early legislation is also unlikely.</p> <p>Achievement depends on outcome of 1985 Survey and beyond.</p>

D. (11) Priority objectives in 1986-87 (continued)

Priority objectives	Comment/detail/progress expected in 1986-87
6. To improve value for money from Housing Corporation's programmes.	Major benefits possible if new housing association lettings are at market rates financed entirely by private sector. Without legislation on private sector rents (see objective 4 above) this is probably unlikely in the short term. Objective is to improve efficiency of housing associations through other changes (index-linked lending from NLF, tighter rules for grant redemption funds and follow up of NAO recommendations on housing grant).
7. To improve value for money from the Urban Programme.	Aim is to reach agreement with DOE on more precise objectives and hence rules for Urban Programme expenditure.
8. To contain DOE and PSA running costs within targets to be agreed in 1985 Survey.	Regular monitoring required.
9. To improve financial and strategic management in PSA.	Outcome partly depends on current review of role of PSA. Other specific action required includes <ul style="list-style-type: none"> - satisfying ourselves over development of PSA management information and budgetary control systems; - agreeing PSA's "spend to save" strategy and treatment of savings from it; - agreeing PSA's forward programme for maintenance of civil estate
10. To seek interdepartmental agreement on future of Property Repayment System.	Requires satisfactory outcome and follow-up to report of interdepartmental committee due in early 1986.
11. To seek to ensure Treasury expenditure divisions get departments to maximise receipts from disposal of surplus property.	Need to make adequate progress towards achievement of current target of dispensing of the 1 April 1985 surplus by 1 April 1988. Priority departments are MOD and PSA.
12. To minimise public expenditure resulting from new initiatives on Sport.	Bradford and Brussels disasters likely to lead to pressure for Govt contributions to safety measures at sports grounds. Risk of demand for contribution to Olympic Games in 1992 if British city chosen as host. Aim should be to keep costs within existing PES baselines.

D. (iii) Supporting information including performance measures

Responsibility Centre LG
Date September 1985

1. What was said in last year's report about the difficulty of identifying performance measures (acknowledged by the Chief Secretary in a minute of 23rd April following his visit to LG) remains true. But further examples can be given of work undertaken by Departments at the request or with the assistance of the Treasury - the review of housing policy, on which a report went to the Prime Minister in March; the current review of local government finance and the continuing interdepartmental discussion of LA capital controls; and the partial move to loans in the Green Paper on home improvements.
2. A first point of reference is whether the Group has achieved its priority objectives. We have therefore tried to specify these in a way which permits subsequent testing of whether they have been achieved or not. These need to be treated with caution: objectives are difficult to specify sufficiently far in advance with the required precision. Success or failure may be wholly or partly attributable to factors outside LG's control - especially political pressures, the views of other Ministers in collective discussions and the Government's wider priorities for legislation.
3. However a large part of the Group's work is reactive, especially to proposals submitted at short notice by other departments. One test of performance here is the extent to which departments modify proposals as a result of criticism from us. But this is not easy to measure: we cannot easily establish for example, what proposals never reached us because departments assumed in advance we would reject them.
4. A balance therefore needs to be struck between the amount of time that should be devoted to the priority objectives and to reacting to shorter-term proposals. We intend to keep track in broad terms of the amount of time we devote to each main task during the year and the output achieved.

D. (iii) Supporting information including performance measures

Responsibility Centre
Date

5. The best test, as last year, is the extent to which the group is equipped to negotiate with Departments, to control and monitor their expenditure and (at middle and higher levels) to brief Treasury Ministers effectively. Success in all this is a matter of judgement, not precise measurement. The Chief Secretary said in the minute mentioned above that he had found the service from the group over the last year to be of a high standard.

(i) Effect of 5 per cent reduction in resources available

This reduction, equivalent to 1½ COs, would mean the slowing down or discontinuance of some routine work eg checking of returns from DOE or PSA. This would increase the risk of mistakes by more senior staff who use this material. It would also delay filing and distribution of papers.

(ii) Effect of 5 per cent in resources available

More resources may be required for work on the reform of local government finance, depending on Ministers' decisions in autumn 1985. If that need does not arise, additional resources might most effectively be used to provide additional typing capacity within the Group, in particular to assist with urgent work.

(111) Constraints on past and future performance, changes in organisation of work etc

1. Progress on some priorities in current year (eg Nos 14 and 16) held up by more urgent and continuing day to day work (eg on safety of football grounds, disposal of surplus property) not foreseen when list drawn up.
2. Handing over of water to PE has freed more time at AS and Principal level for work on LA capital controls. But this has proved a most intractable problem, both technically and because of political considerations.
3. These considerations also explained the failure of the RSG Settlements for 1986-87 fully to match the Treasury's objectives and the inability to make significant progress on rents, both public and private.
4. Staffing at lower levels has been pretty stable. Changes of staff have caused little general dislocation, but some loss of continuity in one branch.

Date September 1985

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Basic staff costs		364500	87088	403,835
Staff Complement				N.A.
Casuals/Students				
Specialists		36400	9100	57,175
Total	346895	400900	96188	461,010
Overtime	892	500	172	750
Travel & Subsistence				
Overseas	459			2,000
Home	1145		758	3,000
IT Equipment etc				600
Economic Research				N.A.
Consultancies/Fees				N.A.
Other (specify)				N.A.
Total	349391	401400	97118	467,360
2. Non-bid items				
Entertainment				
External training	4622		311	
Government Car Service				
3. Receipts				
EC Travel				N.A.
Other				N.A.

Notes

Short visit to USA to study housing finance
Visits to LAs etc.

2. Staffing Profile and Bid

Responsibility Centre: LG

a. Staff in Post

Date: / /

Complemented Grade	Grade 3	Grade 5	Grade 6	Prin	Econ Adv	Stat	PSO	SFO	SSO	HEO	MSO	HED (D)	Sen Econ Asst	Sen Asst Stat	EO	SO	AT	Econ Asst	Asst Stat	CO	CA	SPS	PS	Typ	Other	Total	Casuals/Students	Use of Spclists
1 April 1985	1	2		4				1		4		2			3					4	3		3	1		28	N.K.	N.K.
1 July 1985	1	2		4				1		4		2			3					4	3		2	1		27		

b. Staff Complement 1985-86

1 April 1985	1	2		4				1		4		2			3					3	4		3	1		28		50% SS 80% E. Adv 75% PRIN
31 March 1986	1	2		4				1		4		2			3					3	4		3	1		28		
Avg. Complement 1985-86	1	2		4				1		4		2			3					3	4		3	1		28		

c. Bid for 1986-87 by quarter

1 April 1986	1	2		4				1		4		2			3					3	4		3	1		28		
1 July 1986	1	2		4				1		4		2			3					3	4		3	1		28		1-5
1 Oct 1986	1	2		4				1		4		2			3					3	4		3	1		28		P
1 Jan 1987	1	2		4				1		4		2			3					3	4		3	1		28		1-2
31 Mar 1987	1	2		4				1		4		2			3					3	4		3	1		28		SS
Avg Complement 1986-87	1	2		4				1		4		2			3					3	4		3	1		28	N.A.	

* Please specify grade.

Notes: Nos at HEO level and below may be affected as a result of forthcoming discussions about transfer of responsibility for some small Departments from LG to ST.

SECTION 4:

Responsibility Cent

Date Sept. '85

29

(i) Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86
(refer to work programme where appropriate)

None

(ii) Developments for which there may be longer term resource requirements (ie beyond 1986-87)

None foreseen; but Ministerial decisions in autumn on reform of LG finance could lead to requirement for additional staff in LGL.

(iii) General comments on patterns/history of resource use

Work load and staffing of LG have been broadly stable for some time.

A. Organisation

SIED

Responsibility Centre

Date 7 Oct 85

Manager	E I COOPER - GRADE 6 - PS			
Heads of Division (with grade)				
Branch Heads with main areas of responsibility in 1985-86	<p>Mr B Ranford</p> <p>Policy Administration and Training Branch</p> <p>2 HEOs 2 COs 1 CA</p>	<p>Mr A Lane</p> <p>Work Measurement and Productivity Unit</p> <p>4 SEOs</p>	<p>Staff Inspection</p> <p>9 Principals and 19 SEOs</p> <p>report direct to Mr Cooper</p>	
Public expenditure totals to which responsibilities directed (where appropriate)	No direct responsibility			
Staff-in-post including heads of Division (1 July 1985)	<p>1 Grade 6</p> <p>8 Principals (3 coming)</p> <p>20 SEOs (trawl published to complete the complement)</p>		<p>2 HEO 1PS</p> <p>2 CO</p> <p>1 CA</p>	
Total Staff-in-post (1 July 1985)				35

B. Allocation of Manpower/Resources between different areas of work

SIED
 Responsibility Centre
 Date 7 October 1985

(1) 1985-86

Area of work	% ago
1. Monitoring/Improving Staff Inspection in Departments; staff inspections for Expenditure Divisions; giving specialist advice	48%
2. Senior Open Structure Reviews	2%
3. Training	10%
4. Job Evaluation work for GEP4/MPO Pay	10% 3%
5. Work Measurement	12%
6. Policy/Administration and Support	11%
7. Management	4%
Total	100%

(ii) Changes since 1984-85

1. Staff Inspection - 5% reflects the need to increase resources on Training, Policy and Management.
2. Senior Open Structure Reviews no change.
3. Training +3% - additional courses for DHSS; development of and responsibility - for a new Part II course.
4. Job Evaluation for RCM/MPO no change.
Pay - 1% slightly reduced demand.
5. Work Measurement + 1%.
6. Policy/Admin and Support + 1%.
7. Management + 1%.

(iii) Changes expected in 1986-87 compared with 1985-86

Additional demands on the Inspection capability will be made by the formation of the Crown Prosecution Service. Work on Industrial Grades (both Staff Inspection and Work Measurement) is likely to be stimulated by current NAO activity. Possible increase towards the end of 1986/7 in Pay work resulting from Long Term Pay Arrangement discussions. Without increases in complement, additional Pay etc work has to be at the expense of Staff Inspection activity.

NOTE: Travel and Subsistence costs are allocated pro rata other than to Management and Support.

1. To develop policy and practice and to provide professional leadership and advice on the role of Staff Inspection to reflect central initiatives and responses to CIR, FMI and Running Costs.
2. To monitor and seek to improve departmental staff inspection performance.
3. To assist in improving the effectiveness of the control of running costs, especially manpower control (including standards of grading) by undertaking assignments on behalf of Expenditure Divisions.
4. To provide advice and guidance to departments on matters relating to Staff Inspection.
5. To provide a job evaluation service for Pay Divisions and RCM in the Treasury; and to MPO (mainly in connection with unified grading and structure reviews).
6. To maintain an efficient training capability in order a) to provide full training for CS staff inspectors; b) to mount and run seminars on specialist topics; and c) to develop and publish staff inspection procedural guidelines and to contribute to other publications.
7. To develop policy and practice on the use of work measurement for manpower planning and control purposes and to seek to ensure the effective implementation of that policy; and to keep up to date with developments inside and outside the Civil Service.
8. To provide advice and guidance to Treasury Expenditure and Pay Divisions on the acceptability of work measurement based manpower and pay systems and on departmental manpower bids.
9. To provide advice and practical assistance to departments (by assignment work as agreed by Expenditure Divisions) in constructing and/or improving work measurement based manpower planning and control systems.

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>To respond to FMI/CIRC</p> <p>Maintaining/Improving Staff Inspection Performance</p> <p>Assignment Work (Staff Inspection and Work Measurement)</p> <p>Assignment Work (Job Evaluation)</p> <p>Assignment Work (Senior Open Structure Reviews)</p> <p>Construction of new complementing and control systems for DTI (BSO and Patent Office)</p> <p>Feasibility Studies and, if appropriate, construction of new Complementing, Planning and Control Systems for C&E, Land Registry and MOD</p> <p>Effectiveness of Industrial Productivity Schemes</p> <p>Improved Management Information System for SIED</p> <p>Allocate and train ADP/New Technology Inspectors</p>	<p>Training courses have been updated and increased training demands have been and will continue to be met. Performance indicators for staff inspection have been developed and will be finalised so that a fuller picture is available at the end of the year.</p> <p>The rate of coverage (or volume of SI) fell slightly in 1984/5. Further data are being obtained. Efforts are being made to secure an improvement, although this may not be achieved in the short term.</p> <p>High priority work is met; work with lower priorities is not always met due to insufficient resource or scheduling difficulties. This situation will remain.</p> <p>The development and publication of Grading guidance for the Unified Grade 7 is being started. It will not be completed by 1.4.86 (as the announcement of the unification was much later than anticipated). Grading guidance for GCHQ unified CST grades is also being prepared.</p> <p>The extent of this work is difficult to predict. SIED will take part in the DHSS Review (at least).</p> <p>Not yet started. IAE2 requested a more urgent involvement in a politically sensitive review in the Companies Registration Office. It is hoped to start the assignments later in the year; they will be retained as objectives next year.</p> <p>Other, more urgent work has prevented a start on these projects. MOD work remains a high priority and is planned.</p> <p>This work has increased substantially. Pay 2 Division relies heavily on Work Measurement advice to which priority will continue to be given. Additionally, a seminar focussing on Industrial Grades and control techniques is to be held this Autumn. It will lead to the production of draft guidelines for use by inspectors.</p> <p>A new system was introduced on 1.4.85, although there have been various problems with software. Depending on the experience in the first (trial) year, modifications will be made.</p> <p>This continues to be an area in which there is significant demand for SIED input. The team is now up to strength; but consideration will have to be given to increasing it (at the expense of other work).</p>

Priority objectives	Comment/detail/progress expected in 1986-87
<p>Development of Staff Inspection Ensure that Staff Inspection in departments develops towards the control of running costs.</p> <p>Staff Inspection Performance Improve SI performance (volume) - 40,000 posts inspected in 1984/5</p> <p>SIED Performance <u>Assignment Work - Staff Inspection</u> To complete all high priority assignments within 6 weeks of the proposed target dates. To complete 75% of all lower priority assignments.</p> <p><u>Job evaluation</u> To complete the assignment work on the production of Grade 7 Grading Guidance by Dec 86.</p> <p><u>Work Measurement</u> Complementing and control systems BSO, Patent Office and PGO To continue priority work on Effectiveness of Industrial Productivity Schemes</p> <p>Management Improve SIED's Management Information Systems as required</p>	<p>SIED Training courses will continue to reflect the message. Planned SI Performance Measures will reflect the value of any significant contribution to non-manpower savings. The need to develop Staff Inspection techniques further will be kept under review. Ongoing.</p> <p>The volume of Staff Inspection apparently fell slightly in 1984/5. Further information is currently being sought to evaluate this performance. It is probably too late to affect significantly 1985/6 performance. Ongoing</p> <p>The factors which control this target are not always within SIED's control. Nevertheless it is a useful objective.</p> <p>This is a deadline set by JEGS (RCM). Its achievement will to some extent depend on departmental and DTUS co-operation. New activity within a range of ongoing assignments.</p> <p>Carry over of unstarted work from 85-6; addition of PGO.</p> <p>Work Measurement based Productivity Schemes are used for complementing many thousands of Industrial Civil Servants. Current NAO work may focus attention on the control of the industrial Civil Service. It is hoped to produce draft guidelines by the end of 1986/7.</p> <p>The weaknesses (and strengths) will be apparent at the end of its first year's operation. Improvements will be made based on this experience. Ongoing.</p>

D. (ii) Priority objectives in 1986-87 (continued)

Priority objectives	Comment/detail/progress expected in 1986-87
<p>Training</p> <p>Evaluate the success of the Part II Staff Inspection Course and decide on its future</p> <p>To publish staff Inspection guidelines on Organisational Analysis; to produce drafts on Information Technology, Grading and Workload Assessment.</p> <p>To identify and run at least two relevant training seminars.</p>	<p>Following sustained and extensive criticism, SIED has taken over Part II Staff Inspection training from September 1985. Following significant effort, the course has been improved (we think); and, allowing time for further improvements based on experience, the course must be evaluated in May/June 86. Ongoing.</p> <p>The organisation guidelines are at an advanced state and should be published soon. Drafts are being prepared for IT, Grading and Workload Assessment. Progress depends on external contributions and constraints.</p> <p>It is too soon to identify any likely topics. Experience suggests that at least two seminars will be required.</p>

D. (iii) Reporting information including performance measures

SIED
Responsibility Centre
Date - 1 Oct 85

1. 1986/7 assignments are not yet known; indeed, whilst bids for SIED work are made three times a year, in reality, the development of the programme is an iterative process. This is affected by unforeseen urgent demands, (such as this year the need to devote resource to examining the CPS proposals for substantial increases in staff over that estimated), and last minute departmental variation in plans. To give a picture, the current and proposed programme of assignment work for the balance of this year is attached.
2. Performance Indicators for Staff Inspection have been developed and are being improved. The results of Staff Inspections with which SIED has been involved are counted in departmental figures; but the results of these inspections will also be analysed to identify whether there are any significant differences between inspections in which SIED takes part and those in which it does not. It will have to be borne in mind that SIED is often assigned the most difficult inspections for wider reasons than the immediate outcome (eg wider fact finding on behalf of the sponsor).
3. Much assignment work cannot command numeric values. This work includes Pay assignments (on which subsequent Pay negotiations are based - the two sides often having differing views on the value of the report!), Structure Reviews and "opinion based" assignments eg assessments of the worth of work measurement based productivity schemes. In addition, the main aim of some assignments is to provide departmental intelligence. In many of these (and other assignments where SIED is the sole operator), the sponsor division is asked to comment on the value/quality of SIED's work, bearing in mind its costs which are declared in the reports.
4. At project level budgets are set, against which progress can be monitored and actual project costs subsequently compared. It is the objective of every assignment officer to work within the allocated budget, subject to advance indication of the possibility of an overrun and the reasons for it.
5. The objective to complete all high priority assignments within 6 weeks of the target date and 75% of all lower priority assignments can be monitored.
6. Training. Assessment sheets completed by course students are reviewed to ensure that the training remains relevant and valuable. Heads of Staff Inspection are also given the opportunity to comment at meetings. The numbers of Staff Inspectors attending courses will be monitored and compared with the potential numbers.

(i) Effect of 5 per cent reduction in resources available

It is already planned to replace an HEO by a EO. I have resisted the temptation to hold this back to offer this up under this heading. Any further reduction would have to be at the expense of assignments which have been sponsored by Expenditure Divisions. Some assignments are already rejected because of lack of resource and this number would be increased. With the advent of the CPS and the consolidation of our work in the FCO, SIED resources are already having to be spread more widely than hitherto.

(ii) Effect of 5 per cent in resources available

The transfer in 1984 of the Policy branch from GEP4 to SIED, has enabled these resources to be used more efficiently. However, the management of SIED is still undertaken, I consider, with minimal resources. I should want to consider the pressures of undertaking additional and valuable work against the pressing need for better than shoestring management and support. I imagine the former would win!

(iii) Constraints on past and future performance, changes in organisation of work etc

1. **Unpredictability of the work**

Departments tend to plan their assignemtns for six months ahead. SIED is, therefore, given less notice of assignments with which Expenditure Divisions wish SIED to be associated. Furthermore, last minute variations in or cancellation of departmental plans, caused for example by an overrun on a previous inspection, causes significant problems in the efficient use of SIED resource. Assignments can also arise at very short notice - for example the need to put in extra work on the setting up of the CPS; this disrupts planned work.

2. **Staff**

SIED's staff is on secondment from outside departments. Unpredicted return to the parent department and the recruitment by trawl complicate resource planning and allocation.

3. The Treasury guidance on the volume of staff inspection (the cycle) is seen by some departmnets as being at variance with the recommendations of the CIR and the spirit of the FMI. Central pressure from SIED to improve performance may be resisted.

Date 7 OCTOBER 1985

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Basic staff costs		650600	152171	710,451
Staff Complement				
Casuals/Students				
Specialists				
Total	581570	650600	152171	710,451
Overtime	405			
Travel & Subsistence				
Overseas	7399	5200	1637	15,000
Home	88533	111300	15713	112,000
IT Equipment etc	7603	1600	47	6,961
Staff Inspection Training	24214	48900	6507	56,000
Consultancies/Fees	827	34000		25,000
Other (specify)				
Total	710551	851600	176075	925,412
2. Non-bid items				
Entertainment	27			N/A
External training	2751			N/A
Government Car Service				N/A
3. Receipts				
EC Travel				
Other	58308	115000	24896	141,000

Notes

See also covering note and Section 4(i).

FCO inspections planned in third world countries. PAC commitment.

No volume increase. See Section 4(i)
See section 4(i).

Amplify offset by receipts.

Difficult to quantify. Mainly for Senior Open Structure Reviews - Stage II.

Training Receipts

2. Staffing Profile and Bid

Responsibility Centre: SIED

a. Staff in Post

Date: / /

Complemented Date	Grade 3	Grade 5	Grade 6	Prin	Econ Adv	Stat	PSO	SEO	SSO	HEO	HSO	HEO (D)	Sen Econ Asst	Sen Asst Stat	EO	SO	AT	Econ Asst	Asst Stat	CO	CA	SPS	PS	Typ	Other	Total	Casuals/Students	Use Spcl
1 April 1985			1	8				22		2										2	1		1		1	38	N.K.	N
1 July 1985			1	8				19		2										2	1		1		1	36		
																				2(b)					(a)			

b. Staff Complement 1985-86

1 April 1985			1	11				23		2										2	1		1			41		
31 March 1986			1	11				23		2										2	1		1			41		
Avg. Complement 1985-86			1	11				23		2										2	1		1			41		

c. Bid for 1986-87 by quarter

1 April 1986			1	11				23		2										2	1		1			41		
1 July 1986			1	11				23		2										2	1		1			41		
1 Oct 1986			1	11				23		2										2	1		1			41		
1 Jan 1987			1	11				23		1				1						2	1		1			41		
31 Mar 1987			1	11				23		1				1						2	1		1			41		
Avg Complement 1986-87			1	11				23		1½				0.5						2	1		1			41		

* Please specify grade.

Notes:

(a) PTOI

The staff complement figures do not include 4 posts in Grading and Evaluation Branch

(b) Reduced to 2 after discussion with Helen Blake. CO on maternity leave is not returning and now included on Eoq(2) returns.

3. Breakdown of Staff Complement by Division

Responsibility Officer: **SIED**
 Date:

Date	Division																	Total
		Grade 3	Grade 4	Grade 5	Grade 6	Prin	SD	HD	SD(D)	NO	IA	CO	CA	SPS	PS	Typist		
1st April 1985					1	11	23	2					2	1		1		41
31st March 1986					1	11	23	2					2	1		1		41

(i) **Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86
(refer to work programme where appropriate)**

1. I propose to reorganise the support work in Autumn 1986. This should result in the replacement of 1 HEO by 1 EO. To achieve this I shall require the early establishment of the EO post about which I have written in the covering note.

2. The bid of £6100 for IT is made as follows: £1600 as last year to cover the maintenance contract for the SIED Micro plus some specialist software; £861 annual Royalties in respect of a work measurement software package; and the balance of £4500 is to purchase four more Liberators (at £750 each) together with memory pack and communications software, shortly (hopefully) to be released.

The Liberator knee top computer (-more a form of text editor) is well-known to Management Services Divisions and SIED - indeed, SIED has just acquired its second for further extensive trials. The benefits of being able to produce text on site, to be agreed on the spot, or in the train for subsequent printing is clear. The likely developments - being able send it down the telephone line for printing and issue within SIED - is even more exciting.

Eventually, I see these being used by a substantial number of my staff inspectors. The benefits of storing key thoughts leading to the early production of already edited text are clear. Proof reading of the text produced will be reduced as will of course typing. Linking the Liberator Output to word processors for incorporation in final reports is also a probability.

Increases in efficiency are clear, but are difficult to quantify.

(ii) **Developments for which there may be longer term resource requirements (ie beyond 1986-87)**

Potential demand for job evaluation reviews for Pay Divisions. This was once a significant part of SIED's work. It depends on the outcome of discussions on a Long Term Pay Agreement.

Possibility of NAO generated work resulting from its look at the control of industrial grades.

(iii) **General comments on patterns/history of resource use**

Staffing with most of SIED's staff being on secondment, staffing profiles are affected by a) unplanned returns to departments; and b) the inefficiencies of the trawl procedures.

T&S

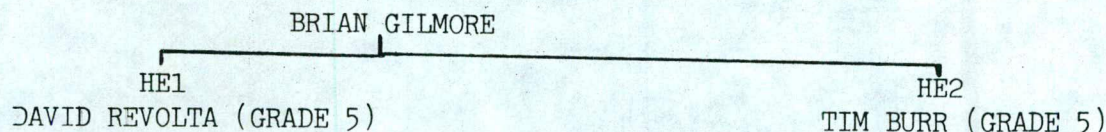
Assignments very geographically and cannot be predicted. There is not yet sufficient information available to see whether statistical techniques can be used to assist prediction.

WORK PROGRAMME
A. ORGANISATION

Responsibility Centre: HE
Date: 26 September 1985

Manager

Heads of Division
(with Grade)



Branch Heads with main areas of
responsibility in 1985-86

TIM SUTTON - Principal

Home Office expenditure
(except broadcasting) and
corresponding Scottish
expenditure

Public expenditure totals
to which responsibilities
directed (where
appropriate)

Staff-in-post including
heads of Division
(1 July 1985)

PETER RUSSELL - Principal

Expenditure of Lord
Chancellor's Department and
other legal departments
(including Scottish legal
departments and Northern
Ireland Court Service),
Land Registry and Public
Record Office

£10b (1985-86)

HE1: AS.1, HEO.5, CO.3
P.3, EO.4, CA.2,
PS.2, Ty.½

VALERIE IMBER - Principal

Department of Transport
expenditure (except
nationalised industries
and civil aviation) and
corresponding Scottish
and Welsh expenditure

SIMON SARGENT - Principal NICK KAUFMANN - Princip

Expenditure (DES, SED
and WO) on primary,
secondary and non-
advanced further
education; and on arts
and libraries (OAL, SED
and WO).

£17b (1985-86)

HE2: AS.1, EO.2, CO.1,
CA.1, P.2, AT.1,
HEO.1, SPS.1, Ty.½

Expenditure on
higher education
and science
(DES, SED, WO)
home broadcasting
matters.

Total Staff-in-post (1.7.85) 31

(1) 1985-86

Area of work	% age
PES and Estimates cycle, monitoring of expenditure	35
Manpower control	8
Examination of departmental policies and financial management systems	45
Contributing to development of Treasury policies, procedures, and systems	7
Staff management and training	5
Total	100

(ii) Changes since 1984-85

Small shifts of emphasis, eg

(a) Work on fiscal aspects of heritage policy transferred to the Inland Revenue.

(b) More effort on manpower control with developments in running costs.

(c) More involvement in policy issues in Home Office and especially DTp.

(iii) Changes expected in 1986-87 compared with 1985-86

(a) Changes of staff at Principal level may put a larger proportion of time into training, visits, and "learning the job" generally.

(b) Return of Channel Fixed Link work to HE1 normal complement.

1. To advise Treasury ministers on how best to restrain expenditure on the law and order, transport, education and science and arts and libraries programmes, consistently with the Government's general economic and social priorities (including particularly its aims for overall taxation, borrowing and expenditure), through:
 - (a) a continuous, searching and knowledgeable scrutiny of the justification for each programme in terms of Government policies; of the evidence of its effectiveness in achieving its stated objectives; and of the efficiency and economy with which it is being implemented by the Department;
 - (b) a critical assessment of any expenditure proposals, ensuring that they are properly appraised and costed before decisions are taken, and that decisions are accompanied by clear statements of what is to be achieved and how this will be evaluated.
2. To control expenditure on these programmes within approved plans by ensuring prompt, regular and adequate monitoring of expenditure, and by investigating significant deviations from the expected profile and initiating timely corrective action by the Department or the Treasury.
3. To encourage efforts by the Department to improve the management of resources allocated to it in order to obtain better value for money, and to promote good management in other bodies which it supports financially.
4. To control the running costs (including manpower) of the Department within approved limits, and to advise Treasury Ministers on the scope for further economy, including the wider use of contracting out where this is cost-effective.
5. To stimulate the adoption and use by the Department of efficient systems for:
 - (i) defining and keeping up-to-date its aims, priorities and performance targets;and, consistently with them, for:
 - (ii) the allocation, forecasting, monitoring and control of its expenditure and manpower;
 - (iii) its relations with other public bodies with which it is concerned.

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p><u>HE Group: both divisions</u></p> <p>1. Carry out tasks required by 1985 PES and 1985/86 Estimates in timely and orderly manner and to Treasury ministers' satisfaction</p> <p>2. Monitor spend against 85/86 provision; take timely corrective action where possible, seek to improve forecasting where current methods produce unsatisfactory results notably on student awards and legal aid.</p>	<p>Proceeding reasonably well. Major monitoring problems have arisen (and are in hand) on the Prisons Vote and Metropolitan Police Cash Limit, and forecasting and control problems on legal aid.</p>
<p><u>HE1</u></p> <p>1. Consider changes in VED to reduce manpower and evasion.</p> <p>2. Reshape PLA to reflect changing pattern of business.</p> <p>3. Stimulate better management in Home Office, particularly in Prison Department.</p> <p>4. Improve management of local authority police, fire and transport expenditure</p> <p>5. Consider appropriate civil defence policy for future years.</p> <p>6. Contain cost and improve efficiency of legal aid scheme.</p>	<p>Plan for abolition of VED put to Treasury Ministers, who decided not to press abolition. Work on evasion continues.</p> <p>Delayed by appointment of new Chairman and by uncertainties over National Voluntary Severance Scheme. Treasury pressure has improved prospects of realistic corporate plan soon.</p> <p>Home Office claim better control of prison overtime from budgetting. Decision taken to cut out least productive prison workshops. Further progress depends on consultancy on shiftwork etc (now agreed), and outcome of delegated budgetting system (to be introduced 1 April 86).</p> <p>Expenditure levels now set: real economies on fire and transport, but constrained by future pay commitments on police. Monitoring of new EL regime will be important.</p> <p>Proposals still under discussion; expenditure implications reasonably well identified and taken into account so far.</p> <p>Little progress. Consultants have reported on Law Society's management of legal aid scheme, but LCD have so far failed to press Law Society to adopt tight budgeting. Options to limit cash available or modify scheme defined for consideration in PES.</p>

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>7. Ensure cost effectiveness of Crown Prosecution Service.</p> <p>8. Channel Fixed Link: there was no relevant priority objective for 1985-86, but the work has become so important that we report against the relevant objective from Mr Jones' job description for 1985: "To ensure that any choice of a Channel Fixed Link (and all related processes) avoid any public money or government guarantee, minimise the likelihood of later pressure for government assistance, and take due account of the relative economic advantages of different schemes."</p>	<p>Slow progress because of slow and sometimes overambitious planning by CPS. Risk now of poor decisions under time pressures. Decisions to date reasonable, and some progress in educating future CPS management.</p> <p>Achieved so far: guidelines published with all Treasury interests safeguarded. Ministers intend to decide on a project (if any) by end-January, jointly with the French: heavy involvement before then in Whitehall and Anglo-French assessment of promoters' proposals.</p>
<p><u>HE2</u></p> <p>1. Encourage radical policies to reduce education expenditure (with special reference to student loans)</p> <p>2. Press for more coherent forward policies for higher education (with special reference to drafting of the Green Paper)</p> <p>3. Stimulate better financial management in DES.</p> <p>4. Increase our knowledge and understanding of DES policies and programmes (with reference to plans to visit MRC and polytechnics).</p>	<p>Successful in securing a more radical consideration of the options than DES wanted. Cabinet decided that the question of a student loan scheme should not be further pursued.</p> <p>The improvement from the first to the final drafts of the Green Paper was marked. We will have an opportunity to focus attention on the means for implementing the policies in the review of the University Grants Committee.</p> <p>Effort has been concentrated on the science side of the Department. After a laborious start, the way now looks clear for the programme of financial management reviews and a new regime of delegated authorities.</p> <p>Good progress, both with a wide range of visits and widening direct contacts in DES, UGC, ABRC and Research Councils.</p>

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
5. Secure satisfactory follow-up to Green Paper on higher education (with reference to need for plans to accommodate the demographic dip)	DES have now started work on their rationalisation plan, and seem to have taken our basic points on board.
6. Stimulate better financial management in OAL	Progress on the vote treatment of receipts of the national museums and galleries, and in their relationship with the PSA. Financial memoranda for fringe bodies now under discussion. Progress delayed by OAL staffing (currently trying to recruit a Principal to coordinate their financial management work.)
7. Review with OAL the future of the British Library new building project	Stage IAB agreed agreed by Ministers. We have persuaded OAL that further investment appraisal and fresh decisions will be needed before embarking on further stages.
8. Secure transfer to the Inland Revenue of Treasury responsibilities for fiscal aspects of heritage policy.	Done
9. Help evolve better financial arrangements for broadcasting authorities (with reference to ITV levy, BBC licence fee, BBC accounts)	Report produced on the levy: the task now is to get it implemented. Implementation of the Peat Marwick report on the BBC also remains a concern. The Home Secretary has agreed to the need for change in the BBC accounts, and we have just produced a draft accounts direction.

Priority objectives	Comment/detail/progress expected in 1986-87
<p><u>HE Group as a whole</u></p> <p>1. Carry out tasks required by 1986 PES and 1987/88 Estimates accurately, to time and to Treasury ministers' satisfaction.</p> <p>2. Monitor spend against 86/87 provision; take timely corrective action where possible; seek to improve forecasting where current methods produce unsatisfactory results (notably on student awards and legal aid).</p>	<p>These are our bread and butter activities which dominate the timetable and provide the framework, and often the focus, for the policy decisions.</p>
<p><u>HE1</u></p> <p>3. Stimulate better Home Office management, especially Prison Department.</p> <p>4. Secure radical new approach to size of prison population.</p> <p>5. Investigate control by HO/PSA of major capital projects.</p> <p>6. Obtain cash limiting on HO specific grants.</p> <p>7. Improve legal aid control.</p> <p>8. Control Crown Prosecution Service.</p>	<p>Main targets for 86/87: (a) consultancy review of shift system and complementing, with scope for significant savings in running costs and overtime - aim for decisions by June 86; (b) ensure prison budgetting and costing systems working satisfactorily by 1 April 87.</p> <p>(a) PES policy options on cutting prison population to be pursued to Ministerial decision by June 86; (b) Rayner scrutiny of remand costs: set up, help and secure implementation: target: Action Plan by 1 April 1987.</p> <p>Target: to quantify major savings for 86 PES.</p> <p>Priority targets probation service, magistrates' courts.</p> <p>Target: to obtain control of totals before 86 PES discussions or agree limitation of scheme in PES.</p> <p>Target: to ensure effective start to service within PES provision, and no increase in 86 PES (later target to introduce cost-effective prosecution policies taking account of costs to legal and penal systems).</p>

Priority objectives	Comment/detail/progress expected in 1986-87
9. Improve financial management in small departments.	Main targets: to obtain implementation by 1 April 87 of satisfactory costing and control systems in Treasury Solicitor's Department and Crown Office (Scotland).
10. Improve property management for legal and related small departments.	Target: to secure by 1 January 87 more realistic planning and control by PSA and better specification of costs of individual court projects.
11. Local authority bus companies.	Ensure transfer schemes which do not inhibit competitive environment.
12. Secure reshaping of PLA to minimise cost to taxpayer.	By 1 April 86 there should be a new corporate plan satisfactory to Ministers. Main target for 86/87: an action plan, with sums and dates, to reduce PLA dependence on public funds.
13. Channel Fixed Link.	<p>(a) If governments decide to facilitate a project, we need to ensure in dealings with the French, with promoters and in connection with a Parliamentary Bill that taxpayers' interests are safeguarded - mainly in terms of avoiding public funds becoming involved in construction, in careful definition of political guarantees and over taxation.</p> <p>(b) If not, we need to ensure that the principle of no public money or government guarantee is not relaxed.</p>
14. Improve financial management in Department of Transport.	Main target for 86/87: to ensure the department implements a satisfactory replacement system for MAXIS by 1 April 87.
<u>HE2</u>	
3. Press for substantial savings through rationalisation of higher education in the 1990s to reflect demographic decline.	Target: ensure that decisions are translated into a plan for action by specified bodies within a clear timetable.
4. Use the forthcoming review of the University Grants Committee to clarify its responsibilities and equip it for the task of rationalisation and for handling related financial issues.	Target: ensure that the UGC emerges from the review with the ability to identify institutions (or departments within them) for closure or merger, and with the accountancy expertise needed to assess possibly acute financial problems in particular universities.
5. Secure appropriate follow-up action on the Jarratt report on university efficiency, including clarification of responsibilities at university level.	Target: to ensure that the universities are obliged to specify the action needed by them to meet the Jarratt criticisms, and to commit themselves to it.

Priority objectives

- | Priority objectives | Comment/detail/progress expected in 1986-87 |
|---|---|
| 6. New regime of financial controls in the Research Councils to be implemented, and financial management reviews for all councils to be in progress or completed. | Target: to get a financial management review implemented by 1 April 87 for at least one council (SERC or NERC). |
| 7. Ensure interdepartmental work on R & D focusses on priorities and effectiveness, including economic effectiveness, within existing provision. | Target: secure a tangible income ^{increase} in value from R & D, especially in terms of promoting innovation in industry. Success depends on long campaign concentrating on effectiveness and priorities. Ministerial group is to review priorities urgently, but this issue and the Treasury objective are likely to continue to feature prominently in 86/87. |
| 8. Press DES to go for a rapid run-down of surplus school places at the lowest possible capital cost. | Target: maintain DES commitment to the fastest rate of run-down which we can show to be compatible with the level of capital provision decided in the survey. |
| 9. Stimulate DES and OAL to apply pressure to local authorities for greater efficiency and effectiveness | Target: keep abreast of DES have ^{on} work following up Audit Commission recommendations, get OAL to do the same. |
| 10. Stimulate better financial management in OAL and reduce need for Treasury involvement | Target: get OAL to clarify their financial arrangements with NDPBs and to monitor effectively the performance of their financial systems. Progress is likely to depend on the appointment of suitable staff in OAL. |
| 11. Re-examine scope for a revenue-based ITV levy: review of cost effectiveness of Welsh Channel 4 to be completed | Target: subject to the outcome of the Peacock Inquiry, reopen the question of moving to a revenue-based levy and get it resolved well in advance of the next renewal of ITV franchises. |

Much of the benefit of performance measures can be derived from setting objectives in such terms that performance can be readily judged against them. We have tried to do this in the priority objectives for 1986/87.

2. If we are to add systematic measures it would be best to develop quite a range of management measures (not focussing too precisely on one definition of "performance") across the following areas:

- (a) amount of work done;
- (b) whether work is done to time and to satisfaction;
- (c) its effect on departments' expenditure;
- (d) its effect on departments' systems;
- (e) its effect on departments' attitudes;
- (f) its cost (and possibly other measures of internal management).

But these measures would have little meaning except in a time series or by comparison with (say) Treasury averages. So the worthwhile development of management measures requires coordination between groups over a period of years without changing them.

3. We suggest the following measures for initial consideration:

- (a) Number of Ministerial submissions, divided between advice on correspondence, briefs for meetings and others;
- (b) Turnover times;
- (c) Estimates submissions - % to deadline; % questioned;
- (d) Publications - errors per page in printed Estimates and PEWP;
- (e) Expenditure effects - PES settlement (% variation from target); number of supplementaries, cash limit revisions and cash limit breaches.

4. Other management measures are worth further consideration, eg meetings, staff turnover and sickleave: not proposed in previous paragraph because I want to give more thought to their definition and meaning.

E. Options and Constraints

Responsibility Centre HE
Date 26 September 1985

(i) Effect of 5 per cent reduction in resources available

The least damaging 5% cut would be a reduction of specialist support. Within HE's own staffing, the least damaging 5% cut would probably be to remove two EO posts. It would have very serious effects on the group's ability to cope at the height of the public expenditure cycle, when everyone is fully stretched and much important work rests specifically on this level. At other times it would damage grading standards and job satisfaction in the branches concerned, and seriously detract from our ability to monitor effectively, especially through casework.

(ii) Effect of 5 per cent increase in resources available

The best use of a 5% increase would be to create a "project Principal" post to be targetted one at a time at major issues so as to achieve greater penetration than is possible when such issues have to be dealt with in a tightly-staffed line organisation.

E

(iii) Constraints on past and future performance, changes in organisation of work etc

The main constraints are:-

- (a) effective middle-class lobbies (these are now significant for all main programmes - schools, police, roads, universities, student support, prisons, research councils, legal aid, arts and libraries);
- (b) the need to change policies, systems and cultures in order to secure significant results;
- (c) the high proportion of expenditure which is controlled at third hand, in local authorities or fringe bodies;
- (d) staff turnover
- (e) tight complement (good in itself, but can mean that a branch under pressure becomes unduly reactive: hence the "option for increase" aimed at a capacity for shaping departments' in-trays more than they shape ours).

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Staff Complement		402,200	106,005	451,064
Basic staff costs				
Casuals/Students				Nil
Specialists		46,700	11,675	66,219
Total	393,089	448,900	117,680	517,283
Overtime	238	400	9	1,000
Travel & Subsistence				
Overseas	1,340		356	500
Home	1,637		1,043	3,500
IT Equipment etc	3,582			4,150
Economic Research				nil
Consultancies/Fees	521			500
Other (specify)				nil
Total	400,407	449,300	119,088	526,933
2. Non-bid items				
Entertainment	242		56	N/A (500)
External training	3,116		121	N/A (4,000)
Government Car Service				N/A (nil)
3. Receipts				
EC Travel				nil
Other				nil

Notes

- includes 10% for 'overheads'

- for PAs

- Assumes "current year" spend is accurate

- For equipment and normal maintenance (assumes central provision for other contingencies)

) (Rough guesses to help
) (Finance Division and Training
) (Section

2. Staffing Profile and Bid

Responsibility Centre: HE

a. Staff in Post

Date: 26 / 9 / 85

Date	Complemented Grade		Prin	Econ Adv	Stat	PSO	SEO	SSO	HEO	HSO	HEO (D)	Sen Econ Asst	Sen Asst Stat	EO	SO	AT	Econ Asst	Asst Stat	CO	CA	SPS	PS	Typ	Other	Total	Casuals/Students	Use of Specialists
	Grade 3	Grade 5																									
1 April 1985	1	2	5						6					6		1			4	3		3	1		32	N.K.	N.K.
1 July 1985	1	2	5						6					6		1			4	3		3	1		32		

b. Staff Complement 1985-86

1 April 1985	1	2	5						6					6		1			4	3		3	1		32		}	85% PSO
31 March 1986	1	2	5						5					6		1			4	3	1	2	1		32			15% SEO
Avg. Complement 1985-86	1	2 $\frac{1}{2}$	5						5.4					6		1			4	3	3/4	2 $\frac{1}{4}$	1		32.2			80% Econ Adv.	15% SPS

c. Bid for 1986-87 by quarter

1 April 1986	1	2	5						5	1				6					5	2	1	2	1		31	/	3.3
1 July 1986	1	2	5						5	1				6					5	2	1	2	1		31	/	3.3
1 Oct 1986	1	2	5						5	1				6					5	2	1	2	1		31	/	3.3
1 Jan 1987	1	2	5						5	1				6					5	2	1	2	1		31	/	3.3
31 Mar 1987	1	2	5						5	1				6					5	2	1	2	1		31	/	3.3
Avg. Complement 1986-87	1	2	5						5	1				6					5	2	1	2	1		31	/	3.3

* Please specify grade.

Notes: The change from AT to HEO(D) and CA to CO in HE2 reflect postings plans, and the latter is provisional.

The use of specialists breaks down as 1.1 x Economic Adviser; 0.4 x Economic Assistant; 0.4 x PSO; 0.4 x HSO; 1 x Principal.

3. Breakdown of Staff Complement by Division

Responsibility Centre *HE*
Date 26 September 85

Date	Division																	Total
		Grade 3	Grade 4	Grade 5	Grade 6	Prin	ESO	HBO	HBO(D)	EO	MT	CO	CA	SPS	PS	Typist		
1st Apr-11 1985	HE 1	1		1		3		5		4		3	2		2	1/2		21 1/2
	HE 2			1		2		1		2	1	1	1		1	1/2		10 1/2
31st March 1986	HE 1	1		1		3		5		4		3	2		2	1/2		21 1/2
	HE 2			1		2				2	1	1	1		1	1/2		9 1/2

SECTION 4:

Responsibility Centre
Date 26 September 85

- (i) **Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86**
(refer to work programme where appropriate)

Bid assumes major reduction in Channel Fixed Link work. This accounts for reductions of 1 x Grade 5 on current complement, and reduction of overseas travel and subsistence.

There are no other significant changes. The minor staffing changes in HE itself reflect postings. There is an increase in specialist support, which mainly reflects current understaffing in PSE.

(ii) Developments for which there may be longer term resource requirements (ie beyond 1986-87)

None foreseen

(iii) General comments on patterns/history of resource use

None

A. Organisation

Responsibility Centre RCS
Date

<p>Manager</p>	<p>C D Butler(3) Head of RCS Group</p>			<p>RCM Division (formerly GEP4 Division)</p>
<p>Heads of Division (with grade)</p>				
<p>Branch Heads with main areas of responsibility in 1985-86</p>				<p>C C Allan(5) responsible also for SIED which is a separate part of RCM and a separate Responsibility Centre). <u>PRINCIPAL</u> (M J Hoare) Running Costs - policy and co-ordination in the Survey. Manpower numbers - policy, competitive tendering - policy. <u>SEO</u> (R. Carpenter) reports to Mr Hoare on several matters) Control of Civil Service numbers and co-ordination (PTO)</p>
<p>Public expenditure totals to which responsibilities directed (where appropriate)</p>	<p>1 Grade, 3</p>			<p>Civil Service running costs - approximately £14bn</p>
<p>Staff-in-post including heads of Division (1 July 1985)</p>	<p>1 Grade 5^Ø, 2 Principals, 2 SEOs, 1 HEO, 2EO, 2CO, 1CA. 2 Person. Secretary (14)</p>			
<p>Ø Part of the time of the Grade 5 and the Person. Secy is devoted to SIED. NB; By special arrangement a second HEO is working full time in the Division although the cost is borne by EOG, ii The other parts of the RCS Group are separate responsibility centres</p>				

Total Staff-in-post (1 July 1985)

PRINCIPAL (R E Alderson)

Grading policy and
practice

Grading control

Job Evaluation

B. Allocation of Manpower/Resources between different areas of work

Responsibility Centre
Data

(1) 1985-86

Area of work	% age
Running costs and manpower policy; and competitive tendering.)	60
Manpower control; Senior Open Structure reviews, TCSC Inquiries on manpower.)	
Grading standards and job evaluation.	35
<u>NB</u> 5% of the total effort (up to one third of the time of the Grade 5 and Personal Secretary) is devoted to SIED (a separate responsibility centre).	5
Total	100

(ii) Changes since 1984-85

Implementation and Development of Running Cost policy work increasing following announcement of new policy May 1985. Competitive tendering work increasing following announcement on testing specified areas March 1985. Manpower numbers work expected to increase in Autumn following TCSC decision to set up sub-committee on manpower numbers.

(iii) Changes expected in 1986-87
compared with 1985-86

Running cost work will increase in importance. Manpower numbers may become less important.

There will be additional work arising from the MDR on competitive tendering

1. Implementation and development of new Running Cost Policy in Survey and Estimates.
2. Promotion and monitoring of the Government's policy for competitive tendering.
3. Control and monitoring of manpower numbers (including the Senior Open Structure).
4. Co-ordination and monitoring of the programme of departmental top structure reviews.
5. To set and maintain service-wide grading standards e.g providing advice and guidance on grading and by developing job evaluation techniques.

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>1. To implement Government control gross departmental running costs and develop appropriate policies.</p>	<p>New policy announced in May 1985. Early survey 'targets' modified. New objective to set 'tough and realistic' limits for each departments running costs (for 1986/87) in the Survey. Work is in hand to convert the limits set in the '85 Survey to Estimates provision for 1986/87. Limited branch resources will constrain the extent to which certain problem areas will be resolved in this first (transitional) year of the new policy.</p>
<p>2. To promote competitive tendering in Government Departments.</p>	<p>Minister of State announced new initiative to test cleaning, laundry, catering, security guarding and some maintenance services (March 1985) Guidance has been issued to departments and progress monitored. Report to Prime Minister on progress to date put forward July 1985.</p>
<p>3. Consultation with unions (JCC/CCSU) on procedures for transferring work out of the Civil Service.</p>	<p>Union proposals considered at meeting in July 1985. Revised (Treasury) draft sent to unions in August.</p>
<p>4. Multi-Departmental Review of Competitive Tendering.</p>	<p>Treasury proposed MDR on Competitive Tendering. Prime Minister has been informed of this initiative. Cabinet Office has agreed to review by Efficiency Unit with close MPO and Treasury involvement.</p>
<p>5. To provide assistance to the Pay Group on grading and job evaluation.</p>	<p>Timing, content and volume of work dictated by the Pay Group.</p>
<p>6. To advise CO(MPO) on grading and job evaluation aspects of unified grading at Principal level.</p>	<p>Decisions have already been taken on the main grades. Subsequent advice will be required on the remaining departmental grades.</p>
<p>7. To produce and issue comprehensive grading criteria and guidance to accompany the extension of unified grading to Principal level.</p>	<p>Timing of the work depends mainly on the availability of fieldwork staff. Preliminary work has been started. Grading guidance is due to be produced by the end of 1986.</p>

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>8. To continue with the production and issue of grading guidance for other grades outside the unified structure including revision of the Computer Grading Review.</p> <p>9. To advise and assist DPP and HEI in setting up the Crown Prosecution Service.</p> <p>10. To advise CO(MPO) in reviews and restructurings including Professional and Technology Group, Mapping and Charting Offices, Secretarial Category, Clerical/DP interface, Legal Group, TTO/RT, Statisticians, Communications grades.</p> <p>11. Assist line managers in maintenance of grading standards.</p>	<p>Guidance is soon to be issued for the Museums Category. Work is well advanced on guidance for the Librarian Group and Welfare Officer posts. Work has begun on revision of the Computer Grading Review. Conclusion depends on the availability of fieldwork staff. No progress has been made on updating the Open Structure grading guidance. Input from Senior Open Structure Review is awaited.</p> <p>Continuing advice to DPP and HE on grading prior to commencement followed by maintenance and testing after new service starts.</p> <p>The amount of work depends on the speed of progress on the reviews. In most cases the work entails attendance at meetings, drafting of papers, communicating with interested Treasury parties, negotiating with the TUS and departments.</p> <p>Discussions with staff inspectorates, taking action usually through CIR programmes.</p>

D. (1) Priority objectives in 1986-87 (continued)

Priority objectives	Comment/detail/progress expected in 1986-87
1. Running Costs - Implementation of Government plans.	<p>Advice to Ministers developing the running cost policy. Development of mechanisms to ensure compatibility between limits set in the Survey and provision sought for administration.</p> <p>Construct new data base (by April 1986) LINKED TO PES computer to ensure adequate detail is available to monitor the construction of departmental running cost bids in future Surveys.</p>
2. Competitive tendering	<p>Monitor progress on requirement for departments to test competitive tendering in 5 main areas and to draw up target dates for achieving it. Prepare progress report to Prime Minister Spring/Summer 1986.</p> <p>Development (with MPO/Efficiency Unit) T.O.R for M.D.R. Ensure close Treasury involvement at all stages with the Review.</p>
3. T.C.S.C Sub-Committee on Manpower.	<p>Provide responses etc to the sub-committee (some of this work will be necessary in 1985-86).</p>
4. Implement the Government's policy towards Civil Service manpower, taking account of the policy towards self-financing areas and fraud detection.	<p>Much will depend on the outcome of the 1985 Survey bilaterals. The contingency margin is likely to come under severe pressure. The prospect of achieving the Govts. current 1988 manpower target will depend partly on the level of relaxation on Civil Service numbers in fee-earning areas and the control of fraud; and what offsetting savings can be secured to meet increased numbers in these areas. A requirement for additional staff in DHSS could also be a factor.</p>
5. Issue guidance on new unified Grade 7.	<p>Grading guidance due to be produced by the end of 1986.</p>
6. Provide advice to CO(MPO)	<p>Continue to advise and assist on incomplete reviews and to test and monitor after implementation.</p>

Running Costs and Manpower Control Branches

Much of the work is routine - regular returns of staff in post, and so on - and performance can be measured in part by the speed and accuracy with which reports are produced. The Division's performance can also be measured by the extent to which its contributions help Expenditure Divisions to meet the PES and Estimates deadlines. The development of the running costs control system should enable indirect performance indicators to be developed around the following:-

- i growth in running costs.
- ii underspends or overspends in RCLs.
- iii comparison (from 2nd year onwards) of increase in running costs each year measured against Government's aggregate target in the Survey.
- iv Extent to which current exercise increases work departments put out to contract.

Grading Guidance Branch

Much of the activity is casework - guidance to Expenditure Divisions, Departments, CO(MPO) on grading matters by means of correspondence, telephone calls, briefing, this takes up 75% of the Branch's time. The production of grading guidance, participation in reviews and restructurings takes up the remainder of the Branch time.

One measure of performance will be the issue, ontime, of formal grading guidance for the new unified Grade 7; and also of guidance for other grades not in the unified structure.

(1) Effect of 5 per cent reduction in resources available

Present overloads and backlog (in the Running Costs and Manpower Control Branches) will increase. Level and quality of monitoring, advice, briefing etc likely to be affected. (NB. Workload over the last 6 months has increased steadily with the changing emphasis on to running costs and the new initiative on competitive tendering. As time progresses the present pressures may ease off but a return to normal loadings is some time away).

(11) Effect of 5 per cent in resources available

Would be used at present to relieve the pressures on HEO post supporting on running costs work.

(iii) Constraints on past and future performance, changes in organisation of work etc

New emphasis on running costs and new initiative on competitive tendering have overtaken previous objectives for manpower running costs and contracting out. Manpower targets to 1988 will be held as far as possible but new initiative on manpower in 'fraud and self-financing' areas might result in changes to government targets. In terms of all these policies; 1985/86 (and to some extent 1986/87) must be regarded as a transitional year and firm objectives and targets present operational difficulties. The long term consequences of the changing emphasis cannot be clearly defined.

1. Budget Bid Form Administrative Expenditure

Responsibility Centre

RCS

Date October 1985

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Basic staff costs				
Staff Complement	-	-	-	227,463
Casuals/Students				
Specialists				
Total	-	-	-	227,463
Overtime	-	-	-	100
Travel & Subsistence				
Overseas	-	-	-	-
Home	-	-	-	500
IT Equipment etc	-	-	-	-
Economic Research	-	-	-	-
Consultancies/Fees	-	-	-	-
Other (specify)	-	-	-	-
Total	-	-	-	228063
2. Non-bid items				
Entertainment	-	-	-	50
External training	-	-	-	-
Government Car Service	-	-	-	-
3. Receipts				
EC Travel	-	-	-	-
Other	-	-	-	-

Notes

(i) 1 ED replaced by HED ;

(ii) This expenditure will be mainly on SIED-related work.

3. Breakdown of Staff Complement by Division

Responsibility Centre RCS

Date

(family GP4)

Date	Division																	Total
		Grade 3	Grade 4	Grade 5	Grade 6	Prin	SED	HED	HED(D)	ED	MT	CO	CA	SPS	PS	Typist	OTHER	
1st April 1985		1		1		1	2	1		2		2	1		1		1*	13
31st March 1986		1		1		2	2	1		2		2	1		2			14

* 1 x PS6

(1) Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86
(refer to work programme where appropriate)

1. Principal post now filled by a Principal and not by a PSO.
2. One EO post in the Running Costs and Manpower Policy Branches to be replaced by an HEO. This will enable the loading of the existing HEO post to be eased; and will provide capacity to deal with the increasingly complex work.

(ii) Developments for which there may be longer term resource requirements (ie beyond 1986-87)

NONE

(iii) General comments on patterns/history of resource use

The move to running costs control makes it difficult to compare ^{the resources used} those used under the previous manpower-related control arrangements - at least until the two systems cease to run side by side. There is a present surge of work which may begin to even out.

A. Organisation

Responsibility Centre TOA
Date 8 OCTOBER 1985

Manager	C H A JUDD (Grade 3) T.O.A			
Heads of Division (with grade)	R JONES (Grade 5) (Deputy T.O.A.)			
Branch Heads with main areas of responsibility in 1985-86				
R J ALLWOOD (Grade 6)		Parliamentary accounting and propriety Relations with National Audit Office Methods of payment insurance of Government property and similar general questions Manual of Government Accounting	PAC - representation of Treasury at all hearings and co-ordination of Government responses to PAC reports	
T A H TYLER (Principal)	Public purchasing policy and practice GATT/EC obligations in relation to public purchasing			
Public expenditure totals to which responsibilities directed (where appropriate)	£12.3 billion	All except local authority expenditure	All except local authority expenditure	
Staff-in-post including heads of Division (1 July 1985)	Grade 5, Prin, HEO Clerk, ½ Typist 4½	Grade 6, 1½ SEO, EO, Clerk, ½ Typist 5	Grade 3, SPS, ½ SEO 2½	
Total Staff-in-post (1 July 1985)				12

B. Allocation of Manpower/Resources between different areas of work

Responsibility Centre TOA
Date 8 OCTOBER 1985

(1) 1985-86

Area of work	% age
1. PAC work	22
2. Parliamentary accounting advice	35
3. Purchasing policy, GATT/EC	27
4. Profit formula	10
5. Banking arrangements of Government departments	3
6. Managerial	3
Total	

(11) Changes since 1984-85

Not much. With the withdrawal of TOA from the Post Office agency services arrangements, and the increase in work following the MPO report on Government purchasing there has been a shift from item 4 to items 3 and 5.

(111) Changes expected in 1986-87
compared with 1985-86

PAC work likely to creep up as C&AG produces more VFM reports. If MOD take over the lead on profit formula work on 1 April 1986, the assumption is that it will be possible to put more effort into monitoring public purchasing and banking arrangements. Public purchasing work is likely to increase with the Central Unit on Purchasing getting into full operation from September 1985.

- (1) To represent the Treasury satisfactorily at PAC hearings.
- (2) To produce Treasury Minutes in response to PAC reports in good time.
- (3) To brief the FST for the annual PAC debate.
- (4) To advise Treasury divisions and other Government departments on the requirements of Parliament in their financial transactions.
- (5) To give guidance to Government departments on managing their and their NDPBs' banking and money transmission arrangements with a view to minimising the cost to the Exchequer, and to monitor their performance.
- (6) To advise Ministers on public purchasing policy and to monitor, (in consultation with the CUP and DTI), Departments' performance, in implementing it.
- (7) To represent UK interests in GATT/EC negotiations on public purchasing.
- (8) To represent the Government's interest in the Fifth General Review of the profit formula for non-competitive contracts.
- (9) To provide such advice as is required by Treasury divisions and/or other departments on any of the above.

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
1. PAC - Response to reports arising out of the C&AG's expanding concentration on value for money	The PAC has so far produced 35 reports in the current Session (since December 1984). We are on course to reply to all 25 published before the Summer Recess as soon as Parliament returns. We expect to reply to the other 10 similarly on time.
2. To bring the manual on "Government Accounting" up to date	It proved impossible to complete this work as previously intended. We aim to finish it by the end of 1985 and to publish the revised sections in early 1986.
3. To review their banking arrangements with individual departments	A progress report was submitted to and endorsed by Treasury Ministers in March 1985 which undertook to conduct a further round of meetings with Departments, to send out a DAO letter with up-to-date advice, and to report again in 1986 keeping the Efficiency Unit informed. The DAO letter was sent out in August, and programme of meetings is under way. The main constraint on progress is lack of staff time in the Bank who provide essential technical advice.
4. To protect the UK interest in the GATT Agreement on public procurement (in which we form part of the EC negotiating party)	The UK has observed all of the deadlines set for developing the European Community position and will continue to do so. Progress towards the improvement of the Original Agreement (which came into effect in 1981) has been slow, due partly to Japanese refusal to accept changes.
5. Renegotiation of the agreement with the Post Office for the provision of counter services to Government departments (eg. DHSS, DNS etc)	The work was completed on time, and the new arrangements came into effect on 1 April 1985 as planned. TOA have no further role as co-ordinator of the arrangements.

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>6. To reconcile the objective of value for money in Public Purchasing with that of assisting the competitiveness of UK suppliers.</p> <p>7. Profit Formula</p>	<p>The follow-up to the MPO report on Government purchasing and stock-holding (including the setting-up of the CUP) has taken up a major slice of the resources, and the work of monitoring the public purchasing guidelines has suffered to some extent.</p> <p>The Review Board delivered its report and recommendations on 11 March instead of end-January. The announcement of the Government decision on the first intermediate review was therefore delayed and the new (higher) target rate of profit came into force on 1 May 1985, not 1 April, as planned.</p>

Priority objectives	Comment/detail/progress expected in 1986-87
1. To continue to represent the Treasury at PAC and produce Treasury Minutes in response to PAC reports in good time.	There is likely to be more of this work in 1986-87 than in 1985-86 because the C&AG's capability is still increasing with his 5% annual increase in resources.
2. To continue to give advice as required by Treasury Divisions and departments on PAC and Parliamentary accounting matters.	The TOA aim is to keep departments' financial transactions within the bounds of Parliamentary propriety and legality. Topics which may continue to be prominent include the C&AG's efforts to get access to Departmental, including Treasury, papers on policy issues as part of the expansion of NAO work into value for money studies, and his campaign to gain access to the nationalised industries.
3. To keep up the monitoring of departments' banking arrangements in the light of further technical developments.	This work will continue through 1986-87 with a further round of meetings with Departments and a further progress report to Treasury Ministers at the end of the financial year.
4. To continue to co-ordinate public purchasing policy through the PPC.	Close liaison with the CUP will continue to be an important element in the work; continuing programme of monitoring visits will lead to further progress in Departments' implementation of the public purchasing guidelines. This is likely to be the subject of an NAO study in 1986.
5. To continue to represent the UK interest in GATT/EC negotiations about public purchasing.	The target date for completion of the negotiations - mid-1985 has not been met, and work is continuing. The contents of a modest package of improvements have been agreed by all but the Japanese: it is not possible to predict whether or when full agreement will be reached. The UK continues to play a constructive part in the EC group at the GATT.

D. (11) Priority objectives in 1986-87 (continued)

Priority objectives	Comment/detail/progress expected in 1986-87
6. To participate in the Fifth General Review of the Profit Formula.	The Treasury have proposed that MOD should take over as the lead Department on 1 April 1986, but until then the Treasury will still be responsible for the preparatory work on the Government side - ie. terms of reference and list of studies to be carried out by the Review Board.
7. To ensure good co-ordination between TOA and TAA so that the advice offered to expenditure divisions gives the appropriate emphasis both to Parliamentary accountability and to professional accounting standards.	With the separation of the professional accountancy advice function from TOA group on 1 October 1984, this objective, while remaining unchanged in importance, requires more effort from both parties than before the change.

The tasks measurable against targets are:

- (a) To see that each chapter in Government Accounting is reviewed at least once a year.
- (b) To see that Accounting Officer appointments are made immediately when there are changes at the head of accounting departments or organisations.
- (c) To produce Treasury Minutes in response to PAC reports within about two months of publication of the reports, provided Parliament is sitting at that time.
- (d) To complete the annual review of the profit formula for non-competitive contracts by the end of each calendar year.
- (e) To contribute promptly and effectively to Community's part in the renegotiation of the GATT agreement on public purchasing.
- (f) To hold and follow-up 15 meetings with Departments about their banking and money transmission arrangements.
- (g) To hold and follow-up 10 meetings with Departments about their implementation of the guidelines on public purchasing.

The other tasks, which can only be judged qualitatively, are TOA representation at some 40 PAC meetings each year and the provision of such advice as is required by Treasury divisions and other departments' finance branches on aspects of Parliamentary propriety and accountability.

(i) Effect of 5 per cent reduction in resources available

This would require roughly the equivalent of saving an EO post. In practice it would probably have to be achieved by downgradings of staff available to give advice. That would reduce the quality of the advice and therefore increase the risk of decisions liable to attract Parliamentary criticism.

(ii) Effect of 5 per cent ^{increase} in resources available

This would perhaps allow some computerisation of the basic information used by the Group, making it easier to recall when needed. Or it might allow more Treasury attention to be paid to such questions as VFM in the use of banking etc services at the Exchequer's expense.

(iii) Constraints on past and future performance, changes in organisation of work etc

Date 8 OCTOBER 1985

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Basic staff costs		197000	52271	218 594
Staff Complement				
Casuals/Students				N/A
Specialists				
Total	183201	197000	52271	218 594
Overtime	58	200		N/A
Travel & Subsistence				
Overseas	4875		807	3400
Home	1187		64	450
IT Equipment etc				10,000
Economic Research				N/A
Consultancies/Fees				N/A
Other (specify)				N/A
Total	189321	197200	53142	232,444
2. Non-bid items				
Entertainment				
External training	524			
Government Car Service	5			
3. Receipts				
EC Travel	3450			
Other				

Notes

Requirement assumed to be minimal

Provisional figure: study of requirement in progress.

Provisional to the extent that the IT is.

2. Staffing Profile and Bid

Responsibility Centre: TOA

Date: 8 OCTOBER 1985

a. Staff in Post

Date	Complemented Grade	Grade 3	Grade 5	Grade 6	Prin	Econ Adv	Stat	PSO	SEO	SSO	HEO	HSO	HEO (1)	Sen Econ Asst	Sen Asst Stat	EO	SO	AT	Econ Asst	Asst Stat	CO	CA	SPS	FS	Typ	Other	Total	Casuals/Students	Use of Spclists
	1 April 1985		1	1	1	1				2		2										2		1		1		12	N.K.
1 July 1985		1	1	1	1				2		1					1					1	1	1		1		12		

b. Staff Complement 1985-86

1 April 1985	1	1	1	1					2		2										2		1	1	1		13		
31 March 1986	1	1		2					2		2										2		1	1	1		13		
Avg. Complement 1985-86	1	1	0.2	1.8					2		2										2		1	1	1		13		

c. Bid for 1986-87 by quarter

1 April 1986	1	1		2					2		2										2		1	1	1		13	N/A	
1 July 1986	1	1		2					2		2										2		1	1	1		13	N/A	
1 Oct 1986	1	1		2					2		2										2		1	1	1		13	N/A	
1 Jan 1987	1	1		2					2		2										2		1	1	1		13	N/A	
31 Mar 1987	1	1		2					2		2										2		1	1	1		13	N/A	
Avg Complement 1986-87	1	1		2					2		2										2		1	1	1		13	N/A	

- Please specify grade.

Notes:

3. Breakdown of Staff Complement by Division

Responsibility Centre *TOA*
Date 8 OCTOBER 1985

Date	Division																Total	
		Grade 3	Grade 4	Grade 5	Grade 6	Prin	SEO	HEO	HEO(D)	EO	AT	CO	CA	SPS	PS	Typist		
1st April 1985	TOA	1		1	1	1	2	2				2		1	1	1		13
31st March 1986	TCA	1		1		2	2	2				2		1	1	1		13

SECTION 4:

Responsibility Centre TOA
Date 8 OCTOBER 1985

- (i) Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86
(refer to work programme where appropriate)

Now that Mr Allwood (SP) has retired (15.7.85) and been replaced by Mr Shore (Prin), Mr R Jones (Grade 5) has come directly into the TOA line. He has taken over responsibility for work on the banking arrangements of Government Departments and is also carrying out an ad hoc study for Sir P Middleton on guidance to Treasury officials on dealings in securities.

(ii) Developments for which there may be longer term resource requirements (ie beyond 1986-87)

(iii) General comments on patterns/history of resource use

IAE

PE

A. Organisation

Responsibility Centre IAE
Date September 1985

Manager	T U BURGNER			
Heads of Division (with grade)	R. BUTT (Grade 5) IAEI Agriculture Fisheries & Food	A.J. PERRY Industry & Regions	P. A. SHAW Industrial Policy Finance and Employment	
Branch Heads with main areas of responsibility in 1985-86	<p><u>Mr Bonney</u> Branch A</p> <p>a. CAP (inc IBAP) b. UK market support & other demand determined expenditure.</p> <p><u>Mr Donovan</u> Branch B</p> <p>a. Other (mainly cash-limited) expenditure, inc. R&D, ADAS, land drainage, MAFF manpower.</p> <p>b. Fisheries.</p> <p>c. Forestry.</p>	<p><u>Mr S Dolan</u> Regional & rural assistance to industry.</p> <p><u>Mr R Bent</u> Civil Aircraft & aero-engines, motor industry (inc. BL) industrial R&D, BTG</p> <p><u>Mr A Bell-Berry</u> Space, Patent Office Export Promotion, Vote restructuring.</p> <p><u>Mr E Yeo</u> Other DTI and related depts. Co-ordination of PES.</p>	<p><u>Ms Henderson</u> Branch 1</p> <p>Company sector issues, incld. industrial finance & small firms policy; competition policy; supply side measures.</p> <p><u>Mr Kalen</u> Branch 2</p> <p>NEDC & associated business; construction industry.</p> <p><u>Mr MacAuslan</u> Branch 3</p> <p>Dept. Employment Group policy & expenditure planning & control (except ACAS, HSE).</p>	<p><u>Mr Finnegan</u> Branch 4</p> <p>Dept. Employment Group control of Manpower & related resources & FMI. Policy & expenditure control for ACAS and HSE. Industrial relations & employment legislation.</p>
Public expenditure totals to which responsibilities directed (where appropriate)	approx. £2.3bn	approx. £1.1bn	approx. £3.2bn	
Staff-in-post including heads of Division (1 July 1985)	AS1 P2 HEO3 CO2 CA1 PS2* TOT: 11	AS 1, EO 1, PS 1, P 4, AT 1, S/Tp 1 HEO2, CO 3, CA ½ HEO(D)1 TOT: 15½	AS 1, Prin 4, EO 3, CO 3.	SEO 1 HEO 2 PS 1 Typ 1 TOT: 16
*includes Mr Burgner's PS				Total Staff-in-post (1 July 1985)
				43½

1985-86

Area of work	IAE 1	% age
CAP (including IBAP)		35
Domestic expenditure in support of:		
Agriculture		40
Fisheries		10
Forestry		10
Management and Miscellaneous		5
Total		100

(ii) Changes since 1984-85

No significant changes since 1984-85. Fall off in CAP work predicted last year has not materialised, Volume of work on implementation of CAP guideline, its adaptation to cover enlarged Community and new "perspectives exercise" continue to be high.

(iii) Changes expected in 1986-87 compared with 1985-86

1. Little prospect of significant fall off in CAP work given likely continuation of CAP perspectives exercise into 1986-87 and expected proposals for reform of various commodity regimes (e.g. cereals, milk quotas, sugar).
2. Within Branch B work on implementing cuts in ADAS and R&D, review of land drainage and procedures for evaluating R&D are likely to intensify.

B. Allocation of Manpower/Resources between different areas of work

Responsibility Centre
Date

(1) 1985-86

Area of work IAE2	% age
Regional aid and assistance	20
Industrial research and development; launch aid	30
Monitoring and privatisation in the aero-engine and motor industries	20
Other DTI expenditure (including nationalised industries).	30
Total	100

(ii) Changes since 1984-85

Principal complement did not fall to 2 but rose temporarily to 4. The industrial support review and BAe sale of shares required intensive effort. The complement will revert to 3 in September, but there will be substantial follow up work on the ISR, and on reviews of Development Agencies' expenditure ie Scotland and Wales; and on BL corporate strategy and run up to privatisations (Unipart, Salton and Rolls Royce).

(iii) Changes expected in 1986-87
compared with 1985-86

Privatisation of RR in particular will create a peak of work which may require re-allocation of resources and temporary additional staff.

B. Allocation of Manpower/Resources between different Areas of work

Responsibility Centre
Date

1985-86

Area of work	IAE 3	% age
<u>Branch 1</u>		
P1	SE01 E01 CO1	30%
<u>Branch 2</u>		
P1	E01 CA1	20%
<u>Branch 3</u>		
P1	HE01 CO1	20%
<u>Branch 4</u>		
P1	HE01 E01 CO1	30%
Total		100%

(ii) Changes since 1984-85

A change to be made in 1985-86 is to move out of the Division a CA with a CO being shared between Branches 2 and 4. This change is being arranged to take place in September.

(iii) Changes expected in 1986-87 compared with 1985-86

None

IAE 1 AIMS

1. To press for the maximum reduction in the level and cost of support for agriculture and fisheries through the Common Agricultural Policy and Common Fisheries Policy of the EC.
2. To reduce subsidies and other forms of support provided to agriculture, fisheries and forestry under domestic policies.
3. To monitor and control the expenditure and manpower of the Agricultural Departments, the Intervention Board for Agricultural Produce and the Forestry Commission; to ensure that within expenditure and manpower ceilings these departments use the resources available to them as effectively as possible; and to ensure that they take full account of the Government's desire to increase the scope of competition and the role of the private sector.

IAE2

1. To pursue application of conclusions of the ISR to DTI expenditure and conduct review of comparable expenditure (and of control of other expenditure by the territorial Development Agencies) ie Scotland and Wales.
2. To pursue the privatisation of Government owned companies as quickly as circumstances allow, avoiding direct financial support and minimising Government contingent liabilities meanwhile.
3. In other areas of expenditure to seek improvements in departmental systems for planning, allocating, controlling and evaluating of programme expenditure.
4. To ensure these running costs (including both manpower and administrative expenditure) are properly scrutinised.

IAE3

1. To encourage micro-economic measures - both to remove constraints and to encourage greater entrepreneurial activity - to make the supply side of the economy work better.
2. To encourage effective advice arrangements for small firms within appropriate financial constraints.
3. To maintain the impetus on competition policy through E(CP) and through contact with DTI.
4. To use the NEDC to the Government's best advantage through:
 - (i) ensuring that Government messages are put across strongly in NEDC, and
 - (ii) using the NEDC machinery as a means of changing attitudes of both TUC and CBI representatives.
5. To ensure cost-effectiveness of DE/MSD expenditure in particular of the expanding YTS and Community Programme, and of Adult Training.
6. To ensure that running costs are properly scrutinised in the DE Group with FMI initiatives being given prominence.

The work of all three IAE divisions has a strong expenditure division content. The aims of a public expenditure division listed in Mr Anson's minute of 26 July to COGPEC apply broadly in each case and are reflected in divisional aims and priorities.

In addition there are features of IAE work which differ from those of a normal public expenditure group:

- (a) most of the expenditure it deals with is designed to assist private sector production of goods and services or to reduce unemployment. All three divisions have to focus attention on the performance and prospects of private business and on Government policies affecting them.
- (b) because of its responsibilities for the Common Agricultural Policy, IAE 1 is closely involved in European Community negotiations and works in close contact with EC Group.
- (c) IAE 3 has a particular role, in close co-operation with DEU, to identify and promote micro-economic "supply side" policies intended to improve competitiveness and employment prospects by making product and labour markets work better. It deals with NEDC and the EDCs whose main task is to improve competitiveness. These issues often have few or no direct public expenditure implications.

IAE1

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>1. To ensure that in discussions on the CAP the UK's negotiating line takes full account of the need to restrain and, if possible, reduce the level and cost of support under the CAP, and in particular that the proposed financial guideline on CAP market support expenditure is adhered to.</p>	<p>MAFF briefing for the 1985-86 Price Fixing has generally reflected the need for financial restraint. The Commission's proposals were presented as consistent with the financial guideline and the final package is still claimed to be within it. The German veto of the proposed 1.8% cut in cereals prices was outside UK control.</p>
<p>2. To restrain and, if possible, reduce the level, cost and manpower resources devoted to UK support for agriculture, fisheries and forestry.</p>	<p>Our realistic aim in the 1985 Survey is probably a baseline settlement for the domestic agriculture programme. Significant additions for IBAP market support are inevitable.</p>
<p>3. To ensure that any modification in the farm capital grants schemes consequential on the changes to EC agricultural structures legislation properly reflect Treasury Ministers' desire to reduce expenditure in this area.</p>	<p>The new scheme introduced w.e.f. 1 October 1985 will be consistent with the 1984 Survey decisions. Some offsetting action was agreed to minimise any expenditure overrun resulting from the delay in introducing the new scheme. MAFF accepted that in the event of a threatened overrun of expenditure the possibility of modifying the scheme would have to be reviewed.</p>
<p>4. To ensure that the forthcoming report on the Agricultural Development and Advisory Service leads to a reduction in the free advice at present provided to farmers and so far as possible place more of the cost of other ADAS services on the agricultural industry.</p>	<p>Ministers took the desired decisions in the 1985 Survey - saving £20m from 1987-88 - IAE1 has been closely involved in work by MAFF to implement the recommendations. A Bill to provide for changes is in preparation for the 1985-86 programme.</p>

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
5. To follow up the consultation document on land drainage.	The consultative document was issued in March; the deadline for comments is end September. Responses to the consultation document and future policy will then be considered by a working group chaired by the Cabinet Office.
6. To get IBAP and MAFF to improve their forecasting of demand led expenditure.	OR computer model for IBAP's intervention forecasts completed in February 1985 by Mr Deaton discussed at senior level in August and Departments agreed to examine the recommendation. Next priority will be capital grant forecasts now that new scheme has been introduced.
7. To shift the focus of the Divisions scrutiny of the agricultural departments from individual decisions and case-work to the analysis of control and appraisal systems.	<p>Revised levels of delegated authority have been agreed with MAFF together with a change to post hoc monitoring of most R and D projects in place of prior approval.</p> <p>Work with ES on MAFF's internal guidance on investment appraisal is continuing.</p>

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>1. Clarify industrial support policy.</p>	<p>ISR completed. We shall be seeking agreement, eg in bilaterals to similar reviews for Welsh and Scottish Development Agencies' expenditure.</p>
<p>2. Maximise savings on regional assistance.</p>	<p>Reductions in PES provisions have been made following policy changes in 1984. Opportunities for further reductions may arise in this year's survey. The review of the advanced factories programme almost completed, but it is unlikely to lead to major reductions in expenditure.</p>
<p>3. Seek measures to increase cost-effectiveness of regional assistance.</p>	<p>New cost/job limits introduced as part of new regional policy.</p>
<p>4. Seek privatisation of Unipart and where feasible other parts of BL.</p>	<p>Privatisation of Unipart planned for end 1985. Outcome of SALTON, affecting Land Rover/Leyland awaited.</p>
<p>5. Selling remaining BAe shares.</p>	<p>Completed May 1985.</p>
<p>6. Seek maximum practical disposal of NEB subsidiaries.</p>	<p>Major disposals completed. Only small companies left.</p>

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>7. Encourage appropriate action to enable Rolls Royce to return to commercial health ready for privatisation in later years.</p> <p>8. Seek improvements in DTI arrangements for strategic planning and resource control.</p>	<p>Sir F Toombs appointed Chairman on death of predecessor. RR returned to profit in 1985. Agreed privatisation target, Spring 1987 with option of Autumn 1986. Action this autumn to clear the way for elimination of negative revenue reserves, and consideration of appropriate capital structure.</p> <p>ISR completed, also review of DTI senior structure. Review of devolved budgeting in progress. Review of accommodation (part of multi-departmental review) completed.</p>

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p>Branch 1</p> <p>To secure useful output on competition policy from E(CP)</p>	<p>Four meetings of E(CP) so far in 1985. Work programme now set for the autumn.</p>
<p>Branch 2</p> <p>To seek to improve EDC structure (via DTI)</p>	<p>Report on EDC structure from NEDO awaited: it will be discussed by NEDC in the autumn.</p>
<p>Branch 3*</p> <p>To ensure special employment measures are as cost-effective as possible and directed to areas of most need eg. long term unemployed.</p> <p>To ensure better value for training expenditure.</p> <p>To seek to shift where practicable training effect to skill shortage areas.</p>	<p>The focus of Ministers concerns has not been primarily the long-term unemployed. Budget announcement of expansion of Community Programme and YTS. Cost-effectiveness of employment measures was carefully looked at in the Manpower Group. Further expansion of employment measures rejected by E(A) in July. Continued Scrutiny of programmes will be necessary.</p> <p>It will be a priority for IAE3 in the autumn to formulate a strategy.</p>
<p>Branch 4</p> <p>Maintain downward pressure on manpower and associated costs.</p>	<p>The Budget decisions to expand YTS and Community Programme have meant an expansion in staffing above originally planned levels.</p>
<p>* Since these objectives were formulated other more specific priorities have been set - in particular seeking public expenditure savings from the Redundancy Fund Review, achieving a sensible outcome on the Dock Labour and Severance Schemes, and reviewing delegated authorities.</p>	

Priority objectives	Comment/detail/progress expected in 1986-87
1. To ensure that the UK's position in any CAP negotiations takes due account of the need for financial stringency and, in particular, the need to respect the CAP financial guideline.	This objective needs to be pursued in any negotiations on the Commission's CAP Perspectives paper, in the 1986-87 Price Fixing and in any negotiations on changes to individual commodity regimes (e.g. cereals, milk quotas, sugar). The failure of the 1985-86 Price Fixing shows that it is likely to be an uphill struggle to persuade other Member States of the force of our case.
2. To reach agreement on a satisfactory way of applying the CAP guideline in a Community of 12.	Our aim is to reach agreement in principle on this objective in the autumn of 1985 with a view to influencing the 1986-87 Price Fixing and the preparation of the 1987 EC Budget.
3. To continue efforts to improve IBAP and MAFF's forecasting of demand led expenditure.	Follow up Mr Deaton's report on IBAP. Further work on MAFF's capital grants forecasts and means of in year expenditure limiting in the event of an overrun.
4. To restrain and if possible, reduce the level, cost and man-power resources devoted to UK support of agriculture, fisheries and forestry.	Mainly for 1986 Survey and 1987-88 Estimates. But, as usual, it will be necessary to resist specific specific expenditure proposals in year and if necessary seek reductions.
5. To ensure that the agreed reductions in expenditure on advisory services and R & D are achieved.	For ADAS progress is dependent on the passage of legislation to introduce charges. In addition work will be required on the areas to be covered by charges, fee levels and arrangements for collection. For R & D work will be required on priorities for future R and D arrangements for recovering costs and the detailed means of achieving savings.
6. To scrutinise more rigorously the cost-effectiveness of R&D	Indepartmental studies have questioned the size and cost - effectiveness of government sponsored agricultural R & D. Cuts in the agricultural R&D programme provides an opportunity to press for improvements in its management.

D. Priority objectives in 1986-87 (Continued)

Priority objectives	Comment/detail/progress expected in 1986-87
7. To follow up the consultation document on land drainage.	Responses to the consultation document will be considered by a working group chaired by the Cabinet Office. The Treasury's objective is to increase the share of the cost of land drainage schemes borne by direct beneficiaries and to reduce the amount of Exchequer funding.
8. To reduce the level of expenditure on restructuring the fishing industry.	The present Community scheme in support of restructuring expires in 1986. The Treasury's objective is to secure winding up of the scheme or, more realistically, a smaller successor scheme.
9. To shift the focus of the Division's scrutiny of expenditure from individual decision and casework to departments appraisal, control and monitoring systems.	Continuation of work now in progress. We propose to review the level of delegated authorities and continue the move to post hoc monitoring in place of prior approval.
10. To develop further the requirement that all new policies should be subjected to systematic evaluation.	We have attached this as a condition to Treasury approval of the Broads grant scheme, the broadleaf woodland grant scheme and the new capital grant scheme in the last year and in each case are following through with discussions about methodology etc.
11. To take a closer interest in The FMI work of MAFF and IBAP and to improve coordination with other central units in doing this.	Our experience is that MAFF and IBAP are peppered by poorly coordinated central initiatives, enquiries etc. Improved coordination is a priority.

Priority objectives	Comment/detail/progress expected in 1986-87
<p>1. Achieve successful privatisation of Rolls Royce.</p>	<p>Preliminary steps (determine future of Cranley Onslow Assurances, reduction of share capital) to be taken in 1985-86. Assuming Rolls Royce profitability matches expectations, sale planned for Spring 1987 (or possibly Autumn 1986). Preparations and major decisions will need to be taken during 1986-87.</p>
<p>2. To privatise BL companies where possible. For the remainder to maintain firm limits to Government exposure compatible with a return to commercial viability.</p>	<p>Much will depend on the outcome of the SALTON negotiations. Assuming interest is expressed in Land Rover and Trucks and that this is successfully pursued to disposal, separate action is likely to be necessary for Buses. For Austin Rover Group there will be a need to review performance and progress in meeting their objectives in the 1986 Corporate Plan and to ensure the effectiveness of the agreed borrowing limit.</p>
<p>3. Review of priorities for EC R&D programmes; resisting pressures for increased net expenditure on EC R&D programmes, including spending on new unit initiatives such as EUREKA.</p>	<p>Need to resist pressures both in Whitehall and Brussels for increased net provision for international R&D projects, unless offset by reductions elsewhere. Ensure emphasis on rigorous selection of priorities, building on the November 1984 agreement in the Research Council. For EUREKA, promote maximum involvement on the private sector both in project selection and in financing.</p>
<p>4. Follow up recommendations of Industrial Support Review.</p>	<p>Seek to ensure that the lessons of the ISR (rigorous procedures for specifying objectives and for appraisal, monitoring and evaluation) are widely and consistently applied to expenditure on industrial support. Aim to achieve sensible conclusions to the Shared Cost/Reward Contract Working Group and ensure that these are properly followed up.</p>
<p>5. Review criteria for expenditure for the Welsh and Scottish Development Agencies.</p>	<p>Seek to conclude as expeditiously as possible in 1986-87 the prospective reviews of the Development Agencies expenditures.</p>

(1) Constraints on past and future performance, changes in organisation of work etc

1. Fluctuating workloads, eg on BAe privatisation, leading to peaks of work, and re-allocation of tasks (eg temporary employment of Mr Bell-Berry). This will continue to be a problem on the BL/RR side.
2. The Division is about to lose the help of Mr Bell-Berry, and will revert to 3 Principals. Although responsibility for tourism has been moved to IAE3, the Divisional staff will be more heavily loaded.
3. Lack of adequate typing facilities for Divisional staff.

Priority objectives	Comment/detail/progress expected in 1986-87
<p>1. To ensure that changes in financial support arrangements for small firms are cost effective and encourage greater entrepreneurial activity.</p>	<p>Relevant are decisions about the future of BES, LGS and the financing arrangements for LEAs.</p>
<p>2. To ensure Government messages are got over more effectively in NEDC.</p>	<p>This will depend on careful consultation with NEDO and other Government Departments about agendas, the preparation of papers and briefing, and on resulting public statements.</p>
<p>3. To ensure that any increase in expenditure on employment measures in 1986-87 is cost-effective and will bring supply side benefits.</p>	<p>will depend Whether this turns out to be an objective on such factors as changes in the numbers of unemployed over the rest of 1985. Success would depend on effective consultation with DE and decisions by Ministers early in 1986.</p>
<p>4. To ensure that FMI is further developed in the DE Group.</p>	<p>Some progress already in DE and MSC. More progress particularly important in HSE</p>

D. (iii) Reporting information including performance measures

Responsibility Centre
Date

1. There are no obvious measurable ways of judging the success of the Division's performance. Success in achieving the policy aims listed will depend on many factors outside the control of the Division. For example success in restraining public expenditure in the PES round (one of the division's key aims) will depend inter alia on

- selecting suitable (tough but realistic) targets to aim for
- the quality of the official analysis and briefing
- the determination of the Chief Secretary both generally and in relation to the particular sector
- Cabinet priorities.

The Division may usefully be able to forecast the outcome of all these factors at the outset but this is not a true measure of their performance.

2. Judgement about the overall effectiveness of the Division and Group by line management at successive levels is therefore bound to remain largely qualitative. Within the group the main practical in-year check on performance is progress in achieving the listed priorities in the time scale set.

3. Case work eg Ministerial and departmental letters, PQs, letters from MPs, is not a large enough element in the division's work to warrant systematic analysis by work measurement techniques. However this would not preclude ad hoc analysis of resources used on particular tasks in areas where the line manager considered this would be useful.

(i) Effect of 5 per cent reduction in resources available

Reduced efficiency. The Division cannot carry out its existing tasks below its current complement. To save 5% of costs it would be necessary, for example, to raise further delegation limits, to forego close monitoring of MAFF's handling of CAP negotiations and to limit our involvement with the Forestry Commission to the approval of the grant-in-aid.

(ii) Effect of 5 per cent in resources available

A 5% increase in the Group's budget (£34,415) would pay for an additional Principal (£21,979) and allocated typist (£6,689) plus a bit to spare. If additional resources were available a third Principal in IAE 1 would spread the workload more evenly and allow us to devote more effort to achieving our objectives. An additional allocated typist (i.e. 1 per Division) would, however, be a higher priority.

40-11
(ii) Constraints on past and future performance, changes in organisation of work etc

1. Constraints on past performance have included:
 - carrying an SSO vacancy for 7 weeks and having to wait 3 months longer for an up-grading of this post (which had reverted to HEO) to HEO(D).
 - absence of economic adviser support for over 3 months
 - inadequate typing support.
2. Main practical constraint on future work is also likely to result from timing of staff movements.
3. No changes in organisation planned.

(1) Effect of 5 per cent reduction in resources available

The Division's resources have been fluctuating up and down during 1985-86 (by more than 5%).

Until there has been a period of stability, it is not possible to give a sensible answer to its effect, of a 5% change (which at Divisional level is very little).

(11) Effect of 5 per cent in resources available

(i) Effect of 5 per cent reduction in resources available

As Division members are already pressed very hard a reduction in resources would reduce the efficiency of the division.

(ii) Effect of 5 per cent in resources available

The maximum benefit from any increase in resources would come from additional typing support.

(11) Constraints on past and future performance, changes in organisation of work etc

1. Constraints on past performance have included

- the absence for 3 months of economic adviser support
- the inadequacy of typing support
- the rapid turnover of senior staff in the Division (5 of the 6 staff in the SEO to Grade 5 levels are new this year).

2. Constraints on future work will include the wide range of activities for which the Division has responsibility and the limitation of time and expertise on doing these tasks as effectively as we would like. There is a lack of opportunity for time for forward planning and the opportunity for the proper consideration of important policy areas (eg adult training) which are not immediate priority concern of Ministers.

3. The organisation of work has changed to the extent that responsibility for the construction industry has moved from Branch 1 to Branch 2. Branch 2 which was not fully loaded in 1984 is now fully loaded now that NEDC is very active.

Date

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Staff Complement		570500	149267	645086
Basic staff costs				
Casuals/Students				
Specialists		94300	23575	88013
Total	553629	664800	172842	733099
Overtime	2329	500	2655	1500
Travel & Subsistence				
Overseas	773		274	1000
Home	2778		692	4600
IT Equipment etc		5200		1200
Economic Research				
Consultancies/Fees	15146	17800	7880	28,400
Other (specify)				
Total	574655	689300	184343	769799
2. Non-bid items				
Entertainment	33		35	
External training	6453		1565	
Government Car Service	19		6	
3. Receipts				
EC Travel	170			
Other				

Notes

2. Staffing Profile and Bid

Responsibility Centre: IAE

a. Staff in Post

Date: / /

Date	Complemented Grade	Grade 3	Grade 5	Grade 6	Prin	Econ Adv	Start	PSO	SEO	SSO	HEO	HSO	HEO (D)	Sen Econ Asst	Sen Asst Stat	EO	SO	AT	Econ Asst	Asst Stat	CO	CA	SPS	PS	Typ	Other	Total	Casuals/Students	Use of Societs
1 April 1985		1	3		8				1	1	7		1			4		1			8	2½		4	2		43½	N.K.	N.K.
1 July 1985		1	3		9				1		7		1			4		1			8	2½		4	2		43½		

b. Staff Complement 1985-86

1 April 1985	1	3		9					1		8		1			3		1			8	1½		4	2		42½		215% E Adv 100% HEC 75% PS 100% SE 80% PRN
31 March 1986	1	3		9					1		8		1			3		1			8	1½		4	2		42½		
Av. Complement 1985-86	1	3		9					1		8		1			3		1			8	1½		4	2		42½		

c. Bid for 1986-87 by quarter

1 April 1986	1	3		9					1		6		2			4		1			8	1½		4	3		43½		225% E Adv 80% Sen E Adv 30% H Sc Off 80% PRN
1 July 1986	1	3		9					1		6		2			4		1			8	1½		4	3		43½		
1 Oct 1986	1	3		9					1		6		2			4		1			8	1½		4	3		43½		
1 Jan 1987	1	3		9					1		6		2			4		1			8	1½		4	3		43½		
31 Mar 1987	1	3		9					1		6		2			4		1			8	1½		4	3		43½		
Av Complement 1986-87	1	3		9					1		6		2			4		1			8	1½		4	3		43½		

* Please specify grade.

Notes:

3. Breakdown of Staff Complement by Division

Responsibility Centre IAE
Date

Date	Division																	Total
		Grade 3	Grade 4	Grade 5	Grade 6	Prin	SEO	HEO	HEO(D)	NO	MT	CO	CA	SPS	PS	Typist		
1st	IAE 1	1		1		2		3				2	1		2	$\frac{1}{2}$		12 $\frac{1}{2}$
April	IAE 2			1		3		3	1		1	3	$\frac{1}{2}$		1	$\frac{1}{2}$		14
1985	IAE 3			1		4	1	2		3		3			1	1		16
31st	IAE 1	1		1		2		3				2	1		2	$\frac{1}{2}$		12 $\frac{1}{2}$
March	IAE 2			1		3		3	1		1	3	$\frac{1}{2}$		1	$\frac{1}{2}$		14
1986	IAE 3			1		4	1	2		3		3			1	1		16

SECTION 4:

Responsibility Centre IAE
Date

- (i) Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86
(refer to work programme where appropriate)

The only specific change is the bid for one additional allocated typist since an allocation of one per division would make a significant contribution to efficiency at low cost.

- (ii) Two general provisos concerning IAE2:

(a) Privatisation (mainly Rolls Royce) can cause a temporary upsurge of work (lasting some months) which might not be containable within existing staff levels.

(b) More generally staffing levels below Principal may need to be reconsidered if there are changes made to work organisation in the coming months.

(ii) Developments for which there may be longer term resource requirements (ie beyond 1986-87)

NONE FORSEEABLE

(iii) General comments on patterns/history of resource use

MANAGEMENT PROGRAMME

A. Organisation

Responsibility Centre PE
Date 1 July 1985

Manager	D J L MOORE (U/S) (+PS)		
Heads of Division (with grade)	PE(1) STEVE ROBSON(A/S)	PE(2) GERRY GRIMSTONE(A/S)	PE(3) JEREMY COLMAN(A/S)
Branch Heads with main areas of responsibility in 1985-86	Ms PATRICIA LEAHY Energy policy(Prin) North Sea oil North Sea fiscal regime, licensing & royalties British National Oil Corporation Britoil & BP Oil-general briefing	CLIVE PALMER(Prin) General policy on nationalised industries. Financial information system. *Water industry.	JOHN F WILLIAMS(Prin) British Shipbuilders Post Office British Steel Corpn British Airways British Airports Authority Civil Aviation Authority
	Mrs PAULA DIGGLE(Prin) Nuclear(AEA, BNFL) Electricity Council & Boards, NSHEB, SSEB National Coal Board D/Energy support for ccal industry	PAUL McINTYRE(Prin) Privatisation & special sales of assets	DAVID REVOLTA(Prin) British Rail National Bus Company Scottish Transport Group London Regional Transport British Waterways Board
	JONATHAN BIRD(Prin) D/Energy expenditure D/Energy manpower D/Energy FMI British Gas Corpn Policy on gas imports & exports	BRIAN MARR (SEO) Commercial Board members' pay & appointments.	
	Oil Pipeline Agency *Water Industry IFR (reporting to Mr Grimstone)	*by the autumn Mr Palmer will have taken over all of Dr Bird's water responsibilities.	
Public expenditure totals to which responsibilities directed (where appropriate)			
Staff-in-post including heads of Division (1 July 1985)	A/S 1 HEO(D)1 PS 1 P 3 EO 1 CA 1 HEO 1 CO 2 Typ $\frac{2}{3}$	A/S 1 HEO 2 PS 1 P 2 AT 1 CA 1 SEO 1 CO 1 Typ $\frac{2}{3}$	A/S 1 HEO(D) 1 P 2 CO 1 PS 1 HEO 2 CA 1½ Typ $\frac{2}{3}$
Total Staff-in-post (1 July 1985)			34½

B. Allocation of Manpower/Resources between different areas of work

Responsibility Centre PE
Date September 1985

(1) 1985-86

Area of work	% age
NI privatisation (Britoil, Cable and Wireless, BGC, Water, BAA, NBC, BA, BS (Warships))	40
Privatisation: general policy development, briefing, special sales of assets	5
NIs: performance reviews and Corporate Plans	17
NIs: IFR and setting and monitoring EFLs	15
NIs: objectives, financial targets and performance aims	6
NI general policy development	5
Commercial Board members - appointments, pay	2
North Sea oil - policy and advice	3
Control of Department of Energy public expenditure, manpower, FMI	3
Group and Divisional management	4
Total	100

(ii) Changes since 1984-85

- (1) PE1 led Britoil privatisation; PE2 leading on Cable and Wireless privatisation.
- (2) Increase in privatisation work on BGC, BAA and NBC.
- (3) Water transferred from LG.
- (4) BT privatised.
- (5) BNOC abolished.
- (6) Less NI general policy development following loss of NI Bill and pending decision on NI White Paper.
- (7) Major decisions on Coal Corporate Plan due later in the year.

(iii) Changes expected in 1986-87 compared with 1985-86

- (1) Work peaking on BGC and BA sales.
- (2) Continuing increase in work on Water, BAA and NBC privatisations.

- (a) (i) To seek to ensure that the nationalised industries (and in some instances the associated industrial sectors) operate as efficiently as possible and that public sector industries earn an adequate rate of return for the Exchequer.
- (ii) To advise Treasury Ministers on the levels of finance and investment for the nationalised industries separately and in aggregate, having regard to the Government's general economic and social priorities (including in particular its aims for the levels of taxation and borrowing) by means of:
- a continuous scrutiny of the industries' financial and overall performance;
 - a critical assessment of new proposals or policies affecting the industries' requirements for finance.
- (iii) To seek to ensure that the framework of statutory and non-statutory controls is such as to promote the aims in (i) and (ii) above.
- (iv) To initiate and coordinate work within Whitehall on (i), (ii) and (iii).
- (b) To pursue opportunities for returning the nationalised industries, in whole or in part, to the private sector on suitable terms; and more generally to coordinate the Government's privatisation programme.
- (c) (i) To ensure that the policy for development of the UK's energy resources takes full account of the Government's wider economic policies and of the need for an appropriate return to the Exchequer; to keep under review the policy for depletion and (with Inland Revenue) the taxation regime for North Sea oil and gas.
- (ii) To secure economic pricing and a proper balance between the prices of different fuels.
- (d) To control, in accordance with Government public expenditure and manpower policies, the Department of Energy's expenditure and manpower levels; and to scrutinise particular proposals.
- (e) To fix levels of pay and conditions of service for Board Members so as to secure good, well motivated, top management for the nationalised industries while avoiding repercussions elsewhere.
- (f) To monitor the affairs of companies, including former nationalised industries, in which the Treasury retains a major shareholding; and to dispose of such shareholdings as the circumstances of the companies' and market conditions permit.

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
<p><u>Privatisation</u></p> <ol style="list-style-type: none"> 1. Privatisation programme. 2. British Gas Corporation. 3. Other industries. 4. Special Sales of Assets. 5. Energy pricing. 6. Nationalised Industries Bill and the accounting approach. 	<p>Main candidates, and options, for privatisation up to 1988-89 agreed by Treasury Ministers. (ESI will not be privatised in this period). Progress being regularly monitored.</p> <p>Time-table leading to BGC sale in September/October 1986 agreed. Work in progress on regulatory regime. Decisions needed in autumn on capital structure, gas export regime, and gas prices.</p> <p>BA sale delayed to summer 1986 because of litigation. Decisions announced to privatise BAA (1987) and NBC (as soon as possible). Decisions needed in autumn on form of NBC privatisation, taking account of effects of bus deregulation. Aim to review in autumn PO privatisation possibilities. Some BS warship yards sold; others on course for sale by end 1985-86. Ministerial decisions due in autumn on report of interdepartmental group on privatisation of the Water Authorities.</p> <p>SSA targets revised to take account of further major privatisation decisions. Remaining Britoil shares successfully sold in August. Remaining Cable & Wireless shares to be sold by December/January. These sales make good loss of receipts in 1985-86 from deferment of BA sale.</p> <p>Decisions on gas pricing in autumn in context of IFR/privatisation discussions. ESI now has financial target to 1987-88. New financial targets, and decisions on price assumptions, to be set for Scottish Boards in autumn.</p> <p>E(A) decided against NI Bill in 1986-87. Need confirmation in autumn that Bill is dropped altogether and decision on whether to have general White Paper on NIs. Further work in autumn on the accounting approach (discussions with Departments of the Byatt report) and in support of CCA; loss of NI Bill reduces scope for Government action.</p>

D. (1) Progress on Priorities in current year (continued)

Priority objectives	Progress so far, constraints, prospects in rest of 1985-86
7. Loss-making industries.	<p>Ministers approved 3-year strategy for BSC which should lead to nil or negative EFL by 1988-89; already trading profitably. Also agreed new financial regime for BS with reducing subsidies. LRT grant regime for 1985-86 in place; review its operation in the autumn.</p> <p>Discussions on BR post-1986-87 grants target beginning in autumn. Major decisions on Coal objectives and financing needed; badly held up by lack of information from NCB.</p>
8. IFR and EFLs.	<p>E(A) has set IFR targets for NIs; discussions under way. Allowing for adjustments for coal strike costs, generally keeping within EFLs for 1985-86.</p>
9. NI Board members.	<p>E(NI) agreed in May on broad approach and aim of keeping increases this year to around 8 per cent. Post-TSRB decisions, NICG may press for higher increases.</p>
<u>Other:</u>	<p>BNOC abolished.</p>

Priority objectives	Comment/detail/progress expected in 1986-87
<p><u>Privatisation</u></p> <ol style="list-style-type: none"> 1. Privatisation programme. 2. Special Sales of Assets. 3. British Airways. 4. British Gas Corporation. 5. British Airports Authority. 6. National Bus Company. 7. Water Authorities. 8. Other industries. 	<p>Maintain momentum of privatisation programme, and ensure that individual sales are in line with overall policy.</p> <p>Ensure that the SSA target is met, bringing forward secondary sales as necessary.</p> <p>Aim for sale in summer 1986.</p> <p>Sale in September/October 1986.</p> <p>Ensure sufficient progress to enable sale in first half of 1987.</p> <p>Precise aims will depend on 1985-86 decisions on form of privatisation. In general aim to ensure privatisation of the whole, or of parts, as soon as practicable.</p> <p>If Ministers agree in 1985-86 to plan for water privatisation in next Parliament, ensure that progress towards that aim is maintained.</p> <p>Continue to try to identify possibilities for privatisation of smaller industries (STG) and of parts of others (e.g. Rail, PO).</p>
<p><u>Other</u></p> <ol style="list-style-type: none"> 9. General nationalised industry policy. 10. Loss-making industries. 	<p>Assuming no NI Bill, and a White Paper if any in 1985-86, keep general policies under review and seek interdepartmental agreement to changes where necessary.</p> <p>Assuming decisions are taken in 1985-86 on NCB's objectives, closely monitor progress towards their achievement. Ensure that losses in BS, BR and LRT are closely monitored with the objective of minimising their external financing and maximising internal efficiency. Set BR grant target for post-1986-87.</p>

D. (ii) Priority objectives in 1986-87 (continued)

Priority objectives	Comment/detail/progress expected in 1986-87
11. IFR and EFLs.	Ensure that the IFR is organised with adequate analysis of key factors so as to enable collective decisions to take place effectively. Seek to ensure that Treasury objectives are achieved at all stages.
12. Commercial Board Members.	Oversee commercial Board pay and terms of appointment to ensure that repercussions are minimised while adequately rewarding performance.

1. Asset Sales - percentage of published target achieved.
2. 1985 IFR Totals - decisions compared with Ministerial targets (with analysis of reasons for major differences).
- 3.(a) Financial Targets - number of industries without financial targets in place during the year.
(b) Performance Aims - number of industries with performance aims in place during the year.
(c) Corporate Plans - number of industries with Corporate Plans (and performance reviews) circulated for collective Ministerial consideration during the year.
4. Casework on Commercial Board pay - speed of response.

(i) Effect of 5 per cent reduction in resources available

The budget proposals allow for some reductions.

If there were 5 per cent less:

- (1) PE1: no single function could be dropped. Spreading resources more thinly would mean less effectiveness in dealing with key, high profile industries and with oil questions.
- (2) PE2: probably less work on general privatisation issues, and reduction in central advice on individual privatisations.
- (3) PE3: less attention to smaller industries (BWB, STG, CAA).

(ii) Effect of 5 per cent in resources available

The Group has no wish for extra resources beyond those noted in the budget returns.

(iii) Constraints on past and future performance, changes in organisation of work etc

There are continuing problems with the flow of information from the Department of Energy, mainly on NCB matters.

Privatisation and asset sales plans are always vulnerable to constraints such as market conditions, processing necessary legislation, and in the case of BA to litigation.

The Group is vulnerable to sudden upsurges of work on particular privatisations. But EOG have been helpful in providing staff in response to our needs and, assuming this continues to be so, we have sufficient staff for our foreseeable needs.

MANAGEMENT IN CONFIDENCE

1. Budget Bid Form: Administrative Expenditure

Responsibility Centre

PE

Date 11/9/85

Expense type	Spend in 1984-85	Agreed bid for 1985-86	Current year Spend to 30 June	Bid for 1986-87
1. Bid items				
Basic staff costs				
Staff Complement		470600	127655	495,568
Casuals/Students				NA
Specialists		93000	23250	92,198
Total	437901	563600	150905	587,766
Overtime	2500	1200	569	1,500
Travel & Subsistence				
Overseas	150			NA
Home	2336		648	3,000
IT Equipment etc	5713			NA
Economic Research				NA
Consultancies/Fees				NA
Other (specify)				NA
Total	448600	564800	152122	592,266
2. Non-bid items				
Entertainment	105			
External training	5858			
Government Car Service	22		20	
3. Receipts				
EC Travel				
Other				

Notes

10% of prin in AFA 2,198
 < 50% of PEAU staff 90,000
92,198

11/9/85

2. Staffing Profile and Bid

Responsibility Centre: PE

a. Staff in Post

Date: / /

Complemented Grade	Grade 3	Grade 5	Grade 6	Prin	Econ Adv	Start	PSO	SEO	SSO	HEO	HSO	HEO (D)	Sen Econ Asst	Sen Asst Stat	EO	SO	AT	Econ Asst	Asst Stat	CO	CA	SPS	PS	Typ	Other	Total	Casuals/Students	Use of Spcists
1 April 1985	1	3		8				1		5		1			1		2			4	2½		4	1		33½	N.K.	N.K.
1 July 1985	1	3		7				1		6		1			1		1			4	3½		4	3		35½		

b. Staff Complement 1985-86

1 April 1985	1	3		7				1		5		1			1		2			4	3½		4	2		34½		
31 March 1986	1	3		7				1		5		2			1		1			4	3½		4	2		34½		
Avg. Complement 1985-86	1	3		7				1		5		1.8			1		1.2			4	3½		4	2		34½		

10% Prt and 60% PE AU Staff Resource

c. Bid for 1986-87 by quarter

1 April 1986	1	3		7				1		4		1			1		1			5	3		4	2		33		
1 July 1986	1	3		7				1		4		1			1		1			5	3		4	2		33		
1 Oct 1986	1	3		7				1		4		1			1		1			5	3		4	2		33		
1 Jan 1987	1	3		7				1		4		1			1		1			5	3		4	2		33		
31 Mar 1987	1	3		6				1		4		1			1		1			5	3		4	2		32		

Avg Complement 1986-87	1	3		6.8				1		4		1			1		1			5	3		4	2		32.8		
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* Please specify grade.

Notes:

3. Breakdown of Staff Complement by Division

Responsibility Centre PE

Date September 85

Date	Division																	Total
		Grade 3	Grade 4	Grade 5	Grade 6	Prin	SBO	HBO	HBO(D)	BO	AT	CO	CA	SPG	PS	Typist		
1st	PE 1	1		1		3		1	1	1		2	1		2	$\frac{2}{3}$		$13\frac{2}{3}$
April	PE 2			1		2	1	2			1	1	1		1	$\frac{2}{3}$		$10\frac{2}{3}$
1985	PE 3			1		2		2			1	1	$\frac{1}{2}$		1	$\frac{2}{3}$		$10\frac{1}{6}$
31st	PE 1	1		1		3		1		1		2	1		2	$\frac{2}{3}$		$12\frac{2}{3}$
March	PE 2			1		2	1	2			1	2	1		1	$\frac{2}{3}$		$11\frac{2}{3}$
1986	PE 3			1		2		1	1			1	1		1	$\frac{2}{3}$		$8\frac{2}{3}$

SECTION 4:

Responsibility Centre PE
Date September 1985

(i) Reasons for changes in mix or level of resources required in 1986-87 compared with 1985-86
(refer to work programme where appropriate)

PE1 1. To allow more time for work on BGC privatisation Dr Bird's responsibilities for Water have been transferred to PE2. Assuming BGC is privatised in autumn 1986 it should be possible to close his post and to transfer any remaining work on Gas to Ms Leahy's post dealing with oil. The bid assumes this would happen in early 1987.

2. With the abolition of BNOC and the sale of the Government's remaining shares in Britoil Ms Goodman (HEO(D)) has not been replaced.

PE2 There is an additional CO post on account of the heavy burden of paper on general and on privatisation matters.

PE3 Reductions in work loads justify giving up 1 HEO post (Mr Russell) and $\frac{1}{2}$ CA.

It may be necessary to seek additional support for a period in mid-1986 if the BA sale goes ahead then. But we are not sufficiently certain to make a firm bid now.

- (ii) Developments for which there may be longer term resource requirements (ie beyond 1986-87)

Staff requirements for the rest of this Parliament will probably remain about the same from the end of 1986-87. But PE1 would need additional resources (probably 1 HEO(D) and 1 typist) for any sale of BP shares.

- (iii) General comments on patterns/history of resource use

Very much governed by the privatisation programme.

Work on a particular privatisation can call for temporary additional resources.

In the longer term PE's workload will diminish as industries are privatised.